

PLATTE RIVER METROPOLITAN DISTRICT
Weld County, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Platte River Metropolitan District
Weld County, Colorado

Opinions

We have audited the accompanying 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, 2023, 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 the major fund of the District, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America required that the general fund budgetary comparison schedule be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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

Greenwood Village, Colorado
April 24, 2024

BASIC FINANCIAL STATEMENTS

PLATTE RIVER METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and investments - unrestricted	\$ 635,233
Property taxes receivable	16,784,738
Due from county treasurer	37,707
Prepaid items	2,671
Capital assets, net of depreciation	8,662,850
Total Assets	<u>26,123,199</u>
<u>Liabilities</u>	
Accounts payable	29,178
Accrued interest	657,073
Noncurrent liabilities:	
Due in more than one year	82,765,430
Total Liabilities	<u>83,451,681</u>
<u>Deferred Inflows of Resources</u>	
Unavailable property taxes	16,784,738
Total Deferred Inflows of Resources	<u>16,784,738</u>
<u>Net Position</u>	
Net investment in capital assets	8,662,850
Restricted	
Emergencies	476,000
Unrestricted	(83,252,070)
Total Net Position	<u>\$ (74,113,220)</u>

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

PLATTE RIVER METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Program Revenues				Net (Expense)
			Operating	Capital Grants	Revenue and
	Expenses	Charges for	Grants and	and	Changes in
		Services	Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities:					
General government	\$ 58,515,802	\$ -	\$ -	\$ -	\$ (58,515,802)
Interest and expenses on long-term debt	2,968,835	-	-	-	(2,968,835)
Total Governmental Activities	<u>\$ 61,484,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(61,484,637)</u>
GENERAL REVENUES:					
Property taxes					12,356,085
Specific ownership taxes					525,957
Intergovernmental					2,996,278
Investment earnings					4,431
Total General revenues					<u>15,882,751</u>
Change in net position					(45,601,886)
Net Position, Beginning					<u>(28,511,334)</u>
Net Position, Ending					<u>\$ (74,113,220)</u>

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

PLATTE RIVER METROPOLITAN DISTRICT
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2023

	<u>General Fund</u>
<u>Assets</u>	
Cash and investments - unrestricted	\$ 635,233
Property taxes receivable	16,784,738
Receivable from county treasurer	37,707
Prepaid items	2,671
Total Assets	<u>\$ 17,460,349</u>
<u>Liabilities, deferred inflows of resources</u> <u>and fund balance</u>	
Liabilities:	
Accounts payable	\$ 29,178
Total Liabilities	<u>29,178</u>
Deferred inflows of resources:	
Unavailable property taxes	16,784,738
Total Deferred Inflows of Resources	<u>16,784,738</u>
Fund balance:	
Nonspendable	
Prepaid items	2,671
Restricted	
Emergencies	476,000
Assigned	
Subsequent years budget	167,762
Total Fund Balance	<u>646,433</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 17,460,349</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, 2023

Total fund balance, governmental fund	\$ 646,433
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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.	8,662,850
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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.

Bonds payable and bond discount	(82,765,430)
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Accrued interest on long-term debt	(657,073)
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Total net position of governmental activities	<u>\$ (74,113,220)</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
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>
<u>Revenues</u>	
Taxes:	
Property taxes	\$ 12,356,085
Specific ownership taxes	525,957
Intergovernmental	2,996,278
Earnings on investments	4,431
Total revenues	<u>15,882,751</u>
<u>Expenditures</u>	
Current:	
Accounting	75,494
Auditing	9,000
Consulting	125,696
County treasury fees	185,341
District management	168,386
Dues and subscriptions	1,733
Insurance and bonds	2,076
Intergovernmental	57,836,642
Legal	111,434
Capital outlay	2,832,850
Debt service:	
Principal	1,738,567
Interest and fiscal charges	1,191,623
Bond issuance costs	1,438,818
Total expenditures	<u>65,717,660</u>
Excess (deficiency) of revenues over (under) expenditures	 (49,834,909)
<u>Other Financing Sources (Uses)</u>	
Bond proceeds	<u>43,963,745</u>
Total other financing sources	<u>43,963,745</u>
Net change in fund balance	(5,871,164)
Fund balance - beginning	<u>6,517,597</u>
Fund balance - ending	<u><u>\$ 646,433</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, 2023

Net change in fund balance - total governmental fund: \$ (5,871,164)

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

Capital outlays to purchase or construct capital assets are reported in the governmental fund as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay 2,832,850

The issuance of long-term debt provides current financial resources to fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental fund. Neither transaction, however, has any effect on net position.

Bond proceeds (43,963,745)

Principal payments 1,738,567

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 (338,394)

Change in net position of governmental activities \$ (45,601,886)

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (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 and amortization 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 is due. 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, 2023

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 and other financing sources 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. Subsequent to December 31, 2023, a budget appropriation was made by the District for \$607,660 for the General Fund.

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. Investments are reported 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 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 as of December 31, 2023, are reported as a governmental activity in the government-wide financial statements.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (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, 2023, the District has no capital assets which are incurring depreciation expense.

Long-Term Obligations

In the fund financial statements, the governmental fund recognizes bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures during the current period.

In the government-wide financial statements, original bond issue discounts are amortized over the term of the bonds using the effective interest rate method.

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.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 portion 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 authority.

Unassigned fund balance – amounts that are available for any purpose.

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:

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (continued)

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.

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.

Current Year GASB Pronouncement

For the year ended December 31, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which provides guidance on the accounting and financial reporting for SBITAs for governments. The implementation of the new standard had no impact on the District's net position as of December 31, 2023.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying statement of net position as follows:

Cash and investments - unrestricted	\$ 635,233
Total cash and investments	<u>\$ 635,233</u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with financial institutions	\$ 623,243
Investments	11,990
Total cash and investments	<u>\$ 635,233</u>

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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, 2023, the District's cash deposits had a bank balance and carrying balance of \$623,243.

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 noted with an asterisk (*) 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 requirement. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governmental may invest, which include:

- Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligations and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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

Local Government Investment Pool

The District invested \$11,990 in CSAFE, a local government investment pool. CSAFE Cash pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. The pool maintains a stable \$1 per share. A designated custodial bank provides safekeeping and depository services. CSAFE Cash is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balances December 31, 2022	Additions	Deletions	Balances December 31, 2023
Capital assets, not being depreciated				
Water storage	\$ 5,830,000	\$ 2,832,850	\$ -	\$ 8,662,850
Total	<u>\$ 5,830,000</u>	<u>\$ 2,832,850</u>	<u>\$ -</u>	<u>\$ 8,662,850</u>

For the year ended December 31, 2023, the District had no depreciation expense.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

	Balances December 31, 2022	Additions	Deletions	Balances December 31, 2023	Due In One Year
Direct Placement Advances:					
Series 2023A					
Refunding Bonds	\$ -	\$ 39,555,000	\$ -	\$ 39,555,000	\$ -
Series 2023B					
Refunding Bonds	-	6,875,000	-	6,875,000	-
Series 2022, Special					
Obligation Bonds	40,540,252	-	1,738,567	38,801,685	-
Less deferred amounts					
premiums (discounts)	-	(2,466,255)	-	(2,466,255)	-
Total	<u>\$ 40,540,252</u>	<u>\$ 43,963,745</u>	<u>\$ 1,738,567</u>	<u>\$ 82,765,430</u>	<u>\$ -</u>

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

Special Obligation Bonds, Series 2022

On August 24, 2022, the District issued Special Obligation Bonds, Series 2022 in the principal amount of \$42,000,000. The Series 2022 Bonds were issued for the purpose of funding the Settlement Agreement.

The Series 2022 Bonds are payable solely from pledged revenue, which includes: (a) for tax year 2021 an amount equal to 30 percent of the property taxes paid by the bond holders to the District net of any costs of collection attributable to the 30 percent; (b) for tax years 2022 through 2027, an amount equal to 30 percent of the property taxes paid by the bond holders to the District, net of any costs of collection attributable pro rata to that 30 percent; (c) for tax years 2028 through 2040, an amount equal to 20 percent of the property taxes paid by the bond holders to the District, net of any costs of collection attributable pro rata to that 20 percent; and (d) for any tax years from 2021 through 2040, an amount equal to 100 percent of the property taxes paid by the bond holders to the District attributable to any mill levy imposed in excess of the maximum mill levy, net of any costs of collection attributable to that 100 percent.

The Series 2022 Bonds principal and interest are payable annually on October 15 in each year, at a rate of 3.75 percent, commencing on October 15, 2022. Significant events of default under the Series 2022 Bonds include (i) failure to deposit pledged revenue in the bond fund as required under the settlement agreement or failure to make any payment due on the Series 2022 Bonds when due; (ii) failure to perform any of its duties under the bond resolution; (iii) any representation or warranty of the District in connection with the Series 2022 Bonds or the settlement agreement which proves to be false or misleading in any material respect; and (iv) filing of a petition for bankruptcy.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Special Obligation Bonds, Series 2022 (continued)

The Series 2022 Bonds are cash flow bonds. The principal and interest payments in any fiscal year are dependent upon future property taxes generated from oil and gas production, which cannot be predicted with certainty. As a result, debt service requirements to maturity have not been included. As of December 31, 2023, the Series 2022 Bonds have principal outstanding of \$38,801,685 and accrued interest of \$305,912.

Limited Tax General Obligation Refunding Bonds, Series 2023A and 2023B

On October 24, 2023, the District issued Limited Tax General Obligation Refunding Bonds, Series 2023A in the principal amount of \$39,555,000 and Subordinate Limited Tax General Obligation Refunding Bonds, Series 2023B (the Bonds) in the principal amount of \$6,875,000, with a bond discount of \$2,466,255. The Bonds were issued for the purpose of refunding the Weld Adams Water Development Authority's Series 2023 Bonds.

The Series 2023A Senior Bonds are payable solely from and to the extent of certain revenues and funds comprising the Senior Trust Estate, including: (i) the Senior Pledged Revenue; and (ii) amounts on deposit from time to time in the Senior Bond Fund and the Senior Surplus Redemption Fund. Senior Pledged Revenue is expected to be comprised primarily of the revenue to be derived from the Senior Required Mill Levy is 65 mills less the following exclusions: (a) for tax year 2023 – 2027, the amount of the District's ad valorem property tax revenue required to reimburse 30% of the net ad valorem property tax revenue collected from Civitas Resources, Inc. (Civitas) and Noble Energy, Inc. (Chevron) for taxes attributable to any portion of the 70 Ranch Property to accounts established under the Settlement and Release Agreement dated August 24, 2022 between, among others, the District, Civitas, and Chevron and the ad valorem property tax revenue collected by the District as a result of the imposition of 8 mills on the property within the District to be used for administrative expenses; (b) for tax year 2028 – 2024, the amount of the District's ad valorem property tax revenue required to reimburse 20% of the net ad valorem property tax revenue collected from Civitas and Chevron for taxes attributable to any portion of the 70 Ranch Property to accounts established under the Settlement Agreement and the ad valorem property tax revenue collected by the District as a result of the imposition of 8 mills on the property with the District for administrative taxes; and (c) for tax years 2041 and later, the ad valorem property tax revenue collected by the District as a result of 8 mills of administrative taxes. Once all of the Series 2023A Senior Bonds are paid in full, all Senior pledged Revenues outlined above, will be used to pay the Series 2023B Subordinate Bonds.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Refunding Bonds, Series 2023A and 2023B (continued)

The Series 2023A Senior Bonds bear interest, payable semi-annually on February and August 1, at a rate of 6.50%.

The Series 2023B Subordinate Bonds accrue interest from the date of issuance until the Series 2023A Senior Bonds are paid in full at a rate of 9.0%. Payments of principal are payable annually on August 1 in each year for the Series 2023A Senior Bonds. Payments of principal on the Series 2023B Subordinate Bonds are not due until the Series 2023A Senior Bonds are paid in full which is expected to occur in 2028.

The Series 2023A Senior Bonds are subject to redemption prior to maturity at the option of the District, on August 1, 2029, and on any date thereafter, upon payment of par, accrued interest and a redemption premium of a percentage of the principal amount as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
August 1, 2029 to July 31, 2030	3.00%
August 1, 2030 to July 31, 2031	2.00%
August 1, 2031 to July 31, 2032	1.00%
August 1, 2032 and thereafter	0.00%

Significant events of default under the Series 2023A Senior Bonds and Series 2023B Subordinate Bonds include (i) failure to impose required mill levy or apply required pledged revenues; (ii) failure to meet financial or custodial agreement covenants; and (iii) filing of a petition for bankruptcy.

The Series 2023A and 2023B Bonds are cash flow bonds. The principal and interest payments in any fiscal year are dependent upon future property taxes generated from oil and gas production, which cannot be predicted with certainty. As a result, debt service requirements to maturity have not been included. As of December 31, 2023, the Series 2023A and 2023B Bonds have principal outstanding of \$46,430,000 and accrued interest of \$351,161.

Authorized Debt

At December 31, 2023, the District had authorized but unissued indebtedness from these elections in the following amounts allocated for the following purposes:

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (continued)

	Total Authorized	Remaining at December 31, 2023
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	157,870,000
Refunding debt	200,000,000	153,700,000
Total	<u>\$ 2,200,000,000</u>	<u>\$ 2,111,570,000</u>

The District's service plan limits the District's authorized debt to \$200,000,000 of which \$111,570,000 is remaining as of December 31, 2023.

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.

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, 2023, consists of emergency reserves.

As of December 31, 2023, the District had a deficit unrestricted balance of \$83,252,070 and total deficit net position of \$74,113,220. The deficit unrestricted balance is a result of bonds issued during the current year.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 pursuant to which 70 Ranch, LLC may design and construct certain improvements on behalf of the District with the understanding that the District will acquire such improvements from 70 Ranch, LLC. There were no outstanding advances or unpaid reimbursements under the Infrastructure Acquisition Agreement on December 31, 2023.

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.

Improvements will consist of street improvements, traffic and safety signals, storm drainage improvements, sanitation improvements, park and recreation improvements, and water improvements.

Under no circumstances shall 70 Ranch, LLC 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.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

Under TABOR, 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.

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.

PLATTE RIVER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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 as adjusted for changes in the method of calculating assessed valuation after January 1, 2019, 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.

For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%. Due to changes in the method of calculating assessed valuation, the board determined to increase the mill levy limitation to 65.455 mills, pursuant to the service plan.

REQUIRED SUPPLEMENTARY INFORMATION

PLATTE RIVER METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Taxes:				
Property taxes	\$ 12,367,669	\$ 12,367,669	\$ 12,356,085	\$ (11,584)
Specific ownership taxes	742,060	742,060	525,957	(216,103)
Intergovernmental revenue	1,150,000	1,150,000	2,996,278	1,846,278
Earnings on investments	6,000	6,000	4,431	(1,569)
Other revenue	320	320	-	(320)
Total revenues	<u>14,266,049</u>	<u>14,266,049</u>	<u>15,882,751</u>	<u>1,616,702</u>
<u>Expenditures</u>				
Current:				
Accounting	35,000	80,000	75,494	4,506
Auditing	8,500	11,000	9,000	2,000
Consulting	35,000	155,000	125,696	29,304
County treasury fees	185,515	186,000	185,341	659
Director's fees	3,000	3,000	-	3,000
District management	55,000	140,000	168,386	(28,386)
Dues and subscriptions	2,000	3,000	1,733	1,267
Insurance and bonds	2,000	5,000	2,076	2,924
Intergovernmental	10,550,000	54,700,000	57,836,642	(3,136,642)
Legal	110,000	120,000	111,434	8,566
Support services	40,000	40,000	-	40,000
Other expenditures	2,638	57,000	-	57,000
Capital outlay	-	3,000,000	2,832,850	167,150
Contingency	-	2,277,660	-	2,277,660
Debt service:				
Principal	2,447,408	1,740,000	1,738,567	1,433
Interest	1,465,756	1,200,000	1,191,623	8,377
Bond issuance costs	-	2,000,000	1,438,818	561,182
Total expenditures	<u>14,941,817</u>	<u>65,717,660</u>	<u>65,717,660</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(675,768)	(51,451,611)	(49,834,909)	1,616,702
<u>Other Financing Sources (Uses)</u>				
Bond proceeds	-	48,524,902	43,963,745	(4,561,157)
Total other financing sources	<u>-</u>	<u>48,524,902</u>	<u>43,963,745</u>	<u>(4,561,157)</u>
Net change in fund balance	(675,768)	(2,926,709)	(5,871,164)	(2,944,455)
Fund balances - beginning	<u>2,139,192</u>	<u>6,517,597</u>	<u>6,517,597</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,463,424</u>	<u>\$ 3,590,888</u>	<u>\$ 646,433</u>	<u>\$ (2,944,455)</u>

See accompanying Independent Auditors' Report.

OTHER INFORMATION

PLATTE RIVER METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY,
AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

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	\$ 12,356,085	200.91%
2022	137,862,010	65.455	9,023,758	9,023,761	100.00%
2023	188,949,180	65.455	12,367,669	12,356,085	99.91%
Estimated for the year ending December 31, 2024	\$ 256,431,720	65.455	\$ 16,784,738		

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.