PROSPER COORDINATING METROPOLITAN DISTRICT
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

PROSPER COORDINATING METROPOLITAN DISTRICT
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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Prosper Coordinating Metropolitan District
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Prosper Coordinating Metropolitan District (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dassio & Associates, P.C.

September 28, 2026

BASIC FINANCIAL STATEMENTS

PROSPER COORDINATING METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 248,768
Cash and Investments - Restricted	61,001
Due from Other Districts	1,457
Prepaid Insurance	7,916
Capital Assets, Not Being Depreciated	
Construction in Progress	6,704,347
Total Assets	7,023,489
LIABILITIES	
Accounts Payable	57,308
Noncurrent Liabilities:	
Due in More Than One Year	3,022,267
Total Liabilities	3,079,575
NET POSITION	
Restricted for:	
Emergency Reserves	15,000
Unrestricted	3,928,914
Total Net Position	$ 3,943,914

See accompanying Notes to Basic Financial Statements.

PROSPER COORDINATING METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities
Primary Government:					
Government Activities:					
General Government	$ 249,761	$ -	$ 499,909	$ -	$ 250,148
Interest and Related Costs on Long-Term Debt	234,553	-	-	-	(234,553)
Total Governmental Activities	$ 484,314	$ -	$ 499,909	$ -	15,595
GENERAL REVENUES					
Interest Income					641
Total General Revenues					641
CHANGE IN NET POSITION					16,236
Net Position - Beginning of Year					3,927,678
NET POSITION - END OF YEAR					$ 3,943,914

See accompanying Notes to Basic Financial Statements.

PROSPER COORDINATING METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	$ 248,768	$ -	$ 248,768
Cash and Investments - Restricted	15,000	46,001	61,001
Due from Other Districts	1,457	-	1,457
Prepaid Insurance	7,916	-	7,916
Total Assets	$ 273,141	$ 46,001	$ 319,142
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 11,307	$ 46,001	$ 57,308
Total Liabilities	11,307	46,001	57,308
FUND BALANCES			
Nonspendable for:			
Prepaid Expenses	7,916	-	7,916
Restricted for:			
Emergency Reserve	15,000	-	15,000
Unassigned	238,918	-	238,918
Total Fund Balances	261,834	-	261,834
Total Liabilities and Fund Balances	$ 273,141	$ 46,001	
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 report in the funds.			
Construction in Progress			6,704,347
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			(2,931,913)
Developer Advance Interest Payable			(90,354)
Net Position of Governmental Activities			$ 3,943,914

See accompanying Notes to Basic Financial Statements.

PROSPER COORDINATING METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Capital Projects	Total Governmental Funds
REVENUES			
Interest Income	$ 641	$ -	$ 641
Transfer from Prosper Metro No. 3	7,678	-	7,678
Transfer from Prosper Metro No. 4	374,120	-	374,120
Transfer from Prosper W&SFD	118,111	-	118,111
Total Revenues	500,550	-	500,550
EXPENDITURES			
Accounting	34,735	-	34,735
Auditing	12,400	-	12,400
District Management	21,349	-	21,349
Dues and Licenses	2,084	-	2,084
Election Expense	20,669	-	20,669
Insurance and Bonds	9,366	-	9,366
Legal Services	56,680	57,014	113,694
Miscellaneous	51	-	51
Utilities	1,148	-	1,148
Website	4,265	-	4,265
Consulting	-	945	945
Storage	-	30,000	30,000
Total Expenditures	162,747	87,959	250,706
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	337,803	(87,959)	249,844
OTHER FINANCING SOURCES (USES)			
Repay Developer Advance	-	(1,200,000)	(1,200,000)
Transfer from (to) Other Funds	(1,287,959)	1,287,959	-
Total Other Financing Sources (Uses)	(1,287,959)	87,959	(1,200,000)
NET CHANGE IN FUND BALANCES	(950,156)	-	(950,156)
Fund Balances - Beginning of Year	1,211,990	-	1,211,990
FUND BALANCES - END OF YEAR	$ 261,834	$ -	$ 261,834

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, 2025

Net Change in Fund Balances - Governmental Funds	$	(950,156)
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		945
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Developer Advance Payment - Accrued Interest		1,200,000
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		(234,553)
Changes in Net Position of Governmental Activities	$	16,236

See accompanying Notes to Basic Financial Statements.

PROSPER COORDINATING METROPOLITAN DISTRICT
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfer from Prosper Metro No. 3	$ 7,610	$ 7,678	$ 68
Transfer from Prosper Metro No. 4	237,042	374,120	137,078
Transfer from Prosper W&SFD	79,018	118,111	39,093
Interest Income	1,000	641	(359)
Total Revenues	324,670	500,550	175,880
EXPENDITURES			
Accounting	64,000	34,735	29,265
Auditing	13,000	12,400	600
District Management	35,000	21,349	13,651
Dues and Licenses	3,100	2,084	1,016
Election Expense	5,000	20,669	(15,669)
Insurance and Bonds	25,000	9,366	15,634
Legal Services	65,000	56,680	8,320
Miscellaneous	1,000	51	949
Utilities	5,000	1,148	3,852
Website	4,000	4,265	(265)
Contingency	4,900	-	4,900
Total Expenditures	225,000	162,747	62,253
EXCESS OF REVENUES OVER EXPENDITURES	99,670	337,803	238,133
OTHER FINANCING USES			
Transfers to Other Funds	(1,276,680)	(1,287,959)	(11,279)
Total Other Financing Uses	(1,276,680)	(1,287,959)	(11,279)
NET CHANGE IN FUND BALANCE	(1,177,010)	(950,156)	226,854
Fund Balance - Beginning of Year	1,273,022	1,211,990	(61,032)
FUND BALANCE - END OF YEAR	$ 96,012	$ 261,834	$ 165,822

See accompanying Notes to Basic Financial Statements.

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.

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.

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, 2025.

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.

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.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	$	248,768
Cash and Investments - Restricted		61,001
Total Cash and Investments	$	309,769

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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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, 2025, 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	59,769	59,769
Total	$ 309,769	$ 309,769

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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2025, the District had no investments.

NOTE 4 CAPITAL ASSETS

An analysis of the change in capital assets for the year ended December 31, 2025, follows:

	Balance - December 31, 2024	Increases	Decreases	Balance - December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 6,703,402	$ 945	$ -	$ 6,704,347
Total Capital Assets, Not Being Depreciated	$ 6,703,402	$ 945	$ -	$ 6,704,347

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, 2025:

	Balance - December 31, 2024	Additions	Reductions	Balance - December 31, 2025	Due Within One Year
Other Debts:					
Developer Advances - Capital	$ 2,931,913	$ -	$ -	$ 2,931,913	$ -
Developer Advance - Interest - Capital	1,055,801	234,553	1,200,000	90,354	-
Total	$ 3,987,714	$ 234,553	$ 1,200,000	$ 3,022,267	$ -

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.

Authorized Debt

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to $1,000,320,000 (Service Plan Debt Issuance Limit). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Service Plan.

The District's voters have authorized issuance of Bonds to not exceed the Service Plan Debt Issuance Limit. The District has not issued any Bonds. .

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, 2025 as follows:

Restricted Net Position:	
Emergency Reserves	$ 15,000
Total Restricted Net Position	$ 15,000

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, 2025, 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, 2025, there were no outstanding balances under this agreement.

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.

Operation Funding Agreements (OFAs) (Continued)

The details of the District's OFAs and their balances as of December 31, 2025 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	12/31/2061	240,000	-	-
					$ -	$ -

(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.

NOTE 7 AGREEMENTS (CONTINUED)

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

The details of the District's FFAAs and their balances as of December 31, 2025 are as follows:

Agreement	Date Entered	Effective Date	Reimbursement Termination Date	Maximum Amount	Outstanding Balance	Accrued Interest
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	-	-
2018 - 2019 FFAA	11/26/2018 (1)	1/1/2018	12/31/2060	21,150,000	2,931,913	90,354
					$ 2,931,913	$ 90,354

(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, 2025, the District has paid $500,000 pursuant to this agreement.

Agreement Concerning Litigation Costs

On January 24, 2024, the District entered into an Agreement with Prosper Farms Investments, LLC pursuant to which Prosper Farms Investments, LLC will pursue litigation related to opposing the application of a third party seeking to pump water out of the Box Elder Creek alluvial groundwater upstream of the property in the District's Service Area that would significantly impact the ability of the District to provide water service to the District's Service Area in the future and the District has agreed to reimburse Prosper Farms Investments, LLC fifty (50%) percent of the costs incurred by Prosper Farms Investments, LLC in such litigation for a share of the costs of the litigation subject to the District's review of the costs being incurred and the District having funds available and appropriated for the payment on an annual basis.

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.

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 and workers' compensation 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.

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

On November 3, 2015, and again on November 7, 2023, 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, and again on November 7, 2023, 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 (and in 2023 and every year thereafter per the November 7, 2023 election) 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.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the State of Colorado.

On May 6, 2025, the qualified electors of the District approved an election question to waive the 5.25% property tax limit established under Section 29-1-1702, C.R.S. for 2026 and all future budget years.

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, 2025

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other Revenue	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Consulting	-	950	945	5
Legal Services	-	57,050	57,014	36
Storage	30,000	30,000	30,000	-
WWTP Planning and Engineering	150,000	-	-	-
Total Expenditures	180,000	88,000	87,959	41
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(180,000)	(88,000)	(87,959)	41
OTHER FINANCING SOURCES (USES)				
Repay Developer Advance	(1,096,680)	(1,200,000)	(1,200,000)	-
Transfers from Other Funds	1,276,680	1,288,000	1,287,959	(41)
Total Other Financing Sources (Uses)	180,000	88,000	87,959	(41)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -