

PRAIRIE FARM METROPOLITAN DISTRICT
SUPPLEMENTAL ANNUAL REPORT
TO
THE CITY OF COMMERCE CITY
FISCAL YEAR ENDING DECEMBER 31, 2022

I. ANNUAL REPORT REQUIREMENT

Pursuant to Section VI of the Prairie Farm Metropolitan District Service Plan, the District is required to provide an annual report to the City of Commerce City within one hundred twenty (120) days after conclusion of the District's fiscal year, commencing with fiscal year 2007. Such annual report shall include information concerning the following matters:

- A. Boundary changes made or proposed.
- B. Intergovernmental Agreements entered into or proposed.
- C. Changes or proposed changes in the District's policies.
- D. Changes or proposed changes in the District's operations.
- E. Any changes in the financial status of the District including revenue projections, or operating costs.
- F. A summary of any litigation involving the District.
- G. Proposed plans for the year immediately following the year summarized in the annual report.
- H. Status of construction of public improvements.
- I. The current assessed valuation in the District.

II. FOR THE YEAR ENDING DECEMBER 31, 2022 THE DISTRICT MAKES THE FOLLOWING REPORT:

- A. Boundary changes made or proposed.

There were no changes made or proposed to the District's boundaries in 2022.

- B. Intergovernmental Agreements entered into or proposed.

No were no new Intergovernmental Agreements entered into or proposed in 2022.

- C. Changes or proposed changes in the District's policies.

There were no changes made or proposed to the District's policies in 2022.

D. Changes or proposed changes in the District's operations.

There were no changes made or proposed to the District's operations in 2022.

E. Any changes in the financial status of the District including revenue projections, or operating costs.

The current status of the financial condition of the District is reflected in the 2023 budget, attached as Exhibit A.

F. A summary of any litigation which involves the District.

There is no other litigation, of which we are aware, currently pending or anticipated against the District.

G. Proposed plans for the year immediately following the year summarized in the annual report.

The District does not intend to construct and/or acquire any public improvements in 2023.

H. Status of construction of public improvements.

Public improvements are 100% completed for all of Prairie Farm.

I. The current assessed valuation in the District.

The District has received a certification of valuation from the Adams County Assessor that reports a taxable assessed valuation for the District for 2022 of \$10,899,850. The District has certified a mill levy of 67.848 mills to be assessed against the properties within the District, for collection in 2023.

The following information is provided pursuant to the annual report requirements in § 32-1-207(3)(c), C.R.S.

J. Boundary changes made.

See Section A.

K. Intergovernmental agreements entered into or terminated with other governmental entities.

See Section B.

L. Access information to obtain a copy of the rules and regulations adopted by the Board.

To date, the Board has not adopted any rules and regulations.

M. A summary of litigation involving public improvements owned by the special district.

The District is not aware of any litigation involving public improvements owned by the District.

N. The status of the construction of public improvements by the special district.

See Section H.

O. A list of facilities or improvements constructed by the special district that were conveyed or dedicated to the county or municipality.

There were no facilities or improvements constructed, conveyed or dedicated by the District in 2022.

P. The final assessed valuation of the special district as of December 31 of the reporting year.

See Section I.

Q. A copy of the current year's budget.

See Section E and Exhibit A.

R. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

See Exhibit B.

S. Notice of any uncured defaults existing for more than ninety days under any debt instrument of the district.

None.

T. Any inability of the special district to pay its obligations as they come due under any obligation which continues beyond a ninety-day period.

The District is able to pay its obligations as they come due.

**EXHIBIT A
2023 BUDGET
ATTACHED**

PRAIRIE FARM METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**PRAIRIE FARM METROPOLITAN DISTRICT
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/2/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 1,593,369	\$ 1,168,890	\$ 1,245,617
REVENUES			
Property taxes	391,612	668,260	739,533
Specific ownership tax	19,670	19,792	51,767
Interest income	921	12,400	25,582
Other income	-	-	10,000
Total revenues	<u>412,203</u>	<u>700,452</u>	<u>826,882</u>
Total funds available	<u>2,005,572</u>	<u>1,869,342</u>	<u>2,072,499</u>
EXPENDITURES			
General Fund	35,567	93,934	110,000
Debt Service Fund	801,115	529,791	695,242
Total expenditures	<u>836,682</u>	<u>623,725</u>	<u>805,242</u>
Total expenditures and transfers out requiring appropriation	<u>836,682</u>	<u>623,725</u>	<u>805,242</u>
ENDING FUND BALANCES	<u>\$ 1,168,890</u>	<u>\$ 1,245,617</u>	<u>\$ 1,267,257</u>
EMERGENCY RESERVE	\$ 2,100	\$ 3,500	\$ 4,000
SENIOR RESERVE REQUIREMENT	784,112	784,112	784,112
SURPLUS FUND RESERVE	329,924	385,000	385,000
TOTAL RESERVE	<u>\$ 1,116,136</u>	<u>\$ 1,172,612</u>	<u>\$ 1,173,112</u>

No assurance provided. See summary of significant assumptions.

**PRAIRIE FARM METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/2/22

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

ASSESSED VALUATION

Residential - single-family	\$ 3,011,510	\$ 7,889,240	\$10,273,150
State assessed	2,410	1,200	5,050
Vacant land	4,749,740	1,936,460	420,850
Personal property	120,440	149,260	200,800
Certified Assessed Value	\$ 7,884,100	\$ 9,976,160	\$10,899,850

MILL LEVY

General	11.000	11.000	11.000
Debt Service	55.663	55.663	56.848
Total mill levy	66.663	66.663	67.848

PROPERTY TAXES

General	\$ 86,725	\$ 109,738	\$ 119,898
Debt Service	438,853	555,303	619,635
Levied property taxes	525,578	665,041	739,533
Adjustments to actual/rounding	(856)	-	-
Refunds and abatements	(133,110)	3,219	-
Budgeted property taxes	\$ 391,612	\$ 668,260	\$ 739,533

BUDGETED PROPERTY TAXES

General	\$ 64,616	\$ 110,269	\$ 119,898
Debt Service	326,996	557,991	619,635
	\$ 391,612	\$ 668,260	\$ 739,533

No assurance provided. See summary of significant assumptions.

**PRAIRIE FARM METROPOLITAN DISTRICT
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/2/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 22,501	\$ 54,854	\$ 75,355
REVENUES			
Property taxes	64,616	110,269	119,898
Specific ownership tax	3,246	3,266	8,393
Interest income	58	900	2,200
Total revenues	<u>67,920</u>	<u>114,435</u>	<u>130,491</u>
TRANSFERS IN			
Total funds available	<u>90,421</u>	<u>169,289</u>	<u>205,846</u>
EXPENDITURES			
General and administrative			
Accounting	17,629	22,000	25,300
Auditing	5,725	6,000	6,500
County Treasurer's fee	1,002	1,654	1,798
Dues and licenses	305	356	400
Insurance and bonds	2,467	2,467	2,600
Legal services	8,439	10,000	15,000
Miscellaneous	-	-	1,000
Election expense	-	1,457	2,000
Repay developer advance	-	50,000	50,000
Contingency	-	-	5,402
Total expenditures	<u>35,567</u>	<u>93,934</u>	<u>110,000</u>
TRANSFERS OUT			
Total expenditures and transfers out requiring appropriation	<u>35,567</u>	<u>93,934</u>	<u>110,000</u>
ENDING FUND BALANCE	<u>\$ 54,854</u>	<u>\$ 75,355</u>	<u>\$ 95,846</u>
EMERGENCY RESERVE	<u>\$ 2,100</u>	<u>\$ 3,500</u>	<u>\$ 4,000</u>
TOTAL RESERVE	<u>\$ 2,100</u>	<u>\$ 3,500</u>	<u>\$ 4,000</u>

No assurance provided. See summary of significant assumptions.

**PRAIRIE FARM METROPOLITAN DISTRICT
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/2/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 1,570,868	\$ 1,114,036	\$ 1,170,262
REVENUES			
Property taxes	326,996	557,991	619,635
Specific ownership tax	16,424	16,526	43,374
Interest income	863	11,500	23,382
Other income	-	-	10,000
Total revenues	<u>344,283</u>	<u>586,017</u>	<u>696,391</u>
TRANSFERS IN			
Total funds available	<u>1,915,151</u>	<u>1,700,053</u>	<u>1,866,653</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	5,070	8,370	9,295
Debt Service			
Bond interest - senior bond	487,725	487,725	487,725
Bond principal - senior bond	-	-	15,000
Bond interest - sub bond	305,470	30,846	170,372
Contingency	-	-	10,000
Paying agent fees	2,850	2,850	2,850
Total expenditures	<u>801,115</u>	<u>529,791</u>	<u>695,242</u>
TRANSFERS OUT			
Total expenditures and transfers out requiring appropriation	<u>801,115</u>	<u>529,791</u>	<u>695,242</u>
ENDING FUND BALANCE	<u>\$ 1,114,036</u>	<u>\$ 1,170,262</u>	<u>\$ 1,171,412</u>
SENIOR RESERVE REQUIREMENT	\$ 784,112	\$ 784,112	\$ 784,112
SURPLUS FUND RESERVE	329,924	385,000	385,000
TOTAL RESERVE	<u>\$ 1,114,036</u>	<u>\$ 1,169,112</u>	<u>\$ 1,169,112</u>

No assurance provided. See summary of significant assumptions.

**PRAIRIE FARM METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized by Order and Decree of the District Court of Adams County, Colorado on May 18, 2006, to provide financing for design, acquisition, construction and installation of essential public-purpose facilities such as water, streets, traffic and safety controls, parks, open space and recreation, sewer and drainage facilities, public transportation, mosquito control, and television relay and translation equipment, and the operation and maintenance of the District. The District's service area is located entirely within the City of Commerce City, Adams County, Colorado.

The budget is in accordance with the TABOR Amendment limitations, which were modified by the voters in an election held on May 2, 2006. The election approved general obligation indebtedness of \$4,300,000 for the streets, \$500,000 for the traffic and safety controls, \$24,600,000 for water, \$22,960,000 for sanitary and storm sewer, \$ 16,400,000 for park and recreation, \$500,000 for public transportation, \$4,100,000 for television relay and translator, \$4,100,000 for mosquito control, \$500,000 for operations and maintenance contracts, and \$14,100,000 for bond refunding. Additionally, the election allows the District to collect, spend, and retain all revenues, other than ad valorem taxes, without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. On November 7, 2006, District voters approved authorization to increase property taxes \$800,000 annually to pay for the operation and maintenance expenditure of The District, again allowing the District to collect, spend retain all revenues, other than ad valorem taxes, without regard to the limitation contained in Article X, Section 20 of the Colorado constitution.

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

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

Revenues

Property Taxes

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

**PRAIRIE FARM METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

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

The 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.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of 2.0%

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, banking and meeting costs.

County Treasurer's Fees

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

**PRAIRIE FARM METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The District has outstanding the following bond issues:

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2018A. On September 13, 2018, the District issued \$9,290,000 of Tax Exempt General Obligation Bonds (the 2018 Bonds). The 2018 Bonds were issued with interest rates of 5.250% per annum. Interest is payable semi-annually on June 1 and December 1, commencing on December 1, 2018. Mandatory principal payments are due on December 1, commencing on December 1, 2023, with final payment due on December 1, 2048. The 2018 Bonds cannot be prepaid prior to December 1, 2022. From December 1, 2022 to November 30, 2023 bonds can be prepaid at a redemption premium of 3%. From December 1, 2023 to November 30, 2024 bonds can be prepaid at a redemption premium of 2%. From December 1, 2024 to November 30, 2025 bonds can be prepaid at a redemption premium of 1%. After November 30, 2025 bonds can be redeemed without premium.

The 2018 Bonds are secured by (1) the Required Mill Levy, (2) that portion of the Specific Ownership Tax allocable to the Required Mill Levy, and (3) Capital fees, if imposed, and (4) any other legally available moneys which the District determines in its sole discretion to apply as pledged revenue. Proceeds of the 2018 bonds were used to (1) repay Developer advances, (2) finance the cost of capital improvements, and (3) pay the costs of issuing the 2018 Bonds. and (3) pay the costs of issuing the 2018 bonds.

Prior to the date that the Debt to Assessed Ratio is less than 50%, the Required Mill Levy shall be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with other legally available moneys in the Bond Fund, to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, but not in excess of fifty (50) mills (as adjusted). Such maximum and minimum mill levies are subject to adjustment for changes in the calculation of assessment ratios from December 20, 2016 and are currently 56.848 mills. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. Once the Debt to Assessed Ratio is 50% or less, the Required Mill Levy shall be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, without limitation of rate and in amounts sufficient to make such payments when due.

Subordinate Limited Tax General Obligation Bonds, Series 2018B.

\$1,270,000 Subordinate General Obligation Limited Tax Obligation Bonds, Series 2018B, dated September 13, 2018, with interest of 7.375% per annum. Interest on the bonds shall be payable beginning December 15, 2018, and unpaid interest shall accrue and compound on each December 15, through maturity the principal, interest, and accrued interest shall be payable each December 15. The Series 2018B Bonds are subject to mandatory redemption beginning on December 15, 2018. In addition, the Series 2018B Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part, on December 15, 2022, and on any date thereafter, upon payment of the Redemption Price thereof. The District is required to impose a maximum required mill levy of 50.000 (as adjusted) less the mill levy required to be imposed for repayment of the Senior Bonds. If the maximum mill levy is required for the Senior Bonds, no additional mill levy will be imposed for the Sub Bonds.

The District has no operating or capital leases.

**PRAIRIE FARM METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

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

Debt Service Reserve

The District is required to maintain a debt service reserve in accordance with the 2018 bond issuance. This reserve has been established.

This information is an integral part of the accompanying budget

**PRAIRIE FARM METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE
REQUIREMENTS TO MATURITY**

\$9,290,000

**2018A General Obligation Bonds
Principal Payable December 1
5.250% Rate Interest Payable
June 1 and December 1**

Year Ended December 31,	Beginning December 1, 2018		
	Principal	Interest	Total
2023	\$ 15,000	\$ 487,725	\$ 502,725
2024	90,000	486,938	576,938
2025	130,000	482,213	612,213
2026	155,000	475,388	630,388
2027	165,000	467,250	632,250
2028	185,000	458,588	643,588
2029	195,000	448,875	643,875
2030	220,000	438,638	658,638
2031	230,000	427,088	657,088
2032	255,000	415,013	670,013
2033	270,000	401,625	671,625
2034	295,000	387,450	682,450
2035	310,000	371,963	681,963
2036	340,000	355,688	695,688
2037	360,000	337,838	697,838
2038	390,000	318,938	708,938
2039	415,000	298,463	713,463
2040	450,000	276,675	726,675
2041	475,000	253,050	728,050
2042	510,000	228,113	738,113
2043	540,000	201,338	741,338
2044	580,000	172,988	752,988
2045	615,000	142,538	757,538
2046	660,000	110,250	770,250
2047	695,000	75,600	770,600
2048	745,000	39,113	784,113
	<u>\$ 9,290,000</u>	<u>\$ 8,559,346</u>	<u>\$ 17,849,346</u>

No assurance provided. See summary of significant assumptions.

**Prairie Farm Metropolitan District
Schedule of Long Term Obligations**

	Balance at December 31, 2021	Additions*	Repayments*	Balance at December 31, 2022*
Developer advance - Operating	156,892	-	(11,189)	145,703
	<u>156,892</u>	<u>-</u>	<u>(11,189)</u>	<u>145,703</u>
Accrued interest - Operating	29,397	9,414	(38,811)	-
	<u>29,397</u>	<u>9,414</u>	<u>(38,811)</u>	<u>-</u>
	<u>\$ 186,289</u>	<u>\$ 9,414</u>	<u>\$ (50,000)</u>	<u>\$ 145,703</u>
	Balance at December 31, 2022*	Additions*	Repayments*	Balance at December 31, 2023*
Developer advance - Operating	145,703	-	(41,258)	104,445
	<u>145,703</u>	<u>-</u>	<u>(41,258)</u>	<u>104,445</u>
Accrued interest - Operating	-	8,742	(8,742)	-
	<u>-</u>	<u>8,742</u>	<u>(8,742)</u>	<u>-</u>
	<u>\$ 145,703</u>	<u>\$ 8,742</u>	<u>\$ (50,000)</u>	<u>\$ 104,445</u>

* Estimate

No assurance provided. See summary of significant assumptions

EXHIBIT B
2022 AUDITED FINANCIAL STATEMENTS
ATTACHED

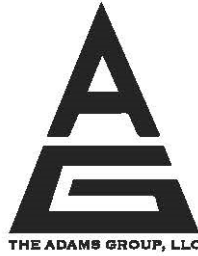
**PRAIRIE FARM METROPOLITAN DISTRICT
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**PRAIRIE FARM METROPOLITAN DISTRICT
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Prairie Farm Metropolitan District
Commerce City, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Prairie Farm Metropolitan District (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison schedule for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of debt service requirements to maturity, schedule of assessed valuation mill levy, and property taxes collected, and the continuing disclosure of annual information as required by the limited tax general obligation refunding bonds, Series 2018, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

The Adams Group, LLC

Denver, Colorado
July 24, 2023

BASIC FINANCIAL STATEMENTS

**PRAIRIE FARM METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 127,317
Cash and Investments - Restricted	1,186,746
Receivable - County Treasurer	2,776
Property Taxes Receivable	739,533
Capital Assets, Net of Depreciation	<u>236,505</u>
Total Assets	<u>2,292,877</u>
LIABILITIES	
Accounts Payable	12,227
Bond Interest Payable - Senior	40,644
Noncurrent Liabilities:	
Due Within One Year	15,000
Due in More Than One Year	<u>10,822,660</u>
Total Liabilities	<u>10,890,531</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	<u>739,533</u>
Total Deferred Inflows of Resources	<u>739,533</u>
NET POSITION	
Net Investment in Capital Assets	(56,010)
Restricted for:	
Emergency Reserves	3,700
Debt Service	357,507
Unrestricted	<u>(9,642,384)</u>
Total Net Position	<u><u>\$ (9,337,187)</u></u>

See accompanying Notes to Basic Financial Statements.

**PRAIRIE FARM METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 70,607	\$ -	\$ -	\$ -	\$ (70,607)
Interest and Related Costs on Long-Term Debt	604,369	-	-	-	(604,369)
Total Governmental Activities	\$ 674,976	\$ -	\$ -	\$ -	(674,976)
GENERAL REVENUES					
Property Taxes					667,099
Specific Ownership Taxes					46,403
Net Investment Income					21,675
Total General Revenues					735,177
CHANGE IN NET POSITION					60,201
Net Position - Beginning of Year					(9,397,388)
NET POSITION - END OF YEAR					\$ (9,337,187)

See accompanying Notes to Basic Financial Statements.

**PRAIRIE FARM METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Fund
ASSETS			
Cash and Investments	\$ 127,317	\$ -	\$ 127,317
Cash and Investments - Restricted	3,700	1,183,046	1,186,746
Receivable - County Treasurer	458	2,318	2,776
Property Taxes Receivable	119,898	619,635	739,533
Total Assets	\$ 251,373	\$ 1,804,999	\$ 2,056,372
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 9,127	\$ 3,100	\$ 12,227
Total Liabilities	9,127	3,100	12,227
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	119,898	619,635	739,533
Total Deferred Inflows of Resources	119,898	619,635	739,533
FUND BALANCES			
Restricted for:			
Emergency Reserves	3,700	-	3,700
Debt Service	-	1,182,264	1,182,264
Unassigned	118,648	-	118,648
Total Fund Balances	122,348	1,182,264	1,304,612
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 251,373	\$ 1,804,999	
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 as assets in the funds.			236,505
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds Payable			(10,560,000)
Bond Interest Payable- Senior			(40,644)
Accrued Bond Interest - Subordinate			(81,957)
Developer Advance Payable			(156,892)
Accrued Interest on Developer Advance			(38,811)
Net Position of Governmental Activities			\$ (9,337,187)

See accompanying Notes to Basic Financial Statements.

**PRAIRIE FARM METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Fund
REVENUES			
Property Taxes	\$ 110,071	\$ 557,028	\$ 667,099
Specific Ownership Taxes	7,657	38,746	46,403
Net Investment Income	5,592	16,083	21,675
Total Revenues	<u>123,320</u>	<u>611,857</u>	<u>735,177</u>
EXPENDITURES			
Accounting	24,224	-	24,224
Audit	6,000	-	6,000
County Treasurer's Fees	1,651	8,355	10,006
Dues and Subscriptions	356	-	356
Election	1,915	-	1,915
Insurance and Bonds	2,467	-	2,467
Legal Services	19,213	-	19,213
Bond Interest - Senior Bonds	-	487,725	487,725
Bond Interest - Subordinate Bonds	-	44,449	44,449
Paying Agent/Trustee Fees	-	3,100	3,100
Total Expenditures	<u>55,826</u>	<u>543,629</u>	<u>599,455</u>
NET CHANGE IN FUND BALANCES	67,494	68,228	135,722
Fund Balances - Beginning of Year	<u>54,854</u>	<u>1,114,036</u>	<u>1,168,890</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 122,348</u></u>	<u><u>\$ 1,182,264</u></u>	<u><u>\$ 1,304,612</u></u>

See accompanying Notes to Basic Financial Statements.

**PRAIRIE FARM METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$	135,722
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays 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, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:</p>		
Current Year Depreciation		(14,781)
<p>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.</p>		
Change in Accrued Interest on Developer Advances		(9,414)
Change in Accrued Interest Payable on 2018B Bonds		(51,326)
		(60,740)
Change in Net Position of Governmental Activities	\$	60,201

See accompanying Notes to Basic Financial Statements.

**PRAIRIE FARM METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 62	\$ 5,592	\$ 5,530
Property Taxes	109,738	110,071	333
Specific Ownership Taxes	7,682	7,657	(25)
Total Revenues	<u>117,482</u>	<u>123,320</u>	<u>5,838</u>
EXPENDITURES			
Accounting	27,500	24,224	3,276
Audit	6,300	6,000	300
Contingency	4,454	-	4,454
County Treasurer's Fees	1,646	1,651	(5)
Dues and Subscriptions	500	356	144
Election	1,000	1,915	(915)
Insurance and Bonds	2,600	2,467	133
Legal Services	15,000	19,213	(4,213)
Miscellaneous	1,000	-	1,000
Repay Developer Advance	50,000	-	50,000
Total Expenditures	<u>110,000</u>	<u>55,826</u>	<u>54,174</u>
NET CHANGE IN FUND BALANCE	7,482	67,494	60,012
Fund Balance - Beginning of Year	<u>57,927</u>	<u>54,854</u>	<u>(3,073)</u>
FUND BALANCE - END OF YEAR	<u>\$ 65,409</u>	<u>\$ 122,348</u>	<u>\$ 56,939</u>

See accompanying Notes to Basic Financial Statements.

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Prairie Farm Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, located entirely in the city of Commerce City, Adams County, Colorado, was organized on May 18, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide for the design, construction, acquisition, and financing of certain public improvements including street, safety protection, water, sanitation, storm drainage, mosquito control, and park and recreation facilities and improvements. The District operates pursuant to a Service Plan, as approved on March 27, 2006 by the city of Commerce City.

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 has no employees, and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead 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 property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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 due.

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

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, plant, equipment, 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 acquisition cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets.

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 are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed on the storm drainage facilities using the straight-line method over the estimated economic useful life of 20 years.

Property Taxes

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

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Net Position/ Fund Balance

Net Position

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

Fund Balance

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

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

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

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

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/ Fund Balance (Continued)

Fund Balance (Continued)

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

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 127,317
Cash and Investments - Restricted	1,186,746
Total Cash and Investments	<u>\$ 1,314,063</u>

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

Deposits with Financial Institutions	\$ 13,616
Investments	1,300,447
Total Cash and Investments	<u>\$ 1,314,063</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.

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

At December 31, 2022, the District's cash deposits had a bank balance and a carrying balance of \$13,616.

Investments

The District's formal investment policy is to follow 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 the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 1,300,447

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.

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

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

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets, Being Depreciated:				
Storm Drainage Facilities	\$ 295,631	\$ -	\$ -	\$ 295,631
Total Capital Assets Being Depreciated	295,631	-	-	295,631
Less Accumulated Depreciation For:				
Storm Drainage Facilities	(44,345)	(14,781)	-	(59,126)
Total Accumulated Depreciation	(44,345)	(14,781)	-	(59,126)
Capital Assets, Net	<u>\$ 251,286</u>	<u>\$ (14,781)</u>	<u>\$ -</u>	<u>\$ 236,505</u>

Depreciation expense was charged to the general government function/program of the District.

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022	Due Within One Year
Governmental Activities:					
G.O. Limited Tax Bonds:					
Series 2018A - Senior	\$ 9,290,000	\$ -	\$ -	\$ 9,290,000	\$ 15,000
Series 2018B - Subordinate	1,270,000	-	-	1,270,000	-
Interest on 2018B Bonds	30,631	95,775	44,449	81,957	-
Developer Advance -					
Operating	156,892	-	-	156,892	-
Interest on Developer					
Advance - Operating	29,397	9,414	-	38,811	-
Total	<u>\$ 10,776,920</u>	<u>\$ 105,189</u>	<u>\$ 44,449</u>	<u>\$ 10,837,660</u>	<u>\$ 15,000</u>

The details of the District's long-term obligations are as follows:

Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2018A

On September 13, 2018, the District issued \$9,290,000 of Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2018A (the 2018A Bonds). The 2018A Bonds bear interest rate at 5.25% per annum. Interest is payable semi-annually on June 1 and December 1, commencing on December 1, 2018. Mandatory principal payments are due on December 1, commencing on December 1, 2023, with final payment due on December 1, 2048.

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2022, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2022, to November 30, 2023	3.00%
December 1, 2023, to November 30, 2024	2.00
December 1, 2024, to November 30, 2025	1.00
December 1, 2025, and thereafter	0.00

The 2018A Bonds are secured by (1) the Senior Required Mill Levy, (2) that portion of the Specific Ownership Tax allocable to the Senior Required Mill Levy, (3) Capital fees, if imposed, and (4) any other legally available moneys which the District determines in its sole discretion to apply as pledged revenue. Proceeds of the 2018A Bonds were used to (1) repay Developer advances, (2) finance the cost of capital improvements, and (3) pay the costs of issuing the 2018A and 2018B Bonds.

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2018A
(Continued)**

Prior to the date that the Debt to Assessed Ratio is less than 50% (the Conversion Date), the Required Mill Levy shall be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, when combined with other legally available moneys in the Bond Fund, to pay the principal of, premium if any, and interest on the 2018A Bonds as the same become due and payable and to replenish the Senior Reserve Fund to the Senior Reserve Requirement, but not in excess of fifty (50) mills (as adjusted).

For so long as the Senior Surplus Fund is required to be maintained and the amount on deposit is less than the Maximum Surplus Fund, the Senior Required Mill Levy shall be equal to 50 mills (as adjusted).

In the event that the method of calculating assessed valuation is or was changed after March 27, 2006, the minimum and maximum mill levies will be increased or decreased to reflect such changes so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. A change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. As of December 31, 2022, the Senior Required Mill Levy is 57.266 mills.

After the Conversion Date, the Required Mill Levy shall be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable and to replenish the Senior Reserve Fund to the Senior Reserve Requirement, without limitation of rate and in amounts sufficient to make such payments when due.

Senior property tax revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

The Senior Bonds are also secured by amounts held in the Senior Reserve Fund in the amount of the Senior Reserve Requirement equal to \$784,112.50. In addition, prior to the Conversion Date, excess Senior Pledged Revenue, if any, accumulated in the Senior Surplus Fund up to the Maximum Surplus Amount of \$385,000, also secures the payment of the 2018A Bonds. As of December 31, 2022, the balance in the Senior Surplus Fund equals the Maximum Surplus Amount.

Subordinate Limited Tax General Obligation Bonds, Series 2018B

The District issued \$1,270,000 of Subordinate Limited Tax General Obligation Bonds, Series 2018B (the 2018B Bonds), on September 13, 2018, with interest of 7.375% per annum. Interest on the 2018B Bonds is payable annually on December 15, beginning on December 15, 2018.

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Limited Tax General Obligation Bonds, Series 2018B (Continued)

The 2018B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date of December 15, 2048. Rather, principal on the 2018B Bonds is payable from, and solely to the extent of, Subordinate Pledged Revenue remaining, if any, after the payment of current and accrued but unpaid interest. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The 2018B Bonds are subject to mandatory redemption beginning on December 15, 2018. In addition, the 2018B Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part, on December 15, 2022, and on any date thereafter, upon payment of the Redemption Price thereof.

The 2018B Bonds are secured by and payable from the following sources, net of any costs of collection: (1) all Subordinate Property Tax Revenue generated from the Subordinate Required Mill Levy; (2) that portion of the Specific Ownership Tax allocable to the Subordinate Required Mill Levy; (3) Subordinate Capital Fee Revenue; (4) any amounts in the Senior Surplus Fund upon the termination of such fund; and (5) any other legally available moneys which the District determines in its sole discretion to apply to the Subordinate Bond Fund. Proceeds of the 2018B Bonds were used to finance the cost of capital improvements.

The Subordinate Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District in an amount equal to 50 mills, as adjusted, less the Senior Obligation Mill Levy. If the maximum mill levy is required for the 2018A Bonds, no additional mill levy will be imposed for the 2018B Bonds.

The 2018B Bonds are payable only to the extent of Subordinate Pledged Revenue available. Therefore, the schedule of payments of the 2018B Bonds cannot be determined with certainty. The District's failure to pay principal and interest when due does not constitute an Event of Default.

The District's long-term obligations relating to the 2018A Bonds will mature as follows:

	Principal	Interest	Total
2023	\$ 15,000	\$ 487,725	\$ 502,725
2024	90,000	486,938	576,938
2025	130,000	482,213	612,213
2026	155,000	475,388	630,388
2027	165,000	467,250	632,250
2028-2032	1,085,000	2,188,202	3,273,202
2033-2037	1,575,000	1,854,564	3,429,564
2038-2042	2,240,000	1,375,239	3,615,239
2043-2047	3,090,000	702,714	3,792,714
2048	745,000	39,113	784,113
Total	<u>\$ 9,290,000</u>	<u>\$ 8,559,346</u>	<u>\$ 17,849,346</u>

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 2, 2006 and November 7, 2006, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$28,700,000. In the November 7, 2006 election, a majority of the qualified electors of the District voted solely for a phased tax increase up to \$800,000 annually. Remaining authorized but unissued debt at December 31, 2022, is as follows:

	Authorized May 2, 2006 Election	Authorization Used	Remaining at December 31, 2022
Streets	\$ 4,300,000	\$ 4,300,000	\$ -
Water	3,000,000	3,000,000	-
Sanitary Sewer	2,800,000	2,800,000	-
Parks and Recreation	2,000,000	390,529	1,609,471
Traffic and Safety	500,000	-	500,000
Mosquito Control	500,000	-	500,000
Public Transportation	500,000	-	500,000
Television Relay and Translation	500,000	-	500,000
Operations and Maintenance	500,000	69,471	430,529
Debt Refunding	14,100,000	-	14,100,000
Total	<u>\$ 28,700,000</u>	<u>\$ 10,560,000</u>	<u>\$ 18,140,000</u>

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.

NOTE 6 NET POSITION

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

The restricted net position includes 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 as of December 31, 2022 as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserves	\$ 3,700
Debt Service	357,507
Total Restricted Net Position	<u>\$ 361,207</u>

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other entities and which costs were removed from the District's financial records.

NOTE 7 AGREEMENTS

Advance and Reimbursement Agreement

On January 30, 2018, the District entered into an Advance and Reimbursement Agreement to repay advances made by the Developer for advances made to the District. The District agreed to repay the Developer for such advances plus accrued interest at the rate of 6%. As of December 31, 2022, outstanding advances under the agreement totaled \$195,703 of which \$156,892 is principal and \$38,811 is accrued interest.

NOTE 8 RELATED PARTY

The Developer of the property which constitutes the District is Richmond American Homes of Colorado, Inc. Some members of the Board of Directors are employees or otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

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 (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, 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.

**PRAIRIE FARM METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 salary or benefit increases.

The District's management believes it is in compliance 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.

On May 2, 2006, the District's voters passed an election question to increase property taxes \$500,000, annually, or by lesser amount as may be necessary to pay the District's operations and maintenance costs, such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the Board. The voters also authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard of any limitation under TABOR.

SUPPLEMENTARY INFORMATION

**PRAIRIE FARM METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 555,303	\$ 557,028	\$ 1,725
Specific Ownership Taxes	38,871	38,746	(125)
Net Investment Income	1,322	16,083	14,761
Total Revenues	<u>595,496</u>	<u>611,857</u>	<u>16,361</u>
EXPENDITURES			
Bond Interest - Senior Bonds	487,725	487,725	-
Bond Interest - Subordinate Bonds	95,441	44,449	50,992
County Treasurer's Fees	8,330	8,355	(25)
Paying Agent/Trustee Fees	4,000	3,100	900
Total Expenditures	<u>595,496</u>	<u>543,629</u>	<u>51,867</u>
NET CHANGE IN FUND BALANCE	-	68,228	68,228
Fund Balance - Beginning of Year	<u>1,169,112</u>	<u>1,114,036</u>	<u>(55,076)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,169,112</u>	<u>\$ 1,182,264</u>	<u>\$ 13,152</u>

OTHER INFORMATION

**PRAIRIE FARM METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

<u>Year Ending December 31,</u>	\$9,290,000 Tax Exempt General Obligation Bonds, Series 2018A Principal Payable December 1 5.250% Interest Payable June 1 and December 1 Beginning December 1, 2018		
	Principal	Interest	Total
2023	\$ 15,000	\$ 487,725	\$ 502,725
2024	90,000	486,938	576,938
2025	130,000	482,213	612,213
2026	155,000	475,388	630,388
2027	165,000	467,250	632,250
2028	185,000	458,588	643,588
2029	195,000	448,875	643,875
2030	220,000	438,638	658,638
2031	230,000	427,088	657,088
2032	255,000	415,013	670,013
2033	270,000	401,625	671,625
2034	295,000	387,450	682,450
2035	310,000	371,963	681,963
2036	340,000	355,688	695,688
2037	360,000	337,838	697,838
2038	390,000	318,938	708,938
2039	415,000	298,463	713,463
2040	450,000	276,675	726,675
2041	475,000	253,050	728,050
2042	510,000	228,113	738,113
2043	540,000	201,338	741,338
2044	580,000	172,988	752,988
2045	615,000	142,538	757,538
2046	660,000	110,250	770,250
2047	695,000	75,600	770,600
2048	745,000	39,113	784,113
Total	\$ 9,290,000	\$ 8,559,346	\$ 17,849,346

**PRAIRIE FARM METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2018	\$ 64,440	55.278	-	\$ 3,562	\$ 3,563	100.03 %
2019	57,150	11.000	55.277	3,788	3,788	100.00
2020	3,538,800	11.000	55.663	235,907	235,907	100.00
2021	7,884,100	11.000	55.663	525,578	391,612	74.51
2022	9,976,160	11.000	55.663	665,041	667,099	100.31
Estimated for the Year Ending December 31, 2023	\$ 10,899,850	11.000	56.848	\$ 739,533		

*In 2021 the District did not collect \$133,975 in property taxes due to abatements.

**CONTINUING DISCLOSURE OF ANNUAL INFORMATION AS
REQUIRED BY THE LIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2018**

**PRAIRIE FARM METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OF ANNUAL INFORMATION AS REQUIRED BY
THE LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2018
DECEMBER 31, 2022**

2022 Assessed and "Actual" Valuation of Classes of Property in the District

<u>Class</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>	<u>"Actual" Valuation</u>	<u>Percent of "Actual" Valuation</u>
Residential	\$ 10,273,150	94.25 %	\$ 147,800,436	98.56 %
Vacant	420,850	3.86	1,451,792	0.97
State Assessed	5,050	0.05	17,429	0.01
Personal Property	200,800	1.84	692,415	0.46
Total	<u>\$ 10,899,850</u>	<u>100.00 %</u>	<u>\$ 149,962,072</u>	<u>100.00 %</u>

2022 Largest Taxpayers Within the District

<u>Name</u>	<u>2022 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation¹</u>
Richmond American Homes of Colorado, Inc.	\$ 166,480	1.53 %
Public Service Company of CO (Xcel)	113,830	1.04
United Power Inc	74,650	0.68
Remaining largest taxpayers are individual property owners	10,544,890	96.74
Total	<u>\$ 10,899,850</u>	<u>100.00 %</u>

¹ Based on the 2022 certified assessed valuation of \$10,899,850