

**ANNUAL REPORT
FOR THE YEAR 2022 (“Report Year”)
PROSPER COORDINATING METROPOLITAN DISTRICT (“District”)**

As required by Section 32-1-207(3)(c), C.R.S., and Section XI of the Amended and Restated Service Plan for the District, approved by the Board of County Commissioners of Arapahoe County on April 27, 2021, the following report of the District’s activities from January 1, 2022 through December 31, 2022 is hereby submitted:

- A. **Changes to the District’s boundaries as of December 31 of the prior year.** There were no changes to the District’s boundaries during the Report Year.
- B. **Intergovernmental agreements entered into or terminated by the District during the prior year.** There were no intergovernmental agreements entered into or terminated by the District during the Report Year.
- C. **Rules and regulations, if any, as of December 31 of the prior year /Access information to obtain a copy of rules and regulations adopted.** The District did not enact any rules and regulations during the Report Year. Any future rules and regulations may be obtained by contacting CliftonLarsonAllen LLP, 8390 E. Crescent Pkwy., Suite 300, Greenwood Village, CO 80111; Phone: 303-779-5710.
- D. **Notice of any pending litigation involving the District.** The District was not involved in any litigation during the Report Year.
- E. **Status of the District’s construction of public improvements as of December 31 of the prior year.** There was no significant construction of public improvements during the Report Year.
- F. **Conveyances or dedications of facilities or improvements, constructed by the District, to Arapahoe County.** There were no conveyances or dedications of facilities or improvements, constructed by the District, to Arapahoe County during the Report Year.
- G. **Assessed valuation of the District for the current year.** Attached as **Exhibit A** is the preliminary Certification of Valuation for the current year (2023).
- H. **Current year budget.** Attached hereto as **Exhibit B** is a copy of the District’s budget proceedings for the current year (2023).
- I. **Audited financial statements for the prior year, if required by statute, or audit exemption for such year.** Attached hereto as **Exhibit C** is a copy of the District’s Application for Exemption from Audit for the Report Year (2022).
- J. **Notice of any uncured default under any bond documents.** 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 and Debt instruments, which continue beyond a ninety (90) day period.** To our knowledge, the District has been able to pay its obligations as they come due.

EXHIBIT A



PK Kaiser, MBA, MS

Assessor

August 24, 2023

OFFICE OF THE ASSESSOR
5334 S. Prince Street
Littleton, CO 80120-1136
Phone: 303-795-4600
TDD: Relay-711
Fax:303-797-1295
www.arapahoegov.com/assessor
assessor@arapahoegov.com

AUTH 4527 PROSPER COORDINATING
METRO DIST
MCGEADY BECHER PC
C/O DENISE DENSLOW
8390 E CRESCENT PKWY SUITE 300
GREENWOOD VILLAGE CO 80111

Code # 4527

CERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2023 of:

\$24

The breakdown of the taxable valuation of your property is enclosed.

As further required by CRS 39-5-128(1), you are hereby notified to officially certify your levy to the Board of County Commissioners no later than December 15.

CRS 39-1-111(5) requires that this office transmit a notification by December 10 of any changes to valuation made after the original certification.

PK Kaiser, MBA, MS
Arapahoe County Assessor

enc

CERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity YES NO

Date: August 24, 2023

NAME OF TAX ENTITY: PROSPER COORDINATING METRO DIST

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2023:

| | | | |
|---|-----|----|----|
| 1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 1. | \$ | 36 |
| 2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡ | 2. | \$ | 24 |
| 3. LESS TOTAL TIF AREA INCREMENTS, IF ANY: | 3. | \$ | 0 |
| 4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 4. | \$ | 24 |
| 5. NEW CONSTRUCTION: * | 5. | \$ | 0 |
| 6. INCREASED PRODUCTION OF PRODUCING MINE: ≈ | 6. | \$ | 0 |
| 7. ANNEXATIONS/INCLUSIONS: | 7. | \$ | 0 |
| 8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈ | 8. | \$ | 0 |
| 9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): ◊ | 9. | \$ | 0 |
| 10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A), C.R.S.). Includes all revenue collected on valuation not previously certified: | 10. | \$ | 0 |
| 11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.): | 11. | \$ | 0 |

- ‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec 20(8)(b), Colo. Constitution
- * New construction is defined as: Taxable real property structures and the personal property connected with the structure.
- ≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.
- ◊ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART X, SEC.20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2023:

| | | | |
|--|----|----|----|
| 1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶ | 1. | \$ | 92 |
| ADDITIONS TO TAXABLE REAL PROPERTY | | | |
| 2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: | 2. | \$ | 0 |
| 3. ANNEXATIONS/INCLUSIONS: | 3. | \$ | 0 |
| 4. INCREASED MINING PRODUCTION: § | 4. | \$ | 0 |
| 5. PREVIOUSLY EXEMPT PROPERTY: | 5. | \$ | 0 |
| 6. OIL OR GAS PRODUCTION FROM A NEW WELL: | 6. | \$ | 0 |
| 7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.): | 7. | \$ | 0 |

DELETIONS FROM TAXABLE REAL PROPERTY

| | | | |
|---|-----|----|---|
| 8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: | 8. | \$ | 0 |
| 9. DISCONNECTIONS/EXCLUSIONS: | 9. | \$ | 0 |
| 10. PREVIOUSLY TAXABLE PROPERTY: | 10. | \$ | 0 |

- ¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.
- * Construction is defined as newly constructed taxable real property structures.
- § Includes production from new mines and increases in production of existing producing mines.

| | | | |
|--|----|----|---|
| IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS: | | | |
| 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY | 1. | \$ | 0 |

| | | | |
|--|--|----|---|
| IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES: | | | |
| HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** | | \$ | 0 |
| ** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S. | | | |

EXHIBIT B

PROSPER COORDINATING METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

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

1/15/23

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES | \$ 5,921 | \$ 60,101 | \$ 616,000 |
| REVENUE | | | |
| Developer advance | 50,000 | - | 13,111,000 |
| Net investment income | 31 | 12 | 50 |
| Other revenue | - | - | 620 |
| Transfers from Prosper Metro No. 3 | 1,725 | 1,873 | 5,441 |
| Transfers from Prosper Metro No. 4 | 919,533 | 673,123 | 879,524 |
| Transfers from Prosper W&SFD | 270,843 | 200,419 | 260,865 |
| Total revenue | <u>1,242,132</u> | <u>875,427</u> | <u>14,257,500</u> |
| TRANSFERS IN | 86,772 | 703,800 | 928,000 |
| Total funds available | <u>1,334,825</u> | <u>1,639,328</u> | <u>15,801,500</u> |
| EXPENDITURES | | | |
| General Fund | 1,091,795 | 131,728 | 218,500 |
| Capital Projects Fund | 96,157 | 187,800 | 14,555,000 |
| Total expenditures | <u>1,187,952</u> | <u>319,528</u> | <u>14,773,500</u> |
| TRANSFERS OUT | 86,772 | 703,800 | 928,000 |
| Total expenditures and transfers out requiring appropriation | <u>1,274,724</u> | <u>1,023,328</u> | <u>15,701,500</u> |
| ENDING FUND BALANCES | <u>\$ 60,101</u> | <u>\$ 616,000</u> | <u>\$ 100,000</u> |
| EMERGENCY RESERVE | <u>\$ 35,800</u> | <u>\$ 26,300</u> | <u>\$ 34,400</u> |
| TOTAL RESERVE | <u>\$ 35,800</u> | <u>\$ 26,300</u> | <u>\$ 34,400</u> |

No assurance provided. See summary of significant assumptions.

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

1/15/23

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|--------------------------------|----------------|-------------------|----------------|
| ASSESSED VALUATION | | | |
| Agricultural | \$ 46 | \$ 39 | \$ 36 |
| Certified Assessed Value | \$ 46 | \$ 39 | \$ 36 |
| | | | |
| MILL LEVY | | | |
| Total mill levy | 0.000 | 0.000 | 0.000 |
| | | | |
| PROPERTY TAXES | | | |
| Budgeted property taxes | \$ - | \$ - | \$ - |
| | | | |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - |

No assurance provided. See summary of significant assumptions.

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

1/15/23

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|------------------|-------------------|-------------------|
| BEGINNING FUND BALANCE | \$ 5,921 | \$ 60,101 | \$ 100,000 |
| REVENUE | | | |
| Developer advance | 40,615 | - | - |
| Interest income | 31 | 12 | 50 |
| Other revenue | - | - | 620 |
| Transfers from Prosper Metro No. 3 | 1,725 | 1,873 | 5,441 |
| Transfers from Prosper Metro No. 4 | 919,533 | 673,123 | 879,524 |
| Transfers from Prosper W&SFD | 270,843 | 200,419 | 260,865 |
| Total revenue | <u>1,232,747</u> | <u>875,427</u> | <u>1,146,500</u> |
| Total funds available | <u>1,238,668</u> | <u>935,528</u> | <u>1,246,500</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 26,612 | 40,000 | 64,000 |
| Auditing | 10,400 | 10,400 | 11,500 |
| Contingency | - | - | 8,600 |
| District management | 20,096 | 24,200 | 35,000 |
| Dues and licenses | 2,933 | 3,157 | 3,400 |
| Election expense | - | 4,000 | - |
| Insurance and bonds | 22,528 | 20,540 | 25,000 |
| Legal services | 33,912 | 28,000 | 65,000 |
| Miscellaneous | 523 | 831 | 1,000 |
| Utilities | 791 | 600 | 5,000 |
| Repay developer advance | 974,000 | - | - |
| Total expenditures | <u>1,091,795</u> | <u>131,728</u> | <u>218,500</u> |
| TRANSFERS OUT | | | |
| Transfers to other fund | <u>86,772</u> | <u>703,800</u> | <u>928,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>1,178,567</u> | <u>835,528</u> | <u>1,146,500</u> |
| ENDING FUND BALANCE | <u>\$ 60,101</u> | <u>\$ 100,000</u> | <u>\$ 100,000</u> |
| EMERGENCY RESERVE | \$ 35,800 | \$ 26,300 | \$ 34,400 |
| AVAILABLE FOR OPERATIONS | - | 73,700 | - |
| TOTAL RESERVE | <u>\$ 35,800</u> | <u>\$ 100,000</u> | <u>\$ 34,400</u> |

No assurance provided. See summary of significant assumptions.

**PROSPER COORDINATING METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/15/23

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|----------------|-------------------|-------------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ 516,000 |
| REVENUE | | | |
| Developer advance | 9,385 | - | 13,111,000 |
| Total revenue | <u>9,385</u> | <u>-</u> | <u>13,111,000</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>86,772</u> | <u>703,800</u> | <u>928,000</u> |
| Total funds available | <u>96,157</u> | <u>703,800</u> | <u>14,555,000</u> |
| EXPENDITURES | | | |
| Capital Projects | | | |
| Capital outlay | 10,500 | - | - |
| Consulting | 7,889 | 50,000 | - |
| Contingency | - | - | - |
| Design Costs WWTP | - | 65,000 | - |
| Engineering | 42,212 | 30,000 | - |
| Legal services | 5,556 | 12,800 | - |
| Miscellaneous | 30,000 | - | - |
| Storage | - | 30,000 | 30,000 |
| WWTP Construction | - | - | 14,375,000 |
| WWTP Planning and Engineering | - | - | 150,000 |
| Total expenditures | <u>96,157</u> | <u>187,800</u> | <u>14,555,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>96,157</u> | <u>187,800</u> | <u>14,555,000</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ 516,000</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**PROSPER COORDINATING METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Prosper Coordinating Metropolitan District (the "District"), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by Court Order and Decree of the District Court on June 18, 2015 and is governed pursuant to provisions of the Colorado Special District Act, Title 32, Article I, Colorado Revised Statutes. The District's service area is located in Arapahoe County. The District was organized in conjunction with Prosper Regional Water & Sanitation Service Metropolitan District, Prosper Water & Sanitation Financing Metropolitan District, Prosper Park & Recreation Financing Metropolitan District and Prosper Metropolitan Districts Nos. 1, 2, 3 and 4. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, streets, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

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, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

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

Net Investment Income

Interest earned on the District's available funds has been estimated based on historical information.

Developer Advances

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Intergovernmental Revenue - Transfers from Other Districts

The District anticipates the collection of taxes in Districts Nos. 3, 4, and the Water & Sanitation Financing District, which will be transferred to fund operations expenditures of the District. The District will coordinate the payment of operations and administrative expenditures for these three districts, as well as the District's own administrative expenditures.

**PROSPER COORDINATING METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense.

Capital Outlay

Anticipated capital expenditures for 2023 are displayed on the Capital Projects Fund page of the budget.

Debts and Leases

The District has no debt nor any capital and operating lease.

Reserves

Emergency Reserve

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

This information is an integral part of the accompanying budget.

**PROSPER COORDINATING METROPOLITAN DISTRICT
SCHEDULE OF OUTSTANDING DEVELOPER ADVANCE**

Summary of Developer Advances

| | Balance - December 31, 2021 | Additions | Reductions | Balance - December 31, 2022 | Due Within One Year |
|---|-----------------------------------|----------------------|-------------|-----------------------------------|---------------------------|
| Developer Advances - Capital | \$ 3,686,563 | - | \$ - | \$ 3,686,563 | - |
| Developer Advance - Interest - Capital | 689,502 | 294,925 | - | 984,427 | - |
| Total | <u>\$ 4,376,065</u> | <u>\$ 294,925</u> | <u>\$ -</u> | <u>\$ 4,670,990</u> | <u>-</u> |
| | Balance - December 31, 2022 | Additions | Reductions | Balance - December 31, 2023 | Due Within One Year |
| Developer Advances - Capital | \$ 3,686,563 | 13,111,000 (a) | - | \$ 16,797,563 | - |
| Developer Advance - Interest - Capital | 984,427 | 1,171,387 (a) | - | 2,155,814 | - |
| Total | <u>\$ 4,670,990</u> | <u>\$ 14,282,387</u> | <u>-</u> | <u>\$ 18,953,377</u> | <u>-</u> |

(a) Estimated for the year ending December 31, 2023

EXHIBIT C

**PROSPER COORDINATING METROPOLITAN DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**PROSPER COORDINATING METROPOLITAN DISTRICT
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Independent Auditor's Report

To the Board of Directors
Prosper Coordinating Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Prosper Coordinating 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 financial position of the governmental activities and the major funds of Prosper Coordinating Metropolitan District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Prosper Coordinating Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Prosper Coordinating Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 Prosper Coordinating Metropolitan 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 Prosper Coordinating Metropolitan District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

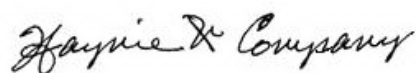
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Prosper Coordinating Metropolitan District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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. Such 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.

The other information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Littleton, Colorado
July 25, 2023

BASIC FINANCIAL STATEMENTS

**PROSPER COORDINATING METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

| | <u>Governmental Activities</u> |
|---------------------------------------|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 584,906 |
| Cash and Investments - Restricted | 96,047 |
| Due from Other Districts | 3,869 |
| Prepaid Insurance | 17,915 |
| Capital Assets Not Being Depreciated: | |
| Construction in Progress | 6,644,849 |
| Total Assets | <u>7,347,586</u> |
| LIABILITIES | |
| Accounts Payable | 84,429 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 4,670,991 |
| Total Liabilities | <u>4,755,420</u> |
| NET POSITION | |
| Restricted for: | |
| Emergency Reserves | 26,100 |
| Unrestricted | 2,566,066 |
| Total Net Position | <u><u>\$ 2,592,166</u></u> |

See accompanying Notes to Basic Financial Statements.

**PROSPER COORDINATING METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net Revenue (Expense) and Change in Net Position |
|---|------------|----------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Primary Government: | | | | | |
| Government Activities: | | | | | |
| General Government | \$ 160,664 | \$ - | \$ 869,732 | \$ - | \$ 709,068 |
| Interest and Related Costs on Long-Term Debt | 294,926 | - | - | - | (294,926) |
| Total Governmental Activities | \$ 455,590 | \$ - | \$ 869,732 | \$ - | 414,142 |
| GENERAL REVENUES | | | | | |
| Interest Income | | | | | 83 |
| Total General Revenues | | | | | 83 |
| CHANGE IN NET POSITION | | | | | |
| | | | | | 414,225 |
| Net Position - Beginning of Year | | | | | 2,177,941 |
| NET POSITION - END OF YEAR | | | | | |
| | | | | | \$ 2,592,166 |

See accompanying Notes to Basic Financial Statements.

**PROSPER COORDINATING METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

| | General | Capital Projects | Total Governmental Funds |
|--------------------------------------|-------------------|---------------------|--------------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 584,906 | \$ - | \$ 584,906 |
| Cash and Investments - Restricted | 26,100 | 69,947 | 96,047 |
| Due from Other Districts | 3,869 | - | 3,869 |
| Prepaid Insurance | 17,915 | - | 17,915 |
| | <u>\$ 632,790</u> | <u>\$ 69,947</u> | <u>\$ 702,737</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 14,482 | \$ 69,947 | \$ 84,429 |
| Total Liabilities | <u>14,482</u> | <u>69,947</u> | <u>84,429</u> |
| FUND BALANCES | | | |
| Nonspendable for: | | | |
| Prepaid Expenses | 17,915 | - | 17,915 |
| Restricted for: | | | |
| Emergency Reserve | 26,100 | - | 26,100 |
| Unrestricted | 574,293 | - | 574,293 |
| Total Fund Balances | <u>618,308</u> | <u>-</u> | <u>618,308</u> |
| Total Liabilities and Fund Balances | <u>\$ 632,790</u> | <u>\$ 69,947</u> | |

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.

| | |
|--------------------------|-----------|
| Construction in Progress | 6,644,849 |
|--------------------------|-----------|

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

| | |
|------------------------------------|------------------|
| Developer Advance Payable | (3,686,563) |
| Developer Advance Interest Payable | <u>(984,428)</u> |

| | |
|---|---------------------|
| Net Position of Governmental Activities | <u>\$ 2,592,166</u> |
|---|---------------------|

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

| | General | Capital Projects | Total Governmental Funds |
|---------------------------------------|--------------------------|---------------------|--------------------------------|
| REVENUES | | | |
| Interest Income | \$ 83 | \$ - | \$ 83 |
| Transfer from Prosper Metro No. 3 | 1,876 | - | 1,876 |
| Transfer from Prosper Metro No. 4 | 668,741 | - | 668,741 |
| Transfer from Prosper W&SFD | 199,115 | - | 199,115 |
| Total Revenues | <u>869,815</u> | <u>-</u> | <u>869,815</u> |
| EXPENDITURES | | | |
| Accounting | 35,936 | - | 35,936 |
| Auditing | 5,000 | - | 5,000 |
| District Management | 20,722 | - | 20,722 |
| Dues and Licenses | 3,157 | - | 3,157 |
| Election Expense | 3,722 | - | 3,722 |
| Insurance and Bonds | 20,540 | - | 20,540 |
| Legal Services | 31,233 | 9,188 | 40,421 |
| Miscellaneous | 613 | - | 613 |
| Utilities | 553 | - | 553 |
| Consulting | - | 25,874 | 25,874 |
| Design Costs WWTP | - | 93,192 | 93,192 |
| Engineering | - | 31,878 | 31,878 |
| Storage | - | 30,000 | 30,000 |
| Total Expenditures | <u>121,476</u> | <u>190,132</u> | <u>311,608</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer from (to) Other Funds | <u>(190,132)</u> | <u>190,132</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(190,132)</u> | <u>190,132</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 558,207 | - | 558,207 |
| Fund Balances - Beginning of Year | <u>60,101</u> | <u>-</u> | <u>60,101</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ 618,308</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 618,308</u></u> |

See accompanying Notes to Basic Financial Statements.

**PROSPER COORDINATING 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 - Governmental Funds | \$ | 558,207 |
|--|----|---------|

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

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/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, net of depreciation/amortization, in the current period.

| | | |
|---------------------------------|--|---------|
| Expenditures for Capital Assets | | 150,944 |
|---------------------------------|--|---------|

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.

| | | |
|-------------------------------|--|-----------|
| Interest on Developer Advance | | (294,926) |
|-------------------------------|--|-----------|

| | | |
|--|----|----------------|
| Changes in Net Position of Governmental Activities | \$ | <u>414,225</u> |
|--|----|----------------|

**PROSPER COORDINATING 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 | | | |
| Transfer from Prosper Metro No. 3 | \$ 1,888 | \$ 1,876 | \$ (12) |
| Transfer from Prosper Metro No. 4 | 673,123 | 668,741 | (4,382) |
| Transfer from Prosper W&SFD | 200,419 | 199,115 | (1,304) |
| Interest Income | 50 | 83 | 33 |
| Other Revenue | 520 | - | (520) |
| Total Revenues | <u>876,000</u> | <u>869,815</u> | <u>(6,185)</u> |
| EXPENDITURES | | | |
| Accounting | 64,000 | 35,936 | 28,064 |
| Auditing | 11,500 | 5,000 | 6,500 |
| District Management | 35,000 | 20,722 | 14,278 |
| Dues and Licenses | 3,100 | 3,157 | (57) |
| Election Expense | 3,000 | 3,722 | (722) |
| Insurance and Bonds | 25,000 | 20,540 | 4,460 |
| Legal Services | 65,000 | 31,233 | 33,767 |
| Miscellaneous | 1,000 | 613 | 387 |
| Utilities | 5,000 | 553 | 4,447 |
| Contingency | 7,400 | - | 7,400 |
| Total Expenditures | <u>220,000</u> | <u>121,476</u> | <u>98,524</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 656,000 | 748,339 | 92,339 |
| OTHER FINANCING USES | | | |
| Repay Developer Advance | (621,000) | - | 621,000 |
| Transfers to Other Funds | (35,000) | (190,132) | (155,132) |
| Total Other Financing Uses | <u>(656,000)</u> | <u>(190,132)</u> | <u>465,868</u> |
| NET CHANGE IN FUND BALANCE | - | 558,207 | 558,207 |
| Fund Balance - Beginning of Year | <u>100,000</u> | <u>60,101</u> | <u>(39,899)</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 100,000</u> | <u>\$ 618,308</u> | <u>\$ 518,308</u> |

See accompanying Notes to Basic Financial Statements.

**PROSPER COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Prosper Coordinating Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado was organized by an Order and Decree of the Arapahoe County District Court issued on June 18, 2015 (recorded on June 23, 2015) and governed pursuant to provisions of the Colorado Special District Act, Title 32, Article 1, Colorado Revised Statutes. The District's service area is located in Arapahoe County. The District was organized in conjunction with Prosper Regional Water & Sanitation Service Metropolitan District, Prosper Water & Sanitation Financing Metropolitan District, Prosper Park & Recreation Financing Metropolitan District, and Prosper Metropolitan Districts Nos. 1, 2, 3, and 4, and Prosper Metropolitan District Nos. 5, 6, 7, 8, 9, and 10 were later organized on February 09, 2021 (the Districts). The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, streets, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services. It is anticipated that the District will enter into one or more facilities funding and construction agreements with the Districts in order to provide for the allocation of construction costs and funding responsibilities as development occurs within the Districts.

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.

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The Capital Projects Fund is used to account for financial resources to be used for the maintenance or acquisition and construction of recreational facilities.

**PROSPER COORDINATING 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.

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

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank or investment 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.

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.

**PROSPER COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

If more than one classification of fund 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 | \$ | 584,906 |
| Cash and Investments - Restricted | | 96,047 |
| Total Cash and Investments | \$ | 680,953 |

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.

**PROSPER COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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

At December 31, 2022, the District's cash deposits had a bank balance and a carrying balance as follows:

| | Bank Balance | Carrying Balance |
|---|-----------------|---------------------|
| Insured Deposits | \$ 250,000 | \$ 250,000 |
| Deposits Collateralized in Single Institution Pools | 430,953 | 430,953 |
| Total | \$ 680,953 | \$ 680,953 |

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

The District generally limits its concentration of investments to those which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2022, the District had no investments.

**PROSPER COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 CAPITAL ASSETS

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

| | Balance - December 31, 2021 | Increases | Decreases | Balance - December 31, 2022 |
|--|-----------------------------------|-------------------|-------------|-----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in Progress | \$ 6,493,905 | \$ 150,944 | \$ - | \$ 6,644,849 |
| Total Capital Assets, Not Being Depreciated | <u>\$ 6,493,905</u> | <u>\$ 150,944</u> | <u>\$ -</u> | <u>\$ 6,644,849</u> |

Upon completion and acceptance, a significant portion of capital assets will be conveyed by the District to other local governments. The District will not be responsible for the maintenance of those assets. Upon acceptance of the improvements, the District will remove the cost of construction for its capital assets.

NOTE 5 LONG-TERM OBLIGATIONS

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

| | Balance - December 31, 2021 | Additions | Reductions | Balance - December 31, 2022 |
|---|-----------------------------------|-------------------|-------------|-----------------------------------|
| Other Debts: | | | | |
| Developer Advances - Capital | \$ 3,686,563 | \$ - | \$ - | \$ 3,686,563 |
| Developer Advance - Interest - Capital | 689,502 | 294,926 | - | 984,428 |
| Total | <u>\$ 4,376,065</u> | <u>\$ 294,926</u> | <u>\$ -</u> | <u>\$ 4,670,991</u> |

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

Developer Advances

The District has entered into a series of Operation Funding Agreements and Facilities Funding and Acquisition Agreements with VREI, Inc. These agreements are disclosed further in Note 7.

**PROSPER COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 03, 2015, the District's voters authorized the issuance of the indebtedness in an amount not to exceed \$13,004,160,000. At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Amount Authorized on November 3, 2015 | Authorized But Unissued |
|------------------------------|---|-------------------------------|
| Street Improvements | \$ 1,000,320,000 | \$ 1,000,320,000 |
| Parks and Recreation | 1,000,320,000 | 1,000,320,000 |
| Water | 1,000,320,000 | 1,000,320,000 |
| Sanitation | 1,000,320,000 | 1,000,320,000 |
| Transportation | 1,000,320,000 | 1,000,320,000 |
| Mosquito Control | 1,000,320,000 | 1,000,320,000 |
| Traffic Safety Protection | 1,000,320,000 | 1,000,320,000 |
| Fire Protection | 1,000,320,000 | 1,000,320,000 |
| Television Relay | 1,000,320,000 | 1,000,320,000 |
| Security Services | 1,000,320,000 | 1,000,320,000 |
| O&M Expenses | 1,000,320,000 | 1,000,320,000 |
| Refunding | 1,000,320,000 | 1,000,320,000 |
| Intergovernmental Agreements | 1,000,320,000 | 1,000,320,000 |
| Total | <u>\$ 13,004,160,000</u> | <u>\$ 13,004,160,000</u> |

Pursuant to the Service Plan, the District is permitted to issue bonded indebtedness of up to \$1,000,320,000.

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.

NOTE 6 NET POSITION

The District has a net position consisting of two components – restricted and unrestricted.

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

| | |
|-------------------------------|------------------|
| Restricted Net Position: | |
| Emergency Reserves | \$ 26,100 |
| Total Restricted Net Position | <u>\$ 26,100</u> |

**PROSPER COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 AGREEMENTS

Memorandum of Understanding

On April 26, 2021, the District entered into an Amended and Restated Memorandum of Understanding (MOU) with Prosper Metropolitan District Nos. 1-10, Prosper Water & Sanitation Financing Metropolitan District, Prosper Park & Recreation Financing District, and Prosper Regional Water & Sanitation Services Metropolitan District (the Districts) whereby the District and the Districts set forth their intention to enter into one or more Facilities Funding and Construction Agreements (FFCO Agreements) in order to provide for allocation of construction costs and funding responsibilities as development occurs with the Districts. Pursuant to the MOU, the District and the Districts agree that, until such time as they enter into one or more FFCO Agreements, the District will provide for the construction, administration, and operation and maintenance of improvements for the benefit of the Districts. The anticipated FFCO Agreements will provide procedures by which the Districts will reimburse the District for their allocable share of costs incurred by the District pursuant to the MOU. The MOU anticipates that certain of the Districts may elect to be inactive in any one or more of the years the MOU is in effect and sets forth certain requirements for such inactive Districts.

Agreements with Prosper Farm Investments, LLC

2015 Operation Funding Agreement

On December 8, 2015, with an effective date of June 23, 2015, the District entered into a 2015 Operation Funding Agreement with Prosper Farms Investments, LLC (Landowner) pursuant to which the Landowner agrees to advance funds to the District for certain operation and maintenance expenses on a periodic basis as needed for fiscal year 2015 (2015 OFA). The maximum amount to be advanced for operations and maintenance expenses pursuant to this agreement is One Hundred Thousand Dollars (\$100,000). The District agrees to repay these advances pursuant to the priority established in the 2015 OFA, together with accrued interest at the rate of 8% per annum accruing from the date of deposit into the District's bank account or from the date of direct deposit by the Landowner. The 2015 OFA does not constitute a debt or indebtedness of the District nor does it constitute a multi-year fiscal obligation. The making of any reimbursement thereunder is subject to annual appropriation by the District to the extent the District has funds available from the impositions of its taxes, fees, rates, tolls, penalties and charges, and from other legally available revenue, after the payment of its annual debt service obligations, if any, and annual operations and maintenance expenses. As of December 31, 2022, there were no outstanding balances under this agreement.

2015 Facilities Funding and Acquisition Agreement

On December 8, 2015, with an effective date of June 23, 2015, the District entered into the 2015 Facilities Funding and Acquisition Agreement with the Landowner pursuant to which the Landowner agrees to make advances not to exceed Three Million Dollars (\$3,000,000) to the District for the purpose of funding the construction and/or acquisition of public improvements (2015 FFAA). The Landowner agrees to make such advances on a periodic basis as needed for fiscal year 2015. The 2015 FFAA does not constitute a debt of the District, but is an annual appropriations agreement intended to be repaid through future bond issuances. As of December 31, 2022, there were no outstanding balances under this agreement.

**PROSPER COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 AGREEMENTS (CONTINUED)

Agreements with VREI, Inc. (the Developer)

Operation Funding Agreements (OFAs)

The District has entered into several Operation Funding Agreements pursuant to which the Developer agrees to advance funds to the District for certain operation and maintenance expenses, up to a maximum amount agreed, on a periodic basis as needed. The District agrees to repay these advances pursuant to the priority established in the OFAs, together with accrued interest at the rate of 8% per annum accruing from the date of deposit into the District's bank account or from the date of direct deposit by the Developer.

These OFAs do not constitute a debt or indebtedness of the District nor do they constitute multi-year fiscal obligations. The making of any reimbursement thereunder is subject to annual appropriation by the District to the extent the District has funds available from the impositions of its taxes, fees, rates, tolls, penalties and charges, and from other legally available revenue, after the payment of its annual debt service obligations, if any, and annual operations and maintenance expenses.

The details of the District's OFAs and their balances as of December 31, 2022 are as follows:

| Agreement | Date Entered | Effective Date | Reimbursement Termination Date | Maximum Amount | Outstanding Balance | Accrued Interest |
|-----------------|-------------------|----------------|--------------------------------|----------------|---------------------|------------------|
| 2016 OFA | 12/30/2015 | 1/1/2016 | 12/31/2056 | \$ 100,000 | \$ - | \$ - |
| 2017 - 2018 OFA | 1/22/2018 (1) | 1/1/2017 | 12/31/2057 | 400,000 | - | - |
| 2019 OFA | 11/26/2018 (2)(3) | 1/1/2019 | 12/31/2060 | 240,000 | - | - |
| | | | | | <u>\$ -</u> | <u>\$ -</u> |

(1) Amended 11/26/2018 to increase maximum amount to \$400,000.

(2) 1st Amendment to 2019 OFA dated 11/23/2020 and effective 01/01/2020. Extended termination date to 12/31/2060, and increased maximum amount to \$132,000.

(3) 2nd Amendment to 2019 OFA dated 10/25/2021. Extended termination date to 12/31/2061, and increased maximum amount to \$240,000.

Facilities Funding and Acquisition Agreements (FFAAs)

The District has entered into several Facilities Funding and Acquisition Agreements with the Developer pursuant to which the Developer agrees to make advances to the District for the purpose of funding the construction and/or acquisition of public improvement. The Developer agrees to make such advances up to a maximum amount, on a periodic basis as needed on the prescribed fiscal year. These FFAAs do not constitute a debt of the District, but are annual appropriations agreements intended to be repaid through future bond issuances.

**PROSPER COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 AGREEMENTS (CONTINUED)

Agreements with VREI, Inc. (the Developer) (Continued)

Facilities Funding and Acquisition Agreements (FFAAs) (Continued)

The details of the District's FFAAs and their balances as of December 31, 2022 are as follows:

| <u>Agreement</u> | <u>Date Entered</u> | <u>Effective Date</u> | <u>Reimbursement Termination Date</u> | <u>Maximum Amount</u> | <u>Outstanding Balance</u> | <u>Accrued Interest</u> |
|------------------|---------------------|-----------------------|---------------------------------------|-----------------------|----------------------------|-------------------------|
| 2016 FFAA | 12/30/2015 | 1/1/2016 | 12/31/2056 | \$ 3,000,000 | \$ - | \$ - |
| 2017 FFAA | 12/2/2016 | 1/1/2017 | 12/31/2056 | 45,000,000 | 754,650 | 61,530 |
| 2018 - 2019 FFAA | 11/26/2018 (1) | 1/1/2018 | 12/31/2060 | 21,150,000 | 2,931,913 | 922,898 |
| | | | | | <u>\$ 3,686,563</u> | <u>\$ 984,428</u> |

(1) Amended 11/25/2019 to cover fiscal year 2020, extend reimbursement termination date to 12/31/2060, and increase maximum amount to \$15,000,000. Further amended 11/23/2020 to cover fiscal year 2021. Further amended 11/14/2022 to cover fiscal year 2023 and increase maximum amount to \$21,150,000.

1601 Agreement

On June 23, 2020, the District entered into a Funding Agreement with Arapahoe County and Prosper Farms Investments, LLC pursuant to which the District agreed to pay its allocated share of the costs of preparing studies required under the Colorado Department of Transportation's Policy Directive No. 1601.0, Interchange Approval Process (1601 Studies). The District is required to obtain a 1601 Study for the Watkins Road/I-70 Interchange (Watkins Study Area) and, likewise, Sky Ranch Metropolitan District Nos. 1, 3, 4 and 5, the Sky Ranch CAB, and the Sky Ranch Developer are responsible for obtaining a 1601 Study for the Monaghan Road/I-70 Interchange (Monaghan Study Area). It was determined that significant cost savings could be obtained by coordinating the 1601 Studies for the Watkins Study Area and the Monaghan Study Area and a single consultant was retained to perform both 1601 Studies. Under the Funding Agreement, the District is responsible for 25% of the total cost of preparing the 1601 Studies. As of December 31, 2022, the District has paid \$500,000 pursuant to this agreement.

NOTE 8 RELATED PARTIES

The owner of the property which constitutes the District is Prosper Farms Investments, LLC (the Landowner) and the developer is VREI, Inc. (the Developer). All members of the Board of Directors of the District are officers or employees of or related to the Landowner or the Developer or an entity affiliated with the Landowner or the Developer or the majority owner of the above named Developer and may have conflicts of interest in dealing with the District.

NOTE 9 INTERFUND AND OPERATING TRANSFERS

The transfer from the General Fund to the Capital Projects Fund utilized property taxes transferred from other Districts for capital outlay.

**PROSPER COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; error or omissions; or acts of God.

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

The Districts pay annual premiums to the Pool for liability and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 11 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.

On November 3, 2015, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR or the 5 ½% limit of Section 29-1-301 C.R.S. Also, on November 3, 2015, a majority of the District's electors authorized the District to collect and spend or retain all of the revenue of the District and authorized taxes to be increased \$25,000,000 in 2015 and every year thereafter by the same amount plus inflation and local growth for operations and maintenance without regard to any limitations under TABOR.

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.

SUPPLEMENTARY INFORMATION

**PROSPER COORDINATING METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|----------------|-----------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest Income | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | - | - | - | - |
| EXPENDITURES | | | | |
| Consulting | - | - | 25,874 | (25,874) |
| Contingency | 5,000 | 260,000 | - | 260,000 |
| Design Costs WWTP | - | 245,000 | 93,192 | 151,808 |
| Engineering | - | - | 31,878 | (31,878) |
| Legal Services | - | - | 9,188 | (9,188) |
| Storage | 30,000 | 30,000 | 30,000 | - |
| Total Expenditures | 35,000 | 535,000 | 190,132 | 344,868 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (35,000) | (535,000) | (190,132) | 344,868 |
| OTHER FINANCING SOURCES | | | | |
| Transfers from Other Funds | 35,000 | 535,000 | 190,132 | (344,868) |
| Total Other Financing Sources | 35,000 | 535,000 | 190,132 | (344,868) |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| Fund Balance - Beginning of Year | - | - | - | - |
| FUND BALANCE - END OF YEAR | \$ - | \$ - | \$ - | \$ - |