



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2022



Prepared by:
Department of Finance & Administration
Highlands Ranch, Colorado

**HIGHLANDS RANCH METROPOLITAN DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended December 31, 2022**

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September 28, 2023

To: The citizens of Highlands Ranch Metropolitan District
The Board of Directors

We are pleased to present the comprehensive annual financial report ("CAFR") of Highlands Ranch Metropolitan District ("District") for the year ended December 31, 2022.

This report was prepared by the Finance and Administration Department in conformance with the standards and requirements of the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the Government Finance Officers Association, District resolutions and State statutes. State law requires that the District publish within seven months of year-end a complete set of audited financial statements audited by a firm of licensed certified public accountants.

District management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that was established for this purpose. Because the cost of internal control should not exceed anticipated benefits the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Disclosures necessary to enable the reader to gain an understanding of the District's activities have been included.

The financial statements have been audited by Haynie & Company ("Haynie"), a firm of licensed certified public accountants. Haynie has issued an unmodified opinion that the District's financial statements for the year ended December 31, 2022 are presented fairly. The independent auditor's report is located at the front of the financial section of the report. Haynie is in the first year of performing the audit for a one year contract term. The Board reviews proposals from accounting firms every five years although there is no mandatory rotation.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE, RESPONSIBILITIES AND STRUCTURE OF THE DISTRICT

The District serves Highlands Ranch, a master planned community located in the northern part of Douglas County, Colorado approximately 12 miles south of Denver. The Highlands Ranch area contains zoning for approximately 29,150 single family homes, 8,000 multi-family units and over 1,100 acres of developed commercial property.

The District was created at an election held in 2006 when the voters of four smaller Metro Districts (Highlands Ranch Metropolitan District 1, 2, 3 and 4), each serving portions of the Highlands Ranch community, voted to consolidate the outstanding debt and the municipal-type services provided by each of the respective districts into Highlands Ranch Metropolitan District No. 3, which was then renamed Highlands Ranch Metropolitan District (the “District”). The statistical section for the financials have been updated whenever possible to reflect historical data as though the Districts had been consolidated for the entire period shown.

The District provides a range of municipal type services including construction of arterial roadways, installation and maintenance of parkway landscaping adjacent to arterial roadways, installation of storm drainage facilities, construction and maintenance of parks and trails, maintenance and operation of the historic mansion, outdoor recreation, and maintenance of open space.

In addition to the municipal type services provided by the District, the community is provided water and wastewater service by another distinct special district – Centennial Water and Sanitation District. Both districts are organized as political subdivisions of the State of Colorado and as quasi-municipal corporations created pursuant to Title 32, Colorado Revised Statutes, as amended.

The District operates under a Board - General Manager form of government. Policy-making and legislative authority are vested in the Board of Directors. Pursuant to Colorado statutes, the board of directors is responsible, among other things, for passing resolutions, adopting the budget, appointing committees and hiring the general manager and the attorney. The Board of Directors appropriates funds on annually for the following funds: General (Operations), Debt Service, Utility, Recreation, Mansion, Major Repair, and Water & Wastewater Reserve.

The Board of Directors is comprised of seven members from specific regions. The seven members of the Board serve four-year terms and have staggered terms with either three or four Board members elected every two years in May of even numbered years. As a result of recent legislation over the next two election cycles these elections will transition to May of odd numbered years.

The District General Manager is responsible for carrying out the policies and resolutions of the governing Board of Directors, for overseeing the day-to-day operations of the District, and directly manages three non-statutory departments, headed by appointed department heads: Parks, Recreation and Open Space, Public Works and Finance and Administration.

The financial reporting entity for the Comprehensive Annual Financial Report is Highlands Ranch Metropolitan District as legally defined. The District has no component units (legally separate entities for which the primary government is financially accountable).

In addition to the accounting internal control structure, the District maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the budget and related appropriations approved by the District's Board of Directors.

FACTORS AFFECTING FINANCIAL CONDITION

Revenue Base

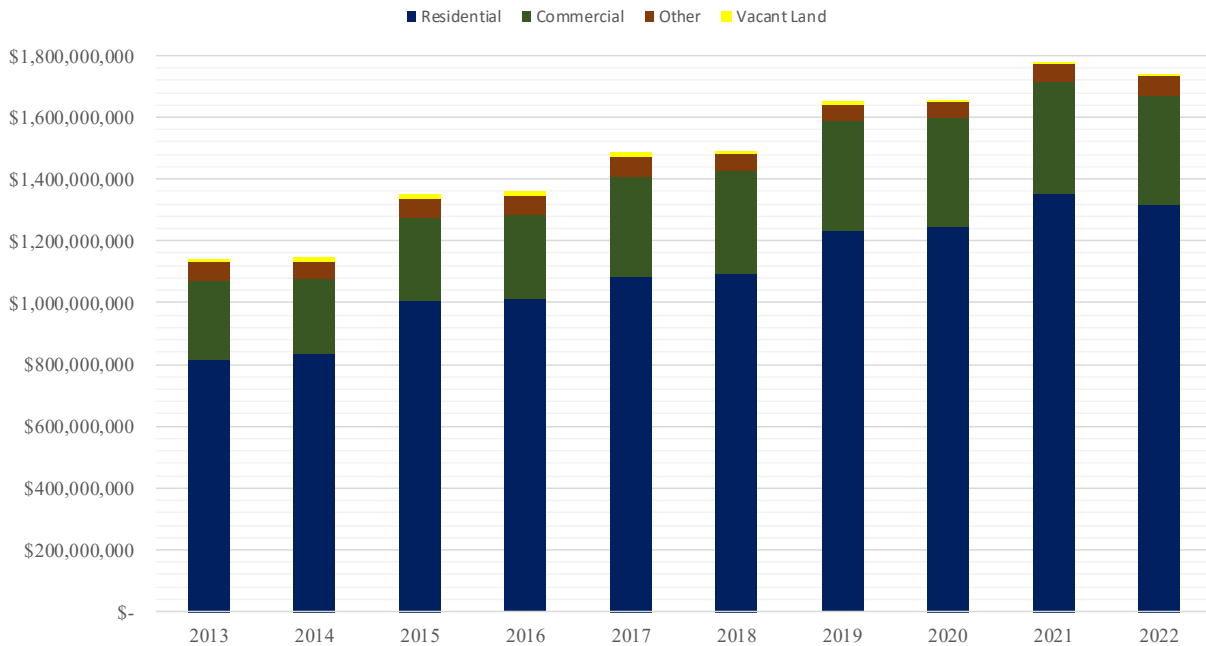
The District has three primary revenue sources for funding:

- General operation and maintenance expenses and debt service are primarily funded from property taxes.
- Capital projects are primarily funded from development fees.
- Special revenues, derived from fees, fund recreation services, stormwater management, streetlight, Mansion rentals, and water and wastewater operations.

The District has historically benefited from strong growth. However, as the community matures, the District relies more on the stable property tax base supplemented by continued growth potential for the remaining housing development and significant opportunities for commercial and retail growth.

The property tax reassessment, completed in 2021 by the Douglas County assessor, was the basis for property tax revenue collections in 2022 and 2023. The 2021 property tax reassessment resulted in a 7.8% increase in assessed value. However, the collection in 2023 decreased slightly from 2022 due to a state legislative change that lowered the residential assessment rate. The graph below shows the history on assessed value for Highlands Ranch.

Assessed Value by Property Type



The following table summarizes both 2022 and 2021 as well as historic growth patterns:

	New properties					
	Residential		Nonresidential		Total	
	Units	SDF \$	Acres	SDF \$	SDF \$	
2022	78	\$ 307,745	0	\$ -	\$ 307,745	
2021	156	382,209	3	84,166	466,375	
3 year average	240	567,149	1	28,055	595,204	
5 year average	272	1,187,508	11	363,069	1,550,576	
10 year average	323	1,630,953	11	447,339	2,078,291	

Overall, 2022 experienced a decrease in System Development Fee Collection compared to 2021. As the District reaches buildout the reduced fee collection is anticipated.

Long-term financial planning and Fund Balance

The Board annually reviews the strategic plan for the District. This includes a detailed Operations and Debt Management Plan as well as a capital outlay plan.

A key component in meeting the objective of the strategic plan is Board adopted policies related to the maintenance of year-end fund balances. This driving factor in the long range plan prior to 2016, which was set by the Board, was to be in a position to retire all debt by 2018 if other viable uses for capital improvements were not identified. In 2017 the Board identified viable capital projects that would improve service levels and decided to refund a portion of the outstanding debt to accommodate funding of these initiatives. However, in 2022 the Board determined the District was in sufficient financial health to retire the remaining outstanding debt, which occurred in December 2022. The maintenance of the various fund balances will allow flexibility as we continue to traverse uneven financial times.

General Fund: The District has established a goal of maintaining a fund balance of 40% of the following year’s net expenditures – operating expenditures minus the offsetting revenues related to an IGA with Centennial wherein the cost of shared employees are reimbursed. The 2022 year-end fund balance continues significantly over the target of 40% at approximately 153% of the 2023 budgeted operating expenditures, down from 161% in 2021. The reason for the decrease is due to transfer of funds to the Debt Service Fund to retire the debt early. Future model projections are based on the anticipation that this will be drawn down through 2027.

Debt Service Fund: With the retirement of all outstanding debt in 2021, the District no longer maintains a debt service fund.

All funds received from Systems Development Fees are initially deposited and maintained in the Capital Projects Fund until such time as they are needed, at the Board’s discretion, for Capital Projects identified in the District’s Facility Plan.

Capital Improvement Planning

The District prepares a comprehensive Capital Improvements Plan detailing the infrastructure necessary to provide the basic services at build-out of the community as well as other capital projects that enhance the community. The plan is reviewed and updated annually. The latest version includes five sections:

- the Facility Plan which identifies the base community improvements that are the basis for the calculation of the Systems Development Fee
- the long-term Conservation Trust Fund plan which identifies the anticipated projects to be built using proceeds from the Colorado Lottery;
- the stormwater master capital plan which identifies the anticipated needs over the next thirty years.
- other visionary major capital facilities that will require additional funding sources;
- a prospective look at major repairs and renovation that will be required as part of the District's asset management program.

Pension and other employment benefits

The District does not participate in Social Security but does maintain a defined contribution pension plan. All regular District employees are required to participate in the Plan and are eligible on their date of hire. Eligible employees are required to contribute 6.2% of pay, which is matched by the District. The contribution level was established equivalent to the Social Security requirements and, commencing in 2011, the total contributions are capped at the same maximum as established for Social Security contributions. In addition, the District offers all regular employees the option to contribute to a 457 plan. The District matches of employee contributions to the 457 plan up to a maximum of 6%.

The District is a member of the Colorado Employer Benefit Trust (CEBT) that provides a medical, dental, vision, and short-term disability and life insurance benefits. The health insurance plans allow retirees who have reached age 50 and 15 years of service to retire and stay in the plan until age 65. All premiums are the responsibility of the retired employee. At December 31, 2022 there is one past employee taking advantage of the benefit.

MAJOR INITIATIVES

During the 2016 Board retreat, the Board identified several priorities including construction of a Senior Center to expand existing programs and services offered.

Maintenance projects that include parkway fence repair and replacement and stormwater management improvements continue as part of our overall asset management program.

The Board maintains a long term financial focus to position the District to make funding available for both the capital and ongoing operational expenses for the priorities below:

- partnership with Douglas County and other government entities to pursue initiatives to benefit Highlands Ranch such as recreation opportunities, senior services, and transportation improvements.
- conveyance of Historic Park including outbuildings and open space land.

AWARDS AND ACKNOWLEDGMENTS

Since the district was short staffed in 2022 the audit took longer than normal and staff missed the window to submit to the Government Finance Officers Association of the United States and Canada (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting. However, one or more of the pre-consolidated Highlands Ranch Metropolitan Districts has received the Certificate of Achievement for twenty-three consecutive years prior to 2021.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine eligibility for another certificate.

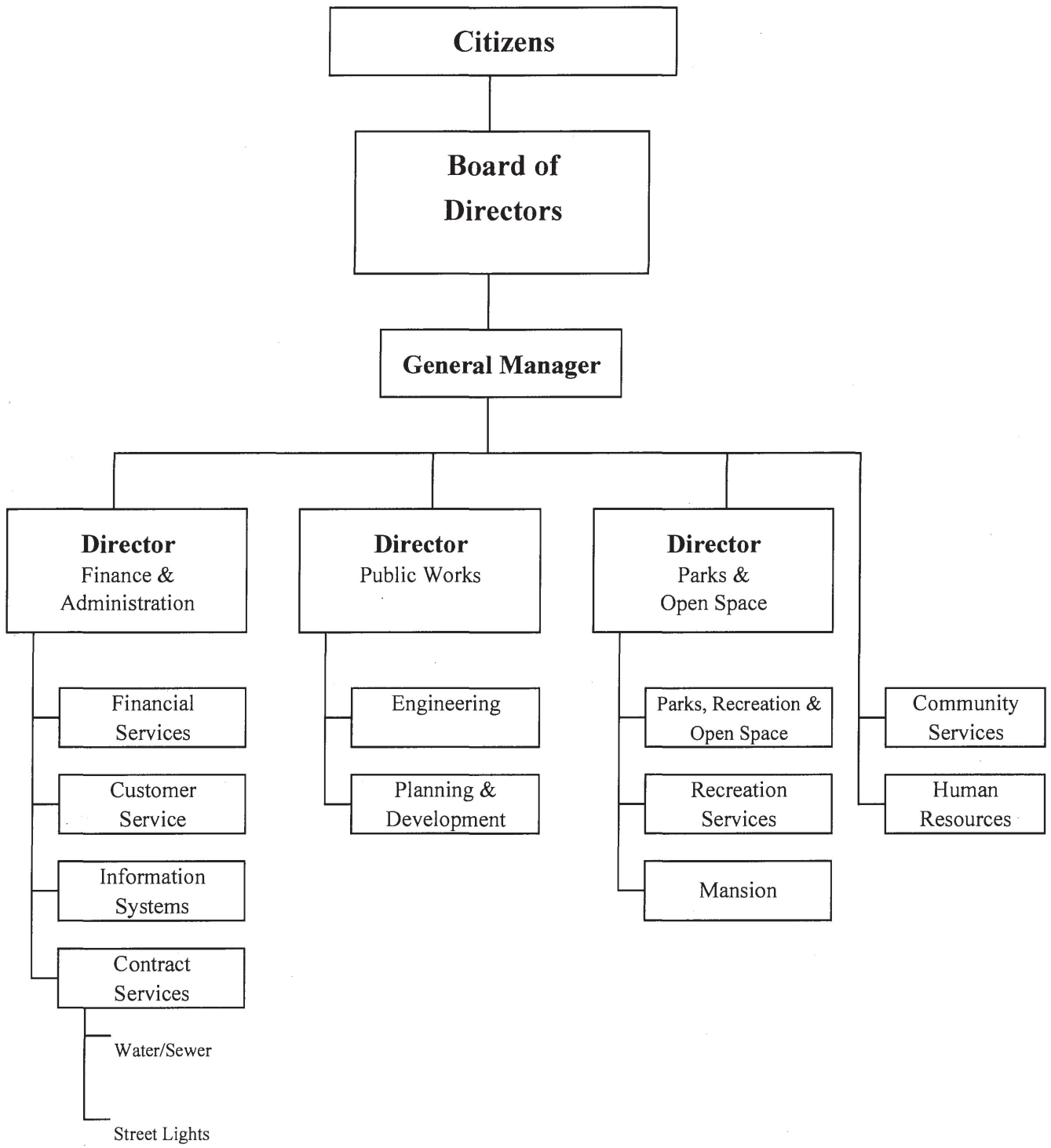
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Financial Services Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Due credit also should be given to the Board of Directors for their interest, support and responsiveness in planning and conducting the operations of the District.

Respectfully submitted,

Stephanie Stanley

Stephanie Stanley
General Manager

Highlands Ranch Metropolitan District



HIGHLANDS RANCH METROPOLITAN DISTRICT
HIGHLANDS RANCH, COLORADO

BOARD OF DIRECTORS AND DISTRICT OFFICIALS

BOARD OF DIRECTORS
AS OF DECEMBER 31, 2022


Mark Dickerson	CHAIR	May 2023 to May 2025
Andy Jones	VICE-CHAIR	May 2020 to May 2023
David Simonson	TREASURER	May 2023 to May 2025
Eric Rysner		May 2023 to May 2025
Carolyn Schierholz		May 2023 to May 2025
Renee Anderson		May 2020 to May 2023
Nancy Smith		May 2020 to May 2023


APPOINTED DISTRICT OFFICIALS

ACTING GENERAL MANAGER	Stephanie Stanley
DIRECTOR, FINANCE & ADMINISTRATION	Stephanie Stanley
DIRECTOR, PUBLIC WORKS	Jeff Case
DIRECTOR, PARKS AND OPEN SPACE	Tammy Tucker



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Members of the Board of Directors
Highlands Ranch Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Highlands Ranch Metropolitan District as of and for the year ended December 31, 2022 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 funds of Highlands Ranch Metropolitan District, as of December 31, 2022 and the respective changes in financial position and the budgetary comparisons for the General Fund, Utility Special Revenue Fund and Mansion Special Revenue 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 Highlands Ranch 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 Highlands Ranch 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 the Financial Statements

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

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 Highlands Ranch 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 Highlands Ranch 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

Required Supplementary 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, 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.

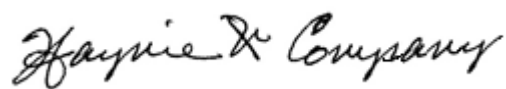
Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Highlands Ranch Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sincerely,

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado
September 26, 2023

Management’s Discussion and Analysis

As management of the Highlands Ranch Metropolitan District, we are pleased to provide a discussion and analysis of the District’s 2022 financial statements. This narrative overview provides a more detailed and insightful examination of the financial condition and operating results for the fiscal year ended December 31, 2022 as well as information on any financial issues and activities. We encourage readers to consider the information presented here in conjunction with additional information in our letter of transmittal, which can be found on pages i to vi of this report.

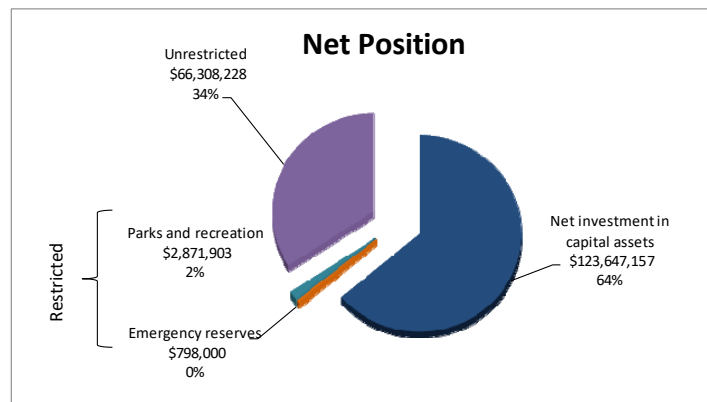
The Management Discussion and Analysis (MD&A) focuses on the presentation of the financial statements and the related activities in two distinct ways:

- 1) The review of government-wide financials reflect the overall assets and activity of the government including the District’s capital assets and long term debt obligations.
- 2) The more traditional view of the governmental funds has been established to account for specific activities of the District.

Financial Highlights

Net position

- The government wide net position of the District is defined by the amount that the assets plus the deferred outflow of resources of the District exceed its liabilities plus deferred inflows. At the close of the current fiscal year, the District had a net position of \$193,625,288 an increase of 3% over the fiscal 2021 net position of \$187,408,543. The components of the 2022 net position are categorized as follows:

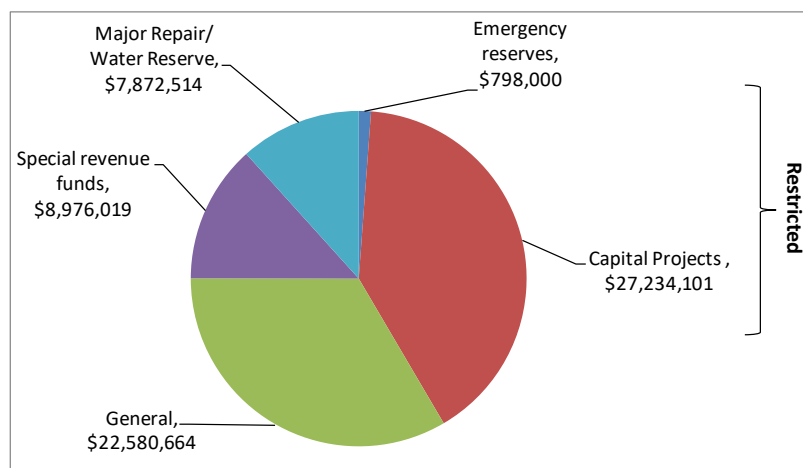


Prudent fiscal stewardship by the District continues.

- Employee related costs remain manageable.
 - The District has a performance based pay plan that compares wages with comparable wages in the Denver metro area.
 - The cost of employee benefits remains manageable as the result of maintaining a defined contribution plan and annual review of employee benefits. The base health insurance plan was unchanged during 2022. Employees shared in any premium increases based on the existing premium sharing arrangement with the employees.
- In 2021, the District retired all outstanding debt.
- Accumulated development fees continue to be sufficient to pay for all previously identified components of the Facility Plan.
- The Major Repair Fund provides a stabilizing base for maintaining the District’s physical assets in good repair.

Fund balance

- At the close of the fiscal year, the District's Governmental Funds reported a combined ending fund balance of \$70,333,201, an increase of \$4,523,577. The graph below summarizes the various fund balance components net of the isolated restricted portions of fund balance as of year-end.



- Significant decisions impacting specific fund balances, more fully described in later sections include:
 - "Other governmental funds," increased by \$1.4 million year over year because of fewer capital projects than in the prior year.
 - The General Fund balance increased by \$7.6 million as due to retirement of debt early in 2021 so funds are available for future capital needs.

Overview of the Financial Statements

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide interested readers and stakeholders with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities and deferred inflow and outflow of resources. The differences are reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements identify functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include the direct services provided to the Highlands Ranch community by the District: public safety (including streetlight operation and maintenance), parks, open space and recreation services, cultural which includes the Mansion operations, stormwater management and public works. In addition these are supported by general government and the District contracts for water and wastewater services.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five major governmental funds and three non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the major funds – general, debt service, utility and mansion special revenue funds and capital projects as well as combined for the three non-major funds – conservation trust and recreation special revenue funds and the major repair capital related fund.

The District adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for these funds in the *basic financial statements* to demonstrate compliance with this budget.

The basic governmental fund financial statements, reconciliation to the government-wide statements and the budget and actual comparison statements for the General Fund and Utility Special Revenue Fund can be found on pages 3-7 of this report.

In addition, the report includes individual fund schedules. A budgetary comparison schedule has been provided for the debt service fund, capital projects fund, and each of the non-major funds in this section to demonstrate compliance with the budget.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and follow immediately after the government-wide and fund financial statements.

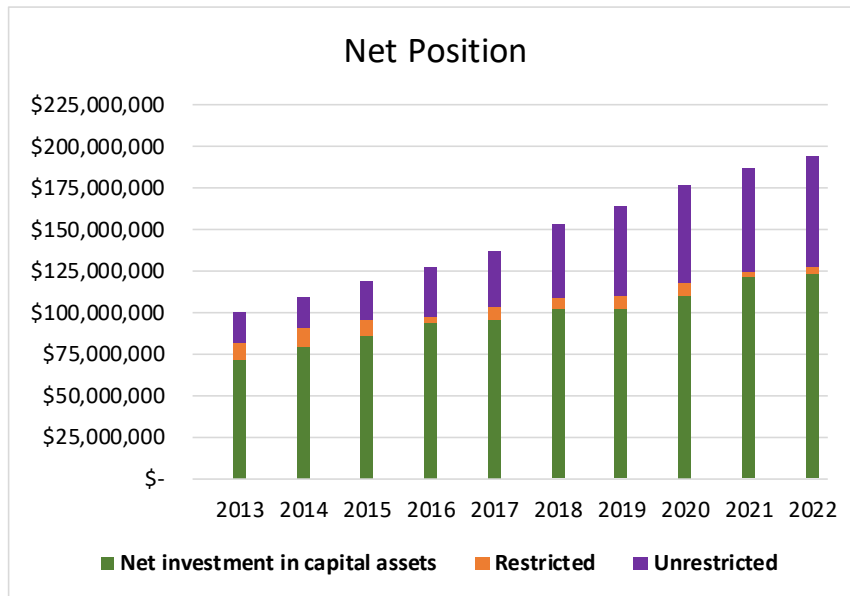
Other Information

The Combining and Individual Fund Statements for the non-major funds are shown as required supplementary information.

The budget schedules referred to earlier in connection with the debt service, capital projects and the non-major funds are found after the notes to the financial statements.

Government-wide Financials and Net Position Analysis

Changes in net position may serve as a useful indicator of a government’s financial position. The following shows graphically the balance and the changes over the last nine years.



Assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$193,625,288 at the close of the most recent fiscal year an increase of \$6,216,745 over 2021.

Condensed Statement of Net Position

	Governmental Activities		2022 - 2021	
	2022	2021	\$ Change	% Change
<u>Assets</u>				
Current and other assets	\$ 111,529,376	\$ 107,785,393	\$ 3,743,983	3.47%
Capital assets	123,647,157	121,924,827	1,722,330	1.41%
	<u>235,176,533</u>	<u>229,710,220</u>	<u>5,466,313</u>	2.38%
<u>Deferred outflow of resources</u>				
Cost of refunding	-	-	-	0.00%
<u>Liabilities</u>				
Long-term liabilities outstanding	300,269	305,510	(5,241)	-1.72%
Other liabilities	6,487,138	6,307,776	179,362	2.84%
	<u>6,787,407</u>	<u>6,613,286</u>	<u>174,121</u>	2.63%
<u>Deferred inflow of resources</u>				
Deferred property tax revenue	20,197,891	20,664,793	(466,902)	-2.26%
<u>Net Position</u>				
Net investment in capital assets	123,647,157	121,924,827	1,722,330	1.41%
Restricted	3,669,903	2,597,398	1,072,505	41.29%
Unrestricted	66,308,228	62,886,318	3,421,910	5.44%
	<u>\$ 193,625,288</u>	<u>\$ 187,408,543</u>	<u>\$ 6,216,745</u>	3.32%

- The largest portion of the District's net position is the *net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment)* which reflect the capital assets net of the debt related to acquiring those assets. The net investment in capital assets of \$123,647,157 increased 1.41% over 2021 and represents 64% of the total net position.

Capital assets are used by the District to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Note that the District has no outstanding debt.

The overall increase in this category of \$1,902,221 or 1.6% from 2021 to 2022 can be summarized on the table below:

	2022	2021	Change
Land improvements	\$ 36,649,793	\$ 35,948,140	\$ 701,653
Public infrastructure to be dedicated	18,391,638	18,391,638	-
Construction in progress	17,009,022	17,769,363	(760,341)
			-
Buildings	14,153,628	13,899,203	254,425
Improvements other than buildings	29,153,739	24,929,304	4,224,435
Machinery and equipment	5,552,825	5,295,573	257,252
Water and wastewater infrastructure	67,603,070	67,422,044	181,026
	<u>188,513,715</u>	<u>183,655,265</u>	<u>4,858,450</u>
Accumulated depreciation	<u>(65,283,511)</u>	<u>(62,327,282)</u>	<u>(2,956,229)</u>
Net investment in capital assets	<u>123,230,204</u>	<u>121,327,983</u>	<u>1,902,221</u>

- The District has *restricted* a portion of the remaining net position as follows:
 - ✓ \$798,000 is restricted for emergency reserves pursuant to the TABOR requirements of the Colorado constitution
 - ✓ \$2,871,903, restricted for park and recreation capital improvements as required by state directive, represents unexpended funds from Colorado Lottery proceeds
- After considering the above restrictions, the District has unrestricted net position of \$ 62,886,318, an increase of \$4.1 million or 7%. Unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

As mentioned above, during the current fiscal year the District's net position increased by \$6,216,745 as shown below:

	Condensed Statement of Change in Net Position			
	Governmental Activities		2022 - 2021	
	2022	2021	\$ Change	% Change
<u>Revenues:</u>				
Program Revenues:				
Charges for services	\$ 46,597,724	\$ 45,657,800	\$ 939,924	2.06%
Capital grants and contributions	2,012,635	3,389,852	(1,377,217)	-40.63%
Total program revenues	<u>48,610,359</u>	<u>49,047,652</u>	<u>(437,293)</u>	-0.89%
General Revenues:				
Property taxes	22,126,140	20,958,305	1,167,835	5.57%
Net investment income (loss)	(855,933)	(148,758)	(707,175)	475.39%
Other	207,815	120,622	87,193	72.29%
	<u>21,478,022</u>	<u>20,930,169</u>	<u>547,853</u>	2.62%
Total revenues	<u>70,088,381</u>	<u>69,977,821</u>	<u>110,560</u>	0.16%
<u>Expenses:</u>				
General government	2,834,702	1,915,136	919,566	48.02%
Public works	666,319	724,956	(58,637)	-8.09%
Stormwater management	169,715	118,508	51,207	43.21%
Public safety	16,744	306,180	(289,436)	-94.53%
Street lights	1,202,882	1,236,934	(34,052)	-2.75%
Parks and open space	11,293,179	10,270,711	1,022,468	9.96%
Recreation services	1,022,582	983,396	39,186	3.98%
Cultural	827,224	799,379	27,845	3.48%
Water and wastewater operations	45,838,289	42,408,250	3,430,039	8.09%
Interest on long-term debt	-	345,756	(345,756)	-100.00%
Total expenses	<u>63,871,636</u>	<u>59,109,206</u>	<u>4,762,430</u>	8.06%
Change in net position	6,216,745	10,868,616	(4,651,871)	-42.80%
Net position- beginning	<u>187,408,543</u>	<u>176,539,927</u>	<u>10,868,616</u>	6.16%
Net position- ending	<u>\$193,625,288</u>	<u>\$187,408,543</u>	<u>\$ 6,216,745</u>	3.32%

Program revenues contributed \$48,610,359

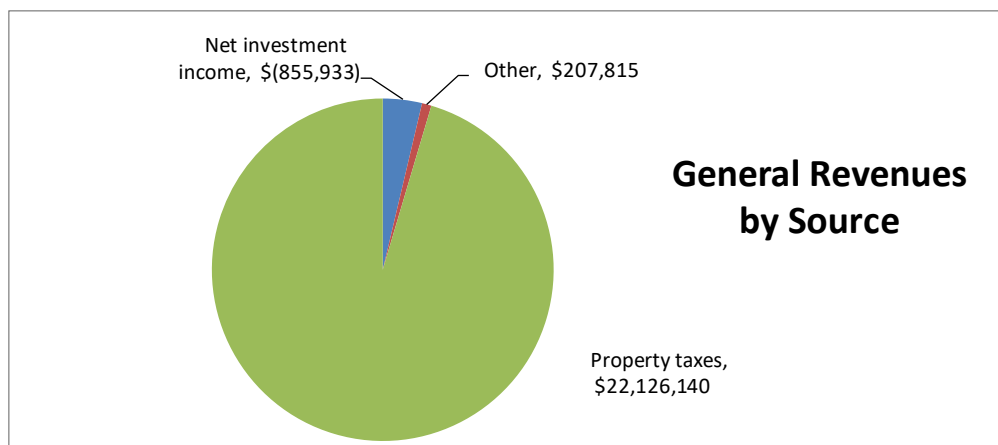
Charges for services

- ✓ 96% of the program revenues came from charges for services.
- ✓ Of the charges for services:
 - ❖ \$40,979,784 or 88% of the total, represent the pass-through of revenues collected from District water and wastewater customers and remitted to Centennial. These revenue are 100% directly offset by expenses for water and wastewater operations. The revenues and offsetting expenses increased year over year due to an increase in rates and slight increase in consumption.
 - ❖ In addition to the above utility revenues, the District collected an additional \$1,772,576 from streetlight and stormwater management fees.

Capital grants and contributions

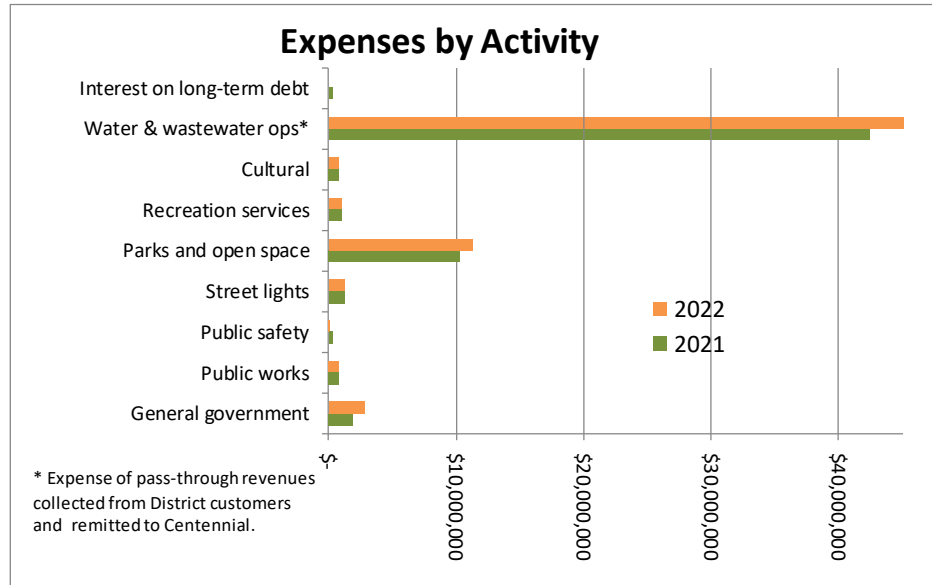
- ✓ Capital grants and contribution in 2022 totaled \$2,012,635 or 4% of total program revenues. Capital grants and contributions include donated assets, conservation trust fund (lottery) proceeds and development fees.
- ✓ The capital grant and contributions reflect slowing development activity in 2022 as the community is nearing build out.
- ✓ System Development Fees are collected from new property at the time that the initial water and wastewater service is requested. With slowing residential development absorption, the 2022 fees decreased from \$466,375 in 2021 to \$307,745. System Development Fees are allocated to offset Public Works, Public Safety and Parks and Open Space related expenses. These fees are calculated based upon the Facility Plan section of the comprehensive Capital Improvement Plan adopted and updated on an annual basis. Taxes from the new development generating the fees will began to appear on the tax rolls in 2021/2022 for collection in 2022/2023.
- ✓ Tap fees contributed to the change in net position in the amount of 699,660 a decrease from the \$2,104,620 collected in 2021. Tap fees are collected from new services to pay for the reserve capacity payments due to Centennial.
- ✓ The developer constructed and then contributed \$181,026 of in-tract infrastructure that will serve new development within Highlands Ranch.

General Revenues, which include property taxes, contributed \$21,478,022, an increase of 2.62% from 2021.



- ✓ \$22,126,140 or 100% of the general revenues came from property tax revenues which was a 5.6% increase from the \$20,958,305 collected in 2021. In 2022 the mill levy applied stayed the same at 11.205. Additionally the:
 - ❖ Assessed value increased slightly as the result of re-evaluation and new construction.
 - ❖ The District's share of automobile related Specific Ownership Taxes decreased by 2.5% to \$1,826,893.
 - ❖ Due to economic conditions portfolio performance suffered in 2022.

Expenses totaled \$63,871,636 an increase of \$4,762,430 or 8%. Before considering the impact of property taxes and other general revenues, expenses for governmental activities exceeded program revenues by \$15,261,277



- ✓ General Government
 - ❖ \$2,834,702 – an increase of 48% from 2021 due to election related expenditures; represents 4.4% of the total expenses; governmental activities include general government, finance and administration, human resources.
- ✓ Public Works and Stormwater management
 - ❖ \$666,319 – an decrease of 8% from 2021; represents 1% of the total expenses; costs for public works related activities which includes the administrative oversight for the infrastructure development and stormwater management.
 - The public works expenses can vary dramatically from year to year. Outlays for capital items built on behalf of others are maintained on our books as Work in Progress until they are accepted by the other entity at which time they are expensed.

Expenses in both of these activities are partially offset by contributions from Centennial Water and Sanitation District (“Centennial”) for certain administrative and public works employees who are shared between entities pursuant to the employee sharing agreement.

- ✓ Public Safety
 - ❖ \$16,744 – a significant decrease from \$306,180 in 2021 represents .3% of the total expenses; expenses are for maintenance of illuminated street name signs.
- ✓ Streetlights
 - ❖ \$1,202,882 a decrease of 2.75%; represents 1.9% of total expenses; - provides for the cost to operate and maintain street lights adjacent to arterial roadways as well as the streetlights in the neighborhoods.
 - The District collects a street light fee from its customers for streetlight services. This revenue stream provided an offset to the cost of routine operations and maintenance for all streetlights in the amount of \$1,285,373 a slight decrease from 2021.
- ✓ Parks and open space
 - ❖ \$11,293,179 – an increase of 10%; represents 17.7% of the total expenses; District operates and maintains the park system, the open space and the arterial parkway landscaping

- The District's share of the statewide lottery proceed distribution in 2022 was \$632,204 a slight decrease from 2021.
- In 2022 Conservation Trust fund projects in included a new wayfinding signage.
- ✓ Recreation programs and services
 - ❖ The **direct cost** of recreation services, \$1,022,582 – 4% increase; approximately represents 1.6% of the total expenses; for costs related to recreation programs and services provided to our customers.
 - Total revenue for recreation programs and services was \$1,267,920. Program revenues are designed to recover the direct costs as well as any facility rental costs that would be recovered if the program was offered by an independent outside vendor.
- ✓ Cultural (Mansion)
 - ❖ \$827,224 – an increase of 3.5%; represents approximately 1.3% of the total expenses; - the District operates and maintains the Highlands Ranch Mansion for both community and private events.
 - Mansion revenues increased from \$323,935 in 2021 to \$696,181 in 2022.
- ✓ Water and wastewater
 - ❖ The largest single activity, the District expended \$45,838,289 – an increase of 8%; 72% of the total expenses for water and wastewater services provided by contract.
 - \$44,255,903 of the expense is the pass-through of revenues collected from District customers and remitted to Centennial.
 - \$1,582,386 was for depreciation of intract water and sewer lines owned by the District and maintained by Centennial Water and Sanitation District.
 - The 2022 payment to Centennial of \$3,276,232 for reserved capacity is also included in this amount. This an increase from the \$1,090,054 paid in 2021 is the result of slowing new construction as the district reaches buildout.
- ✓ Interest Expense
 - ❖ The District incurred no interest expense in 2022. The District paid off all outstanding debt in December 2021.

Government's Fund Financials and Fund Balance Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$70,333,201, an increase of \$4,523,577 in comparison with the prior year. The following table shows the categories the total fund balances are comprised of pursuant to GASB 54.

Fund Balances	2022 Ending Fund Balance	
Restricted	\$ 3,669,903	5%
Committed	30,108,158	43%
Assigned	15,961,229	23%
Unassigned	<u>20,593,911</u>	29%
TOTAL	<u>\$ 70,333,201</u>	

The \$3,699,903 of fund balances reported as restricted are similar to those restricted in the statement of net position and are comprised of the following:

- The General Fund includes the entire amount of the emergency reserve mandated by the Colorado constitution in the amount of \$798,000.
- The Conservation Trust Fund ending balance in the amount of \$2,871,903 is restricted by provisions of the Colorado Constitution.
 - ✓ Revenues, primarily the proceeds from the Lottery Fund in the amount of \$632,204 a slight decrease from 2021.

The remaining unrestricted amounts of \$66,308,228 are *available for spending at the government's discretion*, subject to the different categorizations. These amounts are comprised of:

- \$23,378,664 the total fund balance in the General Fund a portion is committed and the remaining amount is unassigned.
 - ✓ \$1,986,753 is committed by the Board of Directors for the stormwater management program including both operations and appropriated capital projects.
 - ✓ \$20,593,911 is unassigned. It represents 165% of total 2022 general fund expenditures. The 2022 year-end balance continues to exceed the targeted fund balance established by the Board (40% of general fund expenditures less offsetting revenues).
- The Utility Special Revenue Fund has a total fund balance of \$ \$4,682,028, all of which is committed to meet the requirements of the IGA with Centennial and consistent with the Board directed purposes when establishing fees. The fund accounts for 1) water and wastewater special revenues; 2) streetlight special revenues; and 3) tap fees collected to meet reserved capacity payment requirements.

- ✓ The net decrease in fund balance during the current year in the fund was \$2,596,231 which was due in large part to the current year Tap Fee collection exceeded the amount of the reserve capacity payment.
- ✓ The District has a contractual obligation for payment of future reserved capacity payments as of December 31, 2022 of \$1,467,410 payable over the next 5 years.
- \$27,234,101 of fund balance in the Capital Projects Fund is either committed or assigned:
 - ✓ \$16,751,181 is committed for unexpended Board approved project appropriations
 - ✓ The remaining \$10,482,920 is assigned for:
 - ❖ the future capital projects identified in the Capital Improvements Plan
 - ✓ Additional amounts will be accumulated over time from the collection of Systems Development Fees
- The Mansion Fund balance of \$4,293,991 is committed.
 - ✓ Includes a \$4 million prior year transfer from the Capital Projects Fund that is intended to be a permanent funding source similar to an endowment.
 - ✓ The fund balance also includes accumulated revenues in excess of expenses.
 - ✓ During 2022 revenues including other miscellaneous income and investment income exceeded expenditures.
- The Major Repair Fund has an ending fund balance of \$5,996,032.
 - ❖ The primary funding sources in 2022 were:
 - lease income from cell towers and related equipment on District property
 - a transfer from the General Fund approximately equal to 1.0 mills.
 - a transfer from the General Fund for vehicle and equipment replacement
 - ❖ Project expenses exceeded revenues and transfers in 2022 by \$0.5 million.
- \$4,748,385 of the non-major Other Governmental Funds fund balance (this amount does not include the Conservation Trust Fund described above under restricted) includes the Recreation special revenue fund, and Water and Sewer Reserve Fund.
 - ✓ The Recreation Fund has an ending fund balance of \$0. This is intentional since the General Fund annually transfers in the exact amount necessary to offset the shortfall in program revenues in relation to program expenses.
 - ✓ The Water and Sewer Reserve Fund has an ending fund balance of \$1.9 million.

General Fund Budgetary Highlights

Actual expenditures were 10.5% less than the original budget with the most significant variance in wages and benefits due to partial year vacancies and reduced number of seasonal employees hired.

Capital Asset and Debt Administration

Capital assets

The District's investment in capital assets as of December 31, 2022, amounts to \$123,647,157 net of accumulated depreciation. This investment in capital assets includes land improvement for parks and arterial landscape, buildings, roadway improvements and storm drainage facilities. The District's net investment in capital assets increased by \$1.7 million during the current fiscal year as capital improvements and donation of assets exceeded depreciation.

Significant changes to capital investment during the current fiscal year included:

- Completion of major renovation of the service center and a new fleet building and new TREX fencing along arterial roadways.
- Donation of water and wastewater lines from the developer in the amount of \$181,026.
- Depreciation of approximately \$3.3M.

Additional information on the District's capital assets can be found in note III.B on page 17.

Long-term debt

General obligation debt

As of December 31, 2021, the District has no outstanding debt.

Capital leases

At the end of the 2022, the District had no capital leases outstanding. The District did not enter into any new capital leases during the current fiscal year.

Economic Factors and Next Year's Budgets and Rates

The District has appropriated \$14,300,042 for spending in the 2023 fiscal year General Fund budget. In addition to the General Fund expenditures, the budget anticipates operating transfers of:

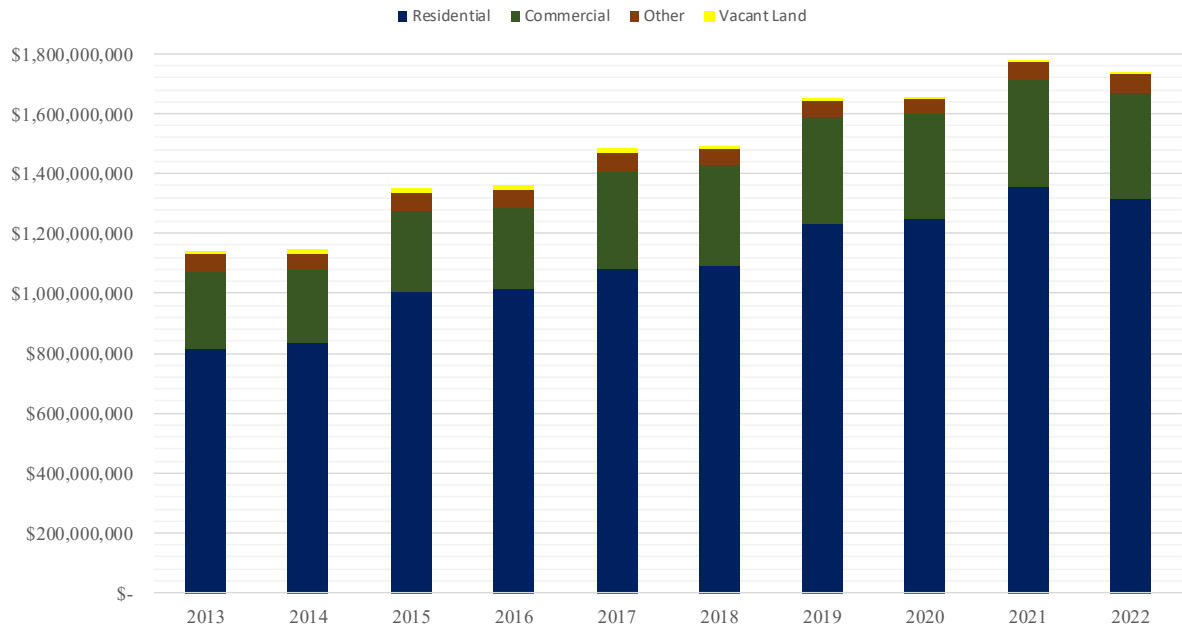
- \$1,284,863 to the Recreation Special Revenue Fund so that fund can continue to maintain a \$0 fund balance
- \$700,000 to the Water and Sewer Reserve to fund in-tract line replacement
- \$2,392,673 to the Major Repair Fund
- \$3,610,000 to the General Government Capital Fund to aid in funding of future capital projects

Revenues will exceed expenditures and transfers, the net impact of which is an increase in fund balance during 2023 of \$0.1 million.

In addition to the significant District fund balances, the following factors were considered in preparing the District's budget for 2023:

- The property tax base still has potential for future growth from undeveloped residential and nonresidential areas. In addition to conservative projections of this growth the District, despite the current real estate market trends, the District prepared a forecast that assumes that property tax revenue growth is essentially limited to inflation as shown on the graph below. After the retirement of debt in 2022, the debt service mill levy will be evaluated for enhancing programs and services as needed.

Assessed Value by Property Type



- In 2023, the mill levy remained unchanged at 11.205 mills.
- The 2023 Budget includes an increase of \$0.21 per 1,000 gallons for the base water rates and \$0.11 for wastewater rates. The rates for water and wastewater service charged by the District to its residents are the resulting revenues are passed-through to Centennial Water and Sanitation District. Since this is a pass-through, it does not affect the District fund balances.
- The streetlight fee remained unchanged at \$6.70 bi-monthly.
- The stormwater fee remained unchanged in 2023 at \$2.64 bi-monthly.

Requests for Information

This financial report is designed to provide a general overview of the Highlands Ranch Metropolitan District finances for all those with an interest in the government's finances. In addition, this financial report and related information is available on the District's website at www.HighlandsRanch.org. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Finance and Administration, Highlands Ranch Metropolitan District, 62 W. Plaza Drive, Highlands Ranch, Colorado 80129.

HIGHLANDS RANCH METROPOLITAN DISTRICT
STATEMENT of NET POSITION
December 31, 2022

	Governmental Activities
ASSETS	
Cash deposits and investments	\$ 73,468,029
Due from county treasurer	127,186
Receivables	37,845,771
Due from other governments	88,391
Capital assets, not being depreciated	
Land and other nondepreciable assets	55,041,431
Construction in progress	17,009,022
Capital assets, net of accumulated depreciation:	
Buildings	9,601,963
Improvements other than buildings	8,134,828
Machinery and equipment	1,525,794
Infrastructure	31,917,166
Leased Facilities	416,953
Total assets	235,176,533
LIABILITIES	
Accounts payable and other current liabilities:	2,262,915
Due to other governments	4,169,423
Long-term liabilities:	
Compensated absences	
Due within one year	54,800
Due in more than one year	300,269
Total liabilities	6,787,407
DEFERRED INFLOW OF RESOURCES	
Property tax revenue	20,197,891
Lease	14,565,948
Total deferred inflow of resources	34,763,839
NET POSITION	
Net investment in capital assets	123,647,157
Restricted for:	
Emergency reserves	798,000
Parks and recreation	2,871,903
Debt Service	-
Unrestricted	66,308,228
Total net position	\$ 193,625,288

The notes to the financial statements are an integral part of this statement

HIGHLANDS RANCH METROPOLITAN DISTRICT
STATEMENT of ACTIVITIES
For the year ended
December 31, 2022

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 2,834,702	\$ 589,842	\$ -	\$ -	\$ (2,244,860)
Public safety	16,744	-	-	7,902	(8,842)
Street lights	1,202,882	1,285,373	-	-	82,491
Parks and open space	11,293,179	56,813	-	912,182	(10,324,184)
Recreation services	1,022,582	1,267,920	-	-	245,338
Cultural	827,224	701,356	-	-	(125,868)
Public works	666,319	807,422	-	156,095	297,198
Stormwater management	169,715	909,214	-	55,770	795,269
Water and wastewater operations	45,838,289	40,979,784	-	880,686	(3,977,819)
Interest related to long term debt		-	-	-	-
Total governmental activities	<u>\$ 63,871,636</u>	<u>\$ 46,597,724</u>	<u>\$ -</u>	<u>\$ 2,012,635</u>	<u>\$ (15,261,277)</u>
General revenues:					
Property taxes					22,126,140
Net investment income/ (loss)					(855,933)
Other					207,815
Total general revenues					<u>21,478,022</u>
Change in net position					6,216,745
Net position - beginning					<u>\$ 187,408,543</u>
Net position - ending					<u>\$ 193,625,288</u>

The notes to the financial statements are an integral part of this statement.

**HIGHLANDS RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

	General	Special Revenue		Capital Projects	Major Repair	Other Governmental Funds	Total Governmental Funds
		Utility	Mansion				
ASSETS							
Cash deposits and investments	\$ 25,024,611	\$ 4,549,333	\$ 4,624,483	\$ 27,252,626	\$ 6,102,626	\$ 5,914,350	\$ 73,468,029
Due from county treasurer	127,186	-	-	-	-	-	127,186
Receivables							
Customers	55,000	2,347,000	-	-	-	-	2,402,000
Interest	130,930	-	-	-	-	-	130,930
Property taxes	20,197,891	-	-	-	-	-	20,197,891
Other	482,747	-	29,574	-	6,000	30,681	549,002
Due from other governments	88,391	-	-	-	-	-	88,391
Total assets	<u>\$ 46,106,756</u>	<u>\$ 6,896,333</u>	<u>\$ 4,654,057</u>	<u>\$ 27,252,626</u>	<u>\$ 6,108,626</u>	<u>\$ 5,945,031</u>	<u>\$ 96,963,429</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and payroll liabilities	\$ 847,171	\$ 103,596	\$ 24,524	\$ 18,320	\$ 92,422	\$ 43,767	\$ 1,129,800
Retainages payable	-	-	-	-	14,271	-	14,271
Customer deposits payable	574,503	-	326,978	-	-	217,363	1,118,844
Due to other governments	1,108,529	2,110,710	8,562	204	5,900	935,517	4,169,423
Total liabilities	<u>2,530,203</u>	<u>2,214,306</u>	<u>360,064</u>	<u>18,524</u>	<u>112,593</u>	<u>1,196,647</u>	<u>6,432,338</u>
Deferred inflow of resources:							
Property tax revenue	20,197,891	-	-	-	-	-	20,197,891
Total deferred inflow of resources	<u>20,197,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,197,891</u>
Fund balances:							
Restricted							
Emergency reserves	798,000	-	-	-	-	-	798,000
Debt service	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	2,871,903	2,871,903
Committed							
Special revenue funds							
Water and wastewater operations	-	4,682,028	-	-	-	-	4,682,028
Mansion operations	-	-	4,293,991	-	-	-	4,293,991
Stormwater management	1,249,500	-	-	-	-	-	1,249,500
Capital projects	737,253	-	-	16,751,181	517,723	1,876,482	19,882,639
Assigned							
Capital projects fund	-	-	-	10,482,920	5,478,309	-	15,961,229
Unassigned	20,593,911	-	-	-	-	-	20,593,911
Total fund balances	<u>23,378,664</u>	<u>4,682,028</u>	<u>4,293,991</u>	<u>27,234,101</u>	<u>5,996,032</u>	<u>4,748,385</u>	<u>70,333,201</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 46,106,758</u>	<u>\$ 6,896,333</u>	<u>\$ 4,654,057</u>	<u>\$ 27,252,626</u>	<u>\$ 6,108,626</u>	<u>\$ 5,945,031</u>	

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 123,647,157

Liabilities are not due and payable in the current period and therefore are not in the funds:

Bonds, leases and compensated absences payable (355,069)

Net position of governmental activities \$ 193,625,288

The notes to the financial statements are an integral part of this statement.

HIGHLANDS RANCH METROPOLITAN DISTRICT
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended
December 31, 2022

	General	Special Revenue		Capital Projects	Major Repair	Other Governmental Funds	Total Governmental Funds
		Utility	Mansion				
REVENUES							
Property taxes	\$ 22,126,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,126,140
Systems development fees	-	-	-	307,745	-	-	307,745
Tap fees	-	699,660	-	-	-	-	699,660
Water operations	-	27,690,647	-	-	-	-	27,690,647
Wastewater operations	-	13,289,137	-	-	-	-	13,289,137
Street lights	-	1,285,373	-	-	-	-	1,285,373
Stormwater management	909,214	-	-	-	-	-	909,214
Program fees	-	-	696,181	-	-	1,267,920	1,964,101
Conservation trust fund	-	-	-	-	-	632,204	632,204
Intergovernmental	659,960	-	-	-	-	-	659,960
Net investment income/ (loss)	(16,455)	(124,008)	(90,533)	(588,862)	(68,185)	32,110	(855,933)
Contributions	-	-	-	180,000	-	-	180,000
Other	264,628	-	5,175	-	737,305	-	1,007,108
Total Revenues	23,943,487	42,840,809	610,823	(101,117)	669,120	1,932,234	69,895,356
EXPENDITURES							
Current:							
General government	2,471,851	-	-	-	-	-	2,471,851
Public safety	12,289	1,202,882	-	4,455	-	-	1,219,626
Parks and open space	8,854,435	-	-	55,627	143,108	691,013	9,744,183
Recreation services	-	-	-	-	-	1,022,582	1,022,582
Cultural	-	-	589,021	-	-	-	589,021
Public works	686,984	-	-	-	-	-	686,984
Stormwater management	169,715	-	-	-	-	-	169,715
Water operations	-	27,690,647	-	-	-	-	27,690,647
Wastewater operations	-	13,289,137	-	-	-	-	13,289,137
Investment in reserved capacity	-	3,276,232	-	-	-	-	3,276,232
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Leases:							
Depreciation	137,674	-	-	-	-	-	137,674
Interest	31,226	-	-	-	-	-	31,226
Capital:							
Major repair and renovation	-	-	-	-	3,277,014	-	3,277,014
Capital outlay	125,351	-	-	1,636,946	-	3,590	1,765,887
Total Expenditures	12,489,525	45,458,898	589,021	1,697,028	3,420,121	1,717,185	65,371,778
Excess (deficiency) of revenues over (under) expenditures	11,453,962	(2,618,089)	21,802	(1,798,145)	(2,751,002)	215,049	4,523,577
OTHER FINANCING SOURCES (USES)							
Transfers in:	-	21,858	-	487,203	2,233,994	1,154,457	3,897,512
Transfers out:	(3,897,512)	-	-	-	-	-	(3,897,512)
Total other financing sources (uses)	(3,897,512)	21,858	-	487,203	2,233,994	1,154,457	(0)
Net change in fund balances	7,556,450	(2,596,231)	21,802	(1,310,942)	(517,008)	1,369,506	4,523,577
Fund balances - beginning	15,822,214	7,278,259	4,272,189	28,545,043	6,513,040	3,378,880	65,809,625
Fund balances - ending	\$ 23,378,664	\$ 4,682,028	\$ 4,293,991	\$ 27,234,101	\$ 5,996,032	\$ 4,748,385	\$ 70,333,201

The notes to the financial statements are an integral part of this statement.

**HIGHLANDS RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended
December 31, 2022**

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

Net change in fund balances - total governmental funds		\$ 4,523,577
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is calculated as follows</p>		
Capital outlay (net of CTF intragovernmental transfers)	1,765,887	
Capitalized major repairs and renovations	3,277,126	
Current year depreciation	<u>(3,282,592)</u>	
		1,760,421
Disposal of capital assets decrease net assets in the statement of activities, but do not appear in the governmental funds because they are not a current source of financial resource:		(51,114)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not a current source of financial resource:		193,026
Leased facilities		(180,005)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental fund:		
Decrease in accrued interest		-
Increase in accrued compensated absences		(29,160)
Change in net position of governmental activities per Statement of Activities:		<u><u>\$ 6,216,745</u></u>

The notes to the financial statements are an integral part of this statement

HIGHLANDS RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 21,896,553	\$ 21,896,553	\$ 22,126,140	\$ 229,587
Stormwater management fee	915,000	915,000	909,214	(5,786)
Intergovernmental	738,000	738,000	659,960	(78,040)
Net investment income	34,000	34,000	(16,455)	(50,455)
Other	436,000	436,000	264,628	(171,372)
Total Revenues	24,019,553	24,019,553	23,943,487	(76,066)
EXPENDITURES				
General government	3,131,050	3,131,050	2,471,851	659,199
Operations				
General Fund budget	10,543,118	10,543,118	9,847,959	695,159
Stormwater Management budget	204,520	204,520	169,715	34,805
Total Expenditures	13,878,688	13,878,688	12,489,525	1,389,163
Excess (deficiency) of revenues over (under) expenditures	10,140,865	10,140,865	11,453,962	1,313,097
OTHER FINANCING SOURCES (USES)				
Transfers in:	65,300	65,300	-	(65,300)
Transfers out:	(8,798,108)	(8,798,108)	(3,897,512)	4,900,596
Total other financing sources (uses)	(8,732,808)	(8,732,808)	(3,897,512)	4,835,296
Net change in fund balance	1,408,057	1,408,057	7,556,450	6,148,393
Fund balance - beginning	14,263,210	15,822,214	15,822,214	-
Fund balance - ending	\$ 15,671,268	\$ 17,230,271	\$ 23,378,664	\$ 6,148,393

NOTE: For financial statement reporting purposes the General Fund and Stormwater Management Fund are combined

The notes to the financial statements are an integral part of this statement.

**HIGHLANDS RANCH METROPOLITAN DISTRICT
UTILITY SPECIAL REVENUE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2022**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Tap fees	\$ 1,055,125	\$ 1,055,125	\$ 699,660	\$ (355,465)
Water operations	27,275,000	27,275,000	27,690,647	415,647
Wastewater operations	13,208,000	13,208,000	13,289,137	81,137
Street light fees	1,213,000	1,213,000	1,285,373	72,373
Net investment income	6,100	6,100	(124,008)	(130,108)
Other	-	-	-	-
Total Revenues	<u>42,757,225</u>	<u>42,757,225</u>	<u>42,840,809</u>	<u>83,584</u>
EXPENDITURES				
Public safety - street lights	1,265,000	1,265,000	1,202,882	62,118
Water operations	27,275,000	27,275,000	27,690,647	(415,647)
Wastewater operations	13,208,000	13,208,000	13,289,137	(81,137)
Investment in reserved capacity	3,336,782	3,336,782	3,276,232	60,550
Total Expenditures	<u>45,084,782</u>	<u>45,084,782</u>	<u>45,458,898</u>	<u>(374,116)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,327,557)</u>	<u>(2,327,557)</u>	<u>(2,618,089)</u>	<u>(290,532)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	-	-	21,858	21,858
Transfers out:	(6,100)	(6,100)	-	6,100
Total other financing sources (uses)	<u>(6,100)</u>	<u>(6,100)</u>	<u>21,858</u>	<u>27,958</u>
Net change in fund balance	<u>(2,333,657)</u>	<u>(2,333,657)</u>	<u>(2,596,231)</u>	<u>(262,574)</u>
Fund balance - beginning	7,204,908	7,278,259	7,278,259	-
Fund balance - ending	<u>\$ 4,871,251</u>	<u>\$ 4,944,602</u>	<u>\$ 4,682,028</u>	<u>\$ (262,574)</u>

The notes to the financial statements are an integral part of this statement.

**HIGHLANDS RANCH METROPOLITAN DISTRICT
MANSION SPECIAL REVENUE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Program fees and revenues	\$ 400,000	\$ 400,000	\$ 696,181	\$ 296,181
Net investment income	10,600	10,600	(90,533)	(101,133)
Other	102,000	102,000	5,175	(96,825)
Total Revenues	512,600	512,600	610,823	98,223
EXPENDITURES				
Operations	642,140	642,140	589,021	53,119
Total Expenditures	642,140	642,140	589,021	53,119
Excess (deficiency) of revenues over (under) expenditures	(129,540)	(129,540)	21,802	(151,342)
OTHER FINANCING SOURCES (USES)				
Transfers out:	(56,600)	(40,300)	-	40,300
Total other financing sources (uses)	(56,600)	(40,300)	-	40,300
Net change in fund balances	(186,140)	(169,840)	21,802	(111,042)
Fund balances - beginning	4,226,179	4,272,189	4,272,189	-
Fund balances - ending	\$ 4,040,039	\$ 4,102,349	\$ 4,293,991	\$ (111,042)

The notes to the financial statements are an integral part of this statement.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) REPORTING ENTITY

The Highlands Ranch Metropolitan District (the District), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Douglas County, Colorado and includes most all of the developed portion of the real estate development of Highlands Ranch. On May 6, 2006, the electorates of Highlands Ranch Metropolitan Districts No. 1, 2, 3 and 4 voted to consolidate into Highlands Ranch Metropolitan District No. 3 which was then renamed Highlands Ranch Metropolitan District. Pursuant to a court order approved on September 11, 2006, the Consolidation was effective January 1, 2007 for financial reporting purposes. Centennial Water and Sanitation District (Centennial) provides water and wastewater treatment and major distribution and collection systems to the project area by intergovernmental agreement with the District (Note IVD). The District provides construction of arterial roadways, installation and maintenance of arterial landscaping, installation of storm drainage facilities, construction and maintenance of parks and trails, and provides water and wastewater service to property within the District.

The District follows the Governmental Accounting Standard Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the 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, the appointment by the primary entity of a voting majority of the component organization's governing body, the ability of the primary entity to impose its will on the component organization, a potential for the component organization to provide specific financial benefits or burdens and fiscal dependency of the component organization.

Component Unit. The Highlands Ranch Parks and Recreation Foundation (the Foundation) is a nonprofit organization whose sole purpose is to support the District by funding opportunities above and beyond the normal operating budget. The Foundation is governed by a governing board appointed by the membership of the Foundation. Revenues, expenditures and net assets of the Foundation are not material to these financial statements and therefore the District has chosen not to present the financials of the Foundation on either the face or in the footnotes of the District. A copy of the IRS 990 return of the Foundation may be obtained from the District at its offices at 62 West Plaza Drive, Highlands Ranch, Colorado 80129.

The District is not financially accountable for any other entity including Highlands Ranch Metropolitan District No. 5 (which was modified by court order as Mirabelle Metropolitan District with boundaries that are no longer part of Highlands Ranch) and Centennial, nor is the District a component unit of any other governmental entity.

B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function 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.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C) 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when susceptible to accrual; i.e., both measurable and available. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. The major revenue sources susceptible to accrual are service fees, property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The following describes major governmental funds:

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. The fund includes revenues that are earmarked by Board action specifically for both storm water management operations and capital. As a result they cannot be segregated into a Special Revenue Fund.

The **Utility Special Revenue Fund** is used to collect and disburse monies earmarked for specific purposes due to either legal or contractual arrangements. This fund accounts for 1) utility related water and wastewater service revenues and expenses; 2) resources to be used for the investment in reserved capacity in the water and wastewater system owned by Centennial; and 3) street light revenues. The District has chosen to use this type of fund because the revenue from these service fees are paid to other entities for services rendered and because the service fees are not established to fully recover the cost of the assets.

The **Mansion Special Revenue Fund** is a special revenue fund used to collect and disburse monies earmarked for specific purposes as the result of specific Board action. This fund accounts for the investment earnings on an endowment self-created by the District Board from previously collected developer fees and for user fees established by the Board for rental of the Highlands Ranch Mansion. While this fund did not meet the quantitative threshold of a major fund management has elected to present as a major fund for consistency.

The **Debt Service Fund** is used to account for the accumulation of resources for the payment of long-term debt principal, interest and related costs. The fund balance is restricted.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **Major Repair and Replacement Fund** is a capital projects related fund that is used to fund the major repair, replacement and renovation of District assets. The significant source of funding is from the fees collected from cell phone tower and other equipment leases as determined by the Board.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

Additionally, the District reports as Other Governmental Funds a consolidation of the following non-major funds:

The *Conservation Trust Fund* is a special revenue fund used to collect and disburse monies earmarked for specific purposes due to statutory requirements. This fund accounts for the proceeds from the Colorado state lottery.

The *Recreation Special Revenue Fund* is a special revenue fund used to collect and disburse monies earmarked for specific purposes as the result of specific Board action. This fund accounts for the proceeds from user fees established by the Board for recreation programs and activities.

The *Water and Wastewater Reserve Fund* is a fund established to track expenditures related to replacement of water and wastewater lines. The primary source of funding is a transfer from the General Fund.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the general government funds that are reasonably equivalent to the services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D) ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCE

1) Cash Deposits and Investments

The District follows the practice of pooling available cash of all funds to maximize net investment income. Cash in excess of immediate operating requirements is deposited or invested. Investments are reported at fair value. Net investment income is allocated annually to the participating funds based on each fund's monthly average equity balance in the total cash and investments.

2) Capital assets

The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The costs of maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets (the net of which includes all infrastructure for which the District retains responsibility) are stated at cost except for those contributed assets that are stated at the developer's cost, which is considered to be acquisition value at the transfer date. Water distribution and wastewater collection lines for development areas are installed by the developer and dedicated to the District.

Upon completion of construction, arterial street construction improvements, traffic signals and certain storm drainage improvements are eligible to be dedicated to Douglas County, Colorado. Until accepted the cost is shown as Public Infrastructure to be dedicated and is shown as a reduction to the same category in capital assets when the acceptance is made.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Water and wastewater infrastructure	40 years
Park infrastructure and buildings	30 years
Office buildings and fire stations	40 years
Machinery and equipment (vehicles, office equipment, furniture, computer equipment etc.)	5-10 years

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

3) Property Taxes

The District Board of Directors levies property taxes. The levy is based on the following sequence:

- The levy is based on assessed valuations determined by the County Assessor who determines the assessed value as of January 1 of each year.
- The Board determines the levy to be assessed against the assessed value prior to December 15 of the year for which the assessed value is determined and certifies the levy to the County Commissioners.
- The tax lien is attached on January 1 of the assessment year.
- The taxes are collected in the year following the assessment year.

The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August. Sales of tax liens on delinquent property are normally collected in November.

The County Treasurer remits the taxes collected monthly to the District. Since property taxes are collected in the succeeding year, the receivable and corresponding deferred revenue are reported at year end.

Property taxes, net of estimated uncollectible taxes, are recorded initially as a deferred inflow of resources in the year they are levied and measurable. The deferred inflow of resources are recorded as revenue in the year they are available or collected.

4) Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of debt issued 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.

5) Amortization

Original Issue Premiums and Original Issue Discounts

Original issue premiums and discounts are deferred and are amortized using the effective interest method over the life of the respective bonds. Unamortized premiums and discounts adjust the face value of amounts reported as bonds payable.

Deferred loss on Refunding

The deferred amounts related to a bond refunding are being amortized using the interest method over the life of the defeased bonds. The amortization amount is a component of interest expense and the unamortized cost is reflected as a deferred outflow of resources.

Prepaid bond insurance

The cost of insurance for a bond issue is being amortized using the interest method over the life of the bonds. The unamortized cost is reflected as a deferred outflow of resources.

**HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued**

6) Compensated Absences

The District has a policy that allows employees to accumulate unused vacation benefits up to a certain maximum number of hours. The District accrues a liability for compensated absences on the statement of net position only since the amount payable is not anticipated to be paid with available resources.

7) Postemployment benefits

The District participates in the Colorado Employer Benefit Trust (CEBT) a multiple employer trust for public institutions providing employee benefits. CEBT insures approximately 15,000 employees as well as their beneficiaries from approximately 240 participating groups. The Trust is governed by a board of trustees made up of representatives from participating groups. The CEBT plan meets the definition of a *community rated plan* and therefore is not required to provide certain information.

A District retiree who has at least 15 years of service with the District and has reached at least 50 years of age at retirement is eligible to continue on the District's health plans by paying the full premium amount and no subsidy of the premium is provided by the District. This benefit expires when the retiree reaches the age of 65, thereby making the maximum eligibility period 15 years. One employee is currently using this benefit.

Since the plan meets the definition of a community rated plan, the District's expense is the annual contribution and there is no implicit rate subsidy. Therefore, no liability is reported in the financial statements for postemployment benefits.

8) Development Fees

The District has established a systems development fee for residential, commercial and industrial property owners consistent with provisions found in the original Highlands Ranch Metropolitan District intergovernmental agreements. The fee, which is determined periodically, is designed to recover the estimated costs of the construction of the arterial roadways, arterial landscaping, storm drainage facilities, the park system and fire protection facilities that are being built to serve all of Highlands Ranch. The fee is allocated to specific programs as capital grants and contributions based on the cost information used to calculate the fee included in the District's Facilities Plan. For 2022 the fees were allocated based upon percentages as follows:

Public works	51%
Stormwater	18%
Public safety	2%
Parks, open space	29%

The District has also approved the establishment of a tap fee for residential, commercial and industrial users. This fee is allocated between the water system and the wastewater system and is primarily for the acquisition from Centennial of capacity in the treatment systems and related debt service. The fees and allocations are re-determined periodically.

Both fees are recorded as revenue when received.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

9) Fund Balance/Net Position

Fund balances

In the Governmental Funds Balance Sheet, the fund balances are reported in classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which spending within the fund can occur. The following classifications have been established that describe the relative strength of the spending constraints:

- *Nonspendable* – includes the portion of the fund balance/net position that cannot be spent because it is in either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted* – includes the portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions (see TABOR discussion below) or enabling legislation.
- *Committed* - includes the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal approval through adoption of a resolution of the District’s Board of Directors, the highest level of decision making authority. The constraint, once imposed can only be removed or changed through the same formal approval by resolution of the Board.
- *Assigned* – includes the portion of the fund balance that is constrained by the District’s intent for use for a specific purpose but said intent does not meet the definition of either Restricted or Committed. Under the District’s adopted policy approved by resolution, the Board has delegated the authority for such assignment to the District’s chief financial officer.
- *Unassigned* – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose with the General Fund.

Use of categorized fund balance

If more than one classification of fund balance is available for use within the fund when an expenditure is incurred related to the purpose of the categorization, it is the District’s policy to use the most restrictive available classification first. Commitments made by appropriation for capital projects remain committed until specifically rescinded by the Board. All other commitments are reviewed and approved by Board action at the time of the adoption of the budget and remain so categorized for the budget year unless specific Board action is taken.

Statement of Net Position

In the net position financial statements, net position represents the difference between assets and liabilities. The net position is further classified as follows:

- Net investment in capital assets consists of the value of capital assets net of accumulated depreciation reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvement on those assets excluding unspent bond proceeds.
- Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restriction imposed by creditors, grantors, laws or regulations of other governments.
- Unrestricted assets represent resources than can be used for any purpose approved by the Board.

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A) BUDGETS

Budgets are adopted for each fund on its Generally Accepted Accounting Principles (GAAP) basis of accounting except for general governmental type capital projects funded from the Capital Projects, Conservation Trust and Major Repair Funds. Appropriations are at the total fund expenditures level and lapse at year-end in all funds except for the above referenced general government type capital projects funds. Appropriations for this type of capital outlay are project length appropriations on a project-by-project basis and extend until the District's Board of Directors rescinds any unexpended appropriation as the specific projects are completed. Expenditures may not legally exceed appropriations at the fund level.

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The Board of Directors can only amend appropriation resolutions upon completion of notification and publication requirements. The appointed management of the District can transfer between line items within the fund level appropriation without notice.

The original and revised budgets for the various funds are shown on the appropriate Statement or Schedule. The Utility Special Revenue Fund was slightly over budget for pass through water and wastewater revenue that is collected and passed through to Centennial Water & Sanitation District.

B) TAX, SPENDING AND REVENUE LIMITATION

In 1992, Colorado voters approved the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR generally limits taxing and new debt powers, imposes spending limitations and provides for the establishment of emergency reserves. These provisions apply to the District except as noted below. TABOR is complex and its interpretation is subject to numerous lawsuits against other entities in the state.

In 2006, a District election conducted in compliance with TABOR approved:

- increasing all non-tax revenues and spending to comply with all existing intergovernmental agreements between the District, Highlands Ranch Metropolitan District No. 5 and Centennial;
- preserving the then existing authorized but unissued debt authorization;
- allowing for refunding of District debt at higher or lower interest rates than the rate on the refunded debt
- authorizing other multiple-year debt or financial obligations including revenue bonds; and
- a mill levy not to exceed 19.75 mills which was reduced to 12.75 with the successful inclusion election with South Metro Fire Rescue, and the related tax revenues subject to the allowed increases for inflation and cost of living adjustments.

Net position and fund balance are restricted in order to comply with the emergency reserve requirement of TABOR (Note ID9) \$798,000 of the fund balance and net position has been restricted in compliance with this requirement. The fund balance reserved for all governmental fund types is shown in the General Fund.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

The District's property tax collections for 2021 provides the basis for calculation of the 2022 limitations adjusted for allowable increases tied to inflation and local growth. Property tax revenue in excess of the District's "spending limit" must be refunded unless voters approve the retainage of such excess revenue.

The District has reviewed its 2022 results of operations and anticipates it is in compliance with its current interpretation and application of voter approved adjustments to TABOR tax, revenue, "spending limit" and debt limitations.

III. DETAILED NOTES

A) CASH DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each activity or fund's portion of this pool is displayed on the statement of net position or balance sheet respectively as "Cash deposits and investments". It is the intent of the District to diversify the investments within its portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, corporations, or maturities.

At December 31, 2022, the District had the following cash and investments:

Cash on hand	\$	1,575	
Cash deposits		256,608	
			\$ 258,183
Investments			
Investments held in safekeeping		40,896,213	
Local government investment pool		21,689	
Money Market Mutual Fund		32,291,994	
			73,209,896
Total			\$ 73,468,079

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. Deposits covered by PDPA are not subject to custodial credit risk. The State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2022, the District had \$256,608 of bank balances for cash deposits collateralized pursuant to PDPA.

Investments

Colorado State Statutes specify investment instruments meeting defined risk criteria in which units of local government may invest. The District has adopted an investment policy that is more restrictive than the State Statutes and is limited to:

1. U.S. Treasury Obligations: Treasury Bills, Treasury Notes, and Treasury Bonds with a final maturity not exceeding five years from the date of purchase and U.S. Treasury Strips with maturities not exceeding five years from the date of purchase.
2. Federal Instrumentality Securities: Debentures, discount notes, and callable securities with a final maturity not exceeding five years from the date of purchase issued by the following: Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

(FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Student Loan Marketing Association (SLMA).

3. Repurchase Agreements, executed subject to an approved Master Purchase Agreement, with a termination date of 90 days or less collateralized by U.S. Treasury Securities listed in 1 above with maturities not exceeding ten years.
4. Prime Commercial Paper with an original maturity of 270 days or less which is rated at least A-1 by Standard & Poors or P-1 by Moody's at the time of purchase by each service which rates the commercial paper.
5. Eligible Bankers Acceptances with original maturities not exceeding 180 days, issued on domestic banks whose senior long-term debt is similar to 4 above; have a combined capital and surplus of at least \$250,000,000; and have deposits insured by the FDIC.
6. Local Government Investment Pools authorized under CRS 24-75-702.
7. Money Market Mutual funds which have a rating of AAA by Standard and Poors or AAAM by Moody's.

At December 31, 2022, the District's investments held in safekeeping reported on the financial statements can be summarized as follows:

Investments held in safekeeping	S&P Rating	Investment Maturities (in Years)			
		One to five years			Total
		Less than 1	Callable 2023	Noncallable	
US Treasury securities	AA+	\$ 4,062,503	\$ -	\$ 22,308,027	\$ 26,370,530
US Agency securities	AA+	2,230,238	1,029,667	1,994,791	5,254,697
Supra-National Agency	AAA	1,046,242	-	1,740,376	2,786,618
Municipal bonds	AA- to AAA	718,755	-	1,622,611	2,341,366
Corporate debt	AA- to AAA	-	-	3,524,929	3,524,929
Certificate of Deposit	A+ to A-1+	-	-	618,073	618,073
		<u>\$ 8,057,739</u>	<u>\$ 1,029,667</u>	<u>\$ 31,808,807</u>	<u>\$ 40,896,213</u>

As of December 31, 2022, the District had invested \$32,194,878 in the Colorado Local Government Liquid Asset Trust ("CSIP") and \$21,689 in Colotrust, investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. These trusts operate similarly to a money market fund and each share is equal in value to \$1.00. Both are rated AAAM by Standard and Poor's. Investments are limited to those allowed by State statutes. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. CSIP and Colotrust record investment at fair value and the District records its investment in both using the net asset value method.

The District has executed a safekeeping agreement with a financial institution that provides for the financial institution to act in a custodial capacity. The custodian holds investments acquired by the District in a Federal Reserve custodial account. The investments in this account are not available to the general creditors of the custodian. Ownership of the securities by the District is maintained in the custodian's internal accounting records.

The District categorizes its fair value measurements at the end of the fiscal year within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. All of the annuity's investments except for certificates of deposit are measured at fair value using level 1 inputs and certificate of deposits are measured using level 2 inputs.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

Concentration of Credit Risk – State statutes and the District’s investment policy limit the amount the District may invest in one issuer for commercial paper and corporate debt. At December 31, 2022, the District maintained investments in excess of 5% in the following:

	% of portfolio
Money market mutual funds - CSIP	43.98%
US Treasury securities	36.02%

B) CAPITAL ASSETS

An analysis of the changes in capital assets and the amount invested in capital assets net of related debt for the year ended December 31, 2022 follows:

	Balance at January 1, 2022	Increases	Decreases/ Reclasses	Balance at December 31, 12/31/2022
Capital assets not being depreciated:				
Construction in progress				
Capital assets to be retained by District	\$ 17,673,517	\$ 4,647,626	\$ 5,407,967	\$ 16,913,176
Public infrastructure to be dedicated	95,846	-	-	95,846
	17,769,363	4,647,626	5,407,967	17,009,022
Land improvements	35,948,140	701,653	-	36,649,793
Public infrastructure to be dedicated	18,391,638	-	-	18,391,638
Total capital assets not being depreciated	72,109,141	5,349,279	5,407,967	72,050,453
Capital assets being depreciated:				
Buildings	13,899,203	254,425		14,153,628
Improvements other than buildings	24,929,304	4,463,889	239,454	29,153,739
Machinery and equipment	5,295,573	395,276	138,024	5,552,825
Water and wastewater infrastructure	67,422,044	181,026	-	67,603,070
Total capital assets being depreciated	111,546,124	5,294,616	377,478	116,463,262
Lease asset being amortized				
DOB Building Lease	746,055	-	42,330	703,725
Total	746,055	-	42,330	703,725
Less accumulated depreciation for:				
Buildings	4,253,508	298,157	-	4,551,665
Improvements other than buildings	20,231,202	1,114,073	326,363	21,018,911
Machinery and equipment	3,739,054	287,977	-	4,027,031
Water and wastewater infrastructure	34,103,518	1,582,386	-	35,685,904
Total accumulated depreciation	62,327,282	3,282,592	326,363	65,283,511
Less lease asset accumulated amortization				
DOB Building Lease	149,097	137,674	-	286,771
Total capital assets being depreciated, net	49,815,800	1,874,349	93,445	51,596,704
Capital assets, net	\$ 121,924,827	\$ 7,223,628	\$ 5,501,412	123,647,157
		Net investment in capital assets		\$ 123,647,157

Upon completion of construction, arterial roadways construction improvements, traffic control devices and certain storm drainage improvements are eligible to be dedicated to Douglas County, Colorado. Until accepted the cost is shown as Public Infrastructure to be dedicated and are shown as a reduction to the same category in capital assets when the acceptance is made.

Depreciation expense was charged to functions/programs of the District as follows:

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

Governmental activities:

General government	\$	-
Parks and open space		1,462,003
Cultural		238,203
Water and wastewater operations		1,582,386
Total depreciation expense	\$	<u>3,282,592</u>

C) LONG-TERM LIABILITIES

The District issues general obligation bonds to provide for the acquisition and construction of major capital facilities and for the investment in reserved capacity.

The District's long-term liabilities as of December 31, 2022, are as follows:

	<u>January 1, 2022</u>	<u>Additions</u>	<u>Payments/ Amortization</u>	<u>December 31, 12/31/2022</u>
Compensated Absences	325,910	363,562	334,403	355,069
	<u>325,910</u>	<u>\$ 363,562</u>	<u>\$ 334,403</u>	<u>355,069</u>
	20,400	Current portion		54,800
	<u>\$ 305,510</u>	Long term portion		<u>\$ 300,269</u>

The liability for compensated absences will be paid from the General Fund.

CAPITAL LEASES PAYABLE

The District had outstanding lease-purchase obligations outstanding during 2022.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

D) INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

The following schedule reflects the District's net receivables (payables) to other governmental entities at December 31, 2022:

Due (to) from	Centennial
Receivable Funds	
General	\$ 88,391
	<u>88,391</u>
Payable Funds	
General Fund	(1,108,529)
Utility Special Revenue	(2,110,710)
Mansion	(8,562)
Capital Projects	(204)
Major Repair	(5,900)
Other non-major	(935,517)
	<u>(4,169,423)</u>
	<u>\$ (4,081,032)</u>

F) LEASES

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which modifies accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District has entered into multiple lease agreements with cellular providers which allows those providers to install and maintain cellular towers on District land. Each lease has a term of five years with four additional terms of five years each (25 years). Under GASB 87, the lease term is the period which a lessee has a non-cancelable right to use the underlying asset, plus the following periods, if reasonably certain of being exercised. The District's lease agreements stipulate that the term renew automatically unless the lessee notifies the lessor the intent to not renew. For measurement purposes the District has concluded that, under GASB 87, the lease receivable should be recognized for the entirety of the lease term, including renewal periods.

In 2022, the District received \$497,209 and \$267,795 in principal and interest payments, respectively.

Schedule of net minimum lease payment receivables as of December 31, 2022 is as follows:

	Principal	Interest	Total Payment
2023	581,377	436,978	1,018,355
2024	621,130	419,537	1,040,667
2025	672,549	400,903	1,073,452
2026	714,315	380,727	1,095,042
2027	729,022	359,297	1,088,319
2028-2032	3,758,061	1,457,120	5,215,182
2033-2037	3,147,017	934,133	4,081,150
2038-2042	3,767,176	430,799	4,197,975
2043	575,300	17,259	592,559
	<u>14,565,948</u>	<u>4,836,754</u>	<u>19,402,702</u>

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

E) INTERFUND TRANSFERS

The Board of Directors has determined and automatically appropriates for the following transfer of net investment income:

- the amounts earned in the Utility Special Revenue Fund are allocated between the General Fund and the Debt Service Fund.

In addition, the Board specifically authorized and appropriated the following transfer of funds:

- from the General Fund to the Recreation Fund, which is included under Other Governmental Funds, to fund non-program expenses related to supporting programs.
- from the General Fund to the Capital Projects Fund the amount of funding required to fund the current year expenditures for stormwater management projects after consideration of funding received from stormwater fee and capital contributions.

The following schedule summarizes the District's inter-fund transfers during 2022:

	General Fund	Special Revenue Fund		Debt Service	Capital Projects	Major Repair	Nonmajor Funds
		Utility	Mansion				
Transfers in							
Net investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific board action				-	487,203	2,233,994	1,154,457
	-	-	-	-	487,203	2,233,994	1,154,457
Transfers out							
Net investment income		21,858			-		
Specific board action	(3,897,511)		-	-	-		-
	(3,897,511)	21,858	-	-	-	-	-
	\$ (3,897,511)	\$ 21,858	\$ -	\$ -	\$ 487,203	\$ 2,233,994	\$ 1,154,457

Per accounting requirements provided by the state auditor, any transfers from the Conservation Trust Fund to the Capital Projects Fund are treated as an expense in the Conservation Trust Fund and as a revenue in the Capital Projects Fund.

IV) OTHER INFORMATION

A) DEFINED CONTRIBUTION PENSION PLAN

All regular employees of the District participate in the Highlands Ranch Special Districts' Employees Retirement Plan (the Plan). The Plan is a defined contribution plan established through an interdistrict agreement with Centennial Water and Sanitation District forming the Highlands Ranch Special Districts' Employees Retirement Association which is governed by a retirement board comprised of the Treasurer of Highlands Ranch Metropolitan District, two citizens appointed by the Centennial Board and the District Board and two employee representatives elected at large, however both of the participating districts must be represented. The Retirement Board may recommend changes to the plans as well as the contribution amounts. The member Districts boards of directors must approve any changes recommended by the Retirement Association. The Retirement Association administers the Plan through the Principal Financial Group, Inc. No audited GAAP basis reports are prepared.

At December 31, 2022 there were 218 active plan members comprised of 103 full and part-time members employed by the District and 115 full and part-time members employed by Centennial. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become Plan members upon employment as regular full-time employees. Under the Plan, 6.2% of the Plan members' pensionable compensation is withheld and remitted to the Plan Administrator. The

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

members are immediately invested in their contribution plus earnings. The District contributes a matching payment of 6.2% of Plan members' pensionable compensation. The District's contributions plus earnings become fully vested to the Plan members upon the completion of three years of Plan membership.

District contributions for Plan members who leave employment before they are fully vested are used to reduce the District's benefit obligations or to pay plan related expenses. There is no liability for benefits under the Plan beyond the District's matching payments.

Actual contributions to the plan for the year ended December 31, 2022 were \$340,184 from Plan members and the District recognized pension expense in the amount of \$327,918 with no reduction in District pension expense as the result of forfeitures.

B) DEFERRED COMPENSATION PLAN

The District currently offers to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 administered by Principal Financial Group, Inc. Participation in the plan is optional for all employees. The District does provide a match for up to 4% of wages. The matching structure is 100% on the first 2% of employee contributions and 50% on employee contributions in excess of 2% up to a maximum of 4%. The plan allows employees to defer a portion of their salary until future years. All amounts deferred are held in trust for the exclusive benefit of participating employees.

C) RISK MANAGEMENT

The District is 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 official's liability, boiler and machinery and workers compensation coverage to its members. The Pool provides coverage for:

- property claims up to \$100,000,000.
- liability coverage for claims up to \$1,000,000.
- workers compensation claims up to statutory limits, with claims related to employer's liability up to \$2,000,000.

Settled claims have not exceeded coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' 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 that the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula. 340

D) COMMITMENTS

a) Operating Leases

The District entered into a lease agreement with Centennial Water & Sanitation District for use of office spaces in the District's office building. The initial term was from April 22, 1998 through December 31, 2003. Subsequent to this initial period, the lease may be renewed for additional one-year periods on a calendar basis with the consent of both parties. Currently the Districts have agreed to a rent schedule through December 31, 2025, with the anticipation the agreement will continue beyond 2025. For the purposes of financial reporting, each District is reporting the agreed upon lease schedule through December 31, 2025.

**HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued**

Schedule of net minimum lease payments as of December 31, 2022 are as follows:

Year	Beginning Balance	Principal	Interest	PAYMENT	Ending Balance
2023	\$ 416,953	\$ 146,826	\$ 23,474	\$ 170,300	\$ 270,128
2024	270,128	162,387	15,208	177,595	107,740
2025	107,740	107,740	6,066	113,806	-

b) Intergovernmental Water and Wastewater Service Agreements

The District has entered into a water and wastewater service agreement with Centennial. The agreement provides for Centennial to provide potable water and wastewater treatment services to areas included within the District in exchange for prepayment of the reserved capacity fees to Centennial (Note I.D) in anticipation of collection of future tap fees. The payment pursuant to the base portion of this agreement was \$3,034,032 for the year ended December 31, 2022 with cumulative payments and credits to Centennial of \$206,405,883. The District has minimum future payments due of approximately \$437,228 of which the base payment of \$274,891 has been budgeted for payment in 2023.

In addition, the District has elected to pay Centennial to provide total service. Total service under this agreement includes operation and maintenance of the District's facilities and the billing of the District's customers. This agreement expires in 2030.

c) Construction related commitments

As of December 31, 2022, unexpended appropriations for capital projects can be summarized as follows:

	Capital Projects		Major Repair	Conservation Trust
	General Govt.	Stormwater		
Appropriated but unexpended carried forward	\$ 1,518,630	\$ 220,456	\$ 1,753,384	\$ 80,172
New appropriations	16,442,376	1,004,000	2,041,353	-
Rescissions	-	-	-	-
Total available	17,961,006	1,224,456	3,794,737	80,172
Expenditures	(1,209,825)	(487,203)	(3,277,014)	(9,988)
Ending appropriated but unexpended	\$ 16,751,181	\$ 737,253	\$ 517,723	\$ 70,184

The appropriated but unexpended amounts are reflected in the fund balance as committed except for the Conservation Trust Fund that classifies the entire fund balance as restricted.

F) SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date these financial statements were available to be issues. There were no material subsequent events that require recognition or additional disclosure.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

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**HIGHLANDS RANCH METROPOLITAN DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022**

	<u>Special Revenue Funds</u>		<u>Water/Wastewater Reserves</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Recreation</u>		
ASSETS				
Cash deposits and investments	\$ 2,871,903	\$ 233,447	\$ 2,809,000	\$ 5,914,350
Receivables				-
Other	-	30,681	-	30,681
Total assets	<u>2,871,903</u>	<u>264,128</u>	<u>2,809,000</u>	<u>5,945,031</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and payroll liabilities	-	43,767	-	43,767
Customer deposits payable	-	217,363	-	217,363
Due to other governments	-	2,999	932,518	935,517
Total liabilities	<u>-</u>	<u>264,129</u>	<u>932,518</u>	<u>1,196,647</u>
Fund balances:				
Restricted				
Parks and recreation	2,871,903	-	-	2,871,903
Committed				
Water and wastewater operations	-	-	1,876,482	1,876,482
Total fund balances	<u>2,871,903</u>	<u>-</u>	<u>1,876,482</u>	<u>4,748,385</u>
Total liabilities and fund balances	<u>\$ 2,871,902</u>	<u>\$ 264,129</u>	<u>\$ 2,809,000</u>	<u>\$ 5,945,031</u>

See accompanying Independent Auditors' Report

HIGHLANDS RANCH METROPOLITAN DISTRICT
COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended
December 31, 2022

	<u>Special Revenue Funds</u>		<u>Water/Wastewater Reserves</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Recreation</u>		
REVENUES				
Conservation trust fund	\$ 632,204	\$ -	\$ -	\$ 632,204
Program fees	-	1,267,920	-	1,267,920
Net investment income	47,290	-	(15,180)	32,110
Total Revenues	<u>679,494</u>	<u>1,267,920</u>	<u>(15,180)</u>	<u>1,932,234</u>
EXPENDITURES				
Current:				
Parks and open space	6,398	684,615	-	691,013
Recreation services	-	1,022,582	-	1,022,582
Capital:				
Capital outlay	3,590	-	-	3,590
Total Expenditures	<u>9,988</u>	<u>1,707,197</u>	<u>-</u>	<u>1,717,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>669,506</u>	<u>(439,277)</u>	<u>(15,180)</u>	<u>215,049</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	-	439,277	715,180	1,154,457
Transfers out:	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>439,277</u>	<u>715,180</u>	<u>1,154,457</u>
Net change in fund balances	669,506	-	700,000	1,369,506
Fund balances - beginning	<u>2,202,398</u>	<u>-</u>	<u>1,176,482</u>	<u>3,378,880</u>
Fund balances - ending	<u>\$ 2,871,904</u>	<u>\$ -</u>	<u>\$ 1,876,482</u>	<u>\$ 4,748,385</u>

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2022**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Net investment income	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
General government	-	-	-	-
Debt service	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	-	-	-	-
Transfers out:	-	-	-	-
Proceeds from refunding bond issue	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2022**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
System development fees	\$ 412,000	\$ 412,000	\$ 307,745	\$ (104,255)
Net investment income	132,500	132,500	(588,862)	(721,362)
Contributions	-	-	180,000	180,000
Other	-	-	-	-
Total Revenues	<u>544,500</u>	<u>544,500</u>	<u>(101,117)</u>	<u>(645,617)</u>
EXPENDITURES				
Current:				
Cultural / Parks and Open Space	-	507,093	55,627	451,466
Public Safety	-	113,285	4,455	108,830
Capital:				
Capital outlay - capital projects fund	3,852,263	17,453,913	1,149,743	16,304,170
Capital outlay - stormwater management	1,320,000	1,224,456	487,203	737,253
Total Expenditures	<u>5,172,263</u>	<u>19,298,747</u>	<u>1,697,028</u>	<u>17,601,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,627,763)</u>	<u>(18,754,247)</u>	<u>(1,798,145)</u>	<u>16,956,102</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	1,320,000	1,320,000	487,203	(832,797)
Transfers out:	(500,000)	(500,000)	-	500,000
Total other financing sources (uses)	<u>820,000</u>	<u>820,000</u>	<u>487,203</u>	<u>(332,797)</u>
Net change in fund balance	<u>(3,807,763)</u>	<u>(17,934,247)</u>	<u>(1,310,942)</u>	<u>16,623,305</u>
Fund balance - beginning	28,471,204	28,545,043	28,545,043	-
Fund balance - ending	<u>\$ 24,663,441</u>	<u>\$ 10,610,796</u>	<u>\$ 27,234,101</u>	<u>\$ 16,623,305</u>

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
 CONSERVATION TRUST SPECIAL REVENUE FUND
 STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
 BUDGET and ACTUAL
 For the year ended
 December 31, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Conservation Trust Fund	\$ 500,000	\$ 500,000	\$ 632,204	\$ 132,204
Net investment income	6,300	6,300	47,290	40,990
Total Revenues	506,300	506,300	679,494	173,194
EXPENDITURES				
Outlay (project length appropriations)	835,000	80,172	9,988	70,184
Total Expenditures	835,000	80,172	9,988	70,184
Excess (deficiency) of revenues over (under) expenditures	(328,700)	426,128	669,506	243,378
Net change in fund balances	(328,700)	426,128	669,506	243,378
Fund balances - beginning	2,250,083	2,202,398	2,202,398	-
Fund balances - ending	\$ 1,921,383	\$ 2,628,526	\$ 2,871,904	\$ 243,378

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
RECREATION SPECIAL REVENUE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original and Final	Original and Final		
REVENUES				
Program fees and revenues	\$ 1,547,375	\$ 1,461,500	\$ 1,267,920	\$ (193,580)
Other	34,525	58,500	-	(58,500)
Total Revenues	<u>1,581,900</u>	<u>1,520,000</u>	<u>1,267,920</u>	<u>(252,080)</u>
EXPENDITURES				
Parks and open space	-	-	684,615	(684,615)
Recreation services	2,167,206	2,167,206	1,022,582	1,144,624
Total Expenditures	<u>2,167,206</u>	<u>2,167,206</u>	<u>1,707,197</u>	<u>460,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(585,307)</u>	<u>(647,206)</u>	<u>(439,277)</u>	<u>207,929</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	585,307	585,307	439,277	(146,030)
Transfers out:	-	-	-	-
Total other financing sources (uses)	<u>585,307</u>	<u>585,307</u>	<u>439,277</u>	<u>(146,030)</u>
Net change in fund balances	-	(61,900)	-	61,900
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ (61,900)</u>	<u>\$ -</u>	<u>\$ 61,900</u>

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
MAJOR REPAIR FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2022**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other	\$ 900,000	\$ 900,000	\$ 737,305	\$ (162,695)
Net investment income / (loss)	21,100	21,100	(68,185)	(89,285)
Total Revenues	<u>921,100</u>	<u>921,100</u>	<u>669,120</u>	<u>(251,980)</u>
EXPENDITURES				
Major repair, renovation and replacement	6,440,120	3,794,737	3,277,014	517,723
Vehicle and Equipment Replacement (non-fire)	189,343	189,343	143,108	46,235
Total Expenditures	<u>6,629,463</u>	<u>3,984,080</u>	<u>3,420,121</u>	<u>563,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,708,363)</u>	<u>(3,062,980)</u>	<u>(2,751,002)</u>	<u>311,978</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	2,189,343	2,189,343	2,233,994	44,651
Transfers out:	-	-	-	-
Total other financing sources (uses)	<u>2,189,343</u>	<u>2,189,343</u>	<u>2,233,994</u>	<u>44,651</u>
Net change in fund balance	(3,519,020)	(873,637)	(517,008)	356,629
Fund balance - beginning	7,092,891	6,513,041	6,513,041	-
Fund balance - ending	<u>\$ 3,573,871</u>	<u>\$ 5,639,404</u>	<u>\$ 5,996,033</u>	<u>\$ 356,629</u>

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
WATER AND SEWER RESERVE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net investment income / (loss)	\$ -	\$ -	\$ (15,180)	\$ (15,180)
Total Revenues	<u>-</u>	<u>-</u>	<u>(15,180)</u>	<u>(15,180)</u>
EXPENDITURES				
Water Line Replacement	900,000	1,069,781	-	1,069,781
Total Expenditures	<u>900,000</u>	<u>1,069,781</u>	<u>-</u>	<u>1,069,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(900,000)</u>	<u>(1,069,781)</u>	<u>(15,180)</u>	<u>1,054,601</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	700,000	700,000	715,180	15,180
Transfers out:	-	-	-	-
Total other financing sources (uses)	<u>700,000</u>	<u>700,000</u>	<u>715,180</u>	<u>15,180</u>
Net change in fund balance	(200,000)	(369,781)	700,000	1,069,781
Fund balance - beginning	1,409,000	1,409,000	1,176,482	1,084,961
Fund balance - ending	<u>\$ 1,209,000</u>	<u>\$ 1,039,219</u>	<u>\$ 1,876,482</u>	<u>\$ 2,154,742</u>

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
STATISTICAL SECTION
DECEMBER 31, 2022**

This section of the Highlands Ranch Metropolitan District Comprehensive Annual Financial Report presents detailed data as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

<u>Content</u>	<u>Tables & Charts</u>	<u>Pages</u>
FINANCIAL TRENDS These tables and charts contain trend information to help the reader understand how the District’s financial condition has changed over time.	A1 – A5	33-38
REVENUE CAPACITY These tables and charts contain information to help the reader assess the District’s largest revenue source.	B1 – B4	39-43
DEBT CAPACITY These tables and charts present information to help the reader assess the affordability of the District’s historical levels of outstanding debt and the District’s ability to issue debt in the future.	C1-C2	44-46
DEMOGRAPHIC & ECONOMIC INFORMATION These tables and charts offer demographic and economic indicators to help the reader understand the environment that the District’s financial activities take place within.	D1-D2	47-48
OPERATING INFORMATION These tables and charts contain service data to help the reader understand how information in the financial report relates to the services the District provides and the activities it performs.	E1	49

Highlands Ranch Metropolitan District

TABLE A-1

NET POSITION BY COMPONENT

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 71,527,866	\$ 79,196,482	\$ 85,523,946	\$ 93,783,969	\$ 95,646,229	\$ 102,297,682	\$ 102,497,282	\$ 109,950,447	121,924,827	123,647,157
Restricted for:										
Emergency reserves	499,000	561,000	530,000	412,000	785,000	760,000	552,000	645,000	395,000	798,000
Parks and Recreation	1,245,446	1,612,558	1,912,044	2,476,958	3,007,342	1,385,853	1,649,935	1,758,983	2,202,398	2,871,903
Debt Service	9,181,636	9,196,477	8,152,237	625,741	4,278,172	4,740,629	5,465,482	5,457,565	-	-
Unrestricted	17,952,162	18,231,557	22,415,774	29,922,310	33,425,152	43,986,567	53,878,214	58,727,932	62,886,318	66,308,228
Total Governmental activities net position	<u>\$ 100,406,110</u>	<u>\$ 108,798,074</u>	<u>\$ 118,534,001</u>	<u>\$ 127,220,978</u>	<u>\$ 137,141,895</u>	<u>\$ 153,170,731</u>	<u>\$ 164,042,913</u>	<u>\$ 176,539,927</u>	<u>\$ 187,408,543</u>	<u>\$ 193,625,288</u>

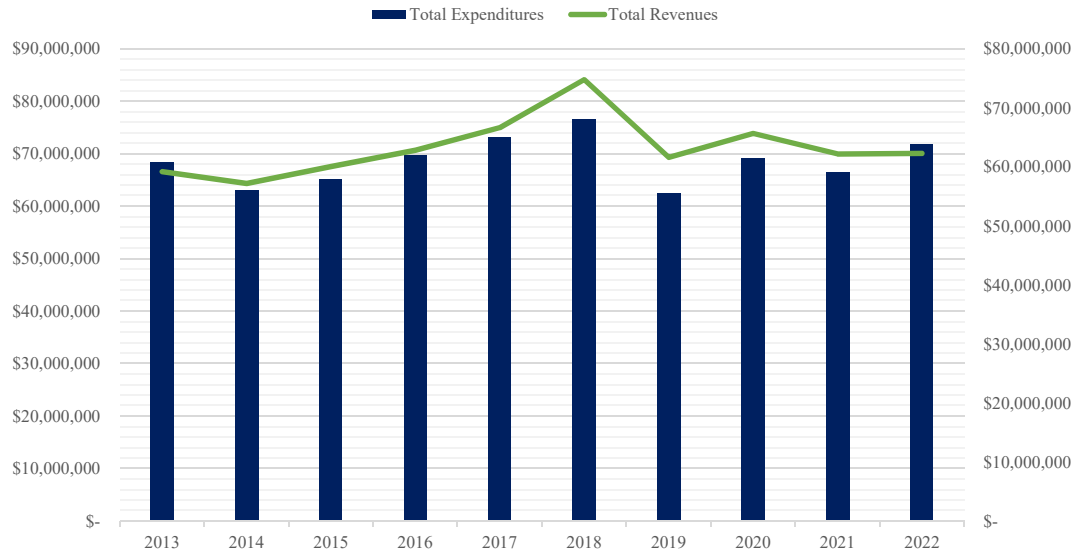
HIGHLANDS RANCH METROPOLITAN DISTRICT

TABLE A-2
CHANGE IN NET POSITION
Last Ten Years

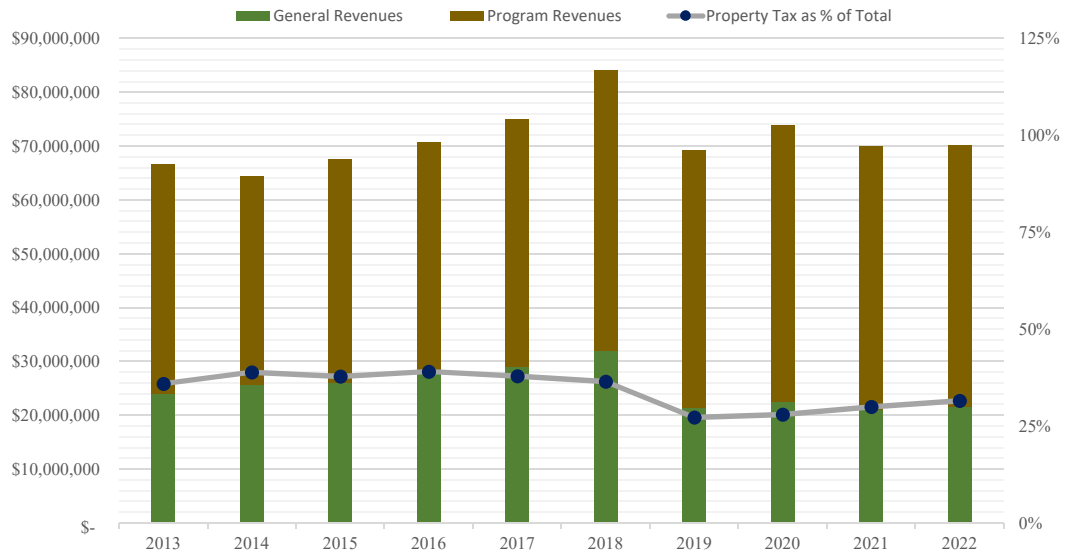
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EXPENSES										
Governmental Activities:										
Operations										
General government	\$ 1,985,639	\$ 2,092,514	\$ 2,095,072	\$ 2,150,671	\$ 2,141,593	\$ 2,424,163	\$ 2,895,769	\$ 2,749,535	\$ 1,915,136	\$ 2,834,702
Public Works	7,651,931	859,597	780,214	754,766	811,057	841,755	886,784	971,946	843,464	836,034
Public Safety	6,702,622	7,174,233	7,764,336	8,209,592	9,496,956	9,101,571	13,510	12,380	306,180	16,744
Streetlights	1,561,104	1,373,169	1,450,533	1,208,848	1,408,707	1,138,135	1,142,622	1,192,452	1,236,934	1,202,882
Parks, open space & recreation services	9,277,181	9,789,182	10,466,601	10,632,651	11,230,809	13,091,021	11,695,986	11,448,873	11,254,107	12,315,761
Cultural	652,008	690,234	777,930	774,605	861,440	944,990	841,166	756,241	799,379	827,224
Water and wastewater operations	30,093,794	31,512,290	32,504,644	36,862,402	38,554,433	40,018,837	37,597,289	43,825,713	42,408,250	45,838,289
Interest on long term debt	2,820,930	2,455,638	2,020,179	1,385,959	521,963	536,138	481,964	416,391	345,756	-
Total governmental activities expenses	<u>60,745,209</u>	<u>55,946,857</u>	<u>57,859,509</u>	<u>61,979,494</u>	<u>65,026,957</u>	<u>68,096,610</u>	<u>55,555,090</u>	<u>61,373,532</u>	<u>59,109,205</u>	<u>63,871,636</u>
PROGRAM REVENUES										
Charges for services										
Water and wastewater operations	26,038,041	27,451,048	28,789,563	31,927,850	31,950,804	34,394,092	35,064,777	40,480,618	39,833,112	40,979,784
General Fund operations										
Public Safety	-	41,694	13,767	24,476	-	-	-	-	-	-
General government	537,144	544,653	586,902	539,085	777,887	694,497	735,641	713,424	665,113	589,842
Street lights	1,167,601	1,163,641	1,355,021	1,441,425	1,452,173	1,456,098	1,470,363	1,464,833	1,292,616	1,285,373
Parks, open space & recreation services	1,486,021	1,505,838	1,692,172	1,517,055	1,508,465	3,461,651	1,775,849	1,026,098	1,284,684	1,324,733
Cultural	481,834	424,348	580,559	570,017	679,340	575,529	684,621	133,246	334,423	701,356
Public Works	1,216,582	1,235,494	1,416,999	1,370,359	1,302,630	1,556,073	2,080,755	1,914,998	2,247,852	1,716,636
Capital grants and contributions										
Tap fees	4,597,540	3,068,780	3,095,135	1,470,610	3,582,280	3,631,880	3,111,680	3,032,040	2,104,620	699,660
System Development fees	3,699,566	2,620,591	3,019,829	1,420,565	2,294,482	4,294,725	1,672,544	1,011,493	466,375	307,745
Conservation Trust Fund	503,045	458,543	468,436	553,043	500,312	524,645	580,820	535,673	633,903	632,204
Capital contributions	386,002	81,159	140,000	50,380	160,250	998,699	85,000	160,000	8,000	180,000
Donated assets	2,486,272	196,743	376,104	1,485,811	1,727,411	551,502	628,127	811,345	176,954	193,026
Total governmental activities revenues	<u>42,599,648</u>	<u>38,792,532</u>	<u>41,534,487</u>	<u>42,370,676</u>	<u>45,936,034</u>	<u>52,139,391</u>	<u>47,890,177</u>	<u>51,283,768</u>	<u>49,047,652</u>	<u>48,610,359</u>
NET (EXPENSE)/ REVENUE										
Governmental Activities	<u>(18,145,561)</u>	<u>(17,154,325)</u>	<u>(16,325,022)</u>	<u>(19,608,818)</u>	<u>(19,090,924)</u>	<u>(15,957,219)</u>	<u>(7,664,913)</u>	<u>(10,089,764)</u>	<u>(10,061,553)</u>	<u>(15,261,277)</u>
GENERAL REVENUES										
Property taxes	23,936,517	25,015,160	25,555,782	27,613,074	28,398,826	30,725,902	18,868,797	20,675,020	20,958,305	22,126,140
Net investment income	(57,393)	351,194	285,670	512,243	472,219	1,161,434	2,265,996	1,784,896	(148,758)	(855,933)
Other	144,713	179,936	219,497	170,478	140,796	98,717	259,833	126,861	120,622	207,815
Total general revenues	<u>24,023,837</u>	<u>25,546,290</u>	<u>26,060,949</u>	<u>28,295,795</u>	<u>29,011,841</u>	<u>31,986,053</u>	<u>21,394,626</u>	<u>22,586,777</u>	<u>20,930,169</u>	<u>21,478,022</u>
SPECIAL ITEM - Transfer of Operations	-	-	-	-	-	-	(2,857,530)	-	-	-
CHANGE IN NET POSITION	5,878,276	8,391,965	9,735,927	8,686,977	9,920,917	16,028,834	13,729,713	12,497,013	10,868,616	6,216,745
NET POSITION - BEGINNING OF YEAR	94,527,833	100,406,109	108,798,074	118,534,001	127,220,978	137,141,895	153,170,729	164,042,912	176,539,927	187,408,543
NET POSITION - END OF YEAR	<u>\$ 100,406,109</u>	<u>\$ 108,798,074</u>	<u>\$ 118,534,001</u>	<u>\$ 127,220,978</u>	<u>\$ 137,141,895</u>	<u>\$ 153,170,729</u>	<u>\$ 164,042,912</u>	<u>\$ 176,539,927</u>	<u>\$ 187,408,543</u>	<u>\$ 193,625,288</u>

HIGHLANDS RANCH METROPOLITAN DISTRICT
CHARTS A-2
Last Ten Years

Total Revenues and Expenditures



Program & General Revenues



HIGHLANDS RANCH METROPOLITAN DISTRICT

TABLE A-3

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Restricted	\$ 499,000	\$ 561,000	\$ 530,000	\$ 412,000	\$ 785,000	\$ 760,000	\$ 552,000	\$ 575,000	\$ 395,000	\$ 798,000
Committed	1,277,836	1,141,398	1,298,266	1,007,119	1,103,798	1,320,736	1,548,722	1,863,580	220,456	1,986,753
Unassigned	15,882,783	14,898,929	14,902,707	16,256,814	16,250,248	19,067,023	16,099,638	19,909,782	13,663,148	20,593,911
Total General Fund	<u>17,659,619</u>	<u>16,601,327</u>	<u>16,730,973</u>	<u>17,675,933</u>	<u>18,139,046</u>	<u>21,147,759</u>	<u>18,200,360</u>	<u>22,348,362</u>	<u>14,278,604</u>	<u>23,378,664</u>
All other Governmental Funds										
Restricted	10,575,446	10,942,558	10,162,044	3,156,715	7,329,723	6,165,565	7,149,249	7,245,019	2,202,398	2,871,903
Committed										
Utility Special Revenue fund	4,535,327	4,785,516	5,656,723	3,878,410	2,395,844	2,230,433	4,661,583	7,630,147	7,278,259	4,682,028
Capital Projects fund	780,317	465,234	1,337,820	636,445	3,879,466	1,690,610	1,073,308	5,381,399	1,518,630	16,751,181
Other Governmental funds	4,133,514	4,786,687	4,840,787	4,904,274	5,172,898	4,684,000	7,389,871	4,422,253	7,202,054	6,688,196
Assigned										
Capital Projects fund	8,433,969	6,740,154	5,766,329	13,367,737	15,037,209	25,591,453	27,076,340	28,584,483	27,026,413	10,482,920
Other Governmental funds	1,525,437	2,227,028	2,844,945	2,362,536	2,102,732	1,961,154	8,648,486	3,658,125	4,759,657	5,478,309
Total all other governmental funds	<u>29,984,010</u>	<u>29,947,177</u>	<u>30,608,648</u>	<u>28,306,117</u>	<u>35,917,872</u>	<u>42,323,215</u>	<u>55,998,837</u>	<u>56,921,426</u>	<u>49,987,412</u>	<u>46,954,537</u>
Total all funds	<u>\$ 47,643,629</u>	<u>\$ 46,548,504</u>	<u>\$ 47,339,621</u>	<u>\$ 45,982,050</u>	<u>\$ 54,056,918</u>	<u>\$ 63,470,974</u>	<u>\$ 74,199,197</u>	<u>\$ 79,269,788</u>	<u>\$ 64,266,016</u>	<u>\$ 70,333,201</u>

HIGHLANDS RANCH METROPOLITAN DISTRICT
TABLE A-4
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
 Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022
REVENUES										
Property taxes	\$ 23,936,517	\$ 25,015,160	\$ 25,555,782	\$ 27,613,074	\$ 28,398,826	\$ 30,725,902	\$ 18,868,797	\$ 20,675,020	\$ 20,958,305	\$ 22,126,140
System Development fees	3,699,566	2,620,591	3,019,829	1,420,565	2,294,481	4,294,725	1,672,544	1,011,493	466,375	307,745
Tap fees	4,597,540	3,068,780	3,095,135	1,470,610	3,582,280	3,631,880	3,111,680	3,032,040	2,104,620	699,660
Water operations	17,722,012	19,081,069	19,981,342	22,597,760	22,391,288	24,503,256	24,048,223	29,076,106	27,338,205	27,690,647
Wastewater operations	8,316,029	8,369,979	8,808,221	9,330,090	9,559,516	9,890,836	11,016,554	11,404,512	12,494,907	13,289,137
Street light fees	1,167,601	1,163,641	1,355,021	1,441,425	1,452,171	1,456,098	1,470,363	1,464,833	1,292,616	1,285,373
Stormwater management fees	723,998	725,968	734,611	740,973	784,678	829,140	889,103	893,801	904,349	909,214
Conservation Trust Fund	503,045	458,543	468,436	553,043	500,312	524,645	580,820	861,909	1,548,656	1,964,101
Program Fees	1,866,333	1,819,939	1,885,624	1,837,352	2,020,035	1,868,678	2,045,711	535,673	633,903	632,204
Intergovernmental	584,325	626,666	771,518	614,905	815,166	2,807,354	1,093,268	956,202	741,638	659,960
Net investment income (loss)	(57,392)	351,194	285,670	512,243	472,219	1,161,434	2,265,996	1,784,896	(148,758)	(855,933)
Contributions	386,002	81,159	140,000	50,380	160,250	998,699	85,000	160,000	8,000	180,000
Other	691,638	759,391	1,118,143	998,240	789,240	881,295	1,508,617	1,202,715	1,458,051	1,007,108
Total Revenues	64,137,214	64,142,080	67,219,332	69,180,660	73,220,462	83,573,942	68,656,676	73,059,200	69,800,867	69,895,356
EXPENDITURES										
Current:										
General government	1,883,312	2,131,940	2,081,299	2,134,933	2,131,317	2,401,689	2,886,609	2,706,416	2,342,272	2,471,851
Public Safety	8,131,241	8,414,917	9,051,875	9,231,499	10,704,073	9,970,298	1,156,132	1,204,832	1,341,524	1,219,626
Parks and open space	7,158,764	7,664,304	8,069,845	8,198,521	8,366,074	10,685,061	8,871,021	8,980,565	9,004,534	9,744,183
Recreation services	917,580	870,743	883,744	942,020	1,523,413	1,014,693	1,142,311	917,615	983,396	1,022,582
Cultural	428,310	463,732	545,093	481,376	538,608	645,073	601,203	516,278	476,547	589,021
Public Works	616,861	612,498	666,454	573,737	624,465	676,602	715,180	780,732	747,289	686,984
Stormwater management	107,683	142,818	108,108	179,633	192,185	159,131	168,459	189,143	118,508	169,715
Water operations	17,722,012	19,081,069	19,981,342	22,597,760	22,391,288	24,503,256	24,048,223	29,076,106	27,338,205	27,690,647
Wastewater operations	8,316,029	8,369,979	8,808,221	9,330,090	9,559,516	9,890,836	11,016,554	11,404,512	12,494,907	13,289,137
Investment in reserved capacity	2,673,681	2,645,632	2,295,310	3,488,508	5,120,020	4,115,252	1,008,272	1,813,004	1,090,054	3,276,232
Debt service - principal	8,944,527	9,350,404	9,770,000	7,135,000	-	3,455,000	3,540,000	3,615,000	19,190,000	-
Debt service - interest	2,949,393	2,545,976	2,103,320	1,304,580	536,400	536,400	474,210	410,490	345,420	-
Bond Issuance costs	-	-	-	73,604	-	-	-	-	-	-
Capital outlay & Lease related	2,077,784	2,943,191	2,063,606	4,937,916	3,458,234	6,106,598	2,300,280	6,373,913	7,790,922	5,211,801
Total Expenditures	61,927,177	65,237,203	66,428,217	70,609,177	65,145,593	74,159,889	57,928,454	67,988,606	83,263,578	65,371,778
Excess of revenues over (under) expenditures	2,210,037	(1,095,123)	791,115	(1,428,517)	8,074,869	9,414,053	10,728,222	5,070,594	(13,462,710)	4,523,577
OTHER FINANCING SOURCES										
Transfer in:	4,291,064	6,910,229	4,196,717	(3,744,627)	5,993,501	5,725,120	10,514,307	3,620,260	14,414,109	3,897,512
Transfer out:	(4,291,064)	(6,910,229)	(4,196,717)	3,744,626	(5,993,501)	(5,725,120)	(10,514,307)	(3,620,260)	(14,414,109)	(3,897,512)
Proceeds from bonds issued	-	-	-	29,800,000	-	-	-	-	-	-
Payment to refunded escrow agent	-	-	-	(29,729,054)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	70,945	-	-	-	-	-	-
Net Change in Fund Balances	\$ 2,210,037	\$ (1,095,123)	\$ 791,115	\$ (1,357,572)	\$ 8,074,869	\$ 9,414,053	\$ 10,728,222	\$ 5,070,594	\$ (13,462,710)	\$ 4,523,577
Debt service as a percentage of noncapital expenditures	20%	19%	18%	13%	1%	6%	7%	7%	26%	0%

*Note: All outstanding debt was paid off early in December 2021

HIGHLANDS RANCH METROPOLITAN DISTRICT
TABLE A-5
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten Years

Collection Year	Property Tax Collections	Specific Ownership Tax Collections	New Growth		Total Tax Collections
			Growth Valuation	Growth Tax Collections	
2013	22,363,424	1,895,756	-	-	23,936,517
2014	22,898,399	2,116,761	-	-	25,015,160
2015	23,271,839	2,283,942	-	-	25,555,782
2016	25,240,106	2,372,968	-	-	27,613,074
2017	25,555,431	2,843,395	-	-	28,398,826
2018	27,737,316	2,988,586	-	-	30,725,902
2019	17,116,130	1,752,667	-	-	18,868,797
2020	19,006,925	1,668,095	-	-	20,675,020
2021	19,084,799	1,873,506	-	-	20,958,305
2022	20,288,772	1,826,893	-	-	22,115,665

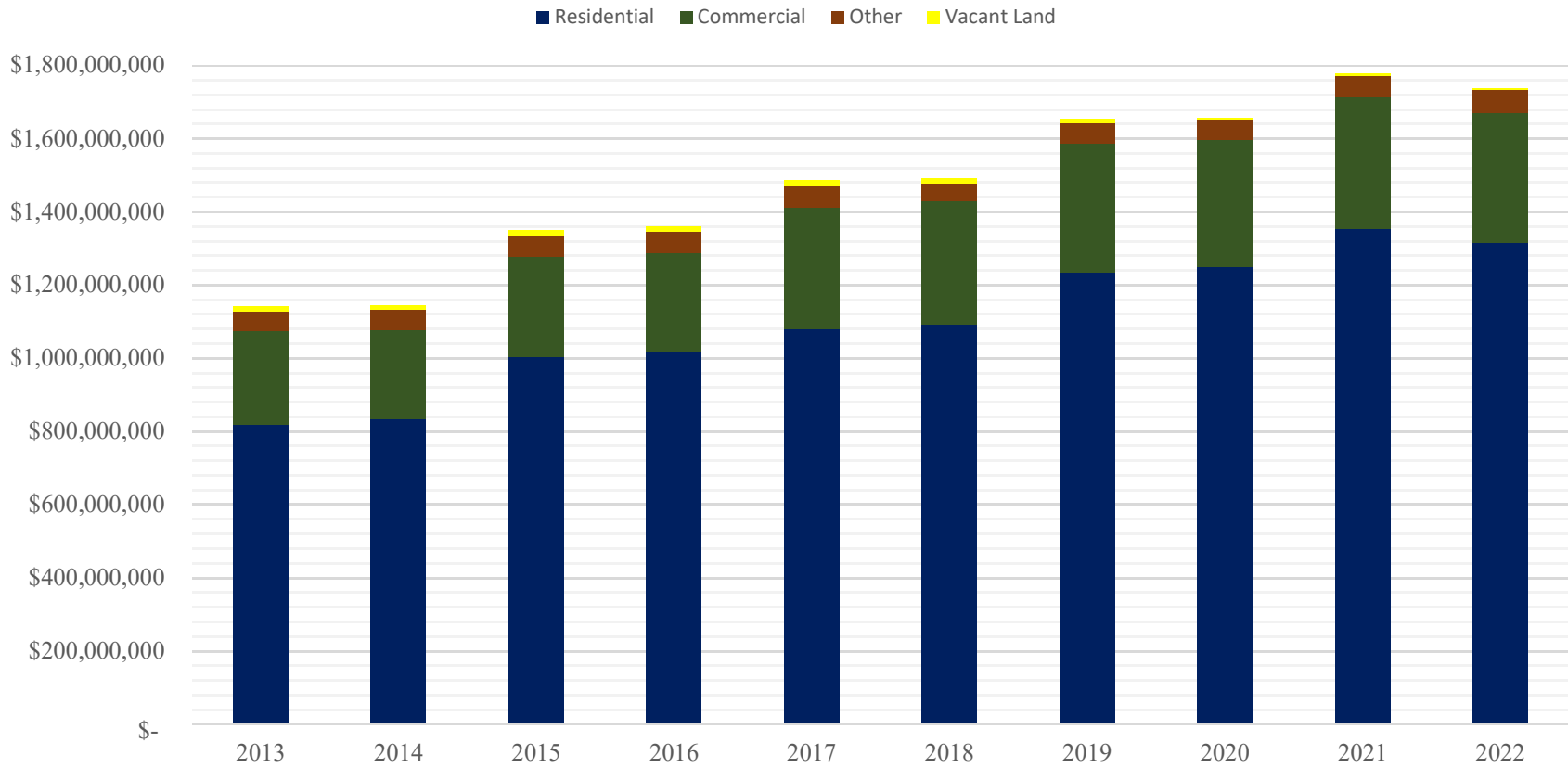
HIGHLANDS RANCH METROPOLITAN DISTRICT
TABLE B-1
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Years

Assessment Year	Residential	Commercial	Business Personal Property	Vacant Land	Other	Total Assessed Value	Total Direct Tax Rate	Total Actual Value	Ratio of Assessed to Actual Value	Annual increase (decrease) in actual value
2013	817,028,890	257,811,620	54,609,760	13,205,630	54,143,091	1,196,798,991	19.713	11,573,520,551	10.34%	3.35%
2014	833,591,020	242,784,670	61,369,820	10,514,010	56,728,790	1,204,988,310	19.713	11,751,646,069	10.25%	1.54%
2015	1,003,448,250	274,626,450	67,464,200	13,121,170	58,756,360	1,417,416,430	18.205	14,033,712,023	10.10%	19.42%
2016	1,014,925,740	273,176,560	66,442,310	12,750,670	58,510,070	1,425,805,350	18.205	14,167,343,204	10.06%	0.95%
2017	1,079,801,740	330,363,310	65,084,660	17,105,550	60,002,090	1,552,357,350	18.205	16,623,700,399	9.34%	17.34%
2018	1,091,918,930	336,748,950	67,469,600	13,899,110	49,848,840	1,559,885,430	11.205	16,775,181,850	9.30%	0.91%
2019	1,234,743,190	350,814,380	73,813,870	11,305,070	55,205,430	1,725,881,940	11.205	18,963,021,790	9.10%	13.04%
2020	1,247,475,970	349,372,680	77,036,630	4,745,200	55,148,350	1,733,778,830	11.205	19,124,112,197	9.07%	0.85%
2021	1,353,241,260	361,184,020	66,927,580	6,227,550	56,092,290	1,843,672,700	11.205	20,617,536,888	8.94%	7.81%
2022	1,315,057,480	356,058,870	65,051,440	4,681,050	61,266,760	1,802,115,600	11.205	20,631,403,774	8.73%	0.07%

Notes:

- (1) The Assessment Year is the year that the assessed value is based upon. The taxes for the assessment year are collected one year later.
- (2) The taxable real property assessed value **excludes** both HB 1006 new growth assessments and tax exempt property.

Assessed Value by Property Type



HIGHLANDS RANCH METROPOLITAN DISTRICT

TABLE B-2

PROPERTY TAX RATES - DIRECT and ALL OVERLAPPING GOVERNMENTS
(PER \$1,000 ASSESSED VALUATION)

Last Ten Years

Collection Year	District Rate			Overlapping Entities rates						Total
	General Fund	Debt Service	Total	Douglas County	DC Law Enforcement	DC Library	DC School District	Urban Drainage & Flood Control	South Metro Fire Rescue	
2013	12.342	7.371	19.713	19.774	4.500	4.068	48.727	0.657		97.439
2014	12.842	6.871	19.713	19.774	4.500	4.029	48.277	0.672		96.965
2015	12.842	6.871	19.713	19.774	4.500	4.032	48.277	0.700		96.996
2016	12.805	5.400	18.205	19.774	4.500	4.035	42.439	0.611		89.564
2017	15.330	2.875	18.205	19.774	4.500	4.021	38.996	0.557		86.053
2018	8.600	2.605	11.205	19.774	4.500	4.008	44.950	0.820	9.250	94.507
2019	8.905	2.300	11.205	19.774	4.500	4.023	43.839	0.997	9.250	93.588
2020	8.905	2.300	11.205	19.774	4.500	4.012	43.504	0.900	9.250	93.145
2021	8.905	2.300	11.205	18.524	4.500	4.021	43.797	0.900	9.319	92.266
2022	11.205	0.000	11.205	18.524	4.500	4.021	43.797	1.000	9.319	92.366

Notes:

- (1) The mill levy is the tax rate applied per \$1,000 of assessed valuation.
- (2) Source of information is from the Douglas County Assessor's office.
- (3) Collection year is one year subsequent to assessment year.

HIGHLANDS RANCH METROPOLITAN DISTRICT
TABLE B-3
SIGNIFICANT TAXPAYERS WITHIN THE DISTRICT

Customer	Business Type	2022		2013	
		Assessed Value	% of Total Taxable Assessed Value	Assessed Value	% of Total Taxable Assessed Value
1 PLAZA DRIVE PROPERTIES LLC	Offices	\$ 14,058,330	0.8%		
2 REDWOOD ERC LITTLETON LLC (SUMMER WIND)	Senior Living	9,788,720	0.5%		
3 HRTC I LLC	Retail	9,570,000	0.5%	3	6,600,950 0.6%
4 PALOMINO PARK (BLUE RIDGE)	Apartments	8,377,600	0.5%	8	4,635,900 0.4%
5 PALOMINO (GREEN RIVER)	Apartments	7,779,200	0.4%		
6 VISA USA INC	Offices	7,687,320	0.4%	6	5,231,150 0.4%
7 MLATL FAMILY LLP	Offices	7,663,720	0.4%		
8 REDWOOD ERC LITTLETON LLC (MILL VISTA)	Senior Living	7,388,540	0.4%		
9 LPF LEGACY AT HIGHLANDS RANCH	Apartments	7,174,000	0.4%		
10 NETREIT SC II LLC	Offices	7,098,090	0.4%		
ALCATEL - LUCENT TECHNOLOGIES	Offices			1	16,958,530 1.4%
CHILDRENS HOSPITAL COLORADO	Hospital			2	15,306,380 1.3%
WINDCREST	Senior Living			4	6,146,720 0.5%
CPF HIGHLANDS RANCH LLC	Retail			5	5,827,100 0.5%
QWEST COMMUNICATIONS CORPORATION	Utility			7	4,675,540 0.4%
HIGHLANDS RANCH 1668 LLC	Retail		0.0%	9	4,453,430 0.5%
AMERICAN MULTI-CINEMA INC	Movie Theater			10	4,368,000 0.4%
	Sub-Total	86,585,520	4.8%		74,203,700 4.1%
ALL OTHERS		1,715,530,080	95.2%		1,122,595,291 93.8%
	TOTAL	\$ 1,802,115,600	100.00%		\$ 1,196,798,991 100.00%

TAXABLE ASSESSED VALUATION (for collection year 2022)
Source: Douglas County Assessor

HIGHLANDS RANCH METROPOLITAN DISTRICT
TABLE B-4
PROPERTY TAX LEVIES AND COLLECTIONS, GOVERNMENTAL FUNDS
Last Ten Years

Collection Year	District Mill Levy	Assessed Valuation	Total Base Tax Levy	Collections within the Fiscal Year of the Levy		Net Collections / (rebates) in Subsequent Years	Total Collections to Date	
				Amount	% of Levy		Amount	% of Levy
2013	19.713	1,196,798,991	23,592,499	22,363,424	94.79%	(3,699)	22,359,725	94.77%
2014	19.713	1,204,988,310	23,753,935	22,894,320	96.38%	(32,017)	22,862,303	96.25%
2015	19.713	1,417,416,430	27,941,530	23,271,839	83.29%	(19,934)	23,251,905	83.22%
2016	18.205	1,425,805,350	25,956,786	25,240,106	97.24%	(17,037)	25,223,070	97.17%
2017	18.205	1,552,357,350	28,260,666	25,555,431	90.43%	(10,886)	25,544,545	90.39%
2018	18.205	1,559,885,430	28,397,714	27,737,316	97.67%	(8,878)	27,737,316	97.67%
2019	11.205	1,725,881,940	19,338,507	17,116,130	88.51%	(8,756)	17,116,130	88.51%
2020	11.205	1,733,778,830	19,426,992	19,006,925	97.84%	(6,440)	19,006,925	97.84%
2021	11.205	1,843,672,700	20,658,353	19,084,799	92.38%	(5,186)	19,084,799	92.38%
2022	11.205	1,802,115,600	20,192,705	20,288,772	100.48%	N/A	20,288,772	100.48%

Notes:

- (1) Assessed valuation amounts do not include HB 1006 assessed valuation due to new growth.
- (2) The mill levy is the tax rate applied per \$1,000 of assessed valuation.

HIGHLANDS RANCH METROPOLITAN DISTRICT

TABLE C-1

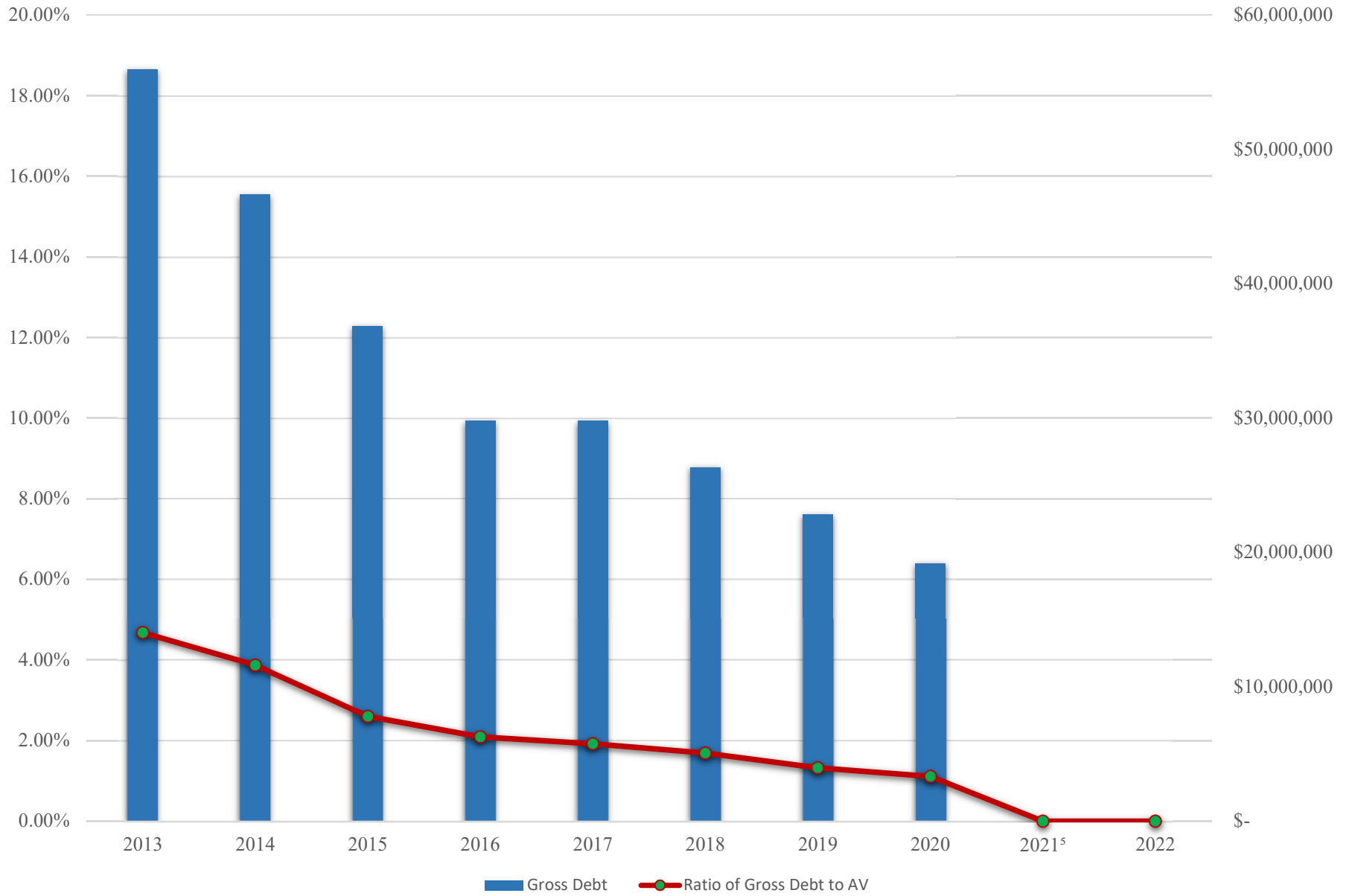
RATIO OF GENERAL BONDED DEBT
TO ASSESSED VALUE, ACTUAL VALUE AND DEBT PER CAPITA
Last Ten Years

Collection year	Gross GO Bonded Debt Outstanding	Less Debt Service Fund Balance	Net GO Bonded Debt Outstanding	RATIO OF GROSS GO DEBT			RATIO OF NET GO DEBT		
				To Collection year Assessed Value	To collection year Actual Value	Per Capita	To Assessed Value	To Actual Value	Per Capita
2013	55,965,000	9,330,000	46,635,000	4.68%	0.48%	560	3.90%	0.40%	467
2014	46,635,000	9,330,000	37,305,000	3.87%	0.40%	456	3.10%	0.32%	364
2015	36,865,000	8,252,200	28,612,800	2.60%	0.26%	382	2.02%	0.20%	296
2016	29,800,000	679,757	29,120,243	2.09%	0.21%	305	2.04%	0.21%	298
2017	29,800,000	4,322,381	25,477,619	1.92%	0.18%	300	1.64%	0.15%	257
2018	26,345,000	4,692,897	21,652,103	1.69%	0.16%	258	1.39%	0.13%	212
2019	22,805,000	3,540,000	19,265,000	1.32%	0.12%	222	1.12%	0.10%	188
2020	19,190,000	3,615,000	15,575,000	1.11%	0.10%	186	0.90%	0.08%	151
2021 ⁵	-	-	-	0.00%	0.00%	-	0.00%	0.00%	-
2022	-	-	-	0.00%	0.00%	-	0.00%	0.00%	-

Notes:

- (1) **Assessed** value and **Actual** value information found on Table B-1. B-1 shows assessment year. The Collection year is one year later, therefore the value used to calculate % is the prior year Assessed and Actual value from Table B-1.
- (2) Population estimates found on Table D-1.
- (3) Colorado Statutes require that Special District debt cannot exceed 50% of Assessed Value unless certain other requirements are met and the debt is registered with the State Securities Division.
- (4) Colorado Statutes require the District to appropriate funds on annual basis for capital leases therefore capital leases are not considered long term debt and are not included in the ratios.
- (5) All outstanding District debt was retired in 2021.

Ratio of Gross Debt to Assessed Value



HIGHLANDS RANCH METROPOLITAN DISTRICT

TABLE C-2

COMPUTATION OF OVERLAPPING and DIRECT DEBT and RELATED DEBT RATIOS

December 31, 2022

Name of Overlapping Entity	Total 2022 Assessed Valuation	Outstanding General Obligation Debt	Allocable to the District	
			Percentage	Amount
Overlapping Debt				
Douglas County School District	\$ 8,092,832,626	\$ 364,225,000	22.27%	\$ 81,105,786
Hunting Hill Metro District	9,489,180	7,090,000	100.00%	7,090,000
Total Overlapping Debt				88,195,786
Direct Debt - Highlands Ranch Metro District				
General Obligation	1,802,115,600	-	100.00%	-
Leases subject to annual appropriation	1,802,115,600	-	100.00%	-
Total Direct Debt				-
Total Overlapping and Direct Debt				\$ 88,195,786
ESTIMATED POPULATION				106,399
ESTIMATED CURRENT MARKET VALUATION				\$ 20,631,403,774
RATIOS				
Direct Debt to Assessed Valuation				0.00%
Direct Debt to Market Valuation				0.00%
Direct plus Overlapping Debt to Assessed Valuation				4.89%
Direct plus Overlapping Debt to Market Valuation				0.43%
Direct Debt Per Capita				-
Direct Plus Overlapping Debt Per Capita				\$ 829

Notes:

- (1) The following entities also overlap the District but have no outstanding general obligation debt:
Regional Transportation District, Urban Drainage and Flood Control District, Douglas County and Douglas County Law Enforcement Authority
- (2) Source for the Douglas County School District RE-1 Debt is their CAFR dated June 30, 2022
- (3) The percentage of each overlapping entity's outstanding debt attributable to each District is calculated by determining the proportionate amount of that entity that overlaps that District.
- (4) Based upon statutory "assessed" and "actual" valuation per Douglas County, Colorado Office of the Assessor as of November 2022, collected in 2023

Source: Douglas County Assessor

HIGHLANDS RANCH METROPOLITAN DISTRICT
TABLE D-1
DOUGLAS COUNTY, COLORADO - DEMOGRAPHIC STATISTICS
 Last Ten Years

DOUGLAS COUNTY, COLORADO										
Year	Total Highlands Ranch	Estimated Population	Personal Income (\$1,000) (3)	Personal Income Per Capita (3)	Median Age (3)	Average Household Size (3)	Occupancy % (3)	Public School Enrollment	School Enrollment to Population	Unemployment Rate (3)
2013	99,867	306,407	18,561,913	63,610	37.5	2.80	96.00%	64,600	21.1%	5.6%
2014	102,348	314,783	19,900,804	67,166	36.9	2.82	95.00%	67,000	21.3%	4.5%
2015	96,550	322,333	21,713,011	68,921	37.2	2.84	97.60%	66,702	20.7%	2.6%
2016	97,720	328,680	22,558,704	69,879	37.6	2.76	96.30%	66,896	20.4%	2.8%
2017	99,316	336,347	24,637,968	71,101	38.9	2.75	95.70%	67,740	20.1%	2.6%
2018	102,017	343,780	27,021,840	76,125	38.1	2.81	97.10%	67,597	19.7%	3.4%
2019	102,660	351,842	28,072,588	77,986	38.1	2.79	96.40%	67,591	19.2%	2.8%
2020	103,444	360,750	39,933,420	81,637	38.5	2.52	96.40%	67,305	18.7%	6.3%
2021	105,623	368,990	29,776,147	87,841	39.3	2.75	95.74%	62,979	17.1%	5.2%
2022	106,399	369,286	32,412,414	90,341	39.3	2.70	97.10%	63,876	17.3%	2.3%

Notes:

- 1 The Highlands Ranch Metropolitan District is located within Douglas County. Demographic data, other than population estimates, for the District is not available. However the county data is generally representative of the District.
- 2 Douglas County Community Development Department estimate
- 3 Estimated population based on number of housing units times average household size and occupancy rate.

Source: Douglas County, Colorado

HIGHLANDS RANCH METROPOLITAN DISTRICT

TABLE D-2
Douglas County, Colorado
Principal Employers

2022				2013		
Employer	Rank	Employee Count	% of Total	Rank	Employee Count	% of Total
Douglas County School District	1		4.41%	1	5,863	4.87%
Charles Schwab	2		1.79%			
DISH Network	3	8,500	1.30%			
Centura Health	4	3,450	1.02%	7	980	0.81%
Healthone: Sky Ridge Medical	5	2,500	0.76%	4	1,170	0.97%
Douglas County Government	6	1,970	0.75%	6	1,061	0.88%
Kiewit Companies	7	1,470	0.73%			
VISA Debit Processing Services	8	1,453	0.61%			
Lockheed Martin Corporation	9	1,400	0.52%			
Specialized Loan Servicing LLC	10	1,180	0.43%			
Jacobs Engineering (formerly CH2M Hill)		1,010		2	1,980	1.65%
Echostar Communications		820		3	1,960	1.63%
Western Union				5	1,140	0.95%
The Trizetto Group				8	900	0.75%
Information Handling Systems				9	810	0.67%
AVAYA				10	650	0.54%
Total for Principal Employers		23,753	12.3%		16,514	13.7%
Total Employment in Douglas County		192,563			120,280	
Total Labor Force in Douglas County		200,745				

Source: Douglas County, Colorado 2022 Comprehensive Annual Financial Report

HIGHLANDS RANCH METROPOLITAN DISTRICT

TABLE E-1
OPERATING INFORMATION
December 31, 2022

TOTAL EMPLOYEES										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Parks, open space & recreation services	63.50	64.50	67.00	67.00	68.00	66.00	66.00	66.00	66.00	66.00
General government	9.80	9.80	9.80	9.80	10.80	10.80	11.30	9.80	9.80	9.80
Public Works	5.75	5.75	5.75	5.75	3.30	3.30	3.30	6.00	6.00	6.00
Public Safety*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Street lights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cultural	3.25	4.45	4.45	4.45	4.45	4.45	4.40	4.40	4.40	4.40
Water and wastewater operations*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary (FTE)	9.92	10.30	10.75	10.75	11.05	11.05	11.05	11.05	11.05	11.05
Total	92.22	94.80	97.75	97.75	97.60	95.60	96.05	97.25	97.25	97.25
CAPITAL ASSETS										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	
BUILDINGS										
Fire Stations -directly owned	2	2	2	2	2	2	N/A	N/A	N/A	N/A
Fire Stations - owned in partnership	1/3	1/3	1/3	1/3	1/3	1/3	N/A	N/A	N/A	N/A
Parks and Open Space (Service Center)	1	1	1	1	1	1	1	1	1	1
Cultural (Highlands Ranch Mansion)	1	1	1	1	1	1	1	1	1	1
PARKS (Acres)										
Neighborhood	114	114	114	114	114	114	114	123	123	123
Community	94	94	94	94	94	97	97	150	150	150
Playgrounds	21	21	21	21	21	21	21	21	21	21
Adult Outdoor Fitness	-	-	-	-	-	-	-	-	-	1,800
Parkway Landscape	290	291	292	292	292	292	292	285	285	285
Open space parcels	2,255	2,266	2,266	2,266	2,577	2,577	2,577	2,644	2,644	2,644
TRAILS (miles)										
Walking/biking (paved only)	39	39	39	39	40	40	40	40	40	40
OPERATING STATISTICS										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire & Emergency Response	3,896	4,028	4,260	4,883	5,070	4,930	N/A	N/A	N/A	N/A
Field Permit Hours	30,287	31,167	28,419	28,855	28,800	28,632	28,632	28,107	26,329	27,306
Shelter Reservations	1,069	1,134	1,082	1,050	1,000	1,005	1,180	657	1,398	1,052
Recreation Program Participation	15,201	16,167	13,880	12,700	12,416	11,496	10,625	4,036	9,936	8,652

*Services provided by contract