

September 28, 2023

**POLO RESERVE METROPOLITAN DISTRICT**  
**2022 ANNUAL REPORT**

**FOR FILING WITH THE COLORADO STATE AUDITOR, DIVISION OF LOCAL  
GOVERNMENT, AND ARAPAHOE COUNTY CLERK AND RECORDER**

The following shall constitute the mandatory 2022 Annual Report for Polo Reserve Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado and duly organized and existing special district organized pursuant to Title 32, Article 1, Colorado Revised Statutes (the "District").

**BOUNDARY CHANGES**

The District's boundaries were adjusted in 2022 to include 1 Thoroughbred Lane, as reflected in the boundary map attached hereto as Exhibit A.

**INTERGOVERNMENTAL AGREEMENTS**

1. Town of Columbine Valley  
Memorandum of Water Lease dated February 12, 2003  
Term: 30 years
2. City of Littleton  
Lease dated September 17, 2014 for certain property for purposes of operating and maintaining a polo practice field  
Term: Until September 27, 2034

**RULES & REGULATIONS**

No rules or regulations were adopted by the District's Board of Directors in 2022.

**LITIGATION**

As of December 31, 2022, there is no active or pending litigation against the District.

**CONSTRUCTION OF PUBLIC IMPROVEMENTS**

None.

**FACILITIES/IMPROVEMENTS CONSTRUCTED AND CONVEYED OR DEDICATED TO  
COUNTY OR MUNICIPALITY**

None.

**FINAL ASSESSED VALUATION OF THE DISTRICT AS OF DECEMBER 31, 2022**

The final assessed valuation of the District as of December 31, 2022 is \$7,040,204.

**2023 BUDGET**

A copy of the District's 2023 budget is attached hereto as Exhibit B.

**AUDITED FINANCIAL STATEMENT/APPLICATION FOR EXEMPTION FROM AUDIT**

A copy of the District's 2022 audited financial statement is attached hereto as Exhibit C.

**DEFAULTS IN OBLIGATIONS**

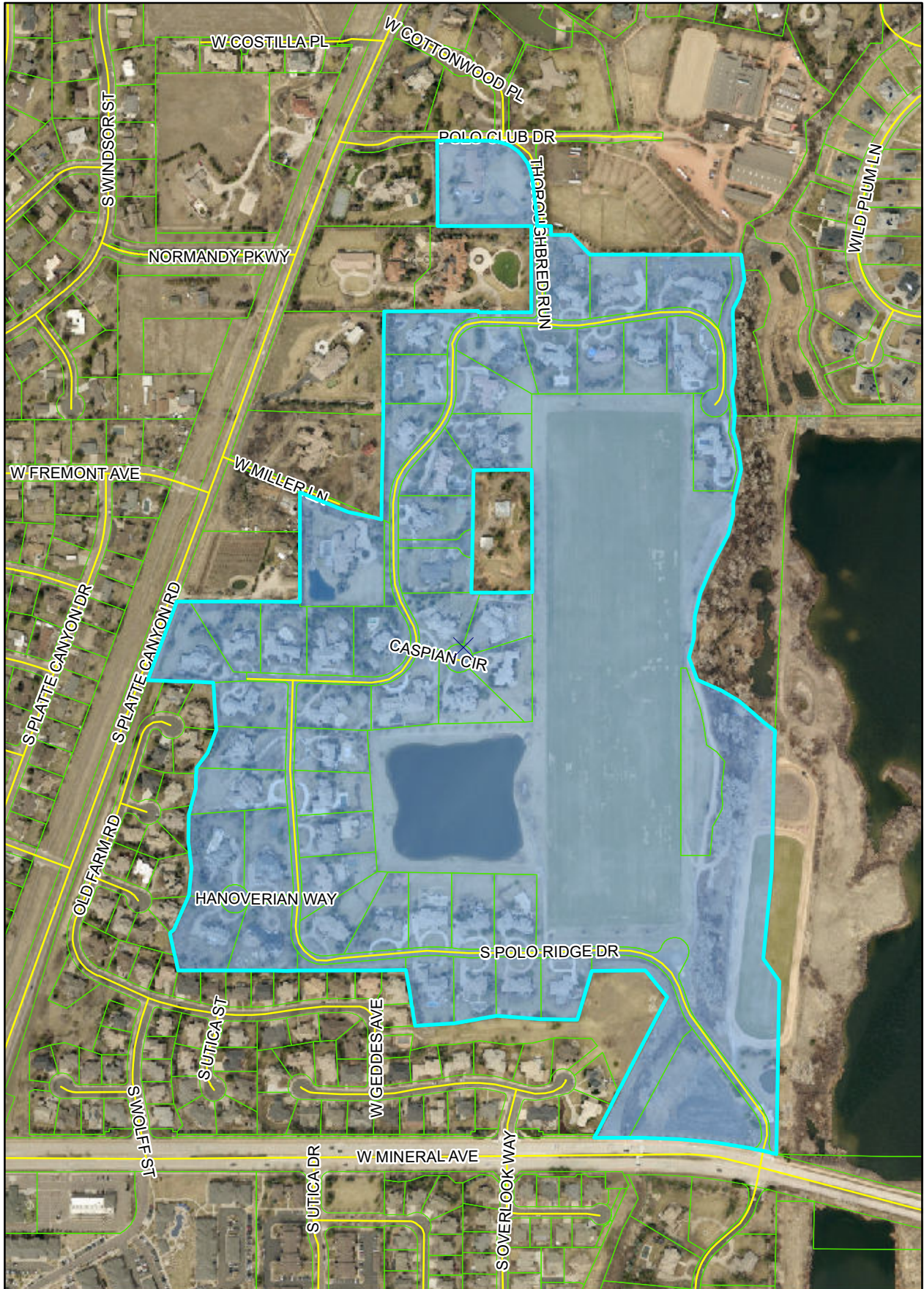
None.

**UNPAID OBLIGATIONS (PAST 90 DAYS)**

None.

**EXHIBIT A**  
**BOUNDARY MAP**

# Polo Reserve Metropolitan District



**ARAPAHOE COUNTY**  
PUBLIC WORKS & DEVELOPMENT

General Disclaimer:

Arapahoe County Makes No Representation Or Warranty As To The Accuracy Of This Base Map. And Assumes No Responsibility Or Liability To Any User. This Base Map Is Not A Legal Document . It Is Intended To Serve As An Aid In Graphic Representation Only.



**EXHIBIT B**  
**2023 BUDGET**

**CERTIFICATION OF BUDGET**

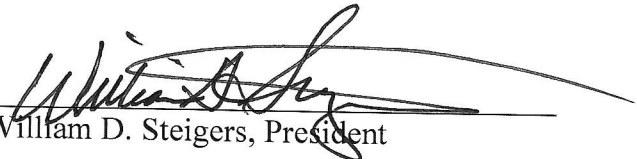
**TO: THE DIVISION OF LOCAL GOVERNMENT  
Department of Local Affairs  
1313 Sherman Street, Room 520  
Denver, Colorado 80203**

This is to certify that the budget, as attached hereto, is a true and accurate copy of the budget for the Polo Reserve Metropolitan District, City of Littleton, County of Arapahoe, Colorado, for the budget year beginning January 1, 2023 and ending December 31, 2023, as adopted by the Board of Directors on November 29, 2022.

Adopted on the 29<sup>th</sup> day of November, 2022.

POLO RESERVE METROPOLITAN  
DISTRICT

By:

  
William D. Steigers, President

**ADOPTED 2023 BUDGET**

**POLO RESERVE**

**METROPOLITAN DISTRICT**

**CITY OF LITTLETON**

**COUNTY OF ARAPAHOE, COLORADO**



# **POLO RESERVE METROPOLITAN DISTRICT**

## **2023 BUDGET MESSAGE**

The Polo Reserve Metropolitan District was organized in December 2002 for the purpose of financing the acquisition of certain recreational improvements, specifically polo fields within the Polo Reserve community and to provide for the ongoing maintenance of those recreation improvements. The District is authorized to and has acquired water rights for the non-potable irrigation of the polo fields and other areas within the Polo Reserve community. The District also has street services authority, but has not exercised those powers because the roads in the community are privately owned by the Homeowners' Association. In 2003, the District issued \$1,555,000 in limited tax general obligation bonds to finance the acquisition of the polo fields. In 2021, the District paid their general obligation bonds in full.

### **Revenue**

The primary source of revenue for the District in 2023 is anticipated to come from property tax revenue, specific ownership taxes and certain other miscellaneous revenues. For 2023, the District anticipates imposing a property tax mill levy of 11.079 for operation and maintenance and 0.323 in refunds and abatements. The District's debt was paid in full in 2021 and, therefore, will not impose a property tax mill levy for debt service.

### **Administrative Expenses**

Administrative expenses are anticipated for legal accounting and management services. Operational expenses are primarily for the operation and maintenance of the polo fields and the related irrigation system, including the District's water pump station.

### **Accounting Method**

The District prepares its budget on the modified accrual basis of accounting.

### **Lease Purchase Agreements**

The District has not entered into, nor does it contemplate entering into any lease purchase agreements during 2023.



**POLO RESERVE METROPOLITAN DISTRICT - 2023 BUDGET**

	GENERAL OPERATING FUND		
	ACTUAL 2021	ESTIMATED 2022	ADOPTED BUDGET 2023
Beginning Fund Balance	\$387,438	\$298,741	\$267,378
<b>REVENUE</b>			
Annual Fee (Fees in Lieu of Taxes)	\$10,516	\$4,172	\$4,172
J5 Annual Fee	15,339	9,000	9,000
J5 Reimbursements	26,066		
Last Change Ditch - Lake Management	0	0	1,792
Irrigation Pump Station			0
Electrical		6,812	9,416
Landscape		0	0
Repairs		3,246	3,664
Sprinkler		5,253	7,421
Water		3,067	4,044
Other		437	278
HOA Reimbursements	25,430		
Last Change Ditch - Lake Management	0	0	2,239
Irrigation Pump Station		0	0
HOA Electrical		9,062	11,770
HOA Landscape and Contract		6,532	7,073
HOA Pump		4,058	4,580
HOA Sprinkler		6,674	9,277
HOA Other		547	347
Interest income	316	96	96
Polo Classic Fee	0	15,339	15,339
Town of Columbine Reimbursement	0	938	975
Property Tax Revenue - Operating	77,756	75,789	80,272
Specific Ownership Tax	14,699	5,110	6,555
Miscellaneous	1,743	457	0
<b>TOTAL REVENUE</b>	<b>\$171,865</b>	<b>\$156,589</b>	<b>\$178,310</b>
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$559,303</b>	<b>\$455,330</b>	<b>\$445,688</b>
<b>EXPENDITURES</b>			
Operations:			
Contingency		\$0	\$0
Reserve Study - ASR	0	\$0	\$0
Electric Charges	21,399	21,756	23,540
Landscape Contract	68,224	65,370	70,730
Landscape Maintenance	17,046	6,915	0
Miscellaneous Repairs/On-Call Engineering	0	9,577	479
Solitude Lake Management		0	4,000
Pump Repairs		9,106	9,853
Sprinkler Repairs		17,147	18,553
Water		3,737	4,044
Administrative:			
Audit and accounting	13,281	5,100	5,304
Bank Service Charges	1,551	110	114
Bookkeeping		9,320	9,693
Dues/Election		406	5,000
Insurance	4,091	4,102	4,266
Landscape Administration		0	0
Legal Fees	17,577	24,758	25,748
Office Expense		126	131
Treasurer's fees	1,168	1,102	1,102
Interest Expense		735	0
Transfer to Debt Service Fund	116,225	0	0
Capital Improvements	0	0	0
Contingency	0	8,585	0
<b>TOTAL EXPENDITURES</b>	<b>\$260,562</b>	<b>\$187,952</b>	<b>\$182,557</b>
<b>ENDING FUND BALANCE</b>	<b>\$298,741</b>	<b>\$267,378</b>	<b>\$263,131</b>

**DEBT SERVICE FUND**

	<b>ACTUAL 2021</b>	<b>ESTIMATED 2022</b>	<b>ADOPTED BUDGET 2023</b>
Beginning Fund Balance	-1,143	0	\$0
<b><u>REVENUE</u></b>			
Property Tax Revenues	\$134,901	\$0	\$0
Transfer from General Fund	116,225	\$0	\$0
<b>TOTAL REVENUE</b>	<b>\$251,126</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$249,983</b>	<b>\$0</b>	<b>\$0</b>
<b><u>EXPENSES</u></b>			
Bond Interest	\$7,957	\$0	\$0
Bond Principal	240,000	0	0
Treasurer's Fee	2,026	0	0
<b>TOTAL EXPENSES</b>	<b>249,983</b>	<b>0</b>	<b>0</b>
<b>ENDING FUND BALANCE</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>

**RESOLUTION 2022-11-2**

**POLO RESERVE METROPOLITAN DISTRICT**  
**CITY OF LITTLETON, COUNTY OF ARAPAHOE, COLORADO**

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**A RESOLUTION SUMMARIZING THE EXPENDITURES AND REVENUES AND ADOPTING A BUDGET FOR THE POLO RESERVE METROPOLITAN DISTRICT, CITY OF LITTLETON, COUNTY OF ARAPAHOE, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2023 AND ENDING ON THE LAST DAY OF DECEMBER 2023**

---

**WHEREAS**, the Board of Directors of the Polo Reserve Metropolitan District appointed Glenn C. Lee, the District's Treasurer, to prepare and submit a proposed budget to said governing body at the proper time; and

**WHEREAS**, Glenn C. Lee submitted a proposed budget to the Board of Directors of the Polo Reserve Metropolitan District on or before October 15, 2022 for its consideration; and

**WHEREAS**, upon due and proper notice, published in accordance with law, a hearing was held on said proposed budget on Tuesday, November 29, 2022; and

**WHEREAS**, the proposed budget has been prepared to comply with all terms, limitations and exemptions, including but not limited to reserve transfers and expenditure exemptions under Article X, Section 20, of the Colorado Constitution, and other laws or obligations which are applicable to or binding upon the District; and

**WHEREAS**, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains balanced, as required by law.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Polo Reserve Metropolitan District, City of Littleton, County of Arapahoe, Colorado:

**Section 1.** That the estimated expenditures for each fund for the calendar year beginning on the first day of January 2023, and ending on the last day of December 2023, are as follows:

<b>General Fund:</b>	
Operation and Maintenance	\$182,557
<b>Debt Service Fund:</b>	\$ 0
<b>Total Expenditures</b>	<b>\$182,557</b>

**Section 2.** That the estimated revenues for each fund for the calendar year beginning on the first day of January 2023, and ending on the last day of December 2023, are as follows:

<b>General Fund:</b>	
From Reserve Fund Balance	\$ 4,247
From sources other than general property tax revenue	\$ 98,038
From general property tax revenue	\$ 80,272
From tax refund/abatements	\$ 0
<b>Total General Fund Revenues:</b>	<b>\$182,557</b>

<b>Debt Service Fund:</b>	
From Reserve Fund Balance	\$ 0
From sources other than general property tax revenue	\$ 0
From general property tax revenue	\$ 0
<b>Total Debt Service Fund Revenue:</b>	<b>\$ 0</b>

<b>Total General Fund and Debt Service Revenue</b>	<b>\$182,557</b>
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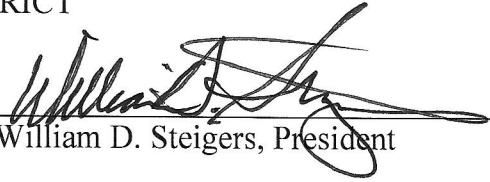
**Section 3.** That the budget, as submitted, amended, and herein summarized by fund, be and the same hereby is, approved and adopted as the budget of the Polo Reserve Metropolitan District for the calendar year 2023.

**Section 4.** That the budget, as herein above approved and adopted, shall be a part of the public record of the Polo Reserve Metropolitan District, a copy of which is attached hereto as Exhibit "A", and shall be certified by the treasurer, secretary or president of the District to all appropriate agencies.


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Adopted this 29<sup>th</sup> day of November, 2022.

POLO RESERVE METROPOLITAN  
DISTRICT

By:   
William D. Steigers, President

Attest:

  
Sandor Weiss, Secretary

**RESOLUTION 2022-11-3**

**POLO RESERVE METROPOLITAN DISTRICT**  
**CITY OF LITTLETON, COUNTY OF ARAPAHOE, COLORADO**

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**A RESOLUTION APPROPRIATING SUMS OF MONEY FOR THE POLO RESERVE METROPOLITAN DISTRICT IN THE AMOUNT AND FOR THE PURPOSES SET FORTH BELOW FOR THE 2023 BUDGET**

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**WHEREAS**, the Board of Directors of the Polo Reserve Metropolitan District adopted the annual budget for 2023 prior to certification of the mill levy; and

**WHEREAS**, the Board of Directors of the Polo Reserve Metropolitan District has made provision in the budget for revenues in an amount equal to or greater than the total proposed expenditures as set forth therein; and

**WHEREAS** it is not only required by law but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operation of the Polo Reserve Metropolitan District for calendar year 2023.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Polo Reserve Metropolitan District, City of Littleton, County of Arapahoe, Colorado, as follows:

**Section 1.** That the following sums of money are hereby appropriated from the revenues of each fund and for the purposes set forth below:


<b>General Fund:</b>	
Operation and Maintenance	\$182,557
<b>Debt Service Fund:</b>	\$ 0
<b>Total Expenditures</b>	<u>\$182,557</u>

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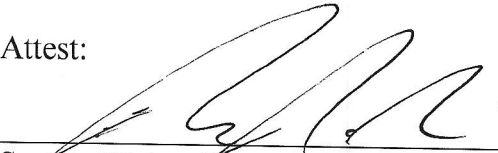
Adopted this 29<sup>th</sup> day of November, 2022.

POLO RESERVE METROPOLITAN  
DISTRICT

By:

  
\_\_\_\_\_  
William D. Steigers, President

Attest:

  
\_\_\_\_\_  
Sandor Weiss, Secretary



**RESOLUTION 2022-11-4**

**POLO RESERVE METROPOLITAN DISTRICT**  
**CITY OF LITTLETON, COUNTY OF ARAPAHOE, COLORADO**

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**A RESOLUTION LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2022 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE POLO RESERVE METROPOLITAN DISTRICT, COUNTY OF ARAPAHOE, COLORADO FOR THE 2023 BUDGET YEAR.**

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**WHEREAS**, the Board of Directors of the Polo Reserve Metropolitan District, adopted the District's annual budget in accordance with the Colorado Local Government Law; and

**WHEREAS**, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$80,272; and

**WHEREAS**, the amount of money necessary to balance the budget for debt service purposes from general property tax revenue is \$0; and

**WHEREAS**, the 2022 valuation for assessment for the Polo Reserve Metropolitan District, as certified by the Arapahoe County Assessor, is \$7,040,204.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Polo Reserve Metropolitan District, City of Littleton, County of Arapahoe, Colorado as follows:

**Section 1.** That for the purpose of meeting all general operating, maintenance and contingency expenses of the Polo Reserve Metropolitan District during the 2023 budget year, there is hereby levied a tax of 11.402 mills (including 0.323 in refunds and abatements) upon each dollar of the total valuation for assessment of all taxable property within the Polo Reserve Metropolitan District to raise \$80,272 in revenue.

**Section 2.** That for debt service payments for the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar to raise \$0 in revenues.


**Section 3.** That the Secretary, Treasurer or President of the District is hereby authorized and directed to certify to the County Commissioners of Arapahoe County, Colorado the mill levies for the District as hereinabove determined and set, but as recalculated as necessary based upon the final certification of Assessed Valuation from Arapahoe County, Colorado in order to comply with any applicable revenue and other budgetary limits.

Adopted this 29<sup>th</sup> day of November, 2022.

POLO RESERVE METROPOLITAN  
DISTRICT

By:   
William D. Steigers, President

Attest:

  
Sandor Weiss, Secretary

**CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments**

**TO:** County Commissioners<sup>1</sup> of Arapahoe County, Colorado.

On behalf of the Polo Reserve Metropolitan District,

the Board of Directors

of the Polo Reserve Metropolitan District,  
(local government)<sup>C</sup>

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ 7,040,204 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)  
**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** December 13, 2022 for budget/fiscal year 2023.  
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

**PURPOSE** (see end notes for definitions and examples)

	<b>LEVY<sup>2</sup></b>	<b>REVENUE<sup>2</sup></b>
1. General Operating Expenses <sup>H</sup>	<u>11.079</u> mills	\$ <u>77,998</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<b>11.079</b> mills	<b>\$ 77.998</b>
3. General Obligation Bonds and Interest <sup>J</sup>	_____ mills	\$ _____
4. Contractual Obligations <sup>K</sup>	_____ mills	\$ _____
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	<u>.323</u> mills	\$ <u>2,274</u>
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<b>11.402</b> mills	<b>\$ 80,272</b>

Contact person: Timothy J. Flynn Daytime phone: (720) 617-0080  
(print)  
Signed:  Title: Attorney for the District

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.*

<sup>1</sup> If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.  
<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

**CERTIFICATION OF TAX LEVIES, continued**

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

**BONDS<sup>l</sup>:**

1. Purpose of Issue: N/A  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

2. Purpose of Issue: \_\_\_\_\_  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

**CONTRACTS<sup>k</sup>:**

3. Purpose of Contract: N/A  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Principal Amount: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

4. Purpose of Contract: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Principal Amount: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

**EXHIBIT C**

**2022 AUDIT**

**POLO RESERVE METROPOLITAN DISTRICT**  
**Arapahoe County, CO**

**FINANCIAL STATEMENTS**  
**December 31, 2022**

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# Green & Associates LLC

Certified Public Accountants & Business Consultants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Polo Reserve Metropolitan District

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Polo Reserve Metropolitan District as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Polo Reserve Metropolitan 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 Polo Reserve Metropolitan District as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control 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 Polo Reserve Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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, including omissions, 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.

PO Box 865  
Longmont, CO 80502

Green & Associates • LLC

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[www.GreenCPAfirm.com](http://www.GreenCPAfirm.com)

Certified Public Accountants & Business Consultants

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 of 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 Polo Reserve Metropolitan 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 Polo Reserve Metropolitan 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 Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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.



Longmont, Colorado  
May 31, 2023

## **Management's Discussion and Analysis**

# ***Polo Reserve Metropolitan District***

## **Management's Discussion and Analysis**

### **Introduction:**

Management's Discussion and Analysis is intended to provide the reader and user of our financial statements with a narrative overview of the District's financial activities. Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements and notes to the financial statements, beginning on page 7.

### **Overview of the Financial Statements of the District:**

The audited financial statements of the District are:

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Notes to the Financial Statements

The financial statements of the District are presented as a special purpose government entity engaged in government-type activities. These financial statements distinguish between the functions of the District that will be principally supported by taxes. The functions of the District include the provision of park and recreation services and non-potable irrigation water for the irrigation of the District's recreation improvements.

The **Statement of Net Position** prepared using the full accrual basis of accounting, provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

The **Statement of Activities** provides information about the components – Program Expenses, Program Revenue, General Revenue – of the District's annual operating activities and how those activities affected net position.

The **Balance Sheet – Governmental Funds** presents the financial position of the District's funds using the traditional government modified accrual method of accounting, which does not reflect capital assets and debt obligations.

The **Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds** presents the activities of the District's funds using the modified accrual method of accounting which includes expenditures for capital assets and debt service obligations. This method approximates the reporting on a cash basis and closely follows the budgetary method.

The two reconciliations, which accompany these governmental funds statements, provide explanations of the specific differences in these statements as compared to the Statement of Net position and the Statement of Activities.

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund** provides information comparing budgeted revenue and expenditure activities with the actual revenue and expenditure activities. When applicable, this will include a comparison of the originally approved budget with the final amended budget.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

**Condensed Comparative Financial Information:**

**Statement of Net Position**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current Assets			
Cash and cash equivalents	\$ 250,773	\$ 288,269	\$ 376,648
Other current assets	111,077	95,083	236,185
	<u>361,850</u>	<u>383,352</u>	<u>612,833</u>
Non Current Assets			
Capital assets – net	1,354,720	1,395,020	1,435,397
Total Assets	<u>1,716,570</u>	<u>1,778,372</u>	<u>2,048,230</u>
Current Liabilities	6,443	6,617	129,356
Non current liabilities	-	-	125,000
Total Liabilities	<u>6,443</u>	<u>6,617</u>	<u>254,356</u>
Deferred Inflows of Resources			
Deferred property taxes	80,272	77,994	213,282
Total Deferred Inflows of resources	<u>80,272</u>	<u>77,994</u>	<u>213,282</u>
Net Position			
Net investment in capital assets	1,354,720	1,395,020	1,195,397
Restricted	4,813	5,156	5,311
Unrestricted	270,322	293,585	379,884
Total Net Position	<u>\$ 1,629,855</u>	<u>\$ 1,693,761</u>	<u>\$ 1,580,592</u>

## Statement of Activities

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Program Expenses	\$ 223,237	\$ 190,403	\$ 255,143
Program Revenues	81,324	79,094	84,455
Net Program Revenue (Expense)	<u>(141,913)</u>	<u>(111,309)</u>	<u>(170,688)</u>
General Revenues	78,007	224,478	220,047
Change in Net Position	<u>(63,906)</u>	<u>113,169</u>	<u>49,359</u>
Net Position, Beginning of Year	1,693,761	1,580,592	1,531,233
Net Position, End of Year	<u>\$ 1,629,855</u>	<u>\$ 1,693,761</u>	<u>\$ 1,580,592</u>

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

### Discussion of Financial Position and Operating Activities

Net position at the end of December 2022 was \$1,629,855. This is from expenses that exceeded revenues by \$63,906.

The District restricted three percent (3%) of its non-debt service expenditures for emergencies in accordance with TABOR requirements. The District's total assets are comprised primarily of property taxes to be received in 2023, capital assets and cash.

The District's total liabilities are comprised primarily of its payables due in the normal course of operations. The District's deferred inflows of resources are comprised of deferred property taxes.

In 2022, program expenses exceeded program revenues by \$141,913. Net general revenues were \$78,007, which resulted in a decrease in net position. See page 8 of the accompanying Financial Statements for details of these revenues and expenses.

### Fund Discussion

The General Fund balance decreased from \$298,741 in 2021 to \$275,135 in 2022. The fund balance includes \$4,813 for emergencies in accordance with TABOR requirements and \$4,768 that is classified as nonspendable. The assets are comprised primarily of property tax revenues to be realized in 2023, cash and cash equivalents.

Total General Fund revenues were exceeded by expenditures by \$23,606 see page 10 of the accompanying financial statements for the details of the revenues and expenditures.

### **General Fund Budgetary Discussion**

Actual revenues for the General Fund were \$19,856 less than the final budget. The budget was amended in 2022.

Actual expenditures for 2022 were \$3,913 less than the final budgeted expenditures. See page 11 of the accompanying financial statements for more detail.

### **Capital Assets and Long-term Obligations**

**Capital Assets.** The District's primary capital assets are the polo fields that were purchased through the issuance of general obligation bonds. There was \$0 of additions or disposals in 2022. See Note 3 of the Notes to the Financial Statements on page 18.

### **Economic Factors and Next Year's Budget**

Property tax revenues are expected to increase in the upcoming year. There is little or no development that has occurred in the District nor is any anticipated in the future.

Expenditures are expected to remain the same as administrative and legal efforts and management service costs are not expected to increase in 2023. There will be minimal costs for construction in 2023, as the District has completed its capital acquisition program.

**Requests for Information.** This financial report is designed to provide a general overview of Polo Reserve Metropolitan District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District at c/o Lay, Hogan & Associates, 3300 South Parker Road, Suite 105, Aurora, Colorado 80014.



## **Basic Financial Statements**

**Polo Reserve Metropolitan District  
Statement of Net Position  
December 31, 2022**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 250,773
Accounts receivable	26,037
Prepaid expenses	4,768
Property taxes receivable	<u>80,272</u>
Total Current Assets	<u>361,850</u>

**Noncurrent Assets**

Capital assets	
Nondepreciable	1,249,714
Depreciable	588,085
Less: Accumulated depreciation	<u>(483,079)</u>
Net Capital Assets	<u>1,354,720</u>
Total Noncurrent Assets	<u>1,354,720</u>
Total Assets	<u>1,716,570</u>

**Liabilities**

**Current Liabilities**

Accounts payable	<u>6,443</u>
Total Liabilities	<u>6,443</u>

**Deferred Inflows of Resources**

Deferred property tax revenue	<u>80,272</u>
Total Deferred Inflows of Resources	<u>80,272</u>

**Net Position**

Net investment in capital assets	1,354,720
Restricted for emergencies	4,813
Unrestricted	<u>270,322</u>
Total Net Position	<u><u>\$ 1,629,855</u></u>

The accompanying notes are an integral part of these financial statements

**Polo Reserve Metropolitan District  
Statement of Activities  
For the Year Ended December 31, 2022**

<b>Program Expenses</b>	
Landscape maintenance	\$ 81,305
Utilities	25,117
Repairs and maintenance	27,316
Audit and accounting	15,150
Office expenses and bank charges	1,980
Insurance	4,102
Legal	27,967
Depreciation	40,300
Total Program Expenses	<u>223,237</u>
<b>Program Revenue</b>	
HOA cost sharing	30,012
User fees	4,172
J-5 reimbursements and annual fee	30,408
Polo lease income	15,339
Miscellaneous income	1,393
Total Program Revenues	<u>81,324</u>
Net Program Revenue / (Expense)	<u>(141,913)</u>
<b>General Revenue (Expense)</b>	
Property taxes	74,089
Specific ownership taxes	4,924
Interest income	96
Treasurer's fees	(1,102)
Total General Revenue (Expense)	<u>78,007</u>
<b>Change in Net Position</b>	<b>(63,906)</b>
Net Position, beginning of year	<u>1,693,761</u>
Net Position, end of year	<u><u>\$ 1,629,855</u></u>

The accompanying notes are an integral part of these financial statements

## **Fund Financial Statements**

**Polo Reserve Metropolitan District  
Balance Sheet  
Governmental Funds  
December 31, 2022**

	General
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 250,773
Accounts receivable	26,037
Prepaid expenses	4,768
Property taxes receivable	80,272
<b>Total Assets</b>	<b>\$ 361,850</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 6,443
<b>Total Liabilities</b>	<b>6,443</b>
<b>Deferred Inflows of Resources</b>	
Deferred property tax revenue	80,272
<b>Total Deferred Inflows of Resources</b>	<b>80,272</b>
<b>Equity</b>	
Fund Balance	
Nonspendable	4,768
Restricted	4,813
Unassigned	265,554
<b>Total Fund Balance</b>	<b>275,135</b>
<b>Total Liabilities, Equity and Deferred Inflows of Resources</b>	<b>\$ 361,850</b>

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

<b>Total Fund Balance</b>	\$ 275,135
Amounts reported for governmental funds 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 funds.	1,354,720
<b>Total Net Position</b>	<b>\$ 1,629,855</b>

The accompanying notes are an integral part of these financial statements

**Polo Reserve Metropolitan District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2022**

	General
<b>Revenues</b>	
Property taxes	\$ 74,089
Specific ownership taxes	4,924
Interest income	96
Polo lease income	15,339
HOA cost sharing	30,012
User fees	4,172
J-5 reimbursements and annual fee	30,408
Other income	1,393
Total Revenue	160,433
<b>Expenditures</b>	
Operations:	
Landscape maintenance	81,305
Utilities	25,117
Repairs and maintenance	27,316
Administrative:	
Audit and accounting	15,150
Office expenses and bank charges	1,980
Insurance	4,102
Legal	27,967
Treasurer's fees	1,102
Total Expenditures	184,039
Net Change in Fund Balance	(23,606)
Fund Balance, beginning of year	298,741
Fund Balance, end of year	\$ 275,135
Total Change in Fund Balance Governmental Fund	\$ (23,606)
Depreciation expense reported in the Statement of Activities does not require the use of current financial resources therefore is excluded from the fund statements.	(40,300)
Change in Net Position of Governmental Activities	\$ (63,906)

The accompanying notes are an integral part of these financial statements

**Polo Reserve Metropolitan District**  
**Statement of Revenue and Expenditures and Change in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 77,994	\$ 77,994	\$ 74,089	\$ (3,905)
Specific ownership taxes	14,700	14,700	4,924	(9,776)
Interest income	2,150	2,150	96	(2,054)
J-5 annual fee	9,000	9,000	9,000	-
HOA cost sharing	28,223	28,223	30,012	1,789
J-5 reimbursements	21,506	21,506	21,408	(98)
Fees in lieu of taxes	10,517	10,517	4,172	(6,345)
Polo lease income	15,339	15,339	15,339	-
Town of Columbine reimbursement	860	860	938	78
Miscellaneous	-	-	455	455
<b>Total Revenue</b>	<u>180,289</u>	<u>180,289</u>	<u>160,433</u>	<u>(19,856)</u>
<b>Expenditures</b>				
Operations:				
Landscape maintenance	68,236	93,236	81,305	11,931
Utilities	22,966	22,966	25,117	(2,151)
Repairs and maintenance	22,560	22,560	27,316	(4,756)
Administrative:				
Audit and accounting	19,747	19,747	15,150	4,597
Office expenses and bank charges	1,143	1,143	1,980	(837)
Insurance	4,100	4,100	4,102	(2)
Legal	23,000	23,000	27,967	(4,967)
Treasurer's fees	1,200	1,200	1,102	98
<b>Total Expenditures</b>	<u>162,952</u>	<u>187,952</u>	<u>184,039</u>	<u>3,913</u>
<b>Net Change in Fund Balance</b>	<u>\$ 17,337</u>	<u>\$ (7,663)</u>	<u>(23,606)</u>	<u>\$ (15,943)</u>
Beginning Fund Balance			298,741	
Ending Fund Balance			<u>\$ 275,135</u>	

The accompanying notes are an integral part of these financial statements



**Polo Reserve Metropolitan District**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note 1 Summary of Significant Accounting Policies**

The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District was established primarily to provide for the financing and acquisition of certain recreational improvements for the use and benefit of all residents, taxpayers, and owners' of real property within its boundaries. Specifically, the activities of the District are acquisition and maintenance of the polo fields within the community and the acquisition of water rights for the purpose of irrigating the recreational improvements. The District has no employees and all operations and administrative functions are contracted.

**Financial Reporting Entity**

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability.

The District is not financially accountable for any other entity, nor is the District a component unit of any other governmental entity; therefore, no other entities are included in the District's financial statements.

**Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of information.

***Government-wide Financial Statements***

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial position of the governmental activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

**Polo Reserve Metropolitan District  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**

***Fund Accounting***

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Fund types used by the District are described below.

***Governmental Fund Type***

General Fund –is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Measurement Focus**

***Government-wide Financial Statement***

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included in the statement of net position.

***Fund Financial Statements***

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Polo Reserve Metropolitan District  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting (continued)**

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establishes standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

**Revenue**

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Program revenues consist of revenues that are associated with the rental and upkeep of the polo fields. These include annual leases, annual fees and cost reimbursements.

**Property Taxes**

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

**Polo Reserve Metropolitan District  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting (continued)**

***Assets and Liabilities***

Cash and cash equivalents- The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets – All capital assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$5,000. Depreciation of the estimated useful lives of the assets is computed using the straight-line method. Estimated useful lives range from 3-10 years for capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

***Accrued Liabilities and long-Term Obligation***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

**Deferred Inflows of Resources and Deferred Outflows of Resources**

The District implemented the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

***Net Position***

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

**Polo Reserve Metropolitan District  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting (continued)**

c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” The net position is available for future operations or distributions.

***Fund Balance***

*Nonspendable*- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$4,768 as of December 31, 2022.

*Restricted* - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the District to establish Emergency reserves (see Note 4). A reservation of \$4,813 of the General Fund balance has been made in compliance with this requirement.

*Committed- General Fund* - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors formally removes or changes the specified uses. The District had a committed fund balance of \$0 as of December 31, 2022.

*Assigned* – Includes all amounts that are constrained by the District’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Directors. As of December 31, 2022 the assigned fund balance was \$0.

*Unassigned*- consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

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

**Budgets and Budgetary Accounting**

Budgets are adopted on a cash basis except for accrual of current vendor invoices. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

**Polo Reserve Metropolitan District  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 1 Summary of Significant Accounting Policies (Continued)**

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 Cash and Investments**

**Cash Deposits**

As of December 31, 2022, the District's cash deposits had a carrying balance of \$250,773 with a corresponding bank balance of \$250,773, \$250,000 of which is federally insured.

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under 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 uninsured deposits. The District had \$773 collateralized under PDPA.

The Colorado Divisions of Banking 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.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022, none of the District's bank deposits were exposed to custodial credit risk.

**Polo Reserve Metropolitan District  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 2 Cash and Investments (Continued)**

**Investments**

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

As of December 31, 2022, the Board had not adopted a formal investment policy.

**Note 3 Capital Assets**

A summary of changes to capital assets for 2022 is as follows:

	Balance at 12/31/2021	Additions	Deletions	Balance at 12/31/2022
Nondepreciable				
Land	\$ 1,249,714	\$ -	\$ -	\$ 1,249,714
Total Nondepreciable	<u>1,249,714</u>	<u>-</u>	<u>-</u>	<u>1,249,714</u>
Depreciable				
Fence	5,500	-	-	5,500
Irrigation System	499,433	-	-	499,433
Equipment	83,152	-	-	83,152
Total Depreciable	<u>588,085</u>	<u>-</u>	<u>-</u>	<u>588,085</u>
TOTAL	<u>1,837,799</u>	<u>-</u>	<u>-</u>	<u>1,837,799</u>
Less Accumulated Depreciation				
Fence	(5,500)	-	-	(5,500)
Irrigation System	(372,581)	(39,112)	-	(411,693)
Equipment	(64,698)	(1,188)	-	(65,886)
Total Accumulated Depreciation	<u>(442,779)</u>	<u>(40,300)</u>	<u>-</u>	<u>(483,079)</u>
Net Capital Assets	<u>\$ 1,395,020</u>	<u>\$ (40,300)</u>	<u>\$ -</u>	<u>\$ 1,354,720</u>

Depreciation expense for the year ended December 31, 2022 was \$40,300.

**Note 4 Operations and Maintenance Mill Levy**

At a 2002 election, a majority of the District's electors approved an operation and maintenance mill levy that is not limited as to rate provided, however, the aggregate amount of tax revenue generated by the District's operation and maintenance mill levy cannot exceed \$78,000 in any given year.

**Polo Reserve Metropolitan District  
Notes to Financial Statements (Continued)  
December 31, 2022**

**Note 5 Tax, Spending, and Debt Limitation**

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of 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 voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserves, which 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. This District had an emergency reserve of \$4,813 as of December 31, 2022.

**Note 6 Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District is a participant in the Colorado Special District Association Property and Liability Pool. The Pool was formed by an agreement by member special districts of the Special District Association as a separate and independent governmental and legal entity pursuant to the provisions of Article XIV, Section 18(2) of the Colorado Constitution and Sections 29-1-201 et. seq., 8-44-101(1)(c) and (3), 8-44-204, 24-10-115.5, and 29-13-102, C.R.S, as amended. Membership is restricted to Colorado special districts which are members of the Special District Association.

The purpose of the Pool is to provide defined property, liability, workers' compensation and associated coverages, and claims and risk management services related thereto, for member special districts through a self-insurance pool. The Pool has contracted with other third parties to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceed amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, additional contributions may be required from the Pool members. Settled claims have not exceeded the District's commercial coverage in the last three years.

**Note 7 Commitments and Contingencies**

As of December 31, 2022, the District has several contracts for services provided to the District. The District has contracts for water and landscape maintenance with various local vendors in which payments are determined by the amount of the services provided.