

**ANNUAL REPORT  
FOR THE YEAR 2021 (“Report Year”)  
PROSPER METROPOLITAN DISTRICT NO. 4 (“District”)**

As required by Section XI of the Amended and Restated Service Plan for the District, approved by the Board of County Commissioners of Arapahoe County on October 29, 2019, the following report of the District’s activities from January 1, 2021 through December 31, 2021 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 by the District during the prior year.** On April 26, 2021, the District entered into an Amended and Restated Memorandum of Understanding by and among Prosper Metropolitan District Nos. 1-10, Prosper Coordinating Metropolitan District, Prosper Water & Sanitation Financing Metropolitan District, Prosper Park & Recreation Financing Metropolitan District, and Prosper Regional Water & Sanitation Service Metropolitan District.
- C. **Rules and regulations, if any, as of December 31 of the prior year.** The District did not enact any rules and regulations during the Report Year.
- 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.** The District did not construct any public improvements during the Report Year.
- F. **Assessed valuation of the District for the current year.** Attached as **Exhibit A** is the preliminary Certification of Valuation for current year (2022).
- G. **Current year budget.** Attached hereto as **Exhibit B** is a copy of the District’s budget proceedings for the current year (2022).
- H. **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 2021 Audit.
- I. **Notice of any uncured default under any bond documents.** The District has not issued bonds, and therefore has no uncured default under any bond documents.

**EXHIBIT A**



PK Kaiser, MBA, MS

Assessor

August 25, 2022

OFFICE OF THE ASSESSOR  
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Littleton, CO 80120-1136  
Phone: 303-795-4650  
TDD: Relay-711  
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AUTH 4526 PROSPER METRO DIST #4  
CLIFFTON LARSON ALLEN LLP  
C/O DENISE DENSLOW  
8390 E CRESCENT PKWY SUITE 300  
GREENWOOD VILLAGE CO 80111

Code # 4526

### CERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2022 of:

\$12,023,571

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 25, 2022

**NAME OF TAX ENTITY:**                      PROSPER METRO DIST #4

**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 2022:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	9,114,727
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	12,023,571
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	12,023,571
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.): Φ	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.

Φ 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 2022:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	13,143,376
<b>ADDITIONS TO TAXABLE REAL PROPERTY</b>			
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
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IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **		\$	0
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\*\* 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 METROPOLITAN DISTRICT NO. 4**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2022**

**PROSPER METROPOLITAN DISTRICT NO. 4  
GENERAL FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Property taxes	759,806	872,489	638,031
Specific ownership taxes	53,843	59,701	44,662
Other income	-	-	17,307
Total revenue	<u>813,649</u>	<u>932,190</u>	<u>700,000</u>
Total funds available	<u>813,649</u>	<u>932,190</u>	<u>700,000</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	11,397	13,087	9,570
Contingency	-	-	17,307
Transfer to Prosper Coordinating MD	802,252	919,103	673,123
Total expenditures	<u>813,649</u>	<u>932,190</u>	<u>700,000</u>
Total expenditures and transfers out requiring appropriation	<u>813,649</u>	<u>932,190</u>	<u>700,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**PROSPER METROPOLITAN DISTRICT NO. 4  
PROPERTY TAX SUMMARY INFORMATION  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
<b>ASSESSED VALUATION</b>			
Agricultural	\$ 105,135	\$ 70,136	\$ 53,380
Oil & gas	10,748,724	12,393,483	9,060,839
Natural resources	508	508	508
	10,854,367	12,464,127	9,114,727
Certified Assessed Value	\$ 10,854,367	\$ 12,464,127	\$ 9,114,727
 <b>MILL LEVY</b>			
General	70.000	70.000	70.000
Total mill levy	70.000	70.000	70.000
 <b>PROPERTY TAXES</b>			
General	\$ 759,806	\$ 872,489	\$ 638,031
Budgeted property taxes	\$ 759,806	\$ 872,489	\$ 638,031
 <b>BUDGETED PROPERTY TAXES</b>			
General	\$ 759,806	\$ 872,489	\$ 638,031

No assurance provided. See summary of significant assumptions.



**PROSPER METROPOLITAN DISTRICT NO. 4  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Prosper Metropolitan District No. 4 (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 23, 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, Prosper Coordinating Metropolitan District and Prosper Metropolitan Districts Nos. 1, 2, and 3. 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**

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determine by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification of 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 of December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of 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.

**PROSPER METROPOLITAN DISTRICT NO. 4  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures**

**County Treasurer's Fees**

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

**Intergovernmental Expenditures - Transfer to Other Districts**

The District has an agreement with Prosper Coordinating Metropolitan District (PCMD) whereby the net revenues generated by the District's operating mill levies are transferred to PCMD. The operating and administrative expenditures for the District are incurred by PCMD including the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense.

**Capital Outlay**

The District does not anticipate infrastructure improvements during 2022.

**Debts and Leases**

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

**Reserves**

**Emergency Reserve**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to Prosper Coordinating Metropolitan District, which pays for all Districts' operations and maintenance costs, an Emergency Reserve is not reflected in the District's Budget.

**This information is an integral part of the accompanying budget.**

**EXHIBIT C**

**PROSPER METROPOLITAN DISTRICT NO. 4  
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**


**PROSPER METROPOLITAN DISTRICT NO. 4  
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YEAR ENDED DECEMBER 31, 2021**


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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Prosper Metropolitan District No. 4

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, and each major fund of Prosper Metropolitan District No. 4 (the District) as of and for the year ended December 31, 2021, 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 Prosper Metropolitan District No. 4, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Prosper Metropolitan District No. 4, and to meet our other 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 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 Prosper Metropolitan District No. 4's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Prosper Metropolitan District No. 4'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 Prosper Metropolitan District No. 4'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**

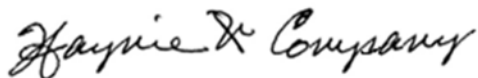
##### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be present 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*

Management is responsible for the other information included in the annual report. The other information does not include the basic financial statements and our auditor's 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.



Littleton, Colorado

September 28, 2022

## **BASIC FINANCIAL STATEMENTS**



**PROSPER METROPOLITAN DISTRICT NO. 4  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Governmental Activities
<b>ASSETS</b>	
Receivable - County Treasurer	\$ 4,908
Property Taxes Receivable	638,031
Total Assets	642,939
<b>LIABILITIES</b>	
Due to Prosper Coordinating MD	4,908
Total Liabilities	4,908
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Taxes Revenue	638,031
Total Deferred Inflows of Resources	638,031
<b>NET POSITION</b>	
Restricted for:	
Unrestricted	-
Total Net Position	\$ -

See accompanying Notes to Basic Financial Statements.

**PROSPER METROPOLITAN DISTRICT NO. 4  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>				
Primary Government:				
Government Activities:				
General Government	\$ 932,620	\$ -	\$ -	\$ (932,620)
Total Governmental Activities	\$ 932,620	\$ -	\$ -	(932,620)
 <b>GENERAL REVENUES</b>				
Property Taxes				872,489
Specific Ownership Taxes				60,131
Total General Revenues				932,620
 <b>CHANGE IN NET POSITION</b>				-
Net Position - Beginning of Year				-
 <b>NET POSITION - END OF YEAR</b>				\$ -

See accompanying Notes to Basic Financial Statements.

**PROSPER METROPOLITAN DISTRICT NO. 4  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	General
<b>ASSETS</b>	
Receivable - County Treasurer	\$ 4,908
Property Taxes Receivable	638,031
Total Assets	\$ 642,939
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Due to Prosper Coordinating Metro District	\$ 4,908
Total Liabilities	4,908
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Taxes Revenue	638,031
Total Deferred Inflows of Resources	638,031
<b>FUND BALANCES</b>	
Unrestricted	-
Total Fund Balances	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 642,939

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

**PROSPER METROPOLITAN DISTRICT NO. 4  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	Total Governmental Funds
<b>REVENUES</b>	
Property Taxes	\$ 872,489
Specific Ownership Taxes	60,131
Total Revenues	932,620
 <b>EXPENDITURES</b>	
Current:	
Intergovernmental Expenditure - Transfer to Prosper	
Coordinating MD	919,533
County Treasurer's Fees	13,087
Total Expenditures	932,620
 <b>NET CHANGE IN FUND BALANCES</b>	-
 Fund Balances - Beginning of Year	-
 <b>FUND BALANCES - END OF YEAR</b>	\$ -

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

**PROSPER METROPOLITAN DISTRICT NO. 4  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 872,489	\$ 872,489	\$ -
Specific Ownership Taxes	61,074	60,131	(943)
Interest Income	16,437	-	(16,437)
Total Revenues	<u>950,000</u>	<u>932,620</u>	<u>(17,380)</u>
<b>EXPENDITURES</b>			
Current			
Transfer to Prosper Coordinating MD	920,476	919,533	943
County Treasurer's Fees	13,087	13,087	-
Contingency	16,437	-	16,437
Total Expenditures	<u>950,000</u>	<u>932,620</u>	<u>17,380</u>
<b>NET CHANGES IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**PROSPER METROPOLITAN DISTRICT NO. 4  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

**Organization**

Prosper Metropolitan District No. 4 (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 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, Prosper Coordinating Metropolitan District, and Prosper Metropolitan Districts Nos. 1, 2, and 3. Prosper Metropolitan District Nos. 5, 6, 7, 8, 9, and 10 were later organized on February 09, 2021. 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.

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.

**PROSPER METROPOLITAN DISTRICT NO. 4  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and 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.

**PROSPER METROPOLITAN DISTRICT NO. 4  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The District reports the following major governmental fund:

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.

**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.

**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 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property taxes 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.



**PROSPER METROPOLITAN DISTRICT NO. 4**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity**

**Net Position**

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

**Fund Balance**

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

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

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

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

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

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

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

**PROSPER METROPOLITAN DISTRICT NO. 4  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 CASH AND INVESTMENTS**

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2021, the District had no cash deposits.

**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, 2021, the District had no investments.

**PROSPER METROPOLITAN DISTRICT NO. 4  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 AUTHORIZED DEBT**

On November 3, 2015, the District's voters authorized the issuance of the indebtedness in an amount not to exceed \$12,473,760,000. At December 31, 2021, 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	\$ 959,520,000	\$ 959,520,000
Parks and Recreation	959,520,000	959,520,000
Water	959,520,000	959,520,000
Sanitation	959,520,000	959,520,000
Transportation	959,520,000	959,520,000
Mosquito Control	959,520,000	959,520,000
Traffic Safety Protection	959,520,000	959,520,000
Fire Protection	959,520,000	959,520,000
Television Relay	959,520,000	959,520,000
Security Services	959,520,000	959,520,000
O&M Expenses	959,520,000	959,520,000
Refunding	959,520,000	959,520,000
Intergovernmental Agreements	959,520,000	959,520,000
Total	<u>\$ 12,473,760,000</u>	<u>\$ 12,473,760,000</u>

Pursuant to the Service Plan, the District is permitted to issue bonded indebtedness of up to \$959,520,000.

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 5 NET POSITION**

The District has net position of \$-0-, as of December 31, 2021.

**PROSPER METROPOLITAN DISTRICT NO. 4  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 INTERGOVERNMENTAL AGREEMENTS**

**Memorandum of Understanding**

On April 26, 2021, the District entered into an Amended and Restated Memorandum of Understanding (MOU) with Prosper Coordinating Metropolitan District (the Coordinating District), Prosper Water & Sanitation Financing Metropolitan District, Prosper Park & Recreation Financing District, Prosper Regional Water & Sanitation Service Metropolitan District, and Prosper Metropolitan District Nos. 1 - 10 (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 Coordinating 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 Coordinating 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.

**NOTE 7 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 Landowner or the Developer, and may have conflicts of interest in dealing with the District.

**NOTE 8 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.

**PROSPER METROPOLITAN DISTRICT NO. 4**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 9 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 \$5,000,000 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. As of December 31, 2021, the District has not provided for an emergency reserve equal to at least 3% of fiscal year spending, as defined under TABOR, because net tax revenue is transferred entirely to Prosper Coordinating Metropolitan District, which provides the required reserve amount. Therefore, the emergency reserve related to the District's revenue stream is captured in Prosper Coordinating Metropolitan District.

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.

## **OTHER INFORMATION**

**PROSPER METROPOLITAN DISTRICT NO. 4  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2017	\$ 9,509,833	90.000	0.000	\$ 855,885	\$ 855,885	100.00 %
2018	4,905,713	70.000	0.000	343,400	343,389	99.00
2019	7,247,248	70.000	0.000	507,307	507,307	100.00
2020	10,854,367	70.000	0.000	759,806	759,806	100.00
2021	12,464,127	70.000	0.000	872,489	872,489	100.00
Estimated for the Year Ending December 31, 2022	\$ 9,114,727	70.000	0.000	\$ 638,031		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.