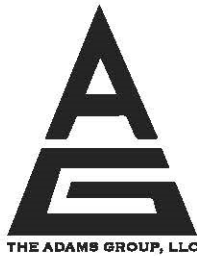


PLATTE RIVER METROPOLITAN DISTRICT
Weld County, Colorado

BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Platte River Metropolitan District
Weld County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Platte River Metropolitan District (the District), as of and for the year ended December 31, 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Platte River Metropolitan District, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison schedule 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 Auditors' 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 going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 GAAS, 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 judgement, 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.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the schedule of assessed valuation, mill levy, and property taxes collected, but does not include the basic financial statements and our auditors' 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.

The Adams Group, LLC

Denver, Colorado
April 1, 2022

BASIC FINANCIAL STATEMENTS

PLATTE RIVER METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents - unrestricted	\$ 62,824
Property taxes receivable	9,023,758
Prepaid items	186,797
Capital assets, net of depreciation	<u>5,830,000</u>
Total Assets	<u>15,103,379</u>
<u>Liabilities</u>	
Accounts payable	6,529
Due to other governments	59,093
Noncurrent liabilities:	
Due in more than one year	
Accrued interest on developer advances	5,399
Developer advances	<u>50,000</u>
Total Liabilities	<u>121,021</u>
<u>Deferred Inflows of Resources</u>	
Unavailable property taxes	<u>9,023,758</u>
Total Deferred Outflows of Resources	<u>9,023,758</u>
<u>Net Position</u>	
Net investment in capital assets	5,780,000
Restricted	
Emergencies	189,000
Unrestricted	<u>(10,400)</u>
Total Net Position	<u>\$ 5,958,600</u>

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

PLATTE RIVER METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:					
General government	\$ 317,374	\$ -	\$ -	\$ -	\$ (317,374)
Interest and expenses on long-term debt	3,500	-	-	-	(3,500)
Total Governmental Activities	<u>\$ 320,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(320,874)</u>

GENERAL REVENUES:

Property taxes	5,987,503
Specific ownership taxes	309,023
Investment earnings	<u>2,347</u>
Total General revenues	<u>6,298,873</u>
Change in net position	5,977,999
Net Position, Beginning	<u>(19,399)</u>
Net Position, Ending	<u>\$ 5,958,600</u>

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

PLATTE RIVER METROPOLITAN DISTRICT
GOVERNMENTAL FUND – BALANCE SHEET
DECEMBER 31, 2021

	<u>General Fund</u>
<u>Assets</u>	
Cash and cash equivalents - unrestricted	\$ 62,824
Property taxes receivable	9,023,758
Prepaid items	186,797
Total Assets	<u>\$ 9,273,379</u>
 <u>Liabilities, deferred inflows of resources</u> <u>and fund balance</u>	
Liabilities:	
Accounts payable	\$ 6,529
Due to other governments	59,093
Total Liabilities	<u>65,622</u>
 <u>Deferred inflows of resources</u>	
Unavailable property taxes	9,023,758
Total Deferred Inflows of Resources	<u>9,023,758</u>
 Fund balance:	
Nonspendable	
Prepaid items	186,797
Restricted	
Emergencies	189,000
Unassigned	(191,798)
Total Fund Balance	<u>183,999</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 9,273,379</u>

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

PLATTE RIVER METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total fund balance, governmental fund	\$ 183,999
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	5,830,000
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Long-term liabilities, including loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds.

Developer advances payable	(50,000)
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Accrued interest on developer advances	(5,399)
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Total net position of governmental activities	<u>\$ 5,958,600</u>
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The accompanying notes are an integral part of the financial statements.

PLATTE RIVER METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>
<u>Revenues</u>	
Taxes:	
Property taxes	\$ 5,987,503
Specific ownership taxes	309,023
Earnings on investments	<u>2,347</u>
Total revenues	<u>6,298,873</u>
 <u>Expenditures</u>	
Current:	
County treasury fees	94,685
Director's fees	800
District management and accounting	27,819
Legal	155,036
Support services	39,034
Capital outlay	<u>5,830,000</u>
Total expenditures	<u>6,147,374</u>
 Net change in fund balance	 151,499
 Fund balance - beginning	 <u>32,500</u>
Fund balance - ending	<u><u>\$ 183,999</u></u>

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

PLATTE RIVER METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Net change in fund balance - total governmental fund: \$ 151,499

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

Governmental funds report capital outlays as expenditures, However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay 5,830,000

Some expenses in the statement of activities do not require the use of current financial resources and are, therefore, not reported as expenditures in the governmental fund.

Change in accrued interest on developer advances (3,500)

Change in net position of governmental activities \$ 5,977,999

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

PLATTE RIVER METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Taxes:				
Property taxes	\$ 6,149,911	\$ 6,149,911	\$ 5,987,503	\$ (162,408)
Specific ownership taxes	368,995	368,995	309,023	(59,972)
Earnings on investments	2,000	2,000	2,347	347
Other revenue	500	500	-	(500)
Total revenues	<u>6,521,406</u>	<u>6,521,406</u>	<u>6,298,873</u>	<u>(222,533)</u>
<u>Expenditures</u>				
Current:				
County treasury fees	30	30	94,685	(94,655)
Director's fees	2,500	2,500	800	1,700
District management and accounting	25,000	25,000	27,819	(2,819)
Dues and subscriptions	5,000	5,000	-	5,000
Insurance and bonds	5,000	5,000	-	5,000
Legal	10,000	10,000	155,036	(145,036)
Support services	70,000	70,000	39,034	30,966
Other expenditures	7,500	7,500	-	7,500
Capital outlay	2,150,000	5,797,500	5,830,000	(32,500)
Contingency reserve	-	277,470	-	277,470
Total expenditures	<u>2,275,030</u>	<u>6,200,000</u>	<u>6,147,374</u>	<u>52,626</u>
Net change in fund balance	4,246,376	321,406	151,499	(169,907)
Fund balances - beginning	25,500	32,500	32,500	-
Fund balances - ending	<u>\$ 4,271,876</u>	<u>\$ 353,906</u>	<u>\$ 183,999</u>	<u>\$ (169,907)</u>

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

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – DEFINITION OF REPORTING ENTITY

Platte River Metropolitan District (the District) is a quasi-municipal corporation and political subdivision of the State of Colorado was organized on January 8, 2020 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located entirely in Weld County, Colorado (the County).

The District was established to finance the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of public improvements and to provide water on a wholesale basis to other governments or entities that provide water to individual users and to provide maintenance of the public improvements.

The District has no employees, and all operations and administrative functions are contracted. The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities.

These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds, notes and developer advances are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred, or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the 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 the general fund on its basis of accounting unless otherwise indicated. During the year ended December 31, 2021, a budget appropriation was made which increased budgeted expenditures from \$2,275,030 to \$6,200,000.

Assets, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position

Cash Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. As of December 31, 2021, the District had no investments.

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 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 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 taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include only water storage purchases as of December 31, 2021, are reported as a governmental activity in the government-wide financial statements.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Such assets are recorded as acquisition value or estimated acquisition value if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. It is the District's policy to capitalize those assets with a cost or value of \$5,000 or more.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District, with the exception of certain landscaping improvements (e.g. trees, sod, and similar items), are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. As of December 31, 2021, the District has no capital assets which are incurring depreciation expense.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Deferred Inflows of Resources

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

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact. At December 31, 2021, the District had \$186,797 reported as nonspendable due to prepaid items as of December 31, 2021.

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Colorado Constitution. A total of \$189,000 of the General Fund balance has been restricted in compliance with this requirement.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose. At December 31, 2021, the General Fund had a negative unassigned fund balance of \$191,798, which is a result of nonspendable and restricted items previously outlined.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report up to three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

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

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2021, are classified in the accompanying statement of net position as follows:

Cash and cash equivalents - unrestricted	\$ 62,824
Total cash and cash equivalents	<u>\$ 62,824</u>

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

Deposits with financial institutions	\$ 62,824
Total cash deposits	<u>\$ 62,824</u>

Cash Deposits

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

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

At December 31, 2021, the District's cash deposits had a bank balance of \$63,714.

Investments

As of December 31, 2021, the District did not have any investments.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021, follows:

	Balances December 31, 2020	Additions	Deletions	Balances December 31, 2021
Capital assets, not being depreciated				
Water storage	\$ -	\$ 5,830,000	\$ -	\$ 5,830,000
Total	\$ -	\$ 5,830,000	\$ -	\$ 5,830,000

During the year ended December 31, 2021, all capital asset additions were related to the purchase of water storage. As of December 31, 2021, the District has no depreciation expense.

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2021:

	Balances December 31, 2020	Additions	Deletions	Balances December 31, 2021	Due In One Year
Direct Placement Advances:					
Developer advances - Principal	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -
Total	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -

The detail of the District's long-term obligations is as follows:

Advances and Reimbursement Agreements – 70 Ranch, LLC.

The District entered into an advance and reimbursement agreement with 70 Ranch, LLC on January 9, 2020. The agreement establishes the terms and conditions for reimbursing operations and maintenance costs. The District shall reimburse 70 Ranch, LLC for the advances together with interest at the rate of 7% per annum on such sums advanced. The District shall make payment for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. At December 31, 2021, the District owed 70 Ranch, LLC \$50,000 in principal and \$5,399 in accrued interest.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

At December 31, 2021, the District had authorized but unissued indebtedness from these elections in the following amounts allocated for the following purposes:

	Total Authorized	Remaining at December 31, 2021
Street improvements	\$ 200,000,000	\$ 200,000,000
Parks and recreation facilities	200,000,000	200,000,000
Water supply improvements	200,000,000	200,000,000
Sanitary sewer system	200,000,000	200,000,000
Transportation improvements	200,000,000	200,000,000
Mosquito control	200,000,000	200,000,000
Safety protection	200,000,000	200,000,000
Television relay and translation	200,000,000	200,000,000
Security	200,000,000	200,000,000
Operations and maintenance	200,000,000	200,000,000
Refunding debt	200,000,000	200,000,000
Total	<u>\$ 2,200,000,000</u>	<u>\$ 2,200,000,000</u>

NOTE 6 – NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets that will be owned by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2021, the net investment in capital asset balance was \$5,780,000.

Restricted net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or as imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2021, consists of \$189,000 for emergency reserves.

As of December 31, 2021, the District had a deficit unrestricted balance of \$10,400 and total net position of \$5,958,600. The deficit unrestricted balance is a result of amounts that reported as net investments in capital assets and restricted net position.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 – RELATED PARTIES

Members of the Board of Directors of the District are employees of, owners of, or otherwise associated with 70 Ranch, LLC, the Bromley Companies, and/or United Milliken Reservoir Enterprise, LLC, (referred to herein as the Affiliates) and may have conflicts of interest in dealing with the District. Specific details of transactions with the Affiliates regarding the organization, advances, and debt are described elsewhere in these notes.

NOTE 8 – INFRASTRUCTURE AGREEMENTS

Infrastructure Acquisition Agreement between the District and 70 Ranch, LLC.

Effective January 9, 2020, the District and 70 Ranch, LLC entered into an Infrastructure Acquisition Agreement whereas the parties acknowledge that the District has required 70 Ranch, LLC to design and construct certain improvements on behalf of the District with the understanding that the District would acquire such improvements from 70 Ranch, LLC.

Under the agreement, the District shall make payment for the improvements, subject to annual appropriation and budget approval by the Board, from funds available within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District.

Payments by the District shall be applied first to interest on, then to principal of the purchase price. This reimbursement obligation is subordinate to any bonded indebtedness of the District.

In general, the 70 Ranch, LLC shall construct the improvements as described in the District's service plan, for the benefit of the District and the property, anticipating that the District or another governmental entity will acquire such improvements from the District.

Street Improvements – 70 Ranch may provide for the acquisition, construction, relocation, completion and installation of both on-site and offsite street improvements, including but not limited to curbs, gutters, culverts, and other drainage facilities; alleys; sidewalks, bike paths and pedestrian ways; median islands; paving; parking facilities; lighting; grading; demolition; site clearing; erosion control; landscaping and irrigation, together with all necessary, incidental, and appurtenant facilities, land and easements, along with extensions of and improvements to said facilities within the boundaries of the District. All street improvements will be constructed in accordance with plans and specifications approved in advance by the municipality or county having jurisdiction, as applicable.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 – INFRASTRUCTURE AGREEMENTS (CONTINUED)

Traffic and Safety Signals – 70 Ranch may provide for the acquisition, construction, completion and installation of traffic and safety controls, systems and devices on streets and highways, including but not limited to signalization, signing and striping, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within the boundaries of the District. All traffic and safety improvements will be constructed in accordance with plans and specifications approved in advance by the municipality or county having jurisdiction, as applicable.

Storm Drainage Improvements – 70 Ranch may provide for the acquisition, construction, completion and installation of a local storm drainage system, which may include, but shall not be limited to, storm sewer, flood and surface drainage facilities and systems, including detention/retention ponds and associated irrigation facilities, and all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said system within the boundaries of the District. The storm drainage improvements will be designed and constructed in accordance with the standards and specifications of the municipality, county or other local authorities with applicable jurisdiction.

Sanitation Improvements – 70 Ranch may provide for the acquisition, construction, relocation, completion and installation of a local sanitary sewage collection and transmission system, which may include, but shall not be limited to, collection mains and laterals, transmission lines, and all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said system within the boundaries of the District. The sanitation improvements will be designed and constructed in accordance with all applicable requirements of the Colorado Department of Public Health and Environment, the county, and all other governmental entities having jurisdiction.

Park and Recreation Improvements – 70 Ranch may provide for the design, acquisition, construction, completion and installation of parks and recreational facilities, including, but not limited to, pedestrian plazas, parks, bike paths and pedestrian ways, open space, landscaping, recreational facilities, irrigation facilities, and all necessary, incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within the boundaries of the District.

Water Improvements – 70 Ranch may provide for the acquisition, construction, relocation, completion and installation of a potable and non-potable local water distribution system, which may include, but shall not be limited to, distribution mains and laterals, pressure reducing stations, wells, irrigation facilities, land and easements, and all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said system within the boundaries of the District.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – INFRASTRUCTURE AGREEMENTS (CONTINUED)

Under no circumstances shall 70 Ranch operate, construct, or maintain any private water service lines or laterals. The water improvements will be designed and constructed in accordance with all applicable requirements and specifications of the county, the Colorado Department of Public Health and Environment, and all other governmental entities having jurisdiction thereof.

NOTE 9 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers compensation coverage.

In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 10 – TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 – TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

On November 5, 2019, a majority of the District's electors authorized the District to collect, retain, and spend, the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, public improvement fees, development fees, impact fees, service charges, inspection charges, administrative charges, grants, gifts or any other fee, collected or received by the District during each fiscal year. Such amounts constitute a voter-approved revenue change and are to be collected, retained, and spent by the District without regard to any spending, revenue-raising, or other limitation contained in Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by section 29-1-301, C.R.S.

On November 2, 2021, a majority of the District's electors authorized the District to increase taxes annually or by such amounts necessary to pay the District's administration, operations, maintenance, and capital expenses, with property taxes levied in any year at a rate not more than 65.000 mills on all taxable property of the District to pay such expenses; as a voter-approved revenue change, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by section 29-1-301, C.R.S.

On November 2, 2021, a majority of the District's electors authorized the District to increase taxes annually or by such greater amount as necessary for the payment of such amounts due pursuant to one or more intergovernmental agreements or other contracts, by the imposition of ad valorem property taxes levied in any year at a rate of not more than 65.000 mills on all taxable property of the District to pay such expenses; as a voter-approved revenue change, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by section 29-1-301, C.R.S.

OTHER INFORMATION

PLATTE RIVER METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY,
AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021

Year ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2021	\$ 93,956,320	65.455	\$ 6,149,911	\$ 5,987,503	97.36%

Estimated for the year
ending December 31,
2022

\$ 137,862,010	65.455	9,023,758
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Note:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.