

Platte River Ranch South Metropolitan District

BRIGHTON, COLORADO



ANNUAL FINANCIAL STATEMENTS

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Platte River Ranch South Metro District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Platte River Ranch South Metro District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Platte River Ranch South Metro 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Platte River Ranch South Metro District as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Platte River Ranch South Metro District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Platte River Ranch South Metro District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BF Borgers CPA PC

BF Borgers CPA PC

Lakewood, Colorado

October 19, 2022

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 49,438
Cash and investments – restricted	161,324
Accounts receivable	107,770
Accounts receivable – specific ownership taxes	1,065
Property taxes receivable	178,700
Prepaid expenses	16,071
Capital assets, net	959,487
Total Assets	1,473,855
LIABILITIES	
Accounts payable and accrued liabilities	25,089
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	178,700
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	6,900
Debt service	-
Capital projects	161,324
Non-spendable	16,071
Unassigned:	1,085,770
Net Position (Deficit)	\$ 1,270,065

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, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Government Activities:					
General government activities	\$ (214,002)	\$ 40,845	\$ 39,041	\$ -	\$ (134,116)
Capital project activities	(51,009)	-	-	-	(51,009)
	<u>\$ (265,011)</u>	<u>\$ 40,845</u>	<u>\$ 39,041</u>	<u>\$ -</u>	<u>(185,125)</u>
General Revenues					
					178,072
					14,258
					189
					<u>192,519</u>
					7,394
					<u>1,262,671</u>
					<u>\$ 1,270,065</u>

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, 2021**

	General Fund	Capital Project Fund	Total Government Funds
ASSETS			
Cash and investments	\$ 49,438	\$ -	\$ 49,438
Cash and investments - Restricted	-	161,324	161,324
Accounts receivable	107,770	-	107,770
Accounts receivable - specific ownership tax	1,065	-	1,065
Property taxes receivable	178,700	-	178,700
Prepaid expenses	16,071	-	16,071
TOTAL ASSETS	\$ 353,044	\$ 161,324	\$ 514,368
LIABILITIES			
Accounts payable and accrued liabilities	\$ 25,089	\$ -	\$ 25,089
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	178,700	-	178,700
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	203,789	-	203,789
FUND BALANCES			
Restricted:			
Emergencies (TABOR)	6,900	-	6,900
Debt service	-	-	-
Capital projects	-	161,324	161,324
Non-spendable	16,071	-	16,071
Unrestricted	126,284	-	126,284
TOTAL FUND BALANCES	149,255	161,324	310,579
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 353,044	\$ 161,324	

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	
Land, property, structures and equipment, net	824,202
Land, water rights and taps	135,285
Net position of governmental activities	\$ 1,270,066

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, 2021

	General Fund	Capital Project Fund	Total Government Funds
REVENUES			
Property taxes	\$ 178,072	\$ -	\$ 178,072
Specific ownership taxes	14,258	-	14,258
Covenant violation fine income	40,845	-	40,845
Reimb expenses - Legal fees	-	-	-
Net investment income	159	30	189
Mineral lease revenue	39,041	-	39,041
Total Revenues	272,375	30	272,405
EXPENDITURES			
General and administration	59,801	-	59,801
Landscaping maintenance	117,655	-	117,655
Other district expenses	36,546	-	36,546
Major capital projects	-	6,749	6,749
Total Expenditures	214,002	6,749	220,751
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	58,373	(6,719)	51,654
OTHER FINANCING SOURCES (USES)			
Fund Transfers In / (Out)	(25,000)	25,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	33,373	18,281	51,654
FUND BALANCES – BEGINNING	115,882	143,042	258,924
FUND BALANCES – END OF YEAR	\$ 149,255	\$ 161,323	\$ 310,578

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
12-Month Period Ended
December 31, 2021**

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

Net change in fund balances – Total government funds	\$	51,654
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:

Depreciation expense on property, structures and equipment		(44,260)
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Changes in net position of governmental activities	\$	7,394
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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, 2021**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 178,700	\$ 178,072	\$ (628)
Specific ownership taxes	12,900	14,258	1,358
Covenant violation fine income	15,000	40,845	25,845
Reimb expenses - Legal fees	-	-	-
Net investment income	1,000	159	(841)
Mineral lease revenue	28,000	39,041	11,041
Total Revenues	<u>235,600</u>	<u>272,375</u>	<u>36,775</u>
EXPENDITURES			
General and administration	56,300	59,801	(3,501)
Landscaping maintenance	119,200	117,655	1,545
Other district expenses	38,600	36,546	2,054
Total Expenditures	<u>214,100</u>	<u>214,002</u>	<u>98</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>21,500</u>	<u>58,373</u>	<u>36,873</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	<u>(3,500)</u>	<u>33,373</u>	<u>36,873</u>
FUND BALANCE – BEGINNING OF YEAR	108,200	115,882	7,682
FUND BALANCE – END OF YEAR	<u>\$ 104,700</u>	<u>\$ 149,255</u>	<u>\$ 44,555</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, 2021**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 25,400	\$ 25,400	\$ -
Administrative costs	3,000	7,829	(4,829)
Audit fees	6,000	5,940	60
Collection fees – County Treasurer	3,000	2,673	327
Board of Directors’ fees	7,000	9,500	(2,500)
Board training and conferences	2,500	3,704	(1,204)
Insurance	6,900	4,755	2,145
Legal fees	500	-	500
Indirect Cost Allocation	-	-	-
Contingency	2,000	-	2,000
Total General and Administration	<u>\$ 56,300</u>	<u>\$ 59,801</u>	<u>\$ (3,501)</u>
LANDSCAPING MAINTENANCE			
Ground maintenance fees	27,100	27,085	15
Tree maintenance & replacement	8,000	714	7,286
Detention pond maintenance	5,000	4,592	408
Sprinkler repairs	12,000	9,766	2,234
Sprinklers – water	56,000	51,064	4,936
Sprinklers – electricity	2,600	2,577	23
Backflow maintenance	-	1,500	(1,500)
Playground maintenance	-	3,360	(3,360)
Landscaping projects	4,000	5,039	(1,039)
Perimeter fence maintenance & repairs	2,000	7,412	(5,412)
Insurance - property	-	2,326	(2,326)
Miscellaneous landscape costs	2,500	2,220	280
Total Landscaping Maintenance	<u>\$ 119,200</u>	<u>\$ 117,655</u>	<u>\$ 1,545</u>
OTHER DISTRICT EXPENSES			
Snow removal	6,000	4,575	1,425
Vandalism	1,000	425	575
Park and recreation events	3,500	2,516	984
Dumpster services	3,500	2,502	998
Legal fees - covenant enforcement	-	1,928	(1,928)
Covenant enforcement services	24,600	24,600	-
Total Other District Expenses	<u>\$ 38,600</u>	<u>\$ 36,546</u>	<u>\$ 2,054</u>

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, 2021

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.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. For 2021, the District's share of specific ownership taxes received from the State was approximately 8.0% of total property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

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)(I) 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)(I) 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.

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

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, 2021 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.

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.

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

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.
- **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, 2021 are classified in the accompanying financial statements as follows:

Cash and investments – unrestricted	\$ 49,438
Cash and investments – restricted	<u>161,324</u>
Total cash and investments	<u>\$ 210,762</u>

Cash and investments as of December 31, 2021 consist of the following:

Deposits with financial institutions	\$ 145,169
Investments	<u>65,593</u>
Total cash and investments	<u>\$ 210,762</u>

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

Deposits with Financial Institutions

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

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

At December 31, 2021, the District's cash deposits had a bank balance of \$148,453 and a carrying balance of \$145,169.

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

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

As of December 31, 2021, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Less than 1 year	\$ 65,593

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 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 depreciable property, equipment and structures located on various District-owned open spaces throughout the District:

	Balance at 12/31/20	Purchases	Disposals	Balance at 12/31/21	Accumulated Depreciation
Perimeter fencing	\$ 240,000	\$ -	\$ -	\$ 240,000	(\$ 64,000)
Monument signage	75,000	-	-	75,000	(30,000)
Sprinkler systems	84,000	-	-	84,000	(16,800)
Park equipment	40,000	-	-	40,000	(10,671)
Pavilion (Magpie Park)	-	19,895	-	19,895	-
Sidewalks	391,000	-	-	391,000	(39,105)
Open space landscaping	123,221	23,986	-	147,207	(12,324)
	<u>\$ 953,221</u>	<u>\$ 43,881</u>	<u>\$ -</u>	<u>\$ 997,102</u>	<u>(\$ 172,900)</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

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

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, 2021 in the general fund and capital projects fund totaled \$6,900 and \$161,324, respectively. The restricted net position within the general fund is due to spending restrictions 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, 2021 in the general fund and capital project fund totaled \$16,071 and \$0, respectively. These balances were created due to the District prepaying certain 2021 expenses in 2022.

Unassigned Net Position

The District's unassigned net position as of December 31, 2021 totaled \$1,085,771.

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, 2021, 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

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

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 2021.

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 seventeen and one-half (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, 2021, the District has collected \$189,609 under this mineral lease agreement.

NOTE 9 – RELATED PARTIES

For the year ended December 31, 2021, none of the directors serving on the Board reported any conflicts of interest regarding their service on the District's board.

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.

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

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.

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
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2021**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$ 500	\$ 30	\$ (470)
Other	-	-	-
Total Revenues	<u>500</u>	<u>30</u>	<u>(470)</u>
EXPENDITURES			
General and administrative fees	-	-	-
Capital projects			
Major capital projects	50,000	6,749	43,251
Total Expenditures	<u>50,000</u>	<u>6,749</u>	<u>43,251</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,500)</u>	<u>(6,719)</u>	<u>42,781</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	25,000	25,000	-
Fund Transfers Out			
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	<u>(24,500)</u>	<u>18,281</u>	<u>42,781</u>
FUND BALANCE – BEGINNING OF YEAR	<u>187,000</u>	<u>143,042</u>	<u>(43,958)</u>
Retained Earnings			
FUND BALANCE – END OF YEAR	<u>\$ 162,500</u>	<u>\$ 161,323</u>	<u>\$ (1,177)</u>

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

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2021

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)	
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	171,006	100.00%
2021	11,099,940	16.099	178,700	178,102	99.67%
2022	11,923,060	16.099	178,700	[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, 2021

	2020 Mill Levy *	2021 Mill Levy **	Change
Platte River Ranch South Metropolitan District	16.099	14.988	(1.11)
Brighton School District No. 27J	48.745	49.866	1.12
Adams County	26.897	27.069	0.17
Fire District No. 6	11.795	11.795	-
Rangeview Library District	3.670	3.689	0.02
City of Brighton	6.650	6.650	-
Central Colorado Water Conservancy District	2.151	1.404	(0.75)
Central Colorado Ground Water Subdistrict	1.156	2.189	1.03
Urban Drainage and Flood Control	0.900	0.900	-
Urban Drainage and Flood Control – South Platte	0.100	0.100	-
Total Mill Levy	118.163	118.650	0.490

* -- For property tax collections in 2021

** -- For property tax collections in 2022