

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
Weld County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
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YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Prairie Song Metropolitan District No. 8
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. 8 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 major funds of Prairie Song Metropolitan District No. 8, as of December 31, 2025 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Prairie Song Metropolitan District No. 8 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. 8'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. 8'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. 8'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 the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Prairie Song Metropolitan District No. 8's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

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

A handwritten signature in cursive script, appearing to read "Haynie".

Littleton, Colorado
October 1, 2026

BASIC FINANCIAL STATEMENTS

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 274,642	\$ 24,986	\$ 299,628
Accounts Receivable	10,794	-	10,794
Prepaid Expense	41,557	-	41,557
Property Tax Receivable	3	-	3
Capital Assets:			
Capital Assets, not being depreciated	42,600,688	-	42,600,688
Total assets	<u>42,927,684</u>	<u>24,986</u>	<u>42,952,670</u>
Liabilities			
Accounts Payable	36,268	-	36,268
Prepaid Fees	19,615	-	19,615
Due from Other Districts	132,812	-	132,812
Accrued Interest	3,144,391	-	3,144,391
Non-Current Liabilities:			
Due in more than one year	42,909,353	-	42,909,353
Total Liabilities	<u>46,242,439</u>	<u>-</u>	<u>46,242,439</u>
Deferred Inflows of Resources			
Deferred Property Taxes	3	-	3
Total Deferred Inflows of Resources	<u>3</u>	<u>-</u>	<u>3</u>
Net Position			
Restricted for:			
Emergency	6,001	-	6,001
Capital Projects	219	-	219
Unrestricted	<u>(3,320,978)</u>	<u>24,986</u>	<u>(3,295,992)</u>
Total Net Position	<u>(3,314,758)</u>	<u>24,986</u>	<u>(3,289,772)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 42,927,684</u>	<u>\$ 24,986</u>	<u>\$ 42,952,670</u>

See accompanying Notes to Basic Financial Statements

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expense) and Change in Net Position		
		Charges for Services and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 298,655	\$ 197,308	\$ 22,279	\$ 2,296,569	\$ 2,217,501	\$ -	\$ 2,217,501
Interest and Related Costs on Long-Term Debt	2,154,044	-	-	-	(2,154,044)	-	(2,154,044)
Total Governmental Activities	<u>\$ 2,452,699</u>	<u>\$ 197,308</u>	<u>\$ 22,279</u>	<u>\$ 2,296,569</u>	<u>63,457</u>	<u>-</u>	<u>63,457</u>
Business-Type Activities							
Nonpotable Water Services	81,863	84,445	-	-	-	2,582	2,582
Total Business-Type Activities	<u>81,863</u>	<u>84,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,582</u>	<u>2,582</u>
Total Primary Government	<u>\$ 81,863</u>	<u>\$ 84,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>2,582</u>	<u>2,582</u>
General Revenues							
Property taxes					7	-	7
Other income					1,635	-	1,635
Total general revenues					<u>1,642</u>	<u>-</u>	<u>1,642</u>
Change in net position					65,099	2,582	67,681
Net Position, Beginning of Year, as Originally Stated					(1,032,185)	-	(1,032,185)
Restatement, Correction of Error					<u>(2,347,672)</u>	<u>2,347,672</u>	<u>-</u>
Net Position, Beginning of Year, as Restated					<u>(3,379,857)</u>	<u>22,404</u>	<u>(3,357,453)</u>
Net position - End of Year					<u>\$ (3,314,758)</u>	<u>\$ 24,986</u>	<u>\$ (3,289,772)</u>

See accompanying Notes to Basic Financial Statements

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Capital Projects	Total Governmental Funds
Assets			
Cash and Investments	\$ 274,422	\$ 220	\$ 274,642
Accounts Receivable	10,794	-	10,794
Prepaid Expense	41,557	-	41,557
Property Tax Receivable	3	-	3
Total Assets	<u>326,776</u>	<u>220</u>	<u>326,996</u>
Liabilities, Deferred Inflows of Resource, and Fund Balances			
Liabilities			
Accounts Payable	36,268	-	36,268
Prepaid Fees	19,615	-	19,615
Due to District No. 4	132,812	-	132,812
Total Liabilities	<u>188,695</u>	<u>-</u>	<u>188,695</u>
Deferred Inflows of Resources			
Deferred Property Taxes	3	-	3
Total Deferred Inflows of Resources	<u>3</u>	<u>-</u>	<u>3</u>
Fund Balances			
Restricted:			
Emergency Reserves	6,000	1	6,001
Capital Projects	-	219	219
Nonspendable	41,557	-	41,557
Unassigned	90,521	-	90,521
Total Fund Balances	<u>138,078</u>	<u>220</u>	<u>138,298</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 326,776</u>	<u>\$ 220</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			42,600,689
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
Developer Advance			(42,909,353)
Accrued Interest			(3,144,392)
Net Position of Governmental Activities			<u>\$ (3,314,758)</u>

See accompanying Notes to Basic Financial Statements

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Capital Projects	Total Governmental Funds
Revenues			
Property Taxes	\$ 7	\$ -	\$ 7
Service Fees	197,308	-	197,308
Transfer from District 4	-	-	-
Interest & Other Income	1,625	10	1,635
Total Revenues	<u>198,940</u>	<u>10</u>	<u>198,950</u>
Expenditures			
Accounting and Audit	59,631	-	59,631
District Management	34,843	227	35,070
Property Transfers/Title	20,228	-	20,228
Consistent Communication	8,757	-	8,757
ARC Reviews	10,016	-	10,016
Insurance & Bonds	42,027	-	42,027
Legal	67,660	-	67,660
Office, Dues & Other	13,115	-	13,115
Operations and Maintenance	42,151	-	42,151
Capital Expenditures	-	24,825,460	24,825,460
Total Expenditures	<u>298,428</u>	<u>24,825,687</u>	<u>25,124,115</u>
Excess of Revenues Over (Under) Expenditures	<u>(99,488)</u>	<u>(24,825,677)</u>	<u>(24,925,165)</u>
Other Financing Sources and Uses			
Developer Advance Revenue	184,863	24,825,542	25,010,405
Total Other Financing Sources and Uses	<u>184,863</u>	<u>24,825,542</u>	<u>25,010,405</u>
Net Change in Fund Balances	85,375	(135)	85,240
Fund Balances - Beginning of Year, as Originally Stated	75,107	355	75,462
Restatement, Correction of Error	(22,404)	-	(22,404)
Fund Balances - Beginning of Year, as Restated	<u>52,703</u>	<u>355</u>	<u>53,058</u>
Fund Balances - End of Year	<u>\$ 138,078</u>	<u>\$ 220</u>	<u>\$ 138,298</u>

See accompanying Notes to Basic Financial Statements

**PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
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 — Total Governmental Funds	\$	85,240
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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.

Capital Asset Additions:		24,825,460
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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.

Developer Advances		(22,691,557)
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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.

Accrued Interest on Developer Advances — Change in Liability		(2,154,044)
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Change in net position of governmental activities	\$	65,099
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PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund - Non-Potable Water
Assets	
Cash and Investments - Unrestricted	\$ 24,986
Total Assets	<u>24,986</u>
Liabilities	
Total Liabilities	-
Net Position	
Unrestricted	24,986
Total Net Position	<u>\$ 24,986</u>

See accompanying Notes to Basic Financial Statements

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund - Non-Potable Water
Operating Revenues	
Water Service Fees	\$ 84,445
Total Revenues	<u>84,445</u>
Operating Expenses	
General & Administrative	
Water Management Fees	12,632
Ditch Delivery Expenses	968
Augmentation	50,878
Water Reporting	6,542
Repairs and Maintenance	9,410
Electricity and Gas	1,433
Total Operating Expenses	<u>81,863</u>
Operating Income (Loss)	2,582
Nonoperating Revenues and Expenses	
Total Nonoperating Revenues and Expenses	<u>-</u>
Change in Net Position	2,582
Net Position - Beginning of Year	-
Net Position - Restatement	22,404
Net Position - Beginning of Year, as Restated	<u>22,404</u>
Net Position - End of Year	<u>\$ 24,986</u>

See accompanying Notes to Basic Financial Statements

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund - Non-Potable Water
Cash Flows from Operating Activities	
Receipts from Customers (Cash from Customers)	\$ 84,445
Payments to Employees (Cash Payments to Employees)	-
Payments to Suppliers/Contractors (Cash Payments to Suppliers)	(81,863)
Net Cash Provided (Used) by Operating Activities	<u>2,582</u>
Cash Flows from Noncapital Financing Activities	
Net cash Used by Noncapital Financing Activities	<u>-</u>
Cash Flows from Capital and Related Financing Activities	
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	<u>-</u>
Net Decrease in Cash and Investments	2,582
Cash and Investments - Beginning of Year, as Restated	<u>22,404</u>
Cash and Investments - End of Year	<u><u>\$ 24,986</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Net Operating Income (Loss)	2,582
Depreciation/amortization	-
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
(Increase) Decrease in Accounts Receivable	-
Increase (Decrease) in Prepaid Expenses	-
Increase (Decrease) in Accounts Payable	<u>-</u>
Net Cash Used by Operating Activities	<u><u>\$ 2,582</u></u>

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Prairie Song Metropolitan District No. 8 (the District), was organized as Tacincala Metropolitan District No. 2 on November 18, 2014, pursuant to the Colorado Special District Act (Title 32) and the Service Plan for Tacincala 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. 8 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 is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

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. Both statements distinguish between governmental activities, which are normally supported by property taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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 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. 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 the financial resources to be used for the acquisition and construction of capital equipment and facilities.

The District reports the following major proprietary fund:

The Enterprise Fund accounts for operations of the District that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for services, provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and 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.

For the year ended December 31, 2025, the District's Capital Projects Fund expenditures exceeded expenditure appropriations. This may be a violation of Colorado State Budget Law.

The District has amended its General Fund's annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

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

The District considers cash on hand and deposits held in financial institutions to be cash and cash equivalents.

Receivables

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

Prepaid Expense

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. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide and business-type financial statements. Capital assets are defined by the District as assets with an initial, individual costs of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on 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 assets or materially extend the life of the asset 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, 2025, 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.

Deferred Inflows of Resources

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

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with the 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.

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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

Fund Balance

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

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

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

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

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

NOTE 3 CORRECTION OF ERROR (RESTATEMENT)

During fiscal year 2025, error corrections resulted in adjustment to and restatements of beginning net position and fund balance as follows:

	Reporting Units Affected by Adjustments to a Restatement of Beginning Balances			
	Funds		Government-Wide	
	General Fund	Enterprise Fund	Government al Activities	Business- Type Activities
December 31, 2024, as previously reported	\$ 75,107	\$ -	\$ (1,032,185)	\$ -
Error Correction, Reclass of Enterprise Activity	(22,404)	22,404	(22,403)	22,403
Error Correction, Additional Developer Advance	-	-	(2,325,269)	-
December 31, 2024, as restated	<u>\$ 52,703</u>	<u>\$ 22,404</u>	<u>\$ (3,379,857)</u>	<u>\$ 22,403</u>

NOTE 3 CASH AND CASH INVESTMENTS

Cash and investments as of December 31, 2025, consist of the following:

Deposits with Financial Institutions	\$ 182,001
Investments	117,627
Total Cash and Investments	<u>\$ 299,628</u>

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash deposits had a carrying and bank balance of \$182,001, all of which was FDIC insured.

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy; however, the District 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.

Restricted Cash and Investments

Cash and investments of the District include amounts that are restricted. At December 31, 2025, the Governmental Activities had cash deposits in the amount of \$6,001 which is restricted for emergency reserves. Restricted cash and investments are not available for general operations of the District.

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Local Government Investment Pool

As of December 31, 2025 the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Net Asset Value</u>
Colotrust	Weighted average under 60-days	\$ 117,627

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE. The three portfolios differ in the types of the investments held, but all invest in investments allowed by Colorado statutes for local governments. COLOTRUST PRIME and COLOTRUST PLUS+ invest in securities with a weighted average maturity of 60 days or less, while COLOTRUST EDGE invests in securities with a weighted average maturity of less than five years. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to be, and are not, registered with the SEC.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is reported at its net asset value.

NOTE 5 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions/ Reclassifications	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 17,775,229	\$ 24,825,460	\$ -	\$ 42,600,689
 Total Capital Assets, Not Being Depreciated	 17,775,229	 24,825,460	 -	 42,600,689
 Governmental Capital Assets, Net	 \$ 17,775,229	 \$ 24,825,460	 \$ -	 \$ 42,600,689

Depreciation expense recorded under governmental activities was charged to the general government function, and depreciation expense recorded under business-type activities was charged to the enterprise function in the statement of activities.

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 LONG-TERM LIABILITIES

The following is an analysis of charges in long-term liabilities for the year ending December 31, 2025.

	Balance at December 31, 2024, <i>As Restated</i>	Additions	Reductions	Balance at December 31, 2025
Developer Advances - Operating	\$ 493,792	\$ 162,584	\$ -	\$ 656,376
Developer Advances - Capital	19,724,004	22,528,973	-	42,252,977
Total	\$ 20,217,796	\$ 22,691,557	\$ -	\$ 42,909,353

	Balance at December 31, 2024, <i>As Restated</i>	Additions	Reductions	Balance at December 31, 2025
Interest on Developer Advances - Operating	\$ 36,968	\$ 33,808	\$ -	\$ 70,776
Interest on Developer Advances - Capital	953,380	2,120,236	-	3,073,616
Total	\$ 990,348	\$ 2,154,044	\$ -	\$ 3,144,392

Developer Advances

On June 20, 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. On May 19, 2023, there was an amendment to increase the maximum loan amount to \$11,151,774. 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, 2025, the amount due and owing under the Agreement is \$42,909,353.

NOTE 7 NET POSITION

As of December 31, 2025, the District had a government-wide net position deficit of \$3,289,772. 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. 8
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is Prairie Song Development, LLC (the Developer). Certain members of the Board of Directors of the District are employees, owners, or are otherwise associated with the Developer, and may have conflicts of interest in dealing with the District. Any potential conflicts of interest have been disclosed in taking action on matters brought before the Board.

NOTE 9 RISK MANAGEMENT

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

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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. At December 31, 2025, the District determined and calculated its required emergency reserve to be approximately \$6,001.

The District's management has taken steps it believes are necessary to comply 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.

REQUIRED SUPPLEMENTARY INFORMATION

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
Property & Specific Ownership Taxes	\$ 6	\$ 6	\$ 7	\$ 1
Services Fees	76,817	199,228	197,308	(1,920)
Interest & Other Income	100	100	1,625	1,525
Total Revenue	<u>76,923</u>	<u>199,334</u>	<u>198,940</u>	<u>(394)</u>
Expenditures				
Accounting and Audit	53,250	53,250	59,631	(6,381)
District Management	34,470	34,470	34,843	(373)
Election	15,000	13,821	-	13,821
District Engineer	2,500	2,500	-	2,500
Operations and Maintenance	52,375	52,014	-	52,014
Property Transfers/Title	5,580	21,545	20,228	1,317
Constituent Communication	5,425	9,611	8,757	854
ARC Reviews	6,975	10,793	10,016	777
Insurance & Bonds	36,000	41,809	42,027	(218)
Legal	45,000	53,812	67,660	(13,848)
Office, Dues & Other	6,800	7,832	13,115	(5,283)
Transfer to District 4 - Trustee Fees	-	-	42,151	(42,151)
Contingency	10,000	-	-	-
Total Expenditures	<u>273,375</u>	<u>301,457</u>	<u>298,428</u>	<u>3,029</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(196,452)</u>	<u>(102,123)</u>	<u>(99,488)</u>	<u>2,635</u>
Other Financing Sources				
Operating Advances	<u>202,500</u>	<u>202,500</u>	<u>184,863</u>	<u>(17,637)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,048	100,377	85,375	(15,002)
Fund Balances - Beginning of Year, as Originally Stated	-	-	75,107	75,107
Restatement, Correction of Error	<u>-</u>	<u>-</u>	<u>(22,404)</u>	<u>(22,404)</u>
Fund Balances, Beginning of Year, as Restated	8,246	8,246	52,703	44,457
Fund Balances—End of Year	<u>\$ 14,294</u>	<u>\$ 108,623</u>	<u>\$ 138,078</u>	<u>\$ 29,455</u>

SUPPLEMENTARY INFORMATION

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
CAPITAL PROJECTS FUND
SCHEDULE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue			
Reimbursement Income	\$ 1,200,000	\$ -	\$ (1,200,000)
Interest & Other	-	10	10
Total Revenue	1,200,000	10	(1,199,990)
Expenditures			
District Management	2,500	227	2,273
Capital Expenditures	15,000,000	24,825,460	(9,825,460)
Total Expenditures	15,002,500	24,825,687	(9,823,187)
Excess of Revenues Over (Under) Expenditures	(13,802,500)	(24,825,677)	(11,023,177)
Other Financing Sources (Uses)			
Developer Advance Revenue	15,002,156	24,825,542	9,823,386
Developer Advance Repayment	(1,200,000)	-	1,200,000
Total Other Financing Sources (Uses)	13,802,156	24,825,542	11,023,386
Net change in fund balance	(344)	(135)	209
Fund Balance—Beginning of Year	344	355	11
Fund Balance—End of Year	\$ -	\$ 220	\$ 220

PRAIRIE SONG METROPOLITAN DISTRICT NO. 8
ENTERPRISE FUND
SCHEDULE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues			
Water Service Fees	31,125	84,445	53,320
Total Revenues	31,125	84,445	53,320
Operating Expenses			
Administration and General Expenses:			
Water Management Fees	7,500	12,632	(5,132)
Ditch Delivery Expenses	15,000	968	14,032
Equipment Monitoring	2,000	-	2,000
Water Reporting and Compliance	15,000	6,542	8,458
Water Quality Treatment	20,000	-	20,000
Augmentation Expense	-	50,878	(50,878)
Electricity and Gas	25,000	1,433	23,567
Repairs and Maintenance	7,200	9,410	(2,210)
Total Expenses	91,700	81,863	9,837
Operating Income (Loss)	(60,575)	2,582	63,157
Other Financing Sources (Uses)			
Developer Advance	60,575	-	(60,575)
Total Other Financing Sources	60,575	-	(60,575)
Net Change in Fund Balance	-	2,582	2,582
Fund Balances - Beginning of Year, as Originally Stated	-	-	-
Restatement, Correction of Error	-	22,404	22,404
Fund Balances - Beginning of Year, as Restated	-	22,404	22,404
Fund Balances - End of Year	\$ -	\$ 24,986	\$ 24,986