

# **Prairie Song Metropolitan District No. 4**

## **2024 Supplemental Annual Report**

A copy of the District's audited financial statements as required by §32-1-207(3) and the District's Service Plan is attached hereto as **Exhibit A**.

**Exhibit A**  
2024 Audit

**PRAIRIE SONG METROPOLITAN DISTRICT NO. 4**

**Financial Statements  
December 31, 2024**





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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Management  
Prairie Song Metropolitan District No. 4  
Town of Windsor, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Prairie Song Metropolitan District No. 4 as of and for the year ended December 31, 2024 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 major funds of Prairie Song Metropolitan District No. 4, as of December 31, 2024 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 Prairie Song Metropolitan District No. 4 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 opinion.

### 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 the Prairie Song 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.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Prairie Song 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 Prairie Song 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 management 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 made for the purpose of forming an opinion on the District's basic financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the District's basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the District's basic financial statements taken as a whole.

*Haynie & Company*

Littleton, Colorado

September 29, 2025

## **BASIC FINANCIAL STATEMENTS**

**Prairie Song Metropolitan District No. 4**  
**Statement of Net Position**  
**December 31, 2024**

| <b>Assets</b>  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| Cash and investments   | \$ 13,779                          |
| Due from County  | 14                                 |
| Service fee receivable   | 123                                |
| Due from District No. 8  | 5,000                              |
| Property Taxes Receivable  | 4,522                              |
| Construction in progress   | 20,162,088                         |
| Total assets   | 20,185,526                         |
| <b>Liabilities</b>   |                                    |
| Due to District No. 8  | 14                                 |
| Accounts Payable   | 4,000                              |
| Accrued interest   | 3,419,045                          |
| Non-current liabilities:   |                                    |
| Due in more than one year  | 18,474,000                         |
| Total liabilities  | 21,897,059                         |
| <b>Deferred Inflows of Resources</b>                                 |                                    |
| Deferred Property Taxes  | 4,522                              |
| Total deferred inflows of resources                                  | 4,522                              |
| <b>Net Position</b>  |                                    |
| Restricted for:  |                                    |
| Emergency  | 149                                |
| Debt service   | 8,901                              |
| Capital projects   | 6,001                              |
| Unrestricted   | (1,731,106)                        |
| Total Net Position   | (1,716,055)                        |
| Total Liabilities, Deferred Inflows of<br>Resources and Net Position | \$ 20,185,526                      |

The accompanying notes are an integral part of these financial statements

**Prairie Song Metropolitan District No. 4**  
**Statement of Activities**  
**For the Year Ended December 31, 2024**

| <u>Functions/Programs</u>                       | <u>Expenses</u>     | <u>Program Revenues</u>  |   |   | <u>Net (Expense)</u><br><u>Revenue and</u><br><u>Changes in Net</u><br><u>Position</u> |
|---|---------------------|--|---|---|--|
|   |                     | <u>Charges for</u><br><u>Services and</u><br><u>other fees</u> | <u>Operating</u><br><u>Grants and</u><br><u>Contributions</u> | <u>Capital</u><br><u>Grants and</u><br><u>Contributions</u> | <u>Primary Government</u><br><br><u>Governmental</u><br><u>Activities</u>              |
| Primary government:                             |                     |  |   |   |  |
| Governmental activities:                        |                     |  |   |   |  |
| General government                              | \$ 8,969            | \$ 5,000   | \$ -  | \$ 22,012   | \$ 18,043  |
| Interest and related costs on<br>long term debt | <u>1,193,830</u>    | <u>-</u>   | <u>-</u>  | <u>-</u>  | <u>(1,193,830)</u>   |
|   | <u>\$ 1,202,799</u> | <u>\$ 5,000</u>  | <u>\$ -</u>   | <u>\$ 22,012</u>  | <u>\$ (1,175,787)</u>  |
|   |                     |  | General revenues (expenses):                                  |   |  |
|   |                     |  |   | Property taxes  | \$ 4,800   |
|   |                     |  |   | Specific ownership taxes                                    | 169  |
|   |                     |  |   | Interest income   | 376  |
|   |                     |  |   | Transfers to/from District No. 8                            | <u>165,000</u>   |
|   |                     |  |   | Total general revenues (expenses)                           | <u>170,345</u>   |
|   |                     |  |   | Change in net position                                      | <u>(1,005,442)</u>   |
|   |                     |  |   | Net position - beginning of year                            | <u>(710,613)</u>   |
|   |                     |  |   | Net position - end of year                                  | <u>\$ (1,716,055)</u>  |

The accompanying notes are an integral part of these financial statements.

**Prairie Song Metropolitan District No. 4**  
**Governmental Funds Balance Sheet**  
**and Reconciliation of Fund Balances to Net Position**  
**December 31, 2024**

|   | General  | Debt<br>Service | Capital<br>Projects | Total<br>Governmental<br>Funds |
|---|----------|-----------------|---------------------|--------------------------------|
| <b>Assets</b>   |          |                 |                     |                                |
| Cash and investments - restricted   | \$ -     | \$ 12,778       | \$ 1,001            | \$ 13,779                      |
| Due from County   | 14       | -               | -                   | 14                             |
| Service fee receivable  | -        | 123             | -                   | 123                            |
| Due from District No. 8   | -        | -               | 5,000               | 5,000                          |
| Property Tax Receivable   | 4,522    | -               | -                   | 4,522                          |
| Total assets  | \$ 4,536 | \$ 12,901       | \$ 6,001            | \$ 23,438                      |
| <b>Liabilities</b>  |          |                 |                     |                                |
| Accounts payable  | -        | 4,000           | -                   | 4,000                          |
| Due to District No. 8   | 14       | -               | -                   | 14                             |
| Total liabilities   | 14       | 4,000           | -                   | 4,014                          |
| <b>Deferred Inflows of Resources</b>                                      |          |                 |                     |                                |
| Deferred Property Taxes   | 4,522    | -               | -                   | 4,522                          |
| Total deferred inflows of resources                                       | 4,522    | -               | -                   | 4,522                          |
| <b>Fund Balances</b>  |          |                 |                     |                                |
| Restricted:   |          |                 |                     |                                |
| Emergency reserves  | 149      | -               | -                   | 149                            |
| Debt service  | -        | 8,901           | -                   | 8,901                          |
| Capital projects  | -        | -               | 6,001               | 6,001                          |
| Unassigned  | (149)    | -               | -                   | (149)                          |
| Total Fund Balances   | -        | 8,901           | 6,001               | 14,902                         |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | \$ 4,536 | \$ 12,901       | \$ 6,001            | \$ 23,438                      |

Total governmental fund balance per above \$ 14,902

Amounts reported for governmental activities in the Statement of Net Position excluded from the governmental fund balance because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 20,162,088

Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These include:

Bonds payable (18,474,000)  
Accrued interest (3,419,045)

Net position of governmental activities \$ (1,716,055)

The accompanying notes are an integral part of these financial statements.

**Prairie Song Metropolitan District No. 4**  
**Governmental Fund Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2024**

|   | <u>General</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------|-------------------------|-----------------------------|---|
| <b>Revenues</b>                         |                |                         |                             |   |
| Property Taxes                          | \$ 4,800       | \$ -                    | \$ -                        | \$ 4,800                                |
| Specific Ownership                      | 169            | -                       | -                           | 169                                     |
| Capital Fee                             | -              | -                       | 5,000                       | 5,000                                   |
| Service fee income                      | -              | 22,012                  | -                           | 22,012                                  |
| Interest Income                         | -              | 376                     | -                           | 376                                     |
| Total Revenues                          | <u>4,969</u>   | <u>22,388</u>           | <u>5,000</u>                | <u>32,357</u>                           |
| <b>Expenditures</b>                     |                |                         |                             |   |
| Treasurer's Fees                        | 72             | 4,000                   | -                           | 4,072                                   |
| Services from District 8                | 4,897          | -                       | -                           | 4,897                                   |
| Bond Interest Expense                   | -              | 174,784                 | -                           | 174,784                                 |
| Total Expenditures                      | <u>4,969</u>   | <u>178,784</u>          | <u>-</u>                    | <u>183,753</u>                          |
| <b>Other Financing Sources and Uses</b> |                |                         |                             |   |
| Transfers from District 8               | -              | 165,000                 | -                           | 165,000                                 |
| Total Other Financing Sources and Uses  | <u>-</u>       | <u>165,000</u>          | <u>-</u>                    | <u>165,000</u>                          |
| <b>Net change in fund balances</b>      | -              | 8,604                   | 5,000                       | 13,604                                  |
| <b>Fund balances:</b>                   |                |                         |                             |   |
| <b>Beginning of the year</b>            | <u>-</u>       | <u>297</u>              | <u>1,001</u>                | <u>1,298</u>                            |
| <b>End of the year</b>                  | <u>\$ -</u>    | <u>\$ 8,901</u>         | <u>\$ 6,001</u>             | <u>\$ 14,902</u>                        |

The accompanying notes are an integral part of these financial statements.

**Prairie Song Metropolitan District No. 4**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2024**

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

|   |    |        |
|---|----|--------|
| Net change in fund balance—total governmental funds | \$ | 13,604 |
|---|----|--------|

Long-term debt 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. Also, governmental funds do not report new long-term commitments until paid, while the commitment expense is recorded as a change in net position.

|  |  |                    |
|--|--|--------------------|
| Accrued Interest - Change in Liability |  | <u>(1,019,046)</u> |
|--|--|--------------------|

|   |    |                           |
|---|----|---------------------------|
| Change in net position of governmental activities | \$ | <u><u>(1,005,442)</u></u> |
|---|----|---------------------------|

The accompanying notes are an integral part of these financial statements.

**Prairie Song Metropolitan District No. 4**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balances—Actual and Budget**  
**Governmental Fund Type—General Fund**  
**For the Year Ended December 31, 2024**

|  | <b>Original &amp;<br/>Final Budget</b> | <b>Actual</b>      | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|--|--------------------|---|
| <b>Revenue</b>                         |  |                    |   |
| Property Taxes - O&M                   | \$ 4,677                               | \$ 4,800           | \$ 123  |
| Specific Ownership Taxes - O&M         | 281                                    | 169                | (112)   |
| Interest & Other                       | 500                                    | -                  | (500)   |
| Total Revenue                          | <u>5,458</u>                           | <u>4,969</u>       | <u>(489)</u>                                    |
| <b>Expenditures</b>                    |  |                    |   |
| Payment for Services to No. 8 - O&M    | 4,864                                  | 4,897              | (33)  |
| Treasurer's Fees                       | 94                                     | 72                 | 22  |
| Contingency                            | 500                                    | -                  | 500   |
| Total Expenditures                     | <u>5,458</u>                           | <u>4,969</u>       | <u>489</u>                                      |
| <b>Net change in fund balances</b>     | <u>-</u>                               | <u>-</u>           | <u>-</u>  |
| <b>Fund Balances—Beginning of year</b> | <u>-</u>                               | <u>-</u>           | <u>-</u>  |
| <b>Fund Balances—End of Year</b>       | <u><u>\$ -</u></u>                     | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>                              |

The accompanying notes are an integral part of these financial statements.

# **PRAIRIE SONG METROPOLITAN DISTRICT NO. 4**

## **Notes to Financial Statements**

### **December 31, 2024**

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#### **1. Definition of Reporting Entity**

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PRAIRIE SONG METROPOLITAN DISTRICT NO. 4 (the District), was organized as Tacinca Metropolitan District No. 2 on November 18, 2014, pursuant to the Colorado Special District Act (Title 32) and the Service Plan for Tacinca Metropolitan District Nos. 1-5 approved by the Town of Windsor (the "Town") on June 6, 2014, as subsequently amended and restated as the Consolidated Service Plan ("Service Plan") for Prairie Song Metropolitan District Nos. 1-9 (the "Prairie Song Districts"), approved by the Town on September 27, 2021. The District's name was officially changed to Prairie Song Metropolitan District No. 4 pursuant to a Court Order dated September 29, 2021. The District's service area is located in Windsor, Colorado. The District is a quasi-municipal governmental entity governed by an elected Board of Directors with the power to impose property taxes and other fees and charges for services and facilities within its service area and is an independent unit of local government, separate and distinct from the Town, established to provide for the planning, design, acquisition, construction, installation and financing of the Public Improvements (as defined in the Service Plan and herein) from the proceeds of Debt that may be issued by the District and to provide for the ownership, operation and maintenance of any Public Improvement not otherwise accepted for ownership, operation or maintenance by the Town or another governmental entity.

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.

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#### **2. Summary of Significant Accounting Policies**

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##### **Government-wide and Fund Financial Statements**

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all of the governmental activities of the District.

The statement of net activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program or general revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**Prairie Song Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2024**

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**2. Summary of Significant Accounting Policies (continued)**

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Revenues and expenditures are recorded on the accrual basis of accounting.

**Governmental Fund Financial Statements**

The governmental fund financial statements are prepared 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 if the revenues are collectible within the current period, or soon thereafter, to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

**Governmental Funds**

For 2024, the District has three Governmental Funds:

- *The General Fund* is the general operating fund of the District. It is used to account for all of the financial resources not accounted for and reported in another fund,
- *The Debt Service Fund* is used to account for resources accumulated and payments made for principal, interest and other costs related to long-term debt,
- *The Capital Projects Fund* is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays,

**Deposits**

District management considers cash and cash equivalents to include cash on hand, demand deposits, and money market accounts. Investments, as applicable, of the District are reported at fair value.

District management may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and investment flexibility. As applicable, investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**Receivables**

Receivables are reported net of an allowance for uncollectible accounts, where applicable.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future years and are recorded as prepaid expenses in both the government-wide and fund financial statements using the consumption method.

**Prairie Song Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2024**

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**2. Summary of Significant Accounting Policies (continued)**

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**Capital Assets**

Capital assets, which include property and equipment, are reported in the governmental activities column of the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Property and equipment of the District is depreciated using the straight-line method over the estimated useful lives.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**Fair Value of Financial Instruments**

The District's financial instruments include cash and cash equivalents, various receivables, and accounts payable. The District estimates that the fair value of these financial instruments, as of December 31, 2024, does not differ materially from the aggregate carrying values used in the accompanying financial statements.

The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates which affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

**Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Prairie Song Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2024**

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**2. Summary of Significant Accounting Policies (continued)**

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**Fund Equity**

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, 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 policy to use the most restrictive classification first.

**Restricted Fund Balance**

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado.

**Net Position**

The District's net position represents the difference between the District's assets, liabilities, and deferred inflows of resources. The District reports two categories of net position, as follows:

*Restricted net position* - net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

**Prairie Song Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2024**

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**2. Summary of Significant Accounting Policies (continued)**

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*Unrestricted net position* - consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

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**3. Budget Information**

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Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with State Budget Law, the District's Board of Directors holds a public hearing in the fall of each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditure 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 total appropriation can only be modified upon completion of a budget amendment approved following a public hearing on the same. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year-end.

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**4. Cash and Investments**

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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 equal to 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.

As of December 31, 2024, the District's cash deposits had a carrying and bank balance of \$13,779, of which \$13,779 was FDIC insured.

*Restricted Cash and Cash Equivalents*

The District's restricted cash and cash equivalents pertain to the amount of cash and cash equivalents equal to the cash held within the Capital Projects Fund.

**Prairie Song Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2024**

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**4. Cash and Investments (continued)**

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*Investments*

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, but adheres to state statute requirements.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The District has no investments as of December 31, 2024.

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**5. Capital Assets**

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An analysis of the changes in net capital assets for the year ended December 31, 2024 follows:

|  | <u>December 31,</u><br><u>2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>December 31,</u><br><u>2024</u> |
|--|------------------------------------|------------------|--------------------|------------------------------------|
| <b>Governmental Activities:</b>                    |                                    |                  |                    |                                    |
| <b>Capital assets, not being depreciated</b>       |                                    |                  |                    |                                    |
| <b>Construction in progress</b>                    | \$ 20,162,088                      | \$ -             | \$ -               | \$ 20,162,088                      |
| <b>Total capital assets, not being depreciated</b> | <u>\$ 20,162,088</u>               | <u>\$ -</u>      | <u>\$ -</u>        | <u>\$ 20,162,088</u>               |

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 by the other local governments, the District will remove the cost of construction from its capital assets.

**Prairie Song Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2024**

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**6. Long-Term Liabilities**

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The following is an analysis of changes in long-term liabilities for the year ending December 31, 2024:

|                            | December 31,<br>2023 | Additions   | Retirements | December 31,<br>2024 | Due<br>Within<br>One Year |
|----------------------------|----------------------|-------------|-------------|----------------------|---------------------------|
| <b>Bonds Payable:</b>      |                      |             |             |                      |                           |
| Series 2021                | \$ 18,474,000        | \$ -        | \$ -        | \$ 18,474,000        | \$ -                      |
| <b>Total Bonds Payable</b> | <u>\$ 18,474,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,474,000</u> | <u>\$ -</u>               |

**Series 2021(3) Limited Tax General Obligation Limited Tax Bonds**

On December 9, 2021, the District issued its \$18,474,000 Limited Tax General Obligation Bonds Series 2021(3) with an interest rate of 6% and a maturity of December 1, 2051. The Bonds are payable from pledged revenues, including property taxes derived from a mill levy of up to 34 mills, as adjusted for changes in assessment rates, and the specific ownership derived from such levy. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in multiples of \$1,000. All or any principal amount of the Bonds may be subject to mandatory sinking fund redemption by lot on December 1 of the applicable years and in the principal amounts specified in the Sale Certificate, at a redemption price equal to the principal amount thereof (with no redemption premium or yield maintenance fee), plus accrued interest to the redemption date.

As the bonds are to be repaid annually based on available funds, there is no specific amortization schedule and therefore a schedule of future debt service is not presented.

Events of default are as follows:

- The District refuses to impose the required mill levy or apply pledged revenue, as required
- The District fails to collect the pledged revenue or apply pledged revenue as required by the resolution
- The District defaults on the performance or observance or other applicable covenants, agreements or conditions, and fails to remedy after notice
- The District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the bond obligation

Due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on bonds when due, or the failure to maintain the reserve fund requirement shall not, of itself, constitute an Event of Default.

Remedies for default include the potential for receivership scenario, a suit for judgment or some other suit or action available under law.

**Prairie Song Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2024**

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**6. Long-Term Liabilities (continued)**

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In no event shall acceleration of the Bonds be a remedy available in an Event of Default hereunder.

**Debt Authorization**

On November 2, 2021, a majority of the qualified electors of the District authorized the issuance of general indebtedness of the Prairie Song Metropolitan Districts not to exceed \$1,265,000,000, for providing public improvements; and limited by the District Service Plan to not exceed \$115,000,000.

As of December 31, 2024, the amount of debt authorized under the Service Plan but unissued was \$96,526,000. Prairie Song Metropolitan District Nos. 1-9 intend to issue over time a part or all the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the service area of Prairie Song Metropolitan District Nos. 1-9.

**Developer Advances**

On March 24, 2022, the District entered into an Infrastructure Financing and Reimbursement Agreement (Agreement) for capital costs with the developer, Prairie Song Development, LLC, whereby the District agreed to reimburse the Developer for capital advances which had been, or were to be, made to the District. The maximum loan amount pursuant to the Agreement is \$11,000,000. Interest accrues on the advances made to the District at the rate of the Municipal Market Data (MMD) "AAA" General Obligation Yield Curve, 30-Year constant maturity, published by Refinitiv at "<http://www.tm3.com>", plus 250 basis points per annum, from the date any such advance is made, simple interest, adjusted quarterly, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance or the date of repayment of such amount. The obligations to reimburse Prairie Song Development under the Agreement do not constitute multiple fiscal year financial obligations of the District and are subject to annual appropriation by the District. As of December 31, 2024, the District does not owe anything under the Agreement.

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**7. Net Position**

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As of December 31, 2024, the District had a government-wide net position deficit of \$1,716,055. This deficit was created as the District used funding from the Developer to construct capital assets. The District can expect to eliminate the deficit net position as the District pays down its debt.

**Prairie Song Metropolitan District No. 4**  
**Notes to Financial Statements (continued)**  
**December 31, 2024**

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**8. Related Parties**

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The Developer of the property which constitutes the District is Prairie Song Development, LLC. All of the members of the Board are employees, owners or are otherwise associated with the Developers, and have disclosed any potential conflicts of interest in taking action on matters brought before the Board.

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**9. Risk Management**

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The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2024. The Pool is an organization created by intergovernmental agreements to provide property, liability, public officials' liability, boiler, and other coverage to its members.

The District pays annual premiums to the Pool for liability, property, public officials' liability, 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 that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

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**10. Tax, Spending and Debt Limitations**

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Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

## **Supplementary Information**

**Prairie Song Metropolitan District No. 4**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balances—Actual and Budget**  
**Governmental Fund Type—Debt Service Fund**  
**For the Year Ended December 31, 2024**

|   | <b>Original and<br/>Final Budget</b> | <b>Actual</b>   | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---|--------------------------------------|-----------------|---|
| <b>Revenue</b>                                      |                                      |                 |   |
| Capital fees  | \$ 242,500                           | \$ -            | \$ (242,500)                                    |
| Services fees                                       | 22,416                               | 22,012          | (404)   |
| Interest and other                                  | 5,000                                | 376             | (4,624)   |
| Total Revenue                                       | <u>269,916</u>                       | <u>22,388</u>   | <u>(247,528)</u>                                |
| <b>Expenditures</b>                                 |                                      |                 |   |
| Bond Interest                                       | 260,916                              | 174,784         | 86,132  |
| Trustee fees  | 4,000                                | 4,000           | -   |
| Contingency   | 5,000                                | -               | 5,000   |
| Total Expenditures                                  | <u>269,916</u>                       | <u>178,784</u>  | <u>91,132</u>                                   |
| <b>Excess of revenues over (under) expenditures</b> | -                                    | (156,396)       | (156,396)                                       |
| <b>Other sources/(uses)</b>                         |                                      |                 |   |
| Transfer (to) from District No. 8                   | -                                    | 165,000         | 165,000   |
| Total other financing sources (uses)                | <u>-</u>                             | <u>165,000</u>  | <u>165,000</u>                                  |
| <b>Net change in fund balances</b>                  | <u>-</u>                             | <u>8,604</u>    | <u>8,604</u>                                    |
| <b>Fund Balances—Beginning of year</b>              | <u>-</u>                             | <u>297</u>      | <u>297</u>                                      |
| <b>Fund Balances—End of Year</b>                    | <u>\$ -</u>                          | <u>\$ 8,901</u> | <u>\$ 8,901</u>                                 |

**Prairie Song Metropolitan District No. 4**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balance—Actual and Budget**  
**Governmental Fund Type—Capital Projects Fund**  
**For the Year Ended December 31, 2024**

|   | <b>Original &amp;<br/>Final Budget</b> | <b>Actual</b>    | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|---|--|------------------|---|
| <b>Revenue:</b>   |  |                  |   |
| Capital fee   | \$ -                                   | \$ 5,000         | \$ 5,000  |
| Reimbursement Income                                    | <u>1,200,000</u>                       | <u>-</u>         | <u>(1,200,000)</u>                              |
| Total Revenue   | <u>1,200,000</u>                       | <u>5,000</u>     | <u>(1,195,000)</u>                              |
| <b>Expenditures:</b>                                    |  |                  |   |
| Capital outlay  | <u>1,200,000</u>                       | <u>-</u>         | <u>1,200,000</u>                                |
| Total Expenditures                                      | <u>1,200,000</u>                       | <u>-</u>         | <u>1,200,000</u>                                |
| <br><b>Excess of revenues over (under) expenditures</b> | <br>-                                  | <br>5,000        | <br>5,000                                       |
| <br><b>Net change in fund balance</b>                   | <br><u>-</u>                           | <br><u>5,000</u> | <br><u>5,000</u>                                |
| <br><b>Fund Balance—Beginning of year</b>               | <br><u>-</u>                           | <br><u>1,001</u> | <br><u>1,001</u>                                |
| <b>Fund Balance—End of Year</b>                         | <u>\$ -</u>                            | <u>\$ 6,001</u>  | <u>6,001</u>                                    |