

Platte River Ranch South Metropolitan District

BRIGHTON, COLORADO



ANNUAL FINANCIAL STATEMENTS

December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Platte River Ranch South Metropolitan District

Adams County, CO

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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



Castle Pines, Colorado
July 28, 2026

PLATTE RIVER RANCH SOUTH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 29,916
Cash and investments – restricted	240,177
Accounts receivable	61,418
Accounts receivable – specific ownership taxes	1,187
Property taxes receivable	326,000
Prepaid expenses	10,292
Capital assets, net	872,761
Total Assets	1,541,751
LIABILITIES	
Accounts payable and accrued liabilities	4,627
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	326,000
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	10,400
Capital projects	229,777
Non-spendable	10,292
Unassigned:	960,655
Net Position (Deficit)	\$ 1,211,124

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, 2025

	Program Revenue				Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General government activities	\$ (376,807)	\$ 39,939	\$ 34,849	\$ -	\$ (302,019)
Capital project activities	(50,440)	-	-	-	(50,440)
	<u>\$ (427,247)</u>	<u>\$ 39,939</u>	<u>\$ 34,849</u>	<u>\$ -</u>	<u>(352,459)</u>
General Revenues					
Property taxes					326,531
Specific ownership taxes					15,904
Net investment income					12,789
Total general revenue					355,224
Change in net position					2,765
Net Position (Deficit) – Beginning of Year					1,208,359
Net Position (Deficit) – End of Year					\$ 1,211,124

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, 2025

	General Fund	Capital Project Fund	Total Government Funds
ASSETS			
Cash and investments	\$ 29,916	\$ -	\$ 29,916
Cash and investments - Restricted	10,400	229,777	240,177
Accounts receivable	61,418	-	61,418
Accounts receivable - specific ownership tax	1,187	-	1,187
Property taxes receivable	326,000	-	326,000
Prepaid expenses	10,292	-	10,292
TOTAL ASSETS	\$ 439,213	\$ 229,777	\$ 668,990
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,627	\$ -	\$ 4,627
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	326,000	-	326,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	330,627	-	330,627
FUND BALANCES			
Restricted:			
Emergencies (TABOR)	10,400	-	10,400
Capital projects	-	229,777	229,777
Non-spendable	10,292	-	10,292
Unrestricted	87,894	-	87,894
TOTAL FUND BALANCES	108,586	229,777	338,363
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 439,213	\$ 229,777	

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		737,476
Land, water rights and taps		135,285
Net position of governmental activities		\$ 1,211,124

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, 2025

	General Fund	Capital Project Fund	Total Government Funds
REVENUES			
Property taxes	\$ 326,531	\$ -	\$ 326,531
Specific ownership taxes	15,904	-	15,904
Covenant violation fine income	11,624	-	11,624
Reimb expenses - Legal fees	28,315	-	28,315
Net investment income	11,603	1,186	12,789
Mineral lease revenue	34,849	-	34,849
Total Revenues	428,826	1,186	430,012
EXPENDITURES			
General and administration	58,119	-	58,119
Landscaping maintenance	235,684	-	235,684
Other district expenses	83,004	-	83,004
Major capital projects	-	35,324	35,324
Total Expenditures	376,807	35,324	412,131
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	52,019	(34,138)	17,881
OTHER FINANCING SOURCES (USES)			
Fund Transfers In / (Out)	(155,000)	155,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(102,981)	120,862	17,881
FIND BALANCES – BEGINNING	211,567	108,915	320,482
FUND BALANCES – END OF YEAR	\$ 108,586	\$ 229,777	\$ 338,363

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, 2025**

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

Net change in fund balances – Total government funds	\$	17,881
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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:

Construction of public infrastructure		35,324
Depreciation expense on property, structures and equipment		(50,440)
Changes in net position of governmental activities	\$	2,765

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, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 326,000	\$ 326,531	\$ 531
Specific ownership taxes	16,300	15,904	(396)
Covenant violation fine income	8,000	11,624	3,624
Reimb expenses - Legal fees	-	28,315	28,315
Net investment income	4,000	11,603	7,603
Mineral lease revenue	15,000	34,849	19,849
Total Revenues	369,300	428,826	59,526
EXPENDITURES			
General and administration	65,900	58,119	7,781
Landscaping maintenance	217,000	235,684	(18,684)
Other district expenses	61,400	83,004	(21,604)
Total Expenditures	344,300	376,807	(32,507)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,000	52,019	27,019
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(188,000)	(155,000)	33,000
Total Other Financing Sources (Uses)	(188,000)	(155,000)	33,000
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	(163,000)	(102,981)	60,019
FUND BALANCE – BEGINNING OF YEAR	213,000	211,567	(1,433)
FUND BALANCE – END OF YEAR	\$ 50,000	\$ 108,586	\$ 58,586

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, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 26,700	\$ 26,700	\$ -
Administrative costs	3,500	1,152	2,348
Board election management services	8,000	117	7,883
Audit fees	-	-	-
Collection fees – County Treasurer	3,500	4,903	(1,403)
Board of Directors’ fees	7,700	11,700	(4,000)
Board training and conferences	7,000	8,195	(1,195)
Insurance	6,000	4,182	1,818
Legal fees	1,500	70	1,430
Contingency	2,000	1,100	900
Total General and Administration	\$ 65,900	\$ 58,119	\$ 7,781
LANDSCAPING MAINTENANCE			
Ground maintenance fees	\$ 55,800	\$ 55,782	\$ 18
Tree maintenance & replacement	8,000	7,616	384
Detention pond maintenance	6,000	50,306	(44,306)
Sprinkler repairs	17,000	17,369	(369)
Sprinklers – water	69,300	88,679	(19,379)
Sprinklers – electricity	2,500	2,730	(230)
Backflow maintenance	7,000	1,671	5,329
Playground maintenance	2,500	-	2,500
Landscaping projects	30,000	2,084	27,916
Perimeter fence maintenance & repairs	10,000	-	10,000
Insurance - property	3,900	5,129	(1,229)
Miscellaneous landscape costs	5,000	4,318	682
Total Landscaping Maintenance	\$ 217,000	\$ 235,684	\$ (18,684)
OTHER DISTRICT EXPENSES			
Snow removal	\$ 8,500	\$ 3,603	\$ 4,897
Vandalism	1,000	-	1,000
Park and recreation events	8,000	11,228	(3,228)
Seasonal Decorations	-	1,341	(1,341)
Newsletter publication	600	411	189
Dumpster services	3,500	2,800	700
Legal fees - covenant enforcement	2,500	31,565	(29,065)
Covenant enforcement services	25,800	25,800	-
Covenant enforcement - administrative costs	11,500	6,256	5,244
Total Other District Expenses	\$ 61,400	\$ 83,004	\$ (21,604)

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, 2025

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 net asset 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 2025, the District's share of specific ownership taxes received from the State was approximately 4.9% 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, on properties that 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, 2025 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.

Adoption of New Accounting Standards

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

The District adopted the requirements of this guidance effective January 01, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

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

NOTE 3 – CASH AND INVESTMENTS

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

Cash and investments – unrestricted	\$ 29,916
Cash and investments – restricted	240,177
Total cash and investments	<u>\$ 270,093</u>

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

Deposits with financial institutions	\$ 116,255
Investments	153,838
Total cash and investments	<u>\$ 270,093</u>

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of \$116,255.

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:

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

- 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, 2025, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Less than 1 year	\$ 153,838

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 AAmmf by FitchRatings.

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:

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

	Balance at 12/31/24	Purchases	Disposals	Balance at 12/31/25	Accumulated Depreciation
Perimeter fencing	\$ 240,000	\$ -	\$ -	\$ 240,000	(\$ 128,000)
Monument signage	86,663	-	-	86,663	(64,680)
Sprinkler systems	84,000	-	-	84,000	(33,600)
Park equipment	40,000	-	-	40,000	(21,351)
Pavilion (Magpie Park)	71,986	-	-	71,986	(14,300)
Sidewalks	391,000	35,324	-	426,324	(78,225)
Open space landscaping	162,663	-	-	162,663	(34,004)
	\$ 1,076,312	\$ 35,324	\$ -	\$ 1,111,636	(\$ 374,160)

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, 2025 in the general fund and capital projects fund totaled \$10,400 and \$229,777, 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, 2025 in the general fund and capital project fund totaled \$10,292 and \$0, respectively. These balances were created due to the District prepaying certain 2025 expenses in 2026.

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

Unassigned Net Position

The District's unassigned net position as of December 31, 2025 totaled \$960,655.

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, 2025, 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 2025.

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, 2025, the District has collected \$361,921 under this mineral lease agreement.

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

NOTE 9 – RELATED PARTIES

For the year ended December 31, 2025, 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.

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.

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, 2025

	Original and Final Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$ 4,000	\$ 1,186	\$ (2,814)
Other	-	-	-
Total Revenues	4,000	1,186	(2,814)
EXPENDITURES			
Major capital projects	70,000	35,324	34,676
Total Expenditures	70,000	35,324	34,676
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(66,000)	(34,138)	31,862
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	188,000	155,000	33,000
Total Other Financing Sources (Uses)	188,000	155,000	33,000
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	122,000	120,862	64,862
FUND BALANCE – BEGINNING OF YEAR	117,000	108,915	(8,085)
FUND BALANCE – END OF YEAR	\$ 239,000	\$ 229,777	\$ 56,777

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, 2025

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	100.0%
2019	8,795,890	19.441	171,000	171,001	100.0%
2020	11,054,730	15.469	171,000	171,006	100.0%
2021	11,099,940	16.099	178,700	178,102	99.7%
2022	11,923,060	14.988	178,700	179,028	100.2%
2023	11,660,080	19.725	230,000	229,994	100.0%
2024	13,244,750	17.365	230,000	259,098	112.7%
2025	13,251,730	24.600	326,000	326,531	100.1%
2026	13,159,020	24.774	326,000	[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, 2025

	2024 Mill Levy *	2025 Mill Levy **	Change
Platte River Ranch South Metropolitan District	24.600	24.774	0.174
Brighton School District No. 27J	56.644	56.290	(0.354)
Adams County	26.944	27.479	0.535
Greater Brighton Fire Protection District No. 6	16.793	17.504	0.711
Rangeview Library District	3.667	3.715	0.048
City of Brighton	6.650	6.650	--
Central Colorado Water Conservancy District	1.017	0.980	(0.037)
Central Colorado Ground Water Subdistrict	1.507	1.462	(0.045)
Urban Drainage and Flood Control	0.900	0.900	-
Urban Drainage and Flood Control – South Platte	0.100	0.100	-
Total Mill Levy	138.822	139.854	1.032

* -- For property tax collections in 2025

** -- For property tax collections in 2026