

Platte River Ranch South Metropolitan District

ADAMS COUNTY, COLORADO



ANNUAL FINANCIAL STATEMENTS

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

July 23, 2020

To the Board of Directors
Platte River Ranch South Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of Platte River Ranch South Metropolitan District as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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 and relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and the major funds of Platte River Ranch South Metropolitan District, as of December 31, 2019 and the respective changes in financial position and the budgetary comparison for the General Fund, Reserve Fund and Debt Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Platte River Ranch South Metropolitan District'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, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

B F Boyer CPA PC

**Certified Public Accountants
Lakewood, CO**

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 51,406
Cash and investments – restricted	89,492
Accounts receivable – specific ownership taxes	1,065
Accounts receivable – due from homeowners	99,117
Property taxes receivable	171,000
Prepaid expenses	8,594
Property and equipment, net	868,830
Land and non-depreciable assets	135,285
Total Assets	\$ 1,424,789
LIABILITIES	
Accounts payable and accrued liabilities	\$ 13,713
Total Liabilities	13,713
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	171,000
NET POSITION	
Restricted:	
Emergency reserves	5,500
Capital projects	83,992
Non-spendable	8,594
Unassigned:	1,141,990
Total Net Position	\$ 1,240,076

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended December 31, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General government activities	(\$ 189,736)	\$ 187	\$ 4,918	\$ -	(\$ 184,631)
Capital project activities	(44,249)	-	-	-	(44,249)
	(\$ 233,985)	\$ 187	\$ 4,918	\$ -	(228,880)
General Revenues					
	Property taxes				\$ 171,001
	Specific ownership taxes				13,890
	Property violation fine income				39,824
	Mineral lease revenues				50,805
	Net investment income				3,525
	Total general revenue				279,045
	Change in net position				50,165
	Net Position (Deficit) – Beginning of Year				1,189,911
	Net Position (Deficit) – End of Year				\$ 1,240,076

These financial statements should be read only in connection with the accompanying notes to the financial statements.

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2019

	General	Capital Projects	Total Government Funds
ASSETS			
Cash and investments	\$ 51,406	\$ -	\$ 51,406
Cash and investments - Restricted	5,500	83,992	89,492
Accounts receivable – spec ownership taxes	1,065	-	1,065
Accounts receivable-due from homeowners	99,117	-	99,117
Property taxes receivable	171,000	-	171,000
Prepaid expenses	8,594	-	8,594
TOTAL ASSETS	\$ 336,682	\$ 83,992	\$ 420,674
LIABILITIES			
Accounts payable and accrued liabilities	13,713	-	13,713
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	171,000	-	171,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	184,713	-	184,713
FUND BALANCES			
Restricted:			
Emergencies (TABOR)	5,500	-	5,500
Capital projects	-	83,992	83,992
Non-spendable	8,594	-	8,594
Unrestricted	137,875	-	137,875
Total Fund Balances	151,969	83,992	235,961
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 336,682	\$ 83,992	

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

Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds		
Property, structures and equipment, net		868,830
Land, water rights and taps		135,285
Net position of governmental activities		\$ 1,240,076

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
 Year Ended December 31, 2019

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances – Total government funds	(\$ 28,807)
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.	
Depreciation expense on property, structures and equipment	(44,249)
Acquisition of property and equipment	123,221
Changes in net position of governmental activities	\$ 50,165

These financial statements should be read only in connection with
 the accompanying notes to the financial statements.

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended December 31, 2019

	General	Capital Projects	Total Government Funds
REVENUES			
Property taxes	\$ 171,001	\$ -	\$ 171,001
Specific ownership taxes	13,890	-	13,890
Property violation fines	39,824	-	39,824
Reimbursement assessments	187	-	187
Contribution from HOA	4,918	-	4,918
Mineral lease revenues	50,805	-	50,805
Net investment income	1,913	1,612	3,525
Total revenues	282,538	1,612	284,150
EXPENDITURES			
General and administration	50,827	-	50,827
Landscaping maintenance	123,559	-	123,559
Other district expenses	15,350	-	15,350
Major capital projects	-	123,221	123,221
Total Expenditures	189,736	123,221	312,957
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	92,802	(121,609)	(28,807)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(40,000)	40,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	52,802	(81,609)	(28,807)
FUND BALANCES – BEGINNING OF YEAR	99,167	165,601	264,768
FUND BALANCES – END OF YEAR	<u>\$ 151,969</u>	<u>\$ 83,992</u>	<u>\$ 235,961</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2019

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
REVENUES				
Property taxes	\$ 171,000	\$ 171,000	\$ 171,001	\$ 1
Specific ownership taxes	15,400	13,900	13,890	(10)
Property violation fines	20,000	39,800	39,824	24
Reimbursement assessments	-	100	187	87
Contribution from HOA	-	4,900	4,918	18
Mineral lease revenue	15,000	50,800	50,805	5
Net investment income	1,400	1,900	1,913	13
Total revenues	<u>222,800</u>	<u>282,400</u>	<u>282,538</u>	<u>138</u>
EXPENDITURES				
General and administration	57,200	50,900	50,827	73
Election services	-	-	-	-
Landscaping maintenance	115,762	123,600	123,559	41
Other district expenses	9,000	15,400	15,350	50
Total expenditures	<u>181,962</u>	<u>189,900</u>	<u>189,736</u>	<u>164</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>40,838</u>	<u>92,500</u>	<u>92,802</u>	<u>302</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(40,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>838</u>	<u>52,500</u>	<u>52,802</u>	<u>302</u>
FUND BALANCE – BEGINNING OF YEAR	<u>89,162</u>	<u>99,167</u>	<u>99,167</u>	<u>-</u>
FUND BALANCE – END OF YEAR	<u>\$ 90,000</u>	<u>\$ 151,667</u>	<u>\$ 151,969</u>	<u>\$ 302</u>

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
GENERAL FUND EXPENDITURE
DETAILS– BUDGET AND ACTUAL
12-Month Period Ended December 31, 2019

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
GENERAL AND ADMINISTRATION				
District management fees	\$ 22,200	\$ 24,100	\$ 24,043	\$ 57
Administrative costs	8,000	5,900	6,144	(244)
Audit fees	5,500	6,000	5,940	60
Collection fees – County Treasurer	2,600	3,000	2,965	35
Board of Directors’ fees	3,900	3,500	3,450	50
Board training and conferences	5,000	2,800	2,718	82
Insurance	5,000	5,000	5,005	(5)
Legal fees	3,000	600	562	38
Contingency	2,000	-	-	-
Total General and Administration	\$ 57,200	\$ 50,900	\$ 50,827	\$ 73
LANDSCAPING MAINTENANCE				
Ground maintenance fees	\$ 27,100	\$ 32,900	\$ 32,908	(\$ 8)
Detention pond maintenance services	3,700	-	-	-
Sprinkler repairs and backflow testing	7,000	7,900	7,902	(2)
Sprinklers – water	43,000	55,800	55,732	68
Sprinklers – electricity	2,500	2,100	2,109	(9)
Playground maintenance	1,500	-	-	-
Perimeter fence maintenance	2,000	200	180	20
Landscape projects	26,962	24,700	24,728	(28)
Other landscape costs	2,000	-	-	-
Total Landscaping Maintenance	\$ 115,762	\$ 123,600	\$ 123,559	\$ 41
OTHER DISTRICT EXPENSES				
Snow removal	\$ 3,500	\$ 6,600	\$ 6,635	(\$ 35)
Social activities	3,000	4,200	4,174	26
Neighborhood dumpster service	2,000	4,200	4,191	9
Vandalism	500	400	350	50
Total Other District Expenses	\$ 9,000	\$ 15,400	\$ 15,350	\$ 50

These financial statements should be read only in connection with
the accompanying notes to the financial statements.

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2019

NOTE 1 – DEFINITION OF REPORTING ENTITY

Platte River Ranch South Metropolitan District (District), a quasi-municipal corporation, was organized on June 23, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by the City of Brighton (City) on March 01, 2016. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City. The District was established to (1) operate and maintain certain public improvements within the District, (2) provide trash collection services, and (3) provide covenant enforcement and design review services in accordance with the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Platte River Ranch Filings 2, 3 and 5 filed with Adams County on February 20, 2018 at reception #2018000014252 (Declaration).

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 organizations 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 organizations governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

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

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

These notes are an integral part of the accompanying financial statements.

that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

Budgets

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

Pooled Cash and Investments

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

These notes are an integral part of the accompanying financial statements.

Investments are carried at fair value.

Property Taxes

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

Property taxes are recorded initially as deferred inflows or resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Property Maintenance Fines

Covenant violation fines are assessed, in accordance with the District's covenant enforcement policy, against homeowners whom the District deems to be in violation of the restrictive covenants provided in the Declaration. Covenant violation fines are recognized as income after the violation has been identified, the homeowner has been notified and the period has expired for the homeowner to request a hearing to dispute the violation. Pursuant to 32-1-1001(1)(j)(l) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien.

Reimbursable Costs

Legal fees and other costs incurred by the District related to covenant enforcement actions and other services provided to specific properties within the District are charged back to the respective property owners. The District presents reimbursable costs on a net basis. Factors considered by the District in determining whether to present reimbursable cost chargeback revenue on a gross or net basis include whether risks exist that the District will be unable to recover such costs from property owners. Pursuant to 32-1-1001(1)(j)(l) CRS, fines and reimbursable costs are secured on and against each respective property by a perpetual lien, which has priority over all other encumbrances on a property.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2019 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

These notes are an integral part of the accompanying financial statements.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed.

The District classifies property, equipment and structures by functional area. The depreciable lives assigned to each functional area is as follows: perimeter fencing (15 years), monument signs (10 years), sprinkler systems (20 years), park equipment (15 years) and sidewalks (40 years). The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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. These classifications are defined as follows:

- Net investment in capital assets - this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted - this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.
- Unrestricted - the component of net position that does not meet the definitions above.

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: non-spendable, 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:

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

These notes are an integral part of the accompanying financial statements.

- **Committed fund balance** – The portion of a 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 a 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 a 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.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$ 51,406
Cash and investments – restricted	<u>89,492</u>
Total cash and investments	<u>\$ 140,898</u>

Cash and investments as of December 31, 2019 consist of the following:

Deposits with financial institutions	\$ 42,075
Investments	<u>98,823</u>
Total cash and investments	<u>\$ 140,898</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, 2019, the District's cash deposits had a bank balance of \$42,140 and a carrying balance of \$42,075.

These notes are an integral part of the accompanying financial statements.

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 listed below, 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 disclosure requirements or subject to investment custodial risk 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2019, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Less than 1 year	\$ 98,823

CSAFE

The District invests in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in

These notes are an integral part of the accompanying financial statements.

connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

NOTE 4 – PROPERTY, EQUIPMENT & STRUCTURES

The District owns and maintains the following property, equipment and structures located on various District-owned open spaces throughout the District:

	<u>Balance at 12/31/18</u>	<u>Purchases</u>	<u>Disposals</u>	<u>Balance at 12/31/19</u>	<u>Accumulated Depreciation</u>
Perimeter fencing	\$ 240,000	\$ -	\$ -	\$ 240,000	(\$ 32,000)
Monument signage	75,000	-	-	75,000	(15,000)
Sprinkler systems	84,000	-	-	84,000	(8,400)
Park equipment	40,000	-	-	40,000	(5,334)
Sidewalks	391,000	-	-	391,000	(19,550)
Open space landscaping	-	123,221	-	123,221	(4,107)
	<u>\$ 830,000</u>	<u>\$ 123,221</u>	<u>\$ -</u>	<u>\$ 953,221</u>	<u>(\$ 84,391)</u>

NOTE 5 – LAND AND NON-DEPRECIABLE ASSETS

Per the plat maps filed with Adams County, the public parks and open spaces owned by the District are comprised of the following land tracts:

Plat Map	Tracts owner by the District	Approximate Size (in Sqft)
Platte River Ranch Filing No. 2	A, B, C, D, E, F, G, H, I, J, K, L	2.645 acres
Platte River Ranch Filing No. 3	A, B, C, D, E, F, G, I, J, K, L,	1.990 acres
Platte River Ranch Filing No. 5	A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V	10.650 acres

The land is recorded by the District at a nominal value of \$15,285. The District also owns water rights and 12 taps used to irrigate the landscaping on these tracts of land. The District's water rights and taps are recorded at \$120,000, which is the estimated fair value of these assets when they were acquired.

NOTE 6 – NET POSITION

The District has a net position consisting of three components – restricted, non-spendable and unassigned.

Restricted Net Position

The District's restricted net position as of December 31, 2019 in the general fund and capital projects fund totaled \$5,500 and \$83,992, respectively. The restricted net position within the general fund is due to spending restrictions

These notes are an integral part of the accompanying financial statements.

established by TABOR. See Note 11 for further details. The restricted net position within the capital project fund is comprised of funds that are restricted to funding major repairs and replacements of the District's capital assets.

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2019 in the general fund and capital project fund totaled \$8,594 and \$0, respectively. These balances were created due to the District prepaying certain 2020 expenses in 2019.

Unassigned Net Position

The District's unassigned net position as of December 31, 2019 totaled \$1,141,990.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Landscaping Plan

In 1998, the Land Developer submitted and the City of Brighton approved landscaping plans for Platte River Ranch Filing No 2 plat map, Platte River Ranch Filing No 3 plat map and Platte River Ranch Filing No 5 plat map (collectively, the Landscaping Plan). On January 1, 2017, the District assumed the landscape maintenance responsibilities for all open space land tracts and right-of-way easements identified on the Landscaping Plan. Such land is subject to certain minimum landscaping requirements including tree, shrubs and sod placement.

Any revisions to the Landscaping Plan must first be submitted and approved by the City of Brighton. If the City of Brighton deems the District to be in violation of the Landscaping Plan, the City may assess monetary fines and/or other penalties on the District. As of December 31, 2019, the Board believes the District is maintaining the common areas within the District in material compliance with the Landscaping Plan.

Storm Water Detention Pond

Certain land maintained by the District is dedicated for managing the drainage of storm water within the Platte River Ranch neighborhood. Specifically, the District is required to maintain four storm water detention ponds which are comprised of the following tracts of land: Tracts A and C within the Platte River Ranch Filing No 2 plat map; tracts A and H within the Platte River Ranch Filing No 3 plat map; and tracts A, U and W within the Platte River Ranch Filing No 5 plat map. In the event the District does not maintain these storm water detention ponds in a manner to ensure proper storm water drainage, the City of Brighton has the right to enter the property and remediate any maintenance and/or operational deficiencies, the cost of which will be billed to and the responsibility of the District.

Backflow Valve Certification

The Colorado Department of Public Health and Environment (CDPHE) and SACWSD require the District's 12 backflow valves be tested and certified annually. CDPHE may assess monetary and other penalties on the District if the District fails to comply with this requirement. All 12 backflow valves were tested and certified in 2019.

These notes are an integral part of the accompanying financial statements.

NOTE 8 – MINERAL LEASE AGREEMENT

On May 11, 2017, the District entered into an agreement with Great Western Operating Company, LLC. to lease the minerals under all District-owned land tracts totaling 15.285 acres. Per the terms of the Agreement, Great Western will pay a signing bonus plus eighteen and three quarters (17.5%) percent royalty for a three-year primary term with the option to extend the Agreement for an additional two-year term by paying the District an extension bonus of \$2,500 per net mineral acre. The Agreement prohibits Great Western from conducting drilling or production activities on the District's land. From the inception of the lease agreement through December 31, 2019, the District has collected \$114,583 under this mineral lease agreement.

NOTE 9 – RELATED PARTIES

The Association hired a company owned by a director to hard-wire the lighting for each of the five monument signs within the District's boundaries. The District assumed the obligations and responsibilities of the Association as of January 1, 2017. As of June 18, 2019, the director's company completed the project under this contract.

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss including (a) torts, thefts of, damage to, or destruction of assets, (b) errors or omissions and (c) acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to insure its member districts against various risks of loss. Settled claims have not exceeded this coverage in any of the past three years.

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

NOTE 11 – 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.

On May 03, 2016, District voters authorized the District to assess property taxes at no more than \$250,000 annually (adjusted annually for inflation), without limitation to rate, to pay the District's operations, maintenance and other expenses. The District voters also approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

These notes are an integral part of the accompanying financial statements.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

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

These notes are an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
12-Month Period Ended December 31, 2019

	Original Budget	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
REVENUES				
Net investment income	\$ 1,400	\$ 1,600	\$ 1,612	\$ 12
Total revenues	1,400	1,600	1,612	12
EXPENDITURES				
Capital projects				
Major capital projects	99,000	123,500	123,221	279
Total expenditures	99,000	123,500	123,221	279
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(97,600)	(121,900)	(121,609)	291
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	40,000	40,000	40,000	-
Total other financing sources (uses)	40,000	40,000	40,000	-
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(57,600)	(81,900)	(81,609)	291
FUND BALANCE – BEGINNING OF YEAR	165,307	165,601	165,601	-
FUND BALANCE – END OF YEAR	\$ 107,707	\$ 83,701	\$ 83,992	\$ 291

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2019

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy	Operating Mill Levy	Total Property Taxes		Percent Collected to Levied
			Levied	Collected (Note A)	
2017	\$ 6,721,040	25.442	\$ 171,000	\$ 170,997	100.00%
2018	8,686,010	19.687	171,000	170,988	99.99%
2019	8,795,890	19.441	171,000	171,001	100.00%
2020	11,054,730	15.469	171,000	[TBD]	[TBD]

NOTE A: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

OTHER SUPPLEMENTARY INFORMATION

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
CHANGE IN TOTAL OVERLAPPING MILL LEVIES

December 31, 2019

	2020 Mill Levy *	2019 Mill Levy **	Change
Platte River Ranch South Metropolitan District	15.469	19.441	(3.972)
Brighton School District No. 27J	48.810	49.092	(0.282)
Adams County	26.917	26.864	0.053
Fire District No. 6	11.795	11.795	-
Rangeview Library District	3.677	3.666	0.011
City of Brighton	6.650	6.650	-
Central Colorado Water Conservancy District	2.279	2.739	(0.460)
Central Colorado Ground Water Subdistrict	1.286	1.540	(0.254)
Urban Drainage and Flood Control	0.900	0.726	0.174
Urban Drainage and Flood Control – South Platte	0.097	0.094	0.003
Total Mill Levy	117.880	122.607	(4.727)

* -- For property tax collections in 2020

** -- For property tax collections in 2019