

**2020 Adopted Budget**  
**&**  
**Mill Levy Certification**

December 10, 2019  
Highlands Ranch, Colorado



HIGHLANDS RANCH  
**Metro District**

**2020 Adopted Budget, Mill Levy & Fees**

*December 10, 2019*



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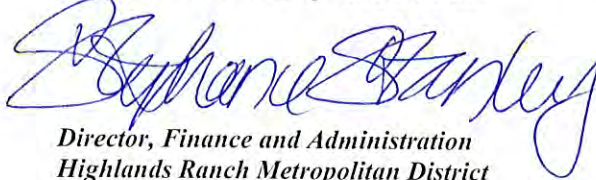
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*I, Stephanie Stanley, certify that the attached is a true and accurate copy of the adopted 2020 budget of the Highlands Ranch Metropolitan District.*

  
**Director, Finance and Administration**  
**Highlands Ranch Metropolitan District**



December 10, 2019

Highlands Ranch Metropolitan District  
Board of Directors and Citizens;

The budget document presents the Metro District's expenditure plan for the ensuing year and identifies the resources and revenues available to fund it. The budget represents funding of the priorities and policies established by the Board of Directors.

The Highlands Ranch Metro District is committed to providing quality municipal services while managing resources wisely for the community of Highlands Ranch. The Board has identified specific objectives that help to guide the budget process:

- Present a balanced budget
- Maintain the current level of service
- Maintain a minimum General Fund balance of 40% of annual operating expenditures
- Maintain all assets owned by the District

### **MANAGING CHALLENGES AND OPPORTUNITIES**

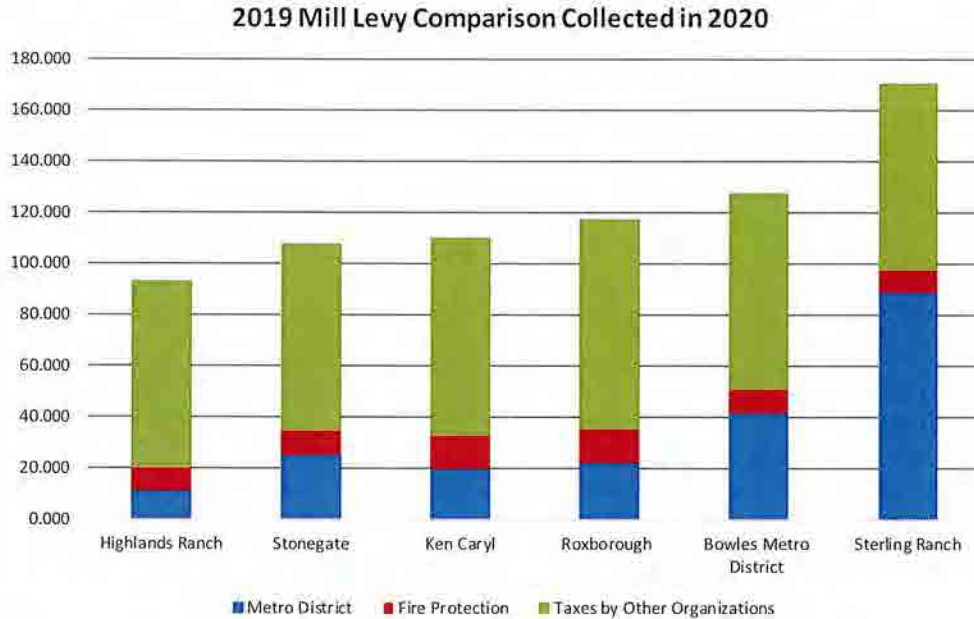
The Highlands Ranch Metro District's primary source of revenue for operations is property tax. With the community at 98% of full build-out, the growth portion of the Taxpayer Bill of Rights ("TABOR") will be limited thus reducing future growth potential of increasing the property tax revenue stream.

2019 was a reassessment year for all properties in Colorado. As a result of the reassessment the Metro District saw an increase in assessed valuation for the 2020 collection year of 10.6%. The mill levy for 2020 will remain the same as 2019 at 11.205. The 2020 Budget projects an increase in property tax revenue of \$1,859,990 as a result of the reassessment. The District's forecast focuses on controlled spending and planned spending down of excess fund balance including early retirement of the outstanding debt in 2021.

The 2020 budget was guided by direction from Board work sessions held during 2019 to review priorities and continue discussions on the long range forecast. Enhancement of active aging adult programs including the construction of a Senior Center as well as upgrades needed for aging District facilities also were included as budget decisions were made.

**STRONG FINANCIAL POSITION**

The Metro District prides itself on a very strong financial position with an AA+ rating from Standard and Poor’s. Through long-term planning since its formation the District has been able to meet the needs of the community at a reasonable cost as evidenced by our lower property tax rate than many neighboring communities.



**2020 BUDGET**

The 2020 Budget is a balanced allocation of resources to meet the continuing needs of the District to serve Highlands Ranch. The balanced budget meets all legal obligations mandated by federal, state and local laws. It is set forth as the financial plan and operations guide used to communicate to the citizens of Highlands Ranch.

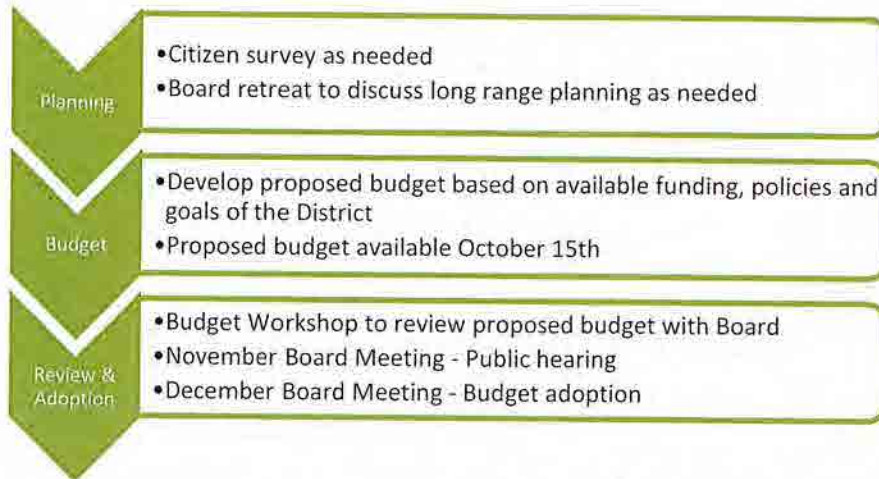
The 2020 Budget approved and adopted by the Board of Directors on December 10, 2019, anticipates total expenditures of \$74,850,691. This represents an increase of \$5,185,735 or 7.4% from the 2019 Budget.

The 2020 Budget anticipates an increase in revenues of \$4.4 million or 6.9% when compared to the 2019 Budget. These include:

- Budgeted tax revenues, including specific ownership taxes, are expected to increase by 10.6% or \$1.9 million. The total certified mill levy applied to the certified assessed value for 2020 collection remains the same as 2019 at 11.205.
- Rate income is expected to increase by 6.4% or \$2.25 million due to rate increases from Centennial Water and Sanitation District to fund necessary infrastructure improvements. These amounts are collected by the District and passed through to Centennial Water and Sanitation District.

- Development fees are projected based on known construction projects. The 2020 budget projects a decrease in development fees from 2019 of \$0.3 million or 12%. System Development Fees are the primary source of funding for basic infrastructure improvement projects. Tap Fees are collected and passed through in the form of the annual reserved capacity payment made to Centennial Water and Sanitation District to acquire reserved capacity in the Centennial facilities sufficient to serve the Metro District service area.

## **BUDGET PROCESS**



Since the District serves a stable mature community the budget and forecast process is structured to match the re-assessment cycle.

Staff has developed a budget process with a cycle of zero based budgeting that can be managed effectively by staff. Below is the schedule for zero based budgeting:

- Special Revenue Funds will continue to be prepared as a zero-based budget annually
- The General Fund operation and maintenance functions will continue to be zero based every four years, however specific functions will be reviewed in each of the 4 year cycle on a rotating basis:
  - Open Space, Forestry, Fleet – 2020
  - Parks, Recreation and Open Space Management & Administration, Planning, Facilities Management – 2021
  - Parks Maintenance, Parkway Maintenance – 2022
  - General Government, Public Works, Finance – 2023
  - Vehicles & Equipment needs will continue to be evaluated annually
- Capital Projects, Major Repair, and Conservation Trust Funds use a 3-year budget projection to assist with planning.



## **PRIORITY BASED BUDGETING**

The 2020 Budget was developed to achieve the desired results for the community as defined by the Board. The result areas are:

- Well planned and maintained infrastructure
- Safe and prepared community
- Cultural and recreational opportunities for all ages
- Attractive and healthy place to live
- Governance

The current budget includes programs and services to meet these results in the short term while keeping a long term perspective. The District prepares a seven year forecast to ensure that we will be able to maintain level of service and meet desired results.

In February 2019 the Board held a workshop to discuss the priorities of the District. The Board discussed the needs, challenges and opportunities the District will face in the future. The potential for use of any available funding include:

- Balancing the annual budget for the General Fund after the draw-down of fund balance is completed.
- Major Repair funding
- Future Historic Park operations and maintenance
- Senior Center and enhanced active aging adult programs.

The Board reviewed timing of new capital projects and funding requirements for operations and capital improvements.

The planning effort forecasts expenses for personnel and utilities which are projected to increase three to five percent per year through 2027. Because the General Fund balance currently exceeds the 40% target, the District plans to spend down the existing balance to help bridge the gap between revenue and expenses. This plan will allow the District to meet the Board's priorities.

### **Short-Term**

Current service levels are maintained as a priority of the budget. In addition to current services the budget implements or continues programs that began in prior years including but not limited to:

#### Conservation Trust Fund

- Disc Golf course
- Pickleball improvements
- Historic Park improvements
- Address ADA transition plan
- Highline Canal Signage

#### Capital Projects/Major Repair Fund

- Continuation of Parkway Fence Replacement Program – The 2020 Budget includes the replacement of Parkway Fence east side of Quebec.



## Long Term

Below is a brief discussion on the District's ongoing partnerships to provide services to Highlands Ranch.

- Beginning January 1, 2019, the South Metro Fire Rescue Authority's boundaries were expanded to include all of Highlands Ranch, per the result of an inclusion election held in May 2018. The Metro District no longer contracts with the City of Littleton to fund fire and emergency services. As a result, residents of Highlands Ranch fund SMFR directly from their property taxes with a mill levy of 9.25. The Metro District decreased its mill levy seven mills, from 18.205 to 11.205 in 2019, as a result of this change. As part of this unification, a new fire station will be built by SMFR in Highlands Ranch. The new station and the efficiencies created by unifying should improve fire rescue response times in Highlands Ranch. SMFR is accredited and has an ISO rating of 1 which is an indication of the higher level of service now enjoyed by the community.
- The Metro District has and will continue to partner with the Mile High Flood District (MHFD) formerly the Urban Drainage Flood Control District, on channel stabilization projects within Highlands Ranch. In 2016 staff worked with a consultant to update a long range plan for stream stabilization projects. This update in project needs and estimated expenses drove a need for the first of four annual 5% increases of the Stormwater Fee in 2017. The board anticipated the fourth 5% increase in 2020, however based on existing funds and ongoing revenues the increase was determined not to be needed in 2020. Funds generated by this fee are used to match funds with MHFD to complete these projects over the next 25 years.
- Transportation related issues including the ongoing maintenance of the roadways within the community, C-470 widening and RTD service projects are important to the residents and businesses of Highlands Ranch. The Metro District built the major arterial roadways in Highlands Ranch and dedicated those roads to Douglas County for ongoing maintenance. Per a Memorandum of Understanding with the County the Metro District provides significant input on the selection of enhancement and maintenance projects to be completed. In addition to working with Douglas County on local roads, staff and Board members participate on committees that review regional transportation issues such as C-470 initiatives and light rail service to Highlands Ranch.
- The Metro District cooperates with Douglas County to serve senior citizens and their families in northern Douglas County by employing a Senior Services Outreach Coordinator. This position is jointly funded by both organizations and provides guidance on the many agencies, programs and resources available to address the challenges facing our older citizens. After evaluation of existing services provided to seniors in Highlands Ranch and identification of needed programs the Metro District Board is moving forward with the design and construction of a Senior Center. Staff focused on site selection in 2019 and anticipates design of the facility to begin in 2020.

The Metro District maintains a Capital Improvements Plan that includes:

- The Facility Plan which details the base infrastructure necessary at build-out of the community. The plan acts as a guide to stakeholders for the long term infrastructure plan including funding. Staff updates the plan annually and presents it to the Board for adoption. This plan is the basis for calculation of the System Development Fee charged to all new development. Since the community is near build-out the majority of the infrastructure has been completed. One of the few projects remaining is the completion

of Historic Park which is anticipated to begin in 2026 after the remainder of the Historic Park is donated to the District by the developer. The District has completed all other neighborhood and community parks identified in the Facility Plan.

- The Long Range Conservation Trust Fund Plan identifies parks, open space and recreation uses for the District's share of lottery money received from the state.
- The Stormwater Long Range Plan is a 30-year plan for improvements in the District's open space. Funds for these improvements come from the Stormwater Fee and UHFD.
- The Major Repair Fund. On-going funding comes from two primary sources:
  1. Cell phone lease fees are deposited directly to the Major Repair Fund.
  2. The District has chosen to transfer monies from the General Fund:
    - \$1,500,000 annually from the General Fund to fund the increasing needs as the result of an aging infrastructure
    - \$235,820 for 2020 replacement of vehicles and major equipment

### **FINANCIAL POLICIES**

In addition to the numerous financial policies adopted internally by management, the Board of Directors has established financial policies for fund balances, transfers, investments, purchasing, and compensation.

#### **Budget Procedures**

The Metro District's budget procedures shall comply with Local Government Budget Law of Colorado as outlined in Colorado Revised Statutes (C.R.S.) Title 29 Article 1 Part 1 Budget Services Part 1, for the preparation, consideration, adoption execution and audit of the annual budget.

#### **Balanced Budget**

- The budget shall be balanced by fund.
- The budget will be considered balanced if:
  - Estimated revenues and resources for each fund will equal or exceed recommended appropriations.
  - Fund balances meet or exceed the targeted ending fund balances established by the Board.

#### **Fund Balances**

Targeted ending fund balances for the General Fund and the Debt Service Fund are adopted with the approval of the 2020 Budget.

- The General Fund will continue to maintain a fund balance (effectively working capital) equal to at least forty percent of the next year's estimated operating expenditures.
- The Debt Service Fund will maintain an ending fund balance equal to the following year's principal and interest payment.

#### **Investment Policy**

Colorado State Statutes specify investment instruments used by local governments must meet defined risk criteria. The Metro 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

(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 above with maturities not exceeding ten years.
4. Corporate Debt: debt issued by any corporation or bank organized and operating within the United States with a maturity not exceeding three years from the date of trade settlement. The debt must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs and rated not less than AA- by any NRSRO that rates it. The District shall limit investments in Corporate Debt to no more than 25 percent of the total portfolio and 5 percent per issuer.
5. Prime Commercial Paper with an original maturity of 180 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.
6. 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.
7. Local Government Investment Pools authorized under CRS 24-75-701 and 702.
8. Money Market Mutual funds which have a rating of AAA by Standard and Poors or AAAM by Moody's.

### **Purchasing Guidelines**

Purchasing Guidelines are intended to ensure that purchases are made in accordance with good business practices while streamlining necessary administration. The Purchasing Guidelines were first implemented in the early 1980's and were most recently revised on September 1, 2008. The Purchasing Guidelines set the structure for delegated authority, levels for obtaining bids, and allowable purchases. In all circumstances, approvals cannot take place unless sufficient funds have been appropriated for the project by the Board of Directors. Any adjustment to the appropriations must also be presented to the Board of Directors for approval.

### **Compensation Plan**

Personnel costs represent 51% of the operating budget for the Metro District. The 2020 Budget anticipates an average increase of 2.9% in wages for employee's which is consistent with current market conditions and the District's pay for performance matrix.

The Board has established guidelines for determining wage compensation. The Board's objective is to administer salary changes fairly and consistently for all types of increases. To meet this objective the Board has provided staff with the following guidelines:

- Produce a compensation plan, which is consistent with the budget expectations found in the annual budget.
- Attract and retain quality employees.
- Ensure market competitiveness by targeting the level of compensation to be at or slightly above market. This is accomplished by assigning ranges so that the our midpoint falls within a range of 100% to 105% of the surveyed midpoint.
- Ensure consistency by establishing a list of organizations for benchmark position market comparison that will be used consistently over time for each category.
- Within budget constraints, treat employees fairly.
- Treat exempt and non-exempt employees comparably.

**Benefits**

The District benefit package offers benefits that are comparable with that offered by other local governments. For the purpose of the budget, no changes in the benefit levels are anticipated to be required in order to meet the budgeted increase for benefits. The budget increase reflects the anticipated increase in premium costs.

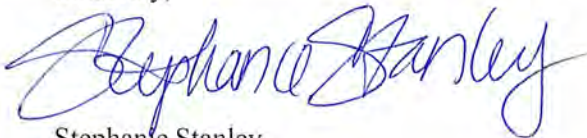
To provide cost effective benefits the Board has authorized the following:

1. Participation with Centennial Water and Sanitation District in a defined contribution retirement plan. The plan is in lieu of participation in social security for regular employees and the contribution is the same 6.2% as would be contributed to social security.
2. A 457 plan that allows for matching of employee contributions of up to 4% by the District depending on the employees contribution level.
3. Beginning in February 2019, a Roth IRA option will become available to employees of the District to aid in retirement planning.
4. Medical, dental and vision plans offered in conjunction with the Special District Association via the Colorado Educational Benefit Trust. These plans have historically provided premium increases less than might otherwise be anticipated in the market. The medical plans that are offered are fully compliant with the Affordable Care Act.

Each year balancing available resources with the costs to provide quality services can be challenging. Highlands Ranch Metropolitan District is committed to providing quality municipal services while managing resources wisely. The 2020 Budget enables the Metro District to provide services which meet needs and enhance the quality of life for its citizens.

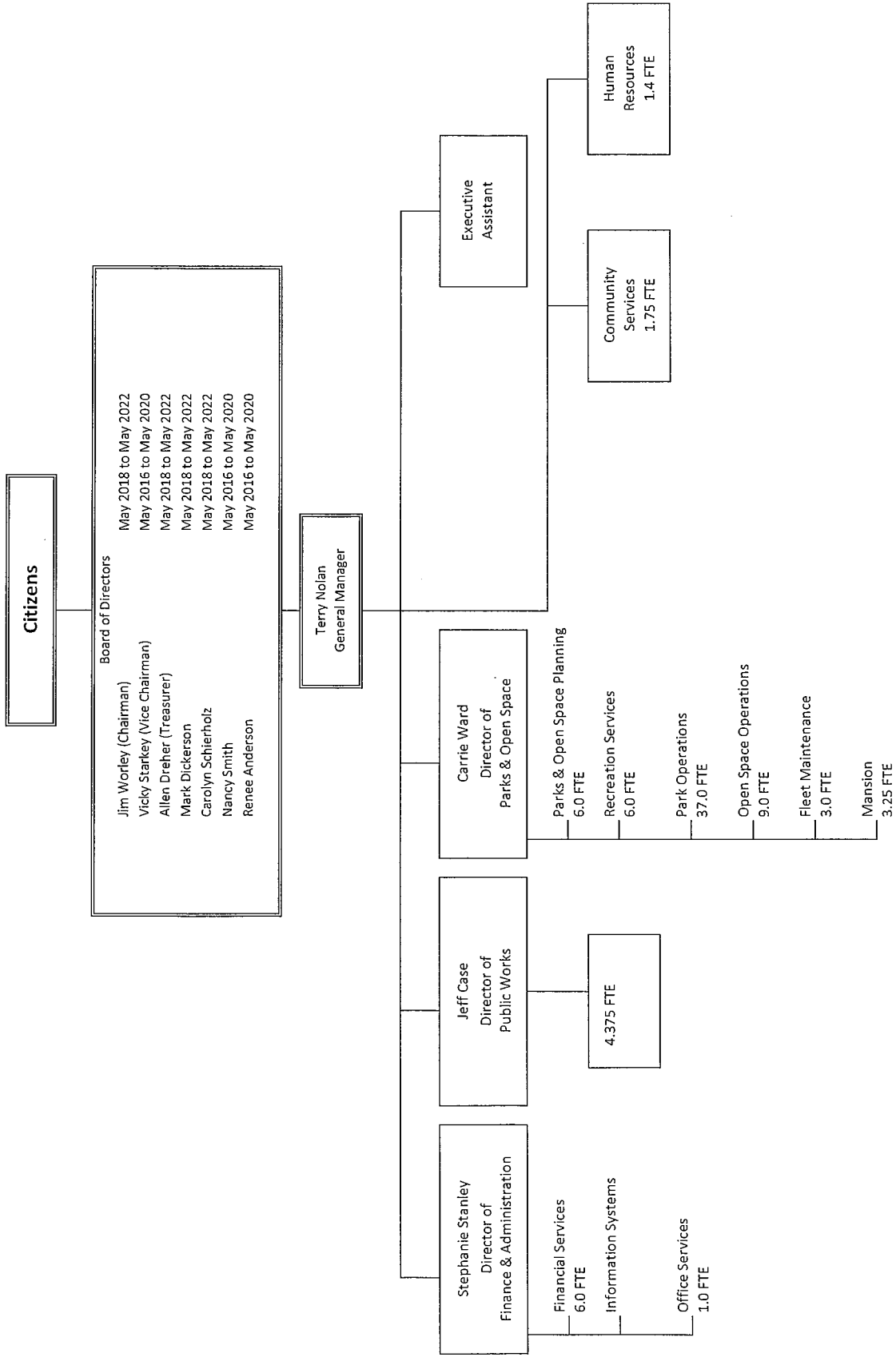
We encourage readers to read the Introduction and narrative for each fund for more detailed information on the Revenue Sources and the outflow of funds in addition to reviewing the financial summaries.

Sincerely,



Stephanie Stanley  
Director of Finance and Administration  
Highlands Ranch Metropolitan District







**Mission Statement:**

We are committed to providing quality municipal services while managing resources wisely for the community of Highlands Ranch.

**Vision:**

To lead cooperative efforts to assure quality, responsive service and support to our community in the creation and management of:

1. Parks and Recreation
2. Open Space
3. Public Works
4. Cultural Activities

We will ensure wise use of our resources by encouraging citizen involvement and public/private collaboration.

**Guiding Principles:**

We will be:

- **R**espectful
- **R**esponsive
- **I**nnovative
- **C**ollaborative
- **H**onest

# ***HOW TO USE THE BUDGET DOCUMENT***

This section is intended to assist those readers not familiar with the Highlands Ranch Metropolitan District budget documents - or local government organizations - in gaining an understanding of how the budget is organized and what information is presented.

The first section of the Budget – the **INTRODUCTION**- is devoted to an overview of the Budget document. It includes:

- Budget Transmittal which overviews the philosophy related to the District
- An organization chart
- A recap of our mission, vision and guiding principals
- Budget Highlights narrative that provides an overview of the entire budget
- A tabular form of the key economic assumptions that are used to drive the significant expenditures in the budget.

The second section – the **SUMMARY**- includes a quick reference to basic information in a capsulated form. Included in this section is:

- Combined (All Funds) statement of Revenues, Expenditures and Changes in Fund Balance for 2018 as well as the projected 2019 and proposed 2020 fiscal years.
- Calculation and allocation of property tax revenue among the various funds.

The final section of the document deals with the **BUDGET BY FUND** which includes summaries for each of the Fund budgets adopted by the District and specific details related to each of the expenditures for the District's various funds. For those first reviewing a governmental document:

*Funds are a self-balancing group of accounts which are used to record the expenditures for various types of activities performed by the funds and to account for different monies coming into the District in different ways. The fund balance represents the difference between assets and liabilities reported in a governmental fund.*

The first part of each fund section is devoted to a narrative describing the purpose of the fund and listing the activities performed within the funds. The remainder of the fund sections contains the statements of Revenues, Expenditures and Changes in Fund Balance for the period 2018-2020.

The various fund types contained in the Budget and a description of each are as follows:

## **General Fund:**

The general operating fund of the District. This fund is used to account for all financial resources except those required to be accounted for in another fund. Typical activities associated with this fund include operation and maintenance of facilities and general management of the District. These activities, more fully described under the General Fund Narrative, include expenditures for such things as parkway landscape maintenance, open space maintenance, park maintenance, accounting, engineering, etc.

## **Special Revenue Funds:**

Special Revenue Funds are used to collect and disburse monies earmarked for specific purposes due to either legal or contractual arrangements.

### Utility Special Revenue Fund:

Water and wastewater operating revenues and the related expenditures for operations are accounted for in the special revenue fund. The District has chosen this type of fund because the revenue from service fees is essentially passed through to another entity - Centennial Water and Sanitation District - pursuant to terms of an IGA. The District does not, although it is authorized to, markup the rates approved by Centennial to recover other costs of the District or the cost of depreciation. Instead, the IGA with Centennial is a full service contract that requires Centennial to provide all maintenance up to but not including replacement of the assets.

Streetlight operating revenues and related expenditures for operations are also accounted for in the special revenue fund. Similar to the Water and Wastewater operating revenues, the service rates are established only to recover the cost of the operations of the streetlights since the assets themselves are owned by Xcel Energy.

**Recreation Special Revenue Fund:**

This fund collects and segregates the revenues from fees paid for recreation programs offered by the District and reservation of District owned facilities. To match expenses with revenues, this fund is used to account for:

- expenditures related to the direct cost of providing recreation programs.
- costs related to recreation services other than programs including, in addition to the base maintenance of facilities and fields, the enhanced maintenance necessary to provide the District's desired level of facilities and fields for our programs.

The base level of maintenance provided within this fund is subsidized by an operating transfer from the General Fund which is not the primary funding source of the fund.

**Mansion Special Revenue Fund:**

This fund collects and segregates the revenues paid from private rental of the Highlands Ranch Mansion and the expenses related to providing for these rentals.

**Conservation Trust Special Revenue Fund (CTF):**

The CTF is a special revenue fund utilized **only** for the receipt of proceeds from the Colorado Lottery. Expenditures for CTF eligible projects are made from this fund. Projects with commingled funding from Lottery proceeds and other sources are paid from the non-CTF fund (i.e. Capital Projects Fund, Stormwater Fund, and Major Repair Fund).

**Stormwater Management Fund:**

For budgetary purposes this fund collects and disburses funds related to the management of stormwater within the District owned open space channels. A fee will be charged to all properties in Highlands Ranch. The expenditures related to the stormwater management program include ongoing maintenance of our channels, water quality detention areas, educational programs and capital improvement projects designed to stabilize the open space. Additional funding comes from the District partnering with Urban Drainage Flood Control District and other interested parties whenever possible to complete these projects.

For financial statement purposes the revenues and operating expenditures are reflected in the General Fund. Capital expenditures are incurred in the Capital Projects Fund, funded by a transfer equal to the appropriated amount from the Stormwater Management Fund.

**Debt Service Fund:**

This fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and other costs related to the management and retirement of debt.

**Capital Projects Funds:**

This fund is comprised of two sub-funds – the General Government Capital Projects fund and the Major Repair Fund, both of which are discretely disclosed in the annual CAFR.

The General Government Capital Fund accounts for financial resources used for the acquisition or construction of major capital improvement projects. The capital improvement projects funded from these resources are those identified in either the District's Facilities Plan or the Capital Improvements Plan.

The Major Repair Fund accounts for financial resources used for major repairs, renovations or replacements of District facilities. Funding includes cell phone tower leases as well as transfers from the General Fund.

The Water & Sewer Reserve Fund accounts for financial resources used for replacement of in-tract water and sewer lines. Developers install and donate in-tract lines to the Metro District. As of December 31, 2018 the Metro District owns \$64.8 million of in-tract lines. In 2018, the Metro District amended the Water & Wastewater Agreement with Centennial Water and Sanitation District to manage the replacement program.

The appendix includes copies of all key resolutions and certifications required to demonstrate compliance with Colorado Statutes.



# ***BUDGET HIGHLIGHTS***

## **SERVICES**

Highlands Ranch Metropolitan District was organized for the purpose of providing municipal type services to the community of Highlands Ranch. The District's service plan (last amended in 2006) authorizes the District to provide the following services:

- Fire Protection (Effective 1/1/19 services are provided by South Metro Fire Rescue)
- Parks and parkway maintenance and construction
- Open space maintenance
- Street and storm drainage construction and miscellaneous maintenance
- Street light operations and maintenance
- Water and wastewater service
- Parks, recreation and cultural programs.

In accordance with Colorado State Budget Law, the District's Board of Directors holds a public hearing in the fall of each year to review the current year's budget, approve the following year's budget and appropriate the funds necessary to operate for the ensuing year. Although it is the intent of the Board of Directors to adopt a budget which will go unchanged, statutes do allow the Board to modify the budget and the appropriation resolutions upon completion of notification and publication requirements. This budget was prepared so that the subsequent accounting for the revenue and expenditures detailed in this document would comply with generally accepted accounting principles. The basis used for accounting is the Modified Accrual Basis.

## **FUND BUDGETS**

The District prepares budgets for the following funds:

- General Fund
- Special Revenue Funds
  - Utility
  - Recreation Programs
  - Mansion
  - Conservation Trust Fund
- Stormwater Management Fund
- Debt Service Fund
- Capital Projects Fund includes the following sub funds:
  - General Government Capital
  - Major Repairs
  - Water & Sewer Reserve Fund

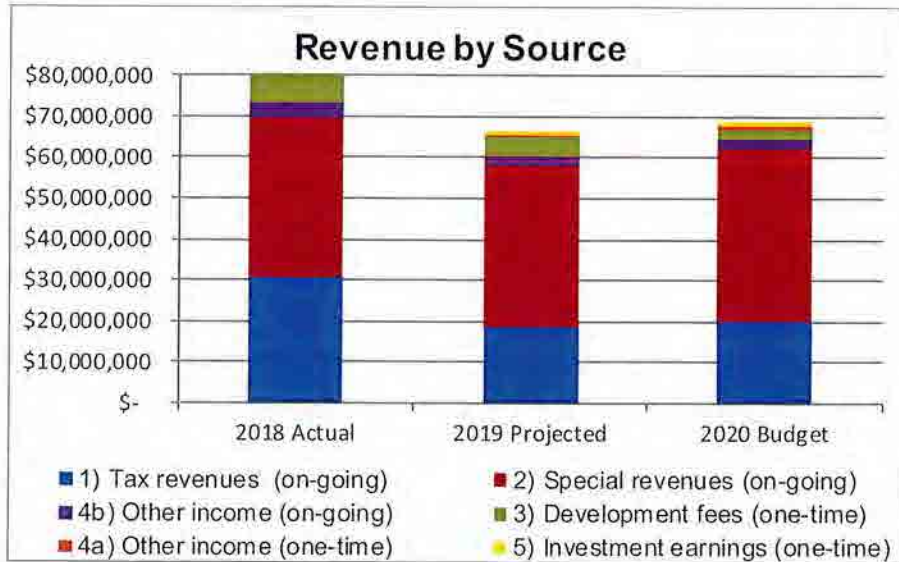
The rest of the Budget Highlights section provides a narrative description of the major revenue sources and expenditure items found in the Budget. Questions concerning the contents of this document can be answered by reading the section on How to Use the Budget Document.

## **REVENUE SOURCES**

The District has five primary categories of revenues as well as a collection of categories labeled as other:

- 1) Tax revenues - the major long-term source of revenue includes property tax and specific ownership tax
- 2) Special revenues - primarily rates and fees for services as well as Colorado Lottery Proceeds
- 3) Development fees
- 4) Other income (includes items such as licenses from cell phone towers and equipment, capital contributions from 3<sup>rd</sup> parties, and inter and intra governmental revenue from cost sharing agreements.)
- 5) Investment earnings on accumulated fund balances

	<u>2018 Actual</u>	<u>2019 Projected</u>	<u>2020 Budget</u>	<u>% Change</u>
1) Tax revenues (on-going)	\$ 30,725,902	\$ 18,583,050	\$ 20,299,386	9.24%
2) Special revenues (on-going)	39,054,046	39,627,532	42,211,062	6.52%
3) Development fees (one-time)	7,926,605	4,529,685	2,524,975	-44.26%
4a) Other income (one-time)	1,159,881	363,344	896,000	146.60%
4b) Other income (on-going)	3,702,281	2,400,700	1,931,400	-19.55%
5) Investment earnings (one-time)	1,174,093	880,900	797,000	-9.52%
	<b>\$ 83,742,808</b>	<b>\$ 66,385,210</b>	<b>\$ 68,659,823</b>	<b>3.43%</b>



The following briefly describes the revenue sources. Detailed information on the revenue collection is found in the respective budget sections that receive the revenues.

**Taxes**

The District receives property related tax revenue from two sources:

- From the assessment of property taxes against real and personal property calculated by applying a mill levy against the current assessed value of the property; and
- From the District's share of specific ownership taxes collected on automobiles registered in Douglas County.

*Assessed Valuation.* The Assessed Valuation as of January 1 of each year to be collected in the following year has been certified as follows and has the impact on total property tax revenues as shown:

	2018 AV	2019 AV	Change	
	Collected 2018	Collected 2019	\$	%
Current	\$ 1,559,885,700	\$ 1,725,882,160	\$ 165,996,460	10.6%

*Specific Ownership Tax.* The District shares in the Specific Ownership Taxes (“SOT”) collected by Douglas County for all automobile licensing in the county. The allocation is based on a formula established by statute that proportions the collections first to specific entities such as the county and the school district with the remainder allocated to local entities based on their relative property tax burden. For budgetary purposes, it is assumed that the 2020 SOT collections as a percentage of total tax revenues will be 7% of total property tax revenues. The District saw its SOT distributions decrease in 2019 due to the reduced mill levy associated with change in fire and emergency service the 2020 budget projects a slight decrease from 2019 actual collections.

Subject to limitations of the Taxpayers Bill of Rights (“TABOR”) a total mill levy is certified for both the General Fund and Debt Service Fund. Pursuant to the TABOR and the District’s long range forecasting needs and consistent with Ballot Question 2 referenced below which allows the District to impose a mill levy of no more than 19.750. Voters approved inclusion into the South Metro Fire Rescue (SMFR) on May 8, 2018. Based on the intergovernmental agreement with SMFR the Metro District will reduce its maximum mill levy by 7.0 mills to 12.750. The total combined mill levies for the General Fund and Debt Service Fund have been allocated as follows:

	2019	2020	Numeric Change	% Change
General Fund mill levy	8.600	8.905	0.305	3.55%
GF allocated to capital projects			-	
Debt Service Fund mill levy	2.605	2.300	(0.305)	-11.71%
Total Mill Levy	11.205	11.205	0.000	0.00%

Voter approval of Ballot Question 2 from the consolidation election held on May 2, 2006 overrode any imposed mill levy and revenue limitation for the District established in C.R.S. 29-1-301. Therefore the voters determined that the District’s General Fund mill levy **shall not be** constrained by what is commonly referred to as “Gallagher” or “5.5% adjustment.” If the constraint had not been overridden, Gallagher would have restricted the annual increase in General Fund property tax revenue, after adjustment for new growth, to a 5.5% increase.

Property valuations are reassessed effective January 1 of each odd numbered year. Since 2019 was a reassessment year it provides the basis for valuation for the property taxes to be assessed for collection in 2020 and 2021. The Residential Assessment Ratio established by the State to be used by County Assessors statewide was reduced in 2017 from 7.96% of market value to 7.2% and was reduced slightly in 2019 for 2020 collections to 7.15%. Specific property taxes for any home are subject to the differing market value of the home which may change in value from year to year.

**Special Revenues**

**Utility revenues**

The District's utility rates are comprised of the following:

- A water and sewer base rate that is a pass-through of rates assessed by Centennial Water and Sanitation District (“Centennial”) for providing water and wastewater service to the District's customers.
  - Although the District is allowed to surcharge the base rate it has chosen not to.
- The Metro District may charge an infrastructure replacement fee in the future to fund replacement of in-tract water and sewer lines. The District is currently funding with a transfer from the General Fund.
- A street light fee assessed against:
  - Residential property in order to pay for street lights located within residential subdivisions and adjacent to arterial streets.
  - Nonresidential property to pay for street lights located adjacent to arterial streets.

The District passes through the rates charged by Centennial which are summarized on page SR 4 of this budget. The water rates charged by the District and Centennial are assessed based on actual usage subject to consumption levels determined by a “Water Budget” calculated for each individual customer.

The street light fee was initially calculated to "pass-through" the costs of providing street light service in residential areas and is anticipated to be similar to the unincorporated street light fee in other unincorporated areas that are based on the tariffs and allowed commodity adjustments charged by Xcel Energy Company. Since 2012, the street light fee has recovered the cost of street light service for residential areas as well as for street lights adjacent to arterials. The proposed rate for 2020 is unchanged from 2019 at \$7.75 bi-monthly.

The “typical” Highlands Ranch utility customer has a 7,500 square foot lot and has average historical annual water usage of 117,000 gallons which is the basis for the comparison shown below. Based upon the existing and proposed rate structures, the typical single family customer would have the following annual costs:

	<u>2019</u>	<u>2020</u>	<u>Increase</u>
Water (typical residential customer)			
Centennial base rate	\$ 436	\$ 456	4.6%
Wastewater	\$ 293	\$ 317	8.3%
Water Service Availability Charge	\$ 176	\$ 190	7.9%
	<u>\$ 905</u>	<u>\$ 964</u>	6.4%
Street lights	\$ 47	\$ 47	0.0%
Stormwater	\$ 16	\$ 16	0.0%
Water & Sewer Replacement Fee	\$ -	\$ -	
	<u>\$ 968</u>	<u>\$ 1,026</u>	6.0%

Customer bills will vary from the table above if:

- The lot size is smaller than or larger than the typical lot, resulting in average bills less than or greater than respectively due to the water consumption portion.
- The usage is less than or greater than the historical average customer use.
- The customer exceeds their water budgets and is subject to additional fees based upon sharply increasing tiers for the excess water use.

**Stormwater management fees**

The primary source for funding the storm water management program, this fee will generate approximately \$880,000 in 2020. The Metro District utilizes this fee, after funding expenses necessary to maintain conditions within the stormwater basins, to match funds from Urban Drainage Flood Control District for capital projects. The 2020 fee is unchanged from 2019:

	<u>2019 Annual Fee</u>	<u>2020 Annual Fee</u>	
Residential	\$ 15.84	\$ 15.84	per unit
Non-Residential	\$ 23.76	\$ 23.76	per 3,000 sq. ft. of impervious area

**Recreation program fees**

The primary source of funding for the Recreation Fund is program revenues related to recreation programs and reservations of park facilities. The fee schedule can be found in the appendix of the budget document.

**Mansion rental fees**

The primary source for funding the Mansion operations come from facility rental fees with additional revenues derived from ancillary charges related to the rental events for such items as liquor sales and catering kitchen use.

**Development Fees**

The District has established development fees that are imposed on new residential, commercial, and industrial development:

- A Tap Fee is collected from new customers at the time the customer requires the installation of a meter to obtain water service. The Tap Fee charged by the District is an amount equivalent to the Reserve Capacity Fee established by Centennial Water and Sanitation District plus Centennial assessed fees for 1) a one-time channel stabilization surcharge designed to protect the surface water supplies from runoff; and 2) a water acquisition fee.
- A Systems Development Fee is collected at the same time as, or prior to, the collection of the tap fees for the specific property. The Systems Development Fee, which is recalculated annually, is designed to recover the estimated costs for the construction of the base infrastructure for arterials, arterial landscaping, storm drainage facilities, parks and fire protection facilities. Effective January 1, 2019, Metro District is no longer responsible for fire protection services. The historical and future estimated costs for these improvements are found in the section of the comprehensive capital improvements planning document known as the District's Facilities Plan.
- In addition to the above, a fee is assessed to the builders for plan review of new connections to the water and wastewater system. Centennial assesses the entire fee and all costs are expensed when transmitted to Centennial.

**Other**

Other revenues to the District include:

- Contributions made by other governmental entities, the developer or other sources towards construction projects. These are one-time revenues and vary widely from year to year.
- Proceeds from an intergovernmental agreement with Centennial wherein the District recovers the cost of shared employees and expenses.
  - o Certain employees in Public Works, Human Resources and Community Relations are shared District employees and revenues are received by the District pursuant to the agreement.
  - o Finance and Administration department employees, except for the Director of Finance and Administration, are employees of Centennial and therefore 50% of the salaries and benefits paid by Centennial are an expense to the District.
- Agreements with providers of cellular service to lease space on District owned landscaping for antenna towers and/or electronic equipment.
- Other small reimbursements and miscellaneous charges.

**Investment earnings**

The District invests funds in excess of current requirements according to an investment policy approved by the Board of Directors. While 2019 returns are exceeding the budget estimate the 2020 budget continues to conservatively estimate 1.5%.

	2019 Budget	2020 Budget
Assumed interest rate on investments	1.50%	1.50%

**BUDGET EXPENDITURES**

The expenditures for the Budget are broken down into 5 distinct types as applicable to each fund:

1. Operations
2. General government
3. Water and wastewater
4. Debt service
5. Capital outlay and reserved capacity payments

A brief summary of the highlights for each of these categories of expenditures is contained below. Detailed information on the expenditures is found in the respective specific sections.

**Operations**

The operations expenditures relate to the funding of the major District activities – Parks, Recreation and Open Space, Public Safety operation of maintenance of the streetlights, Public Works, Cultural which includes the Mansion operations and the support functions of various General Management Activities such as finance, IT and human resources.



### **General government**

A District fund may incur expenditures for direct costs that are not directly related to the other categories. These expenditures are related to costs directly related to a specific fund and not the Districts activities described above.

### **Water and wastewater**

The District pays directly to Centennial Water and Sanitation District for the water and wastewater services acquired by the District on behalf of its customers. The revenues received from billings to its customers offset these expenditures.

### **Debt Service**

To the extent funding was not available from the collection of development fees, the District issued General Obligation debt in order to fund 1) capital improvements identified in the Facilities Plan section of the Capital Improvements Program, and 2) its obligation to acquire Reserved Capacity.

The debt, described in more detail in a later section of the Budget, can be summarized as follows:

	2019 <u>Projected</u>	2020 <u>Budget</u>
Principal payments	\$ 3,540,000	\$ 3,615,000
Interest payments	474,210	410,490
	<u>\$ 4,014,210</u>	<u>\$ 4,025,490</u>

### **Capital Outlay and Reserved Capacity Payments**

Appropriations for the Capital Improvements Program are made throughout the year based upon the actual projects required and the bids received for construction. Net available authorization for capital expenditures is calculated as follows:

- New appropriations made during the year;
- plus any carry-forward unexpended appropriations from prior years;
- Less any unexpended prior year appropriations that are rescinded by the Board at the completion of a project.

For example, to the extent that the District does not expend authorized 2019 appropriations, which includes any net amount carried forward from 2018, the unexpended amount will be carried forward to 2020 and will be added to the actual 2020 appropriations to calculate the authority for 2019 expenditures. The anticipated expenditure pattern is summarized on the narrative for the Capital Projects Fund.

Pursuant to state regulations, a transfer from the Conservation Trust Fund to another fund is required to be shown as an expenditure in the Conservation Trust Fund and revenue in the receiving fund rather than the normal accounting as an operating transfer.

As explained more fully within the text of the Budget, the District is required to advance fund the acquisition of Reserved Capacity from Centennial Water and Sanitation District by purchasing capacity (i.e. taps) for new inclusions. Although funding of this advance payment may be done from bond proceeds, and was prior to 2000, as a result of the significant development within the Districts that has occurred since 1999 these payments have been, and continue to be, funded from collected Tap Fees. In addition to the annual base Reserved Capacity payment, the District is required to collect and remit all Centennial adopted surcharges. These currently include a channel stabilization surcharge and a water acquisition fee imposed by Centennial to be collected and remitted at the time of the sale of a tap. The surcharges from Centennial were \$1,730 per ¾" tap equivalent throughout 2019 and will remain the same in 2020.

## **TARGETED FUND BALANCES and OPERATING TRANSFERS**

### **General Fund**

The District has established a goal of maintaining an available ending fund balance equal to 40% of the following years net expenditures – operating expenditures minus the offsetting revenues described above. The year-end projection for 2019 is approximately 82% with a budgeted draw down to 76% in 2020. The long term forecast prepared by staff anticipates that this will be intentionally drawn down at a rate of approximately 5% per year until the outstanding District debt is either retired or significantly reduced. The drawdowns are projected based on numerous variables and may occur as the result of both increased spending from the General Fund as well as transfers to other funds for specific project funding.

## **Debt Service Fund**

The 2020 Budget assumes a change to the Board current policy of maintaining an ending fund balance for Debt Service of 70% of the following year's principal payment to maintaining a fund balance equal to the following year's principal and interest payment.

## **Transfers**

Operating transfers represent transfers of available resources from one fund to another. The District has several operating transfers that are made each year. Automatic transfers include:

- Investment income earned in the various funds is retained by the respective fund except as denoted below:
  - Investment income collected in the Special Revenue Utility Fund is transferred to the General Fund except as noted below.
  - All investment income collected in the General Government Capital Projects Funds (excluding the Major Repair Fund) and the Water and Wastewater Projects fund (a sub-fund to the Utility Special Revenue Fund) is transferred to the Debt Service Fund.
- The General Fund will transfer to the Recreation Services Special Revenue Fund sufficient funds to maintain a zero ending fund balance at year end.

In addition to the automatic transfers, the Board considers and authorizes as necessary the other transfers described below. The major material transfers in 2020 include:

- To the extent that the District needs additional funding to make debt service payments (primarily principal payments) and to maintain targeted fund balance from the Debt Service Fund, a transfer from either the Capital Projects Fund or the Utility Special Revenue Fund.

### **The 2020 Budget does not anticipate a transfer from the Capital Projects Fund to the Debt Service Fund.**

- The District annually reviews whether to include in its General Fund budget funding for an annual transfer to the Major Repair Fund.

### **In 2020 a transfer is anticipated in the amount of \$1,735,820.**

- The District includes in its General Fund Budget funding for an annual transfer to the Recreation Special Revenue Fund to offset general recreation services that are intentionally not offset by program revenues.

### **In 2020 this transfer is estimated at \$585,250 an increase compared to the 2019 projected.**

- The District is required to maintain a fund balance in the Water & Sewer Reserve Fund of \$500,000. .

### **In 2020 General Fund Budget assumes a transfer of \$700,000 to the Water & Sewer Reserve Fund for this purpose.**

- In addition, although none of these are anticipated in 2019, the fiscal policies state:
  - To the extent that the District does not have Tap Fee collections, bond proceeds or other miscellaneous revenues available to fund the required reserve capacity payment to Centennial, a transfer from other funding sources to the Special Revenue Fund.
  - To the extent that the District does not have Systems Development Fee collections, bond proceeds or other miscellaneous revenues available to fund the general government capital improvements program, a transfer from other funding sources to the General Government Capital Projects Fund.
  - To the extent that the target General Fund ratio exceeds a 40% fund balance to expenditures ratio, the District may transfer from the General Fund to another fund.

# KEY BUDGET ASSUMPTIONS

## GENERAL ASSUMPTIONS

1. Based on historic trends, current YTD and builder provided information, it is assumed that the number of completed residential dwelling units will be as follows:

	2019 Budget	2019 Projected	2020 Budget
Single Family	150	241	115
Multi Family	125	216	125

2. Based on historic, current YTD and information currently being processed by the Public Works division, it is assumed that the number of acres of completed nonresidential development within the District will be as follows:

	2019 Budget	2019 Projected	2020 Budget
Nonresidential acres	0.00	0.00	0.00
Nonresidential tap equivalents - indoor	0	4	0
Nonresidential tap equivalents - irrigation	0	1	0

3. Investment earnings on accumulated cash in the District's treasury (net of management fees) are assumed to be:

	2019 Budget	2020 Budget
Assumed interest rate on investments	1.50%	1.50%

## OPERATIONS BUDGET

### Growth assumptions:

Open space areas maintained increase by	0 acres
Park areas maintained increase by	0 acres
Parkway landscaped areas maintained, net increase of	0 acres

### Changes in Personal Services:

The 2020 budget includes the following assumptions for the personal services category expenditures:

- The 2020 compensation budget is based on a formula consistent with the Compensation Plan updated and adopted annually by the Board. The formula includes an adjustment to the range structure, merit pay based on performance and an adjustment to market conditions based on information supplied to the Board. Mountain States Employers Council data is used to estimate a structure adjustment of 0.9% for 2020 and the existing performance matrix based on the employee census would estimate an average District – wide increase for performance of 2.0%. This information is presented to and reviewed by the Board in the preliminary budget. A final decision on performance increase is then made by the Board prior to final budget adoption.
- The benefits program, which is reflected in the cost of payroll expenses, includes the following:
  - Health (medical/dental/vision) insurance.** In 2020 the District health plan options will still provide employees a choice between a PPO, EPO and Kaiser plan. The budget still identifies no cost sharing for the employee coverage and 25% contribution to the family portion of the monthly premiums.
  - Highlands Ranch Special Districts Retirement Plan** –The defined contribution plan is funded from 6.2% matching contributions from both the District and the employee. Since this plan is intended to be a replacement for social security the plan limits the individual maximum contribution to the social security maximum taxable earnings level each year.

- **Highlands Ranch Metropolitan District 457 Plan** – The plan offers voluntary contribution by the employee. Employees who participate in the 457 plan are eligible for a matching contribution up to 4%. For purposes of the budget, it is assumed that all employees that currently participate in this program will continue to do so in 2020. The matching structure is 100% on the first 2% of employee contribution and 50% on employee contribution of greater than 2% up to 6%.
- **FICA (Medicare portion and full coverage)** – All employees hired after 1984 are required to participate in Medicare. The contribution is estimated to continue at 1.45% of salary for those employees who are members of the pension plan. For temporary employees not eligible for participation in the Retirement Plan the full FICA contribution of 7.65% will be made.
- **Life/Disability insurance** – Contributions are estimated to be .14% and .52% of eligible wages respectively.
- **Unemployment taxes** – The District is subject to the governmental uniform unemployment tax. It is anticipated the rate will remain unchanged at .20% of wages.

Based on the above the 2020 payroll expenses for benefits are estimated to be 34.9% of regular wages compared to the 34.4% in 2019. While the percentage has fluctuated due to changes in the employee mix, the fluctuation has been very minimal from 2019 to 2020.

In addition the District provides **Workers Compensation** insurance. Rates are based on historical claims experience. The impact of a claim remains a part of the base for three years after the claim was incurred.



HIGHLANDS RANCH METROPOLITAN DISTRICT  
ALL FUNDS  
2018-2020

	GENERAL FUND		SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS		
	OPERATING	STORMWATER				Adopted 2020	Projected 2019	Actual 2018
<b>REVENUES</b>								
Taxes	\$ 16,425,126	\$ -	\$ -	\$ 3,874,260	\$ -	\$ 20,299,386	\$ 18,583,050	\$ 30,725,902
Special Revenues								
Rate income	-	-	37,400,000	-	-	37,400,000	34,930,000	34,394,092
Stormwater fee	-	880,000	-	-	-	880,000	880,000	829,140
Street light fee	-	-	1,450,000	-	-	1,450,000	1,450,000	1,456,098
Conservation Trust Fund	-	-	470,000	-	-	470,000	550,000	524,645
Program revenues	-	-	2,011,062	-	-	2,011,062	1,817,532	1,850,071
Development Fees								
System Development Fees	-	-	-	-	970,000	970,000	1,390,000	4,294,725
Tap Fees	-	-	1,554,975	-	-	1,554,975	3,139,685	3,631,880
Other income								
Inter and intragovernmental	750,000	-	-	-	93,900	843,900	1,334,700	2,807,354
Contribution offsetting capital outlay	-	425,000	-	-	337,000	762,000	113,344	998,699
Miscellaneous - one-time	134,000	-	-	-	-	134,000	250,000	161,182
Miscellaneous - on-going	200,900	8,700	187,500	70,900	900,000	1,087,500	1,066,000	894,927
Net Investment Income								
	17,510,025	1,313,700	43,201,937	3,945,160	2,689,000	68,659,823	66,385,210	83,742,808
<b>EXPENDITURES</b>								
Operations								
General Government	12,589,119	215,146	4,195,387	-	-	16,999,652	16,117,436	23,654,563
Water and Wastewater	-	-	-	500	-	500	500	300
Debt Service	-	-	37,400,000	-	-	37,400,000	34,930,000	34,394,092
Capital Outlay	-	-	-	4,025,490	-	4,025,490	4,014,210	3,991,400
Capital Projects								
Intergovernmental	-	-	1,035,000	-	13,938,136	14,973,136	6,511,406	6,078,329
Reserved Capacity	-	-	93,900	-	-	93,900	326,100	2,082,160
	-	-	1,358,014	-	-	1,358,014	1,207,222	4,115,252
Revenue over (under) expenditures	12,589,119	215,146	44,082,501	4,025,990	13,938,136	74,850,691	63,106,874	74,316,097
	4,920,906	1,098,554	(880,364)	(80,830)	(11,249,136)	(6,190,869)	3,278,336	9,426,711
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfers								
Interest income	36,000	-	(36,000)	-	-	-	-	(12,659)
General Fund - Stormwater	8,700	(8,700)	-	-	-	-	-	-
General Fund - Special Revenue	(534,250)	-	534,250	-	-	-	-	-
General Fund - Debt Service	-	-	-	-	-	-	-	-
General Fund - Major Repair	(2,435,820)	-	-	-	2,435,820	-	-	-
Stormwater - Capital Projects	-	(951,000)	-	-	951,000	-	-	-
Debt Service - Capital Projects	-	-	-	-	-	-	-	-
	(2,925,370)	(959,700)	498,250	-	3,386,820	-	-	(12,659)
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPEND. AND OTHER FINANCING USES</b>								
	1,995,536	138,854	(382,114)	(80,830)	(7,862,316)	(6,190,870)	3,278,336	9,414,052
<b>FUND BALANCE - BEGINNING</b>	14,079,518	576,708	10,377,859	4,802,280	36,912,943	66,749,308	63,470,974	54,056,921
<b>FUND BALANCE - ENDING</b>	\$ 16,075,054	\$ 715,562	\$ 9,995,745	\$ 4,721,450	\$ 29,050,627	\$ 60,558,438	\$ 66,749,310	\$ 63,470,974

Detail for capital projects can be found in the individual sections: Stormwater can be found beginning on page SW1. Special Revenue (CIT) can be found beginning on page CITF1. Capital Projects (General Government, Water & Sewer Reserves, and Major Repair Projects) can be found beginning on page C/P1.

HIGHLANDS RANCH METROPOLITAN DISTRICT  
COMBINING SPECIAL REVENUE  
2018-2020

	UTILITY	RECREATION	MANSION	CTF	TOTALS		
					Budget 2020	Projected 2019	Actual 2018
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenues							
Rate Income	37,400,000	-	-	-	37,400,000	34,930,000	34,394,092
Street Light	1,450,000	-	-	-	1,450,000	1,450,000	1,456,098
Conservation Trust Fund	-	-	-	470,000	470,000	550,000	524,645
Program revenues	-	1,547,062	464,000	-	2,011,062	1,817,532	1,850,071
Development Fees							
Tap Fees	1,554,975	-	-	-	1,554,975	3,139,685	3,631,880
Other income							
Contribution offsetting capital outlay	-	-	-	-	-	-	-
Miscellaneous - one time	-	-	-	-	-	-	-
Miscellaneous - on going	36,000	-	187,500	-	187,500	200,000	198,856
Net Investment Income							
	40,440,975	1,547,062	720,300	493,600	43,201,937	42,217,017	42,178,601
<b>EXPENDITURES</b>							
Operations	1,300,000	2,132,312	763,075	-	4,195,387	3,686,741	3,530,537
General Government	-	-	-	-	-	-	-
Water and Wastewater	37,400,000	-	-	-	37,400,000	34,930,000	34,394,092
Capital Outlay							
Capital Projects	-	-	-	1,035,000	1,035,000	287,848	130,056
Intergovernmental	-	-	-	93,900	93,900	326,100	2,082,160
Reserved Capacity	1,358,014	-	-	-	1,358,014	1,207,222	4,115,252
	40,058,014	2,132,312	763,075	1,128,900	44,082,301	40,437,911	44,252,098
Revenue over (under) expenditures	382,961	(585,250)	(42,775)	(635,300)	(880,364)	1,779,106	(2,073,497)
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers							
Interest income	(36,000)	-	-	-	(36,000)	(50,100)	(11,811)
General Fund - Special Revenue	-	585,250	(51,000)	-	534,250	491,123	371,009
Special Revenue - Capital Projects/Major Repair	-	-	-	-	-	-	-
Special Revenue - Special Revenue	-	-	-	-	-	-	-
Lease Proceeds	-	-	-	-	-	-	-
	(36,000)	585,250	(51,000)	-	498,250	441,023	359,199
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPEND. AND OTHER FINANCING USES</b>							
	346,961	-	(93,775)	(635,300)	(382,114)	2,220,129	(1,714,298)
<b>FUND BALANCE - BEGINNING</b>							
	4,452,896	-	4,589,558	1,335,405	10,377,859	8,157,730	9,872,028
<b>FUND BALANCE - ENDING</b>							
	\$ 4,799,857	\$ -	\$ 4,495,783	\$ 700,105	\$ 9,995,745	\$ 10,377,859	\$ 8,157,730

HIGHLANDS RANCH METROPOLITAN DISTRICT  
COMBINING CAPITAL PROJECTS  
2018-2020

	GENERAL GOVERNMENT	WATER & SEWER RESERVES	MAJOR REPAIR PROJECTS	TOTALS		
				Budget 2020	Projected 2019	Actual 2018
<b>REVENUES</b>						
Development Fees						
System Development Fees	\$ 970,000	\$ -	\$ -	\$ 970,000	\$ 1,390,000	\$ 4,294,725
Other income						
Intergovernmental	93,900	-	-	93,900	626,100	2,082,160
Contribution offsetting capital outlay	337,000	-	-	337,000	113,344	998,699
Miscellaneous			900,000	900,000	866,000	696,071
Net investment income	381,900	-	6,800	388,700	416,200	217,976
	<u>1,782,800</u>	<u>-</u>	<u>906,800</u>	<u>2,689,600</u>	<u>3,411,644</u>	<u>8,289,631</u>
<b>EXPENDITURES</b>						
Current						
Capital Outlay						
Capital Projects	4,757,007	775,000	8,302,235	13,834,242	6,232,458	5,948,273
	<u>4,757,007</u>	<u>775,000</u>	<u>8,302,235</u>	<u>13,834,242</u>	<u>6,232,458</u>	<u>5,948,273</u>
Revenue over (under) expenditures	<u>(2,974,207)</u>	<u>(775,000)</u>	<u>(7,395,435)</u>	<u>(11,144,642)</u>	<u>(2,820,814)</u>	<u>2,341,358</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers						
Interest income	-	-	-	-	-	-
Gen Gov Capital - Stormwater	951,000	-	-	951,000	1,390,282	453,071
Gen. Govt.Capital - Debt Service	-	-	-	-	-	-
Gen. Govt.Capital - General Fund	-	-	-	-	-	3,500,000
Gen. Govt.Capital - Special Revenue Fund	-	-	-	-	-	-
Major Repair - General Fund		700,000	1,735,820	2,435,820	8,948,804	1,362,770
Major Repair - Special Revenue						
Major Repair - Gen Govt Capital						
	<u>951,000</u>	<u>700,000</u>	<u>1,735,820</u>	<u>3,386,820</u>	<u>10,339,086</u>	<u>5,315,841</u>
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPEND. AND OTHER FINANCING USES</b>	<u>(2,023,207)</u>	<u>(75,000)</u>	<u>(5,659,615)</u>	<u>(7,757,822)</u>	<u>7,518,272</u>	<u>7,657,199</u>
<b>FUND BALANCE - BEGINNING</b>	27,138,693	800,000	8,965,350	36,904,043	29,385,771	21,728,573
<b>FUND BALANCE - ENDING</b>	<u>\$ 25,115,486</u>	<u>\$ 725,000</u>	<u>\$ 3,305,735</u>	<u>\$ 29,146,221</u>	<u>\$ 36,904,043</u>	<u>\$ 29,385,772</u>

HIGHLANDS RANCH METROPOLITAN DISTRICT  
CALCULATION OF TAX REVENUE  
2018-2020

	2018		2019		2020	
<b>ASSESSED VALUATION</b>						
Total Assessed Valuation		\$ 1,552,357,700		\$ 1,559,885,700		\$ 1,725,882,160
<b>GENERAL FUND</b>						
Mill levy						
Metro	15.330	\$ 23,797,644	8.600	\$ 13,415,017	8.905	\$ 15,368,981
Abatements and Refunds		(7,433)		(196,720)		(138,321)
Less Treasurer Fees		(356,965)		(201,225)		(230,535)
	<u>15.330</u>	<u>23,433,246</u>	<u>8.600</u>	<u>13,017,072</u>	<u>8.905</u>	<u>15,000,125</u>
Plus:						
Specific Ownership Tax		2,843,395		1,600,000		1,425,000
		<u>\$ 26,276,641</u>		<u>\$ 14,617,072</u>		<u>\$ 16,425,126</u>
<b>DEBT SERVICE FUND</b>						
Mill Levy						
General Government	2.875	\$ 4,463,028	2.605	\$ 4,063,502	2.300	\$ 3,969,529
Water and Sanitation	0.000	-	0.000	-	0.000	-
Abatements and Refunds		3,133,100		(36,572)		(35,726)
less Treasurer Fees		(114,035)		(60,953)		(59,543)
	<u>2.875</u>	<u>7,482,094</u>	<u>2.605</u>	<u>3,965,978</u>	<u>2.300</u>	<u>3,874,260</u>
<b>TOTAL TAX REVENUES</b>		<b>\$ 33,758,735</b>		<b>\$ 18,583,050</b>		<b>\$ 20,299,386</b>

# ***GENERAL FUND***

The General Fund is used to account for the revenues and expenditures necessary for the Highlands Ranch Metropolitan District to provide public safety, park and parkway operation and maintenance, public works and general government services to the Highlands Ranch community including the necessary personnel, materials and supplies, contracted services, utilities, repairs and maintenance, etc.

## **PRIMARY REVENUE SOURCES**

- Property taxes based on a mill levy established and certified for the General Fund
- 100% of the Specific Ownership Tax which is calculated as a percentage of total property taxes (General Fund and Debt Service Fund)
- Other revenues. These revenues include:
  - Payments from Centennial Water and Sanitation District (“Centennial”). Centennial and the District share in the cost of wages and other overhead costs based on an overhead sharing agreement between Centennial and the Metro District for the following: general management including human resources and community relations, public works and the director position for finance and administration.
  - Capitalization of staff labor reimbursed from other funds.
- Earnings on the General Fund investments.

## **EXPENDITURES BUDGET PROCESS**

Historically the operations budget is prepared using a “formalized methodology”. This methodology was intended to be used three out of every four years with every fourth year a “zero-based” budget prepared to “reset” the results of the budget prepared under the formalized methodology used in the prior three years.

The General Fund operation and maintenance functions will continue to be zero based every four years, on the following 4 year rotating cycle:

- Open Space, Forestry, Fleet – 2020
- Parks and Open Space Management & Administration, Planning, Facilities Management – 2021
- Parks Maintenance, Parkway Maintenance – 2022
- General Government, Public Works, Finance – 2023
- Vehicles & equipment needs will continue to be evaluated annually

In 2017, the District implemented Priority Based Budgeting (PBB). PBB is a process that will help the District develop a strategic budget that both reflects the community’s values and ensures that residents will continue to receive a high level of District services. The result areas identified as priorities by the board are:

- Well planned and maintained facilities and infrastructure
- Safe and prepared community
- Cultural and recreational opportunities for all ages
- Attractive and healthy place to live
- Strong Governance

The appendix provides further definition of the above result areas.

The Board continues to hold workshops to review long and short term goals, assess current and future needs of the District, and to review TABOR calculations.

The following process is then followed:

- Staff prepares a proposed budget in keeping with the priorities expressed by the Board.
- Once the proposed budget is available to the public, workshops are held for the Board where staff presents the budget in detail. The process allows the Board to focus on those areas that they feel additional discussion is warranted.
- Based on input from these workshops, staff incorporates any desired changes in any of the levels and provides updated summaries for the public hearing held at the regular Board meeting for November.

## **EXPENDITURES BY COST CENTER**

The General Fund Budget accounts for expenditures in various cost centers classified by the type of service or activity provided.

The cost center activities associated with the Budget include:

### **Public Safety**

#### Fire Protection:

Effective January 1, 2019 the Metro District will no longer provide fire and emergency services to Highlands Ranch. Highlands Ranch is now served by South Metro Fire Rescue (SMFR). All of the District owned assets including stations and equipment have been transferred to SMFR.

#### Street Lighting:

Prior to 2012, the cost of street lighting net of the billing to residential customers for residential lights was included in the General Fund budget. Commencing in 2012 the utility billing increased to include arterial lights as well as residential thus creating a situation where all customers are now billed for at least a portion of the services and are included in the Utility Special Revenue Fund. The cost of lighted street identification signs are still paid from the General Fund.

### **Parks and Open Space**

#### Parks and Open Space Planning & Administration:

- overall management of parks and open space
- management of park construction activity
- implementation of the long-term park master plan
- local and regional partnerships to provide outdoor recreation opportunities

#### Park Maintenance:

- management of the park operations activity management
- maintenance and irrigation of county right-of-way and District tracts or landscape easements adjacent to arterial roadways
- maintenance of parks including playgrounds, restrooms, field preparation and trails.  
Note: The District imposes fees for use/rental of some facilities located within the parks such as the pavilions and the fields. In addition, facility maintenance functions are included and provide for maintenance and other costs of operating both owned and leased facilities used for storage and maintenance of equipment; and staining of fences on District property adjacent to the arterial landscape.

#### Open Space Maintenance:

- mowing and other maintenance of the open space owned by the District (including storm drainage facilities within the open space area)
- maintenance of trails located in open-space.

#### Fleet Maintenance:

- maintenance of all on-road vehicles
- maintenance of equipment used in all operations.



## **Public Works**

### Administration:

- central direction, coordination, contract administration and supervision of the various engineering activities and contract administration for the Metro District's operations.

### Engineering:

- administration and facilitation of the design and construction of the facilities by the Highlands Ranch Metropolitan District and Centennial Water and Sanitation District as identified in the respective facilities plans of the organizations.
- plan review and inspection of the in-tract water and sewer facilities that are required to be installed by the developer. The Districts impose plan review fees on all new development to help defray the cost of a portion of these services.

### GIS:

- support the activities of the District and its citizens by providing and maintaining accurate, current and complete geospatial data. This support will be provided through leveraging the knowledge contained in this information by using a set of procedures and techniques collectively referred to as a Geographic Information System. Using the Geographic Information System (GIS), the staff will enable the Board of Directors and managers to make decisions impacting the future of the District in an informed and logical manner.

## **General Government**

### Office of the Manager:

- management implementation of policies set by the Board of Directors
- management of the overall operation of the Metro District
- advice to the Board of Directors on administrative matters and policy issues.

### Community Relations:

- the undertaking of special events that the Board has determined are of a benefit to the community
- distribution of information about the Districts, and other public information materials
- assistance to Centennial concerning the provision of water and wastewater services.

### Human Resources and Safety & Training:

- centralized recruitment, selection and services to all departments
- maintenance of personnel files
- classifications and compensation system for both Metro District and Centennial employees
- coordination of employee benefit programs
- safety and training functions of safety education
- safety procedures compliance
- provision of safety equipment
- coordination of training, in-house training, and organizational development.

## **Finance and Administration**

### Financial Services:

- Business Operations maintains a centralized accounting system for both the Metro District and Centennial including accounts receivable, accounts payable and payroll; preparation of financial reports; coordination of purchasing activities; and the coordination of the independent audits of each of the districts
- Revenue and Asset Management directs the third party investment portfolio manager and obtaining and reviewing the risk management programs of each of the districts
- Financial Planning manages the outstanding debt, prepares the annual budget and supplemental appropriations, research and analyze various programs, and prepares the long-range financial forecasts.

### Information Systems:

- Manages and develops information and communications systems.

### Office Services:

- reception and clerical activities supporting all departments; and centralized purchasing of office supplies.

### Insurance:

- Accounts for the cost of insurance premiums for Metro District property and general liability policies.

## EXPENDITURES BY OBJECT

The General Fund Budget accounts for the general government expenditures in five (5) main cost centers: public safety, park and open space operations, public works, general government and miscellaneous capital. The expenditures can also be allocated based on a classification by major object of expenditure. The following table summarizes the budget by the main object of expenditure categories

By Object	2019	2020	INCREASE/ (DECREASE)	
	Budget	Budget	%	\$
Personal Services	\$ 6,675,112	\$ 6,988,602	4.7%	\$ 313,490
Materials and supplies	788,875	808,765	2.5%	19,890
Purchased services	1,388,915	1,508,494	8.6%	119,579
Contract Maintenance	1,410,637	1,461,643	3.6%	51,006
Fuel and chemical products	175,000	175,800	0.5%	800
Utilities	1,557,815	1,615,815	3.7%	58,000
Miscellaneous capital/leases	162,265	31,000	-80.9%	(131,265)
<b>TOTAL</b>	<b>\$ 12,158,619</b>	<b>\$ 12,590,119</b>	<b>3.5%</b>	<b>\$ 431,500</b>

Following is a description for the major object classifications:

### Personal Services

Personal Services includes expenditures directly related to employees such as wages, benefits, temporary wages, training, uniforms, and overtime.

### Contracted Services

Contracted services includes expenditures for board approved contracts for general government operations including building rental, legal services, audit, and insurance.

### Materials and Supplies

Accounts for all expenditures relating to supplies purchased by the District including playground supplies, tree replacement, repair parts, safety equipment, and operating supplies.

### Purchased Services

Purchased services includes a wide variety of services acquired by the District in the normal course of business including printing and copying, memberships, equipment rental, repair services, licenses, postage, and conferences.

### Contracted Maintenance

Contracted Maintenance refers to maintenance contracts and professional services agreements entered into by the District to perform such services as parkway mowing, open space mowing, and engineering studies. Parkway mowing and open space mowing are bid every other year to ensure competitive pricing.

### Fuel and Chemical Products

Fuel and Chemical Products include the purchase of fuel for the District's fleet and chemicals and fertilizers used in the maintenance of District parks, parkways, and open space.

### Utilities

Utilities include payments for electricity, water and sewer, and natural gas. The two biggest components are electricity for street lights and water.

### Miscellaneous Capital

Miscellaneous capital includes the purchase and lease payments associated with the purchase of a variety of new equipment types including vehicles, field equipment and office equipment. Once a part of the fleet/inventory the equipment replacement is scheduled through Major Repair.

## **EXPENDITURE AUTHORIZATION**

The expenditure portion of the General Fund Budget is broken down both by functional activity (cost center) and by type or major object of expenditure:

- There are five functional cost centers or departments: Public Safety; Parks and Open Space Operations; Public Works; General Government; and Miscellaneous Capital. Each of these cost centers has several specific activities associated with them.
- There are eight broad expenditure types or object of expenditure categories: Personal Services, Contract Services, Materials and Supplies, Fuel and Chemical Products, Purchased Services, Contract Maintenance, Utilities, and Miscellaneous Capital.

### **Specific Authority granted with the adoption of the Budget**

#### **Budget Authority by Cost Center**

Budgetary authority can be transferred as follows:

- Transfers between cost centers or departments require the approval of the General Manager.
- Transfers between activities within a cost center require the approval of the Department Head.
- These transfers are limited by the budget authority related to object of expenditures detailed below.

#### **Budget Authority by Object of Expenditure**

Transfers of unexpended budget by Object of Expenditures are limited as follows:

- Budgetary approval for expenditures for Personal Services and Miscellaneous Capital are specifically granted within the budget document. Unexpended funds allocated to these two categories cannot be transferred to other object categories without Board approval.
- Each functional cost center has the latitude to control the aggregate funding from the remaining object categories with the following exceptions:
  - i. The General Manager can authorize transferring of funds from one of the remaining categories unless restricted to item ii, Personal Services, or Miscellaneous Capital, but only to the extent that additional funding is required for specifically identified positions or capital items within the adopted budget.
  - ii. Unexpended budget for Water, which is included under Utilities, can only be transferred with the approval of the General Manager for the purchase of other materials and services which directly improve the efficiency of water use.

### **LEASE/PURCHASE FINANCING**

The Metro District, when economically viable based on rate and matching of expenses with revenue streams, utilizes municipal lease/purchase agreements to fund portions of the Miscellaneous Capital Budget. Municipal lease/purchase agreements do not constitute a general obligation of the District as these agreements must include a non-appropriation clause if annual appropriations are not approved.

Various pieces of equipment and vehicles have been financed through lease/purchase agreements and when purchased using this method the budget appropriates funds for the payment of existing lease/purchase agreements. The budget does not anticipate a new lease/purchase agreement to be entered into during 2020 for the financing of additional miscellaneous capital.

In the normal course of administrative operations the District enters into multi-year lease agreements for printers, copiers and other office equipment. Below is a schedule of annual lease payments included in the 2019 and 2020 budget. Some agreements have additional charges for overages on copies and therefore the amounts shown below may be variable. An estimated amount is included in the budget for these overages but not shown in the schedule below.

The District will not opt to avoid appropriation on existing agreements as long as the equipment and service is consistent with what was and still is required.

If a lease shows no 2020 payments it is due to either a recommended termination as of December 31, 2019 or expiration of the lease agreement.

Vendor	Equipment	2020 Appropriations
Toshiba	Toshiba Copier	34,000
Pitney Bowes	Postage Machine	-
All Copy	Toshiba Copier	5,000
<b>Total</b>		<b>\$ 39,000</b>

Many times a lease is scheduled to terminate during the course of the business year. Under that circumstance a new lease will be bid consistent with District purchasing policy if the equipment still meets the requirements and needs of the District.

Although District staff has attempted to summarize all of the multi-year leases it is possible that there are others that do exist. In that case the lease will terminate at the original termination date and be subject to a new lease agreement as described above.

HIGHLANDS RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
2018-2020

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
<b>REVENUES</b>				
Taxes (See detail)	\$ 26,347,964	\$ 14,385,587	\$ 14,617,072	\$ 16,425,126
Inter/Intra-governmental	725,194	708,600	708,600	750,000
Miscellaneous	161,182	106,500	250,000	134,000
Net Investment Income	758,258	186,800	252,400	200,900
	<u>27,992,598</u>	<u>15,387,486</u>	<u>15,828,071</u>	<u>17,510,025</u>
<b>EXPENDITURES</b>				
Operations Budget	19,964,895	12,158,619	12,196,949	12,589,119
Revenue over (under) expenditures	<u>8,027,703</u>	<u>3,228,867</u>	<u>3,631,122</u>	<u>4,920,906</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers				
Net investment income	2,960	25,400	61,300	44,700
General - Recreation	(384,809)	(409,226)	(539,468)	(585,250)
Mansion- General	13,800	48,345	48,345	51,000
Stormwater - General	-	-	-	-
Water and Sewer Reserve - General		(500,000)	(500,000)	(700,000)
Gen Gov Capital - General	(3,500,000)		-	
Utility - General				-
Major Repair - General	(1,362,770)	(7,990,804)	(8,448,804)	(1,735,820)
Lease proceeds	-	-	-	-
	<u>(5,230,819)</u>	<u>(8,826,285)</u>	<u>(9,378,627)</u>	<u>(2,925,370)</u>
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	2,796,884	(5,597,418)	(5,747,505)	1,995,536
FUND BALANCE - BEGINNING	\$ 17,030,139	18,090,936	19,827,023	14,079,518
FUND BALANCE - ENDING	<u>\$ 19,827,023</u>	<u>\$ 12,493,518</u>	<u>\$ 14,079,518</u>	<u>\$ 16,075,054</u>
Reserved for Debt			\$ (2,500,000)	(5,000,000)
FUND BALANCE - Available	<u>\$ 19,827,023</u>	<u>\$ 12,493,518</u>	<u>\$ 11,579,518</u>	<u>\$ 11,075,054</u>
	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2019 Projected</u>	<u>2020 Budget</u>
Ratio of available ending fund balance/ net expenditures (for 2020 add 3%)	100%	120%	82%	76%

HIGHLANDS RANCH METRO DISTRICT  
BY ACTIVITY

	2018 ACTUAL	2019 BUDGET	2019 REVISED	BASE	One-Time	On going	2020 BUDGET
<b>PUBLIC SAFETY</b>							
612 Fire Protection	\$ 8,828,717	\$ -	\$ -	\$ -			-
615 Street Lighting	3,446	10,000	10,000	10,000			10,000
<b>Total Public Safety</b>	<b>8,832,163</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>10,000</b>
<b>PARKS AND OPEN SPACE</b>							
705 Park Planning & Admin	732,630	1,027,719	1,027,719	1,034,504	5,000		\$ 1,039,504
712 Park Maintenance	5,636,601	5,946,859	5,943,769	6,118,925	40,000	20,000	6,178,925
719 Open Space Maint.	985,088	1,027,217	1,028,867	1,037,747			1,037,747
793 Fleet Maintenance	556,004	610,340	610,340	665,140			665,140
<b>Total Parks/Open Space</b>	<b>7,910,323</b>	<b>8,612,135</b>	<b>8,610,695</b>	<b>8,856,316</b>	<b>45,000</b>	<b>20,000</b>	<b>8,921,316</b>
<b>PUBLIC WORKS</b>							
801 Administration	514,125	558,316	553,491	540,900			\$ 540,900
880 Engineering	162,476	233,498	236,258	383,458			383,458
<b>Total Public Works</b>	<b>676,601</b>	<b>791,814</b>	<b>789,749</b>	<b>924,358</b>	<b>-</b>	<b>-</b>	<b>924,358</b>
<b>GENERAL GOVERNMENT</b>							
900 Board of Directors	104,581	90,190	90,190	149,590			\$ 149,590
905 Community Relations	322,730	428,475	428,475	427,275		5,500	432,775
910 Office of the Manager	363,727	375,950	375,950	384,790			384,790
920 Human Resources	317,604	374,475	370,490	389,275			389,275
<b>Total General Govt</b>	<b>1,108,642</b>	<b>1,269,090</b>	<b>1,265,105</b>	<b>1,350,930</b>	<b>-</b>	<b>5,500</b>	<b>1,356,430</b>
<b>FINANCE AND ADMINISTRATION</b>							
930 Financial Services	642,949	667,185	667,185	684,285			\$ 684,285
950 Information Systems	210,332	177,750	177,750	177,750			\$ 177,750
970 Office Services	300,295	318,380	318,380	318,980			\$ 318,980
980 Insurance	139,172	150,000	150,000	165,000			\$ 165,000
<b>Total Finance &amp; Admin</b>	<b>1,292,748</b>	<b>1,313,315</b>	<b>1,313,315</b>	<b>1,346,015</b>	<b>-</b>	<b>-</b>	<b>1,346,015</b>
<b>MISC. CAPITAL</b>							
6xx Public Safety	-	-	-	-			\$ -
7xx Park Operations	144,418	162,265	162,265	-	31,000	-	31,000
8xx Public Works	-	-	-	-			-
9xx General Government	-	-	-	-			-
xxx Lease payments	-	-	-	-			-
<b>Total Misc. Capital</b>	<b>144,418</b>	<b>162,265</b>	<b>162,265</b>	<b>-</b>	<b>31,000</b>	<b>-</b>	<b>31,000</b>
<b>GROSS GENERAL FUND BUDGET</b>	<b>\$ 19,964,895</b>	<b>\$ 12,158,619</b>	<b>\$ 12,151,129</b>	<b>\$ 12,487,619</b>	<b>\$ 76,000</b>	<b>\$ 25,500</b>	<b>\$ 12,589,119</b>



HIGHLANDS RANCH METRO DISTRICT  
BY OBJECT

	2018 ACTUAL	2019 BUDGET	2019 REVISED	BASE	One-Time	On going	2020 BUDGET
<b>BOARD DIRECTED BUDGET</b>							
<b>Personal Services</b>							
111 Regular Wages	\$ 4,228,095	\$ 4,440,720	\$ 4,466,220	\$ 4,643,520			\$ 4,643,520
113 Temporary Wages	106,135	188,430	188,430	188,430			188,430
12* Overtime Wages	11,994	18,817	18,817	18,817			18,817
13* Payroll Expense	1,465,874	1,526,900	1,536,400	1,623,400			1,623,400
182 Training	27,145	60,635	65,985	65,685			65,685
184 Uniforms	30,594	31,210	35,090	32,950			32,950
191 Board of Director Fees	12,700	14,400	14,400	16,800			16,800
195 Admin Contract	429,509	394,000	394,000	394,000			394,000
<b>Contracted Services</b>							
351 Building Rental	175,100	180,700	180,700	181,100			181,100
352 Legal Services	30,211	33,000	33,000	30,000			30,000
354 Audit Services	21,300	22,000	22,000	26,000			26,000
362 Fire Protection Contract	8,813,649	-	-	-			-
368 Insurance	139,172	150,000	150,000	165,000			165,000
<b>Miscellaneous Capital</b>							
941 Office Equipment	-	-	10,000	-			-
942 Transportation Equipment	160	-	-	-			-
943 Field Equipment	144,258	162,265	162,265	-			-
944 Shop and Garage Equipment	-	-	-	-	31,000		31,000
946 Engineering Equipment	-	-	-	-			-
947 Communication Equipment	-	-	-	-			-
948 Computer Equipment	-	-	-	-			-
949 Other Equipment	-	-	-	-			-
950 Major Repairs	-	-	-	-			-
Lease Payments	-	-	-	-			-
							-
<b>Total Board Directed Cost</b>	<b>15,635,896</b>	<b>7,223,077</b>	<b>7,277,307</b>	<b>7,385,702</b>	<b>31,000</b>	<b>-</b>	<b>7,416,702</b>
<b>DEPT. DIRECTED NONVARIABLE</b>							
<b>Materials and Supplies</b>							
219 Office Supplies	5,609	8,500	8,500	8,500			8,500
220 Meeting Supplies	19,391	11,945	11,645	12,425			12,425
222 Empl Relations	12,675	18,675	18,850	19,450			19,450
224 Playground Supplies	37,866	47,000	47,000	47,000			47,000
226 Safety Supplies	16,192	21,300	21,300	21,300			21,300
227 Janitorial Supplies	15,051	16,650	16,650	18,450			18,450
229 Operating Supplies	185,143	219,675	220,355	211,010			211,010
230 Computer Equip/Supplies	-	-	-	-			-
243 Tree Replacement	82,263	80,000	80,000	80,000			80,000
244 Repair Parts	298,164	349,130	349,130	365,630			365,630
246 Tires, Tubes, Etc	20,363	16,000	16,000	25,000			25,000
<b>Purchased Services</b>							
301 Bank Charges	34,927	42,000	42,000	42,000			42,000
311 Postage	8,598	14,425	14,425	14,425			14,425
313 Licenses	1,396	1,800	2,200	1,800			1,800
319 Communication Svc	78,065	98,780	98,780	98,780			98,780
325 Legal Notice/Advertise	5,287	10,320	10,320	10,330			10,330
326 Personnel Advertising	-	400	400	200			200
329 Print & Copy	38,935	56,060	56,060	56,560			56,560

HIGHLANDS RANCH METRO DISTRICT  
BY OBJECT

	2018 ACTUAL	2019 BUDGET	2019 REVISED	BASE	One-Time	On going	2020 BUDGET
331 Memberships	10,250	14,876	14,876	14,885			14,885
335 Publications	4,218	1,300	1,300	1,300			1,300
342 Computer Rental	27,114	26,419	27,399	27,399			27,399
343 Equipment Rental	25,074	37,710	37,710	37,710			37,710
344 Repair Services	288,607	395,400	430,400	438,400	40,000	20,000	498,400
346 Contract Temp	-	-	-	-			-
347 Janitorial Service	18,408	17,120	17,120	17,120			17,120
349 Landfill Services	37,540	55,300	45,000	45,000			45,000
369 Misc O/Services	516,106	613,260	570,625	628,240	5,000	5,500	638,740
371 Auto Reimb	2,975	3,745	3,845	3,845			3,845
372 Conferences	1,790	-	-	-			-
Contracted Services							
348 Contract Maintenance	863,688	925,337	925,337	964,943			964,943
355 Prof Services	26,548	99,600	99,600	98,600			98,600
		-					-
Total Dept Dir Nonvariable	2,682,243	3,202,727	3,186,827	3,310,302	45,000	25,500	3,380,802
DEPT DIRECTED VARIABLE							
Fuel and Chemical Services							
260 Chemicals/Fertilizers	51,113	75,000	75,000	75,800			75,800
271 Gas/Fuel Products	92,288	100,000	100,000	100,000			100,000
Utilities							
391 Electricity and Power	122,034	136,750	136,750	136,750			136,750
392 Water/Sewer	1,375,977	1,412,000	1,412,000	1,470,000			1,470,000
394 Natural Gas	5,345	9,065	9,065	9,065			9,065
Total Dept dir variable	1,646,757	1,732,815	1,732,815	1,791,615	-	-	1,791,615
TOTAL DEPARTMENTS	\$ 19,964,895	\$ 12,158,619	\$ 12,196,949	\$ 12,487,619	\$ 76,000	\$ 25,500	\$ 12,589,119

HIGHLANDS RANCH METROPOLITAN DISTRICT  
SCHEDULE OF APPROVED POSITIONS - REGULAR POSITIONS

REGULAR POSITIONS (FTE)	2019	2019	2020	Change	2020
	Budget	Actual	Budget	to 2020	Budget
				Budget	adj. for Sch. I
					Shared Emp.
<b><i>PARKS, RECREATION and OPEN SPACE and CULTURAL</i></b>					
<b>Parks &amp; Open Space Planning &amp; Admin.</b>					
Director, Parks & Open Space	1.000	1.000	1.000	-	1.000
Administrative Assistant	1.000	1.000	1.000	-	1.000
Park Operations Secretary	1.000	1.000	1.000	-	1.000
Receptionist	1.000	1.000	1.000	-	1.000
Park Planning Manager	** 1.000	1.000	1.000	-	1.000
Park Project Coordinator	** 1.000	1.000	1.000	-	1.000
<b>Recreation Services / Programs</b>					
Recreation Manager	1.000	1.000	1.000	-	1.000
Recreation Supervisor	1.000	1.000	1.000	-	1.000
Recreation Coordinator	2.000	2.000	2.000	-	2.000
Assistant (Recreation Services)	1.000	1.000	1.000	-	1.000
Reservation Specialist	1.000	1.000	1.000	-	1.000
Sports Fields Supervisor	1.000	1.000	1.000	-	1.000
Park Technicians - Sports Fields	7.000	7.000	7.000	-	7.000
Senior Services Coordinator	1.000	1.000	1.000	-	1.000
<b>Park Operations</b>					
Park Operations Manager	1.000	1.000	1.000	-	1.000
Irrigation Supervisor	1.000	1.000	1.000	-	1.000
Park Technicians - Irrigation	8.000	8.000	8.000	-	8.000
Forestry Supervisor	1.000	1.000	1.000	-	1.000
Park Technicians - Forestry	4.000	4.000	4.000	-	4.000
Park Maintenance Supervisor	1.000	1.000	1.000	-	1.000
Park Technicians	9.000	9.000	9.000	-	9.000
Facilities Coordinator	1.000	1.000	1.000	-	1.000
Facilities Technicians	5.000	5.000	5.000	-	5.000
<b>Open Space Operations</b>					
Open Space Operations Manager	1.000	1.000	1.000	-	1.000
Open Space Coordinator	1.000	1.000	1.000	-	1.000
Open Space Technicians	4.000	4.000	4.000	-	4.000
Park Ranger	4.000	4.000	4.000	-	4.000
<b>Fleet Maintenance</b>					
Fleet Supervisor	1.000	1.000	1.000	-	1.000
Fleet Technician	3.000	3.000	3.000	-	3.000
<b>Mansion</b>					
Mansion Manager	* 1.000	1.000	1.000	-	1.000
Mansion Operations Coordinator	1.400	1.400	1.400	-	1.400
Mansion Sales and Service	* 0.800	0.800	1.000	0.200	1.000
Mansion Administrative Assistant	1.000	1.000	1.000	-	1.000
<b><i>PUBLIC WORKS</i></b>					
<b>Administration</b>					
Director - Engineering	* 1.000	1.000	1.000	-	0.500
Administrative Assistant	* 1.000	1.000	1.000	-	0.500
Contract Administrator	* 1.000	1.000	1.000	-	0.500
Clerk	* 1.000	0.700	1.000	-	0.400
<b>Engineering</b>					
Development Eng. Mgr.	** 1.000	1.000	1.000	-	1.000
Project Engineer	** -	1.000	1.000	1.000	1.000
GIS Technician	*** -	-	-	-	0.400

REGULAR POSITIONS (FTE)	2019 Budget	2019 Actual	2020 Budget	Change 2019 Budget to 2020 Budget	2020 Budget adj. for Sch. I Shared Emp.
<b>GENERAL MANAGEMENT</b>					
<b>Office of the Manager</b>					
General Manager	1.000	1.000	1.000	-	1.000
Administrative Assistant	1.000	1.000	1.000	-	1.000
<b>Community Relations</b>					
Community Relations Mgr.	* 1.000	1.000	1.000	-	0.750
Community Relations Coord.	* 2.000	2.000	2.000	-	1.500
<b>Human Resources</b>					
Human Resource Manager	* 1.000	1.000	1.000	-	0.500
Human Resources Assistant	* 1.000	1.000	1.000	-	0.500
Administrative Assistants	0.800	0.800	0.800	-	0.400
<b>Financial Services</b>					
Director - Finance & Admin.	* 1.000	1.000	1.000	-	0.500
Accounting Manager	***			-	0.500
Accounting Assistants	***			-	2.000
Revenue and Assets Manager	***				0.400
Financial Reporting Analyst	***				0.500
Administrative Analysts	***				0.250
Administrative Assistant	***				0.500
<b>Information Systems</b>					
Network Administrator	***			-	-
IT Specialist	***			-	-
<b>OFFICE SUPPORT</b>					
<b>Office Services</b>					
Office Assistant	***	-	-	-	0.500
Receptionist	* 1.000	1.000	1.000	-	0.500
	<u>85.000</u>	<u>85.700</u>	<u>86.200</u>	<u>1.200</u>	<u>86.000</u>
<b>TEMPORARIES - ALL GROUPS</b>					
Recreation Services / Programs	6.100	6.100	6.100	-	6.100
Irrigation	0.749	0.749	0.749	-	0.749
Forestry	1.000	1.000	1.000	-	1.000
Park Mnt	1.700	1.700	1.700	-	1.700
Facilities	0.600	0.600	0.600	-	0.600
Open Space	0.400	0.400	0.400	-	0.400
Park Ranger	-	-	-	-	-
Fleet	-	-	-	-	-
Engineering	0.500	0.500	0.500	-	0.500
	<u>96.049</u>	<u>96.749</u>	<u>97.249</u>	<u>1.200</u>	<u>97.049</u>

\* Employee cost partially allocated to Centennial Water & Sanitation District pursuant to Employee, Office Svc.'s and Cap. Equip. Sharing Contract ("Schedule III" employees)

\*\* Majority of employee cost is capitalized

\*\*\* Employee cost partially allocated from Centennial Water & Sanitation District pursuant to Employee, Office Svc.'s and Cap. Equip. Sharing Contract ("Schedule III" employees)

# ***STORMWATER MANAGEMENT FUND***

Established in 2011, the Fund accounts for the receipt of following source of funds for the purpose of meeting the District's obligation in complying with federal and state regulations for municipal stormwater systems and to protect our open space areas consistent with these regulations:

- a fee charged to all Highlands Ranch properties
- a partnership with Urban Drainage Flood Control District on funding capital and maintenance projects
- contributions from other entities benefitted by the programs.

Prior to the establishment of the fund expenditures were recorded as follows:

- Those related to permit compliance were shown as part of the General Fund
- Capital outlay and offsetting contributions from partners were recorded in the Capital Projects Fund.

The funds collected are used to pay District expenses associated with the following activities:

## **Maintenance**

Maintenance of our open space channels including but not limited to spraying for noxious weeds, trail line mowing, and water quality detention ponds.

## **Capital Improvement Projects**

Channel Stabilization projects as detailed in the District's Facilities Plan.

Any other transfer of funds from the Special Revenue Fund to another fund requires action by the Board of Directors. Such transfers are used when there are economic advantages to the District.

## **2020 Stormwater Management Fund Capital Improvement Projects**

- Marcy Gulch:
  - Wildcat to Confluence (M5.0E)

HIGHLANDS RANCH METROPOLITAN DISTRICT  
STORMWATER MANAGEMENT FUND

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
<b>REVENUES</b>				
Special Revenues				
Rate Income	\$ 829,140	\$ 865,000	\$ 880,000	\$ 880,000
Contribution offsetting capital outlay			-	425,000
Net Investment Income	12,659	8,700	11,200	8,700
	<u>841,799</u>	<u>873,700</u>	<u>891,200</u>	<u>1,313,700</u>
<b>EXPENDITURES</b>				
Operations Budget	159,131	204,346	233,746	215,146
Operations Request		90,000		
	<u>159,131</u>	<u>294,346</u>	<u>233,746</u>	<u>215,146</u>
Revenue over (under) expenditures	<u>682,668</u>	<u>579,354</u>	<u>657,454</u>	<u>1,098,554</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers				
Net investment income	(12,659)	(8,700)	(11,200)	(8,700)
General - Stormwater				
Gen Gov Capital - Stormwater	(453,071)	(405,000)	(1,390,282)	(951,000)
Major Repair - Stormwater				
	<u>(465,730)</u>	<u>(413,700)</u>	<u>(1,401,482)</u>	<u>(959,700)</u>
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	216,938	165,654	(744,028)	138,854
FUND BALANCE - BEGINNING	1,103,798	577,812	1,320,736	576,708
FUND BALANCE - ENDING	<u>\$ 1,320,736</u>	<u>\$ 743,466</u>	<u>\$ 576,708</u>	<u>\$ 715,562</u>





HIGHLANDS RANCH METRO DISTRICT  
 STORMWATER MANAGEMENT FUND

	Acct No.	2019		2020		2021		2022		Remaining Future		
		Budget	9/30/2019 Actual	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected			
<b>BIG DRY CREEK GULCH</b>												
	BDE: 0.5 Links Golf Course									1,975,000		
	Glennegales to PSCo easement BDE: 1.0									685,500		
	PSCo easement to University BDE: 2E (Big Dry by Cheese Ranch		82-170									
	Reach BDE: 5E - Quebec to Highlands Ranch Boundary		82-177							2,400,000		
	Reach BDE: 5E - midpoint of reach		82-168									
	BDM 1.0 S Madras to University									110,000		
	BDE: 2W PSCO easement to University									550,000		
	CIG easement to confluence BDE: 4W									690,000		
	(confluence to McArthur (west) BDE: 5W									70,000		
	(confluence to McArthur (east)									360,000		
	BDE: 7.1W Griggs to Confluence									175,000		
	BDE: 7.2W Confluence to OSCA (west)									50,000		
	BDE: 8W McArthur to HR Boundary (east)									575,000		
	BDE: 9W and 9.2W McArthur to HR Boundary (middle)									640,000		
	BDE: 7.3W Confluence to OSCA (east)		43,000							260,000		
	BDM 1.0a Links Golf Course Cannongate to C470											
	BDM 1.0b West Big Dry Creek (C470 to Glennegales / Cresthill)		82-180							615,000		
	BDM 1.0c Links Golf Course, east bridge to middle headcut		82-171							310,000		
	BDM 1.0d Links Golf Course Cresthill to golf cart bridge									300,000		
	BDM 4.0 Lark Sparrow to University (107C)									240,000		
	BDM 5.0 Lark Sparrow to University (107B)											
	Big Dry Creek with trail crossing											
<b>OTHER REACHES</b>												
	Otero Tributary											
	C-470 to County Line Road									165,000		
	Quebec to Palomino Park (QUE: 1.0.1.1,2,0.2.1)									509,000		
<b>TRAIL CROSSINGS</b>												
	West Park Trail Crossing Removal and Replacement						180,000					
	Various											
		\$ 405,000	\$ 608,000	\$ -	\$ -	\$ 951,000	\$ (425,000)	\$ 480,000	\$ (150,000)	\$ 1,300,000	\$ (500,000)	\$ 34,774,250
	TOTAL Channel Stabilization											

# ***UTILITY SPECIAL REVENUE FUND***

The Utility Special Revenue Fund accounts for rate revenues imposed by action of the Board of Directors related to the following:

- Water and Wastewater Rate Revenue for operation of the Centennial system
- Water and Wastewater Reserved Capacity payments to Centennial
- Streetlight Rate Revenues.

**Water and Wastewater Rate Revenue**

The Fund accounts for the receipt of revenues for water and wastewater services provided to District customers. Pursuant to the District's agreement with Centennial, these receipts must be segregated from the General Fund. The District chose not to establish an Enterprise Fund (a fund which would account for all of the costs related to the water and wastewater operations including debt service and capital) because:

- The District does not own and operate the water and wastewater treatment system and the backbone transmission and collection systems but purchases these services from Centennial;
- The District does not include an amount in their rates which would cover the cost of depreciation on the system of infrastructure which is District owned as a result of being donated to them; and
- The District intends to fund future replacement of infrastructure through either debt issuance or reserves to be established for replacement which does not tie to depreciation expense.

The Fund does include all costs paid to Centennial to operate and maintain the Districts systems and for Centennial to deliver potable water to and treat wastewater from the customers of the District.

Source of funds to make the above expenditures include:

- Revenue from utility rate income. The rates are established by the Board of Directors.
- Revenue from plan review fees.

The funds collected are used to:

- Pay Centennial for wholesale services provided.

Any other transfer of funds from the Special Revenue Fund to another fund requires action by the Board of Directors. Such transfers are used when there are economic advantages to the District.

**Reserved Capacity Payments**

Prior to consolidation, the reserved capacity payments were recorded as capital assets. Post-consolidation the District has changed the reporting of these payments so they are now expenses and are accounted for in the Special Revenue Fund. Payments are made to Centennial to acquire Reserved Capacity in the Centennial facilities sufficient to serve the District service areas.

The primary source of revenues to fund the Reserved Capacity costs currently comes from Tap Fees however in the early development years the proceeds were generated by the sale of general obligation bonds. The retirement of the debt generated by the issuance of these bonds is paid from the Debt Service Funds.

The outlay for Reserved Capacity Costs can be summarized as follows:

	2019 Projected	2020 Budget
Reserved Capacity Cost		
HRMD	\$ 394,122	\$ 942,814
Surcharge Remittance	813,100	415,200
	\$ 1,207,222	\$ 1,358,014

\*Based on calculation of reserved capacity cost as set forth in Exhibit B to the Water & Wastewater Service Agreement. See page SR 6.

## **Streetlight Revenues**

The Special Revenue Fund also accounts for the receipt of revenues for streetlight services provided within the District and passed through on the water bill to all customers.

The District chose not to establish an Enterprise Fund (a fund which would account for all of the costs related to the streetlight operations including debt service and capital) because, solely based on Excel's interpretation of PUC rules, the District does not own and operate the streetlight system. The residential subdivision lights are initially installed by the developer and transferred to Xcel Energy for operation and maintenance pursuant to said PUC rules. Similarly the arterial streetlights are installed by the District in conjunction with the construction of the arterials by the District but are required to be transferred to Xcel.

The streetlight fee is calculated to "pass-through" the costs of providing street light service based on the tariffs and allowed commodity adjustments charged by Xcel Energy Company. The District's streetlight fee remains unchanged from 2017 as follows:

- Bi-monthly residential street light fee \$7.75
- \$1.17 per unit per month for multi-family
- \$1.17 for every 7,500 square feet of lot size for commercial property

In 2013 Xcel Energy performed a condition assessment of all the arterial streetlights in Highlands Ranch and determined that there were a number of streetlights that needed to be replaced or renovated. The average cost to replace a streetlight is approximately \$3,200. A contingency of \$50,000 is included for potential replacements and pole painting in 2020.

The source of funds to make the streetlight expenditures for electrical and regular maintenance and repair is collected from the utility billing.

HIGHLANDS RANCH METROPOLITAN DISTRICT  
UTILITY SPECIAL REVENUE FUND  
2018-2020

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
<b>REVENUES</b>				
Development Fees				
Tap Fees	\$ 3,631,880	\$ 1,824,125	\$ 3,139,685	\$ 1,554,975
Special Revenues				
Rate Income	34,394,092	35,150,000	34,930,000	37,400,000
Streetlight	1,456,098	1,438,000	1,450,000	1,450,000
Other	-			
Net Investment Income	11,811	16,700	50,100	36,000
	<u>39,493,881</u>	<u>38,428,825</u>	<u>39,569,785</u>	<u>40,440,975</u>
<b>EXPENDITURES</b>				
Water and Wastewater	34,394,092	35,150,000	34,930,000	37,400,000
Operations				
Public Safety - Streetlights - operations	1,138,135	1,438,000	1,160,000	1,300,000
Public Safety - Streetlights - extra maint				
Investment in reserved capacity				
Exhibit A	3,243,332	394,122	394,122	942,814
Current year collections	871,920	475,750	813,100	415,200
	<u>39,647,479</u>	<u>37,457,872</u>	<u>37,297,222</u>	<u>40,058,014</u>
Revenue over (under) expenditures	<u>(153,598)</u>	<u>970,953</u>	<u>2,272,563</u>	<u>382,961</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers				
Net investment income		(16,700)	(50,100)	(36,000)
Special Revenue- General Fund	(2,960)			
Special Revenue - Debt Service	(8,851)	-	-	-
Special Revenue - Major Repair			-	-
	<u>(11,811)</u>	<u>(16,700)</u>	<u>(50,100)</u>	<u>(36,000)</u>
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	(165,409)	954,253	2,222,463	346,961
FUND BALANCE - BEGINNING	2,395,842	1,268,621	2,230,433	4,452,896
FUND BALANCE - ENDING	<u>2,230,433</u>	<u>2,222,874</u>	<u>4,452,896</u>	<u>4,799,857</u>
Reserved for capacity payment	(913,872)	(341,584)	(341,584)	(830,939)
Reserved for streetlight replacement			(400,000)	(550,000)
FUND BALANCE - Available	<u>\$ 1,316,561</u>	<u>\$ 1,881,290</u>	<u>\$ 3,711,312</u>	<u>\$ 3,418,918</u>

## RATE INCOME

Rates are established by the Board of Directors in order to fund the cost of providing water and wastewater service to the customers of the District. The primary function of the various rates are to cover:

1. The operations cost of providing water supply, treatment and distribution.
2. The operations cost of providing wastewater collection and treatment.
3. The cost of providing periodic billing statements, maintaining meters and administrative costs .
4. Debt service payments
- 5 The cost to fund a reserve for the repair and replacement of equipment
- 6 Accumulation of reserves for the acquisition of additional water supplies

	2019			2020		
<b>Metered Water Consumption</b>	<u>Rate per 1,000 Gallons</u>			<u>Rate per 1,000 Gallons</u>		
Usage Relative to "Water Budget" *	Summer	Winter	Irrig Only	Summer	Winter	Irrig Only
Up to 100% of WB	\$3.73	\$3.73	\$3.82	\$3.90	\$3.90	\$3.99
101% to 120% of WB**	\$5.03	\$5.03	\$5.20	\$5.25	\$5.25	\$5.40
121% to 140% of WB**	\$7.63	\$5.03	\$9.00	\$7.97	\$5.25	\$9.40
Over 140% of WB**	\$11.55	\$8.31	\$15.30	\$12.07	\$8.69	\$15.90
<b>Wastewater Treatment Service</b>						
<u>Residential - Single Family</u>						
Fixed fee	\$18.60	Bi-monthly		\$19.70	Bi-monthly	
Minimum charge -Fixed fee plus 3,000 gallons Use	\$28.20			\$30.74		
Use - winter time average (Fixed fee plus use for winter time average sets fee for year)	\$3.35/ 1,000 gallons			\$3.68/ 1,000 gallons		
<u>Residential - Multi Family (per unit)</u>						
Fixed fee	\$9.30	Monthly		\$9.85	Monthly	
Minimum charge -Fixed fee plus 1,500 gallons	\$14.10			\$15.37		
Use - winter time average (Fixed fee plus use for winter time average sets fee for year)	\$3.35/ 1,000 gallons			\$3.68/ 1,000 gallons		
<u>Nonresidential</u>						
Fixed fee per 3/4" equiv. tap size (Rate times 80% of water consumed)	\$9.30	Monthly		\$9.85	Monthly	
	\$3.35/ 1,000 gallons			\$3.68/ 1,000 gallons		
<b>Water Service Availability Fee</b>						
Residential - Single Family	\$29.40/bimonthly			\$31.72/bimonthly		
Residential - Multi Family	\$9.18/month			\$9.92/month		
Nonresidential (per 3/4" equivalent)	\$14.7/month			\$15.86/month		

\* Water Budget per residential customer = 12,000 gallons bimonthly for indoor use + outdoor usage equivalent to 27" of irrigation annually on the irrigated area of the lot (irrigated area = 45% of gross lot size). Water budget for irrigation only customers = 27" annually of irrigation on actual irrigated area.

\*\* Rates subject to change due to, but not limited to, water supply conditions such as drought, and the provision of sufficient funds for the operation of the district.



## ***TAP FEES***

The District collects a Tap Fee from each new customer at the time the customer requires the installation of a meter to obtain service.

Proceeds from the collection of tap fees are used as follows:

1. The portion of the tap fee related to the amount originally advanced to Centennial for the purchase of a license for capacity in Centennial facilities is retained by the District and used to make debt service payments (Base Capacity Fee)
2. Centennial can and does assess a surcharge to its established capacity fee. The difference between the amount required to be collected for by Centennial and the portion defined in 1 above is remitted to Centennial at the time of collection pursuant to the license agreement.

The projected fee for a residential 3/4" water and sewer tap will be as follows:

	<u>Prior to Jan. 1, 2019</u>	<u>As of Jan. 1, 2019</u>	<u>Effective Jan. 1, 2020</u>
<u>Single Family Residential 3/4"</u>			
Base Capacity Fee	\$ 5,960	\$ 5,960	\$ 5,960
Centennial Surcharges			
Channel Stabilization surcharge	250	250	250
Water Acquisition Fee	1,480	1,480	1,480
	<u>\$ 7,690</u>	<u>\$ 7,690</u>	<u>\$ 7,690</u>

The estimate of Tap Fees to be collected for 2016 and 2017 is:

	<u>2019 Budget</u>	<u>2019 Projected</u>	<u>2019 Budget</u>
<b>Tap Fee Received By District</b>			
Single Family Residential	\$ 1,153,500	\$ 1,853,290	\$ 884,350
Based on # of SF DUs	150	241	115
Multi Family Residential	\$ 670,625	\$ 1,158,840	\$ 670,625
Based on # of MF DUs	125	216	125
Non-residential	\$ 356,765	\$ 127,555	\$ -
Full service (3/4" equiv)	-	8	-
Irrigation (3/4" equiv.)	-	5	-
	<u>\$ 2,180,890</u>	<u>\$ 3,139,685</u>	<u>\$ 1,554,975</u>
<b>Remitted to CW&amp;SD</b>			
Channel Stabilization surcharge	\$ 68,750	\$ 117,500	\$ 60,000
Water Acquisition	407,000	695,600	355,200
	<u>\$ 475,750</u>	<u>\$ 813,100</u>	<u>\$ 415,200</u>

HIGHLANDS RANCH METROPOLITAN DISTRICT  
EXHIBIT B TO THE WATER AND WASTEWATER SERVICE AGREEMENT  
CALCULATION OF RESERVED CAPACITY COST

**REMAINING NONRESIDENTIAL RESERVED CAPACITY**

Reserved Capacity Cost for Undeveloped Nonresidential

Total Number of Acres Platted	1,177.913
Total Number of Acres Service Not Requested	(114.460)
Less total acres placed in service	(1,024.647)
Total remaining acres with requested service	38.806
No. of taps at two 3/4" per undeveloped acre	78
Multiplied by the Capacity Fee per Nonresidential 3/4" tap	\$ 9,650
Estimated Reserved Capacity Cost - Nonresidential undeveloped	\$ 752,700

**REMAINING SINGLE FAMILY RESIDENTIAL RESERVED CAPACITY**

Reserved Capacity Cost for Undeveloped Single Family Residential

Total Number of Dwelling Units Platted	29,259
Total Number of Dwelling Units - Service not requested	(48)
Less Total Number of dwelling units placed in service	(28,896)
No. of remaining Single Family Residential taps	315
Multiplied by the Capacity Fee per Single Family Residential 3/4" tap	\$ 5,960
Estimated Reserved Capacity Cost - Residential undeveloped	\$ 1,877,400

**REMAINING MULTI-FAMILY RESIDENTIAL RESERVED CAPACITY**

Reserved Capacity Cost for Undeveloped Multi-Family Residential

Total Number of Dwelling Units Platted	8,729
Total Number of Dwelling Units - Service not requested	(1,028)
Less Total Number of dwelling units placed in service	(7,246)
No. of remaining Multi-Family Residential taps	455
Multiplied by the Capacity Fee per Multi-Family Residential 3/4" tap	\$ 3,780
Estimated Reserved Capacity Cost - Residential undeveloped	\$ 1,719,900

**CALCULATION OF RESERVED CAPACITY PAYMENTS DUE**

Remaining					
Nonresidential	\$ 752,700				
Single Family	1,877,400				
Multi Family	1,719,900				
				\$ 4,350,000	
Collected thru 9/30/2019					
Metro 1	\$ 42,491,983				
Metro 2	40,937,336				
Metro 3	40,963,220				
Metro 4	44,026,216				
Consolidated	30,944,278				
				\$ 199,363,033	\$ 203,713,033

**RESERVED CAPACITY PAYMENTS MADE TO DATE**

As of 12/31/18 per CWSD general ledger (951 -410-10-xxxx)	\$ (200,858,210)	
Present value discount on 1992 Metro 1 payment	(353,665)	
4/01/2019 Payment	(394,122)	
		\$ (201,605,997)

**TOTAL DUE** \$ 2,107,036

PAYMENT DUE APRIL 1	Collected in Excess of Amount Paid	Minimum	% of excess	Total	Cumulative
2020	\$ -	\$ 100,000	\$ 842,814	\$ 942,814	\$ 942,814
2021		\$ 100,000	\$ 465,689	\$ 565,689	\$ 1,508,503
2022		\$ 100,000	\$ 239,413	\$ 339,413	\$ 1,847,916
2023		\$ 100,000	\$ 103,648	\$ 203,648	\$ 2,051,564
2024		\$ 100,000	\$ 22,189	\$ 122,189	\$ 2,173,753
2025		\$ 100,000	\$ (26,687)	\$ 73,313	\$ 2,247,066
2023		\$ 100,000	\$ (56,012)	\$ 43,988	\$ 2,291,054

# ***RECREATION SPECIAL REVENUE FUND***

In 2010 the District established a Special Revenue Fund that accounts for Recreation Program and Park Services revenues and expenditures. Prior to this time the revenues and expenditures were shown as part of the General Fund.

The Special Revenue Fund accounts for revenues for recreation programs offered by the District as well as fees charged for field and shelter reservations provided to District customers.

Sources include:

- As part of the provision of various services, the District receives fees for recreation services and park use permits. The fee schedules used in the construction of the 2019 budget are summarized in Exhibits to the adopting resolutions for the Budget.
- An operating transfer from the General Fund in an amount equal to expenditures in excess of revenues as approved by the Board of Directors.

The funds collected are used to pay District expenses associated with the following activities:

**Park Services**

Administration and management of maintenance and scheduling of various fields managed by the District

**Recreation Programs**

Administration and management of various recreational sports programs for adults and youth managed by the District

**Senior Services**

Administration of programs geared towards the senior population managed by the District and partially funded by Douglas County

To the extent that the fees collected do not offset the expenditures for the referenced programs, the budget anticipates the following transfers will be made:

	Actual 2016	Actual 2017	Actual 2018	Projected 2019	Budget 2020
General Fund Transfers					
Recreation/Park Services	\$ 304,964	\$ 224,503	\$ 334,460	\$ 470,218	\$ 510,169
Senior Services	34,868	43,846	50,349	69,250	75,081
<b>TOTAL</b>	<b>\$ 339,832</b>	<b>\$ 268,349</b>	<b>\$ 384,809</b>	<b>\$ 539,468</b>	<b>\$ 585,250</b>

Any other transfer of funds from the Special Revenue Fund to another fund requires action by the Board of Directors. Such transfers are used when there are economic advantages to the District.

HIGHLANDS RANCH METROPOLITAN DISTRICT  
RECREATION SPECIAL REVENUE FUND

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
<b>REVENUES</b>				
Revenues				
Reservations	\$ 419,915	\$ 397,632	\$ 375,200	\$ 397,857
Internal Field Reservations Programs	156,207	157,332	157,332	154,236
Other	857,953	948,689	800,000	949,494
Recreation / Park Services	8,363	12,700	8,000	13,575
Senior Services	30,960	32,650	27,000	31,900
Net Investment Income				
	<u>1,473,398</u>	<u>1,549,003</u>	<u>1,367,532</u>	<u>1,547,062</u>
<b>EXPENDITURES</b>				
Operations Budget				
Recreation / Park Services	1,782,009	1,846,308	1,810,750	2,009,330
Senior Services	81,309	89,600	96,250	106,981
Budget Request: one-time		22,321		16,000
	<u>1,863,318</u>	<u>1,958,229</u>	<u>1,907,000</u>	<u>2,132,312</u>
Revenue over (under) expenditures	<u>(389,920)</u>	<u>(409,226)</u>	<u>(539,468)</u>	<u>(585,250)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers				
Net investment income			-	
General - Recreation/Park Services	384,809	409,226	539,468	585,250
Gen Gov Capital - Recreation		-	-	-
Major Repair - Recreation		-	-	-
Mansion - Recreation				
Lease proceeds		-	-	-
	<u>384,809</u>	<u>409,226</u>	<u>539,468</u>	<u>585,250</u>
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	(5,111)	-	-	-
FUND BALANCE - BEGINNING	5,111	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# ***MANSION SPECIAL REVENUE FUND***

This fund collects and disburses funds for the specific purpose of operating the Highlands Ranch Mansion.

Funding is available from:

- Rental fees for private events. These fees have been established consistent with the surrounding market for similar venues.
- Net revenue from liquor sales from the private events and kitchen catering fees assessed to third party caterers using the Districts facilities.
- Investment income generated from a \$4 million “endowment” established from previously collected Systems Development Fees that the District chose to set aside and that the primary developer, Shea Homes, did not object to be used for the endowment. This funding was earmarked in an agreement with the developer to establish the endowment to assist with funding the on-going operation and maintenance of the mansion.

The revenue portion of the Budget is based on pre-rentals for 2020 as of September 30, 2019.

The District’s stated objective is to fund all operations and maintenance as well as a reserve for the majority of major repairs without using tax revenues. To date the District has met this objective. As a result when work is performed by District staff, paid from the General Fund, at the Mansion the Mansion Special Revenue Fund reimburses by transfer to the General Fund for estimates of these costs. The Budget includes the following transfers:

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
Transfers to General Fund				
Landscape Services	\$ 13,800	\$ 13,400	\$ 16,200	\$ 15,000
Facilities Maintenance		34,945	34,945	36,000
<b>TOTAL</b>	<b>\$ 13,800</b>	<b>\$ 48,345</b>	<b>\$ 51,145</b>	<b>\$ 51,000</b>

A portion of the fund balance is “assigned” to create a reserve for repairs that are not of a recurring scheduled nature. Currently 10% of the rental revenues are being assigned annually as part of the process. As we are still accumulating data from the early years of operation this amount appears appropriate. In the future staff will prepare a more detailed analysis of the reserve requirements in order to refine the annual set aside.

HIGHLANDS RANCH METROPOLITAN DISTRICT  
MANSION SPECIAL REVENUE FUND

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
<b>REVENUES</b>				
Revenues				
Reservations	\$ 374,790	\$ 400,553	\$ 450,000	\$ 464,000
Programs	1,883	-	-	-
Other	198,856	167,200	200,000	187,500
Other - Insurance Proceeds				
Net Investment Income	45,066	66,400	66,200	68,800
	<u>620,595</u>	<u>634,153</u>	<u>716,200</u>	<u>720,300</u>
<b>EXPENDITURES</b>				
Operations Budget	439,298	506,100	522,100	630,150
Cost of sales	50,777	42,000	42,000	42,000
Use of reserve	39,009	39,000	55,641	63,375
Budget Request: one-time		5,000		6,000
Budget Request: ongoing		11,000		21,550
	<u>529,084</u>	<u>603,100</u>	<u>619,741</u>	<u>763,075</u>
Revenue over (under) expenditures	<u>91,511</u>	<u>31,053</u>	<u>96,459</u>	<u>(42,775)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers				
Net investment income				
General - Mansion	(13,800)	(48,345)	(48,345)	(51,000)
Recreation - Mansion				
Major Repair - Mansion			-	
Lease proceeds			-	-
	<u>(13,800)</u>	<u>(48,345)</u>	<u>(48,345)</u>	<u>(51,000)</u>
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	77,711	(17,292)	48,114	(93,775)
FUND BALANCE - BEGINNING	4,463,733	4,429,529	4,541,444	4,589,558
FUND BALANCE - ENDING	<u>4,541,444</u>	<u>4,412,237</u>	<u>4,589,558</u>	<u>4,495,783</u>
RESERVE FOR REPAIRS "ENDOWMENT"	(123,653)	(126,749)	(113,012)	(96,037)
	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
FUND BALANCE - Available	<u>\$ 417,791</u>	<u>\$ 285,488</u>	<u>\$ 476,546</u>	<u>\$ 399,746</u>
	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2019 Revised</u>	<u>2020 Proposed</u>
Reserve Calculation				
Beginning Balance	\$ 125,183	\$ 125,694	\$ 123,653	\$ 113,012
10% of Reservation Revenues	37,479	40,055	45,000	46,400
Adj. to target fund balance		-		
Use of reserves	(39,009)	(39,000)	(55,641)	(63,375)
Ending Balance	<u>\$ 123,653</u>	<u>\$ 126,749</u>	<u>\$ 113,012</u>	<u>\$ 96,037</u>

# ***CONSERVATION TRUST FUND SPECIAL REVENUE FUND***

## Conservation Trust Revenues

This Special Revenue Fund accounts for the proceeds from the Colorado Lottery. The amounts received are subject to the population estimates of the District in relation to the population of all participating entities multiplied by a per capita amount as calculated by the State of Colorado. The per capita amount is dependent upon receipts from the various Lottery games.

## *2020 Conservation Trust Fund Capital Projects*

- Central Park improvements
- Tanks Park pickleball improvements
- Highline Canal Crossing
- Mansion/ Historic Park Interpretative Signage
- Mansion Courtyard/ Front Lawn improvements
- ADA transition plan

HIGHLANDS RANCH METRO DISTRICT  
 CONSERVATION TRUST FUND  
 2018-2020

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
<b>REVENUES</b>				
Special Revenues				
Conservation Trust Fund	\$ 524,645	\$ 470,000	\$ 550,000	\$ 470,000
Net Investment Income	66,082	19,700	13,500	23,600
	<u>590,727</u>	<u>489,700</u>	<u>563,500</u>	<u>493,600</u>
<b>EXPENDITURES</b>				
Current				
Capital Outlay	130,056	685,000	287,848	1,035,000
Intragovernmental				
Transfer to GG Capital Projects	2,082,160		226,100	93,900
Transfer to Major Repair			100,000	
	<u>2,212,216</u>	<u>685,000</u>	<u>613,948</u>	<u>1,128,900</u>
Revenue over (under) expenditures	<u>(1,621,489)</u>	<u>(195,300)</u>	<u>(50,448)</u>	<u>(635,300)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers				
Net investment income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	(1,621,489)	(195,300)	(50,448)	(635,300)
FUND BALANCE - BEGINNING	3,007,342	821,075	1,385,853	1,335,405
FUND BALANCE - ENDING	<u>1,385,853</u>	<u>625,775</u>	<u>1,335,405</u>	<u>700,105</u>
Less Assigned Fund Balance	-	-	-	-
Unassigned Fund Balance	<u>\$ 1,385,853</u>	<u>\$ 625,775</u>	<u>\$ 1,335,405</u>	<u>\$ 700,105</u>



HIGHLANDS RANCH METRO DISTRICT  
CONSERVATION TRUST FUND

	Budget	2019		Total	2020		2021		2022	
		11/30/19	Remaining		Projected	Projected	Projected	Projected	Projected	
Trails										
Trail 6.4.0 Upper Marcy Gulch Trail				-				75,000		
Highline Canal Crossing with DC			-	-	70,000					
Dad Clark Trail re-alignment				-	100,000					
Park Parking Improvements/Trail Crossings	100,000			-						
Elementary School Field Improvements				-	100,000			250,000		250,000
Toepfer Park School Site				-						
Community Parks				-						
Central Park				-	250,000					
Redstone Skate Park Viewing Area and Ramp	70,000	70,000		70,000						
Tanks Park - Pkicleball improvements	55,000	75,000		75,000						
Mansion/Historic Park				-						
Historic Park Signage - Way Finding Plan				-				150,000		
Mansion Front Yard/Courtyard - Grounds improvements	115,000	10,000		10,000	150,000			90,000		
Other				-						
ADA Transition Pan	100,000	100,000		100,000	120,000			100,000		100,000
Disc Golf	235,000	43,000	183,100	226,100	93,900					
Natural Play				-						
Social Trail (Dad Clark Trail) - Board Request	10,000			-						
Young House - Interior & Landscape				-						
Highline Canal Signage				-				50,000		50,000
Total	\$ 685,000	\$ 298,000	\$ 183,100	\$ 481,100	\$ 1,128,900			\$ 715,000		\$ 400,000

# ***DEBT SERVICE FUND***

The Debt Service Fund provides centralized accounting for all interest, principal payments and other expenditures incurred by the District related to the outstanding debt. Accounted for within the Fund are specific bond sub-funds established pursuant to the resolutions authorizing issuance of the District debt.

The Debt Service Fund is currently supported by revenue generated from:

- Property taxes as delineated on the Calculation of Tax Revenue schedule.
- Interest on the Debt Service Fund balance.
- Transfers from the Capital Projects Fund:
  - Interest earned on the fund balance in the General Government portion of the Capital Projects Fund is automatically transferred to the Debt Service Fund.
  - Systems Development Fees are initially deposited into the Capital Projects Fund. To the extent that taxes and other revenues/transfers are not sufficient to maintain the Board directed targeted fund balance, a transfer is made from the Capital Projects Fund in an amount sufficient to meet the target.

Staff annually prepares a debt management plan for the Board to review. This plan analyzed the ability of the District to continue on track to retire all outstanding debt of the District as soon after the first call date of 2016 as possible. While the current management plan indicated that all debt could have been retired the District Board, in order to fund the capital requirements reviewed as part of the June 2016 visioning workshop, determined that the Metro 2 and 3 debt should be refunded with a present value savings in order to allow for the capital improvements identified in the workshop..

**The debt as of 12/31/2020 can be summarized as follows:**

- Outstanding debt service will be \$19,190,000.
- Current debt authorized by election but unissued is \$69,455,000 became stale in 2016 and is, dependent on any future legal decision, not available for issuance..

District debt was issued to fund the infrastructure identified in the Facilities Plan section of the Capital Improvements Program for the base improvements necessary to serve Highlands Ranch. The Facilities Plan identified the infrastructure in the following major categories:

- Arterial roadways
- Storm drainage / channel stabilization
- Parkway landscaping
- Traffic Signals
- Parks and trails
- Fire stations and the initial equipping
- C-470 highway interchange

## Consolidated Metro

The Highlands Ranch Metropolitan District Series 2016 General Obligation Refunding Bonds, dated May 20, 2016 in the original principal amount of \$29,800,000 is a tax-exempt loan due in varying amounts annually through 2025. Interest on the remaining outstanding debt is at fixed rates of 1.920% payable semi-annually June 1 and December 1. The District has an opportunity in December 2021 to retire the debt early. This budget assigns funds to fund the early retirement of the outstanding debt.

HIGHLANDS RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2018-2020

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
<b>REVENUES</b>				
Taxes (see detail)	\$ 4,377,938	\$ 3,965,978	\$ 3,965,978	\$ 3,874,260
Net Investment Income	62,241	70,000	71,300	70,900
Miscellaneous	-			
	<u>4,440,179</u>	<u>4,035,978</u>	<u>4,037,278</u>	<u>3,945,160</u>
<b>EXPENDITURES (see detail)</b>				
General Government				
302 Paying Agent Fees	300	500	500	500
303 Treasurers Fees		-	-	-
329 Printing		-	-	-
Debt Service				
510 Principal	3,455,000	3,540,000	3,540,000	3,615,000
520 Interest	536,400	474,210	474,210	410,490
Bond Issue Expense				-
	<u>3,991,700</u>	<u>4,014,710</u>	<u>4,014,710</u>	<u>4,025,990</u>
Revenue over (under) expenditures	<u>448,479</u>	<u>21,268</u>	<u>22,568</u>	<u>(80,830)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issue				
Bond proceeds		-		-
Transferred to escrow		-		-
Operating transfers				
Net investment income			-	-
Debt Service - General Fund	-	-	-	-
Debt Service - Special Revenue	8,851	-	-	
Debt Service - Gen. Govt.Capital		-	-	
	<u>8,851</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	457,330	21,268	22,568	(80,830)
FUND BALANCE - BEGINNING	4,322,382	4,692,897	4,779,712	4,802,280
FUND BALANCE - ENDING	<u>\$ 4,779,712</u>	<u>\$ 4,714,165</u>	<u>\$ 4,802,280</u>	<u>\$ 4,721,450</u>
TARGETED FUND BALANCE	<b>\$ 2,478,000</b>	<b>\$ 2,530,500</b>	<b>\$ 2,530,500</b>	<b>\$ 4,431,181</b>

## *DEBT SERVICE REQUIREMENTS*

The projected outstanding principal for the District is as follows:

<u>Long Term Debt</u>	<u>Balance 12/31/2019</u>	<u>Additions</u>	<u>Retirements/ Refunding</u>	<u>Balance 12/30/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/30/2021</u>
Series 2016	\$ 22,805,000	\$ -	\$ 3,615,000	\$ 19,190,000	\$ -	\$ 3,685,000	\$ 15,505,000
<b>TOTAL</b>	<b><u>\$ 22,805,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,615,000</u></b>	<b><u>\$ 19,190,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,685,000</u></b>	<b><u>\$ 15,505,000</u></b>

The projected expenditures related to interest during 2018 and 2019 can be summarized as follows:

	<u>TOTAL</u>			<u>Principal</u>	<u>Interest</u>
	<u>2019</u>	<u>2020</u>			
Consolidated					
Series 2016	\$ 474,210	\$ 410,490	2019	\$ 3,540,000	474,210
			2020	\$ 3,615,000	410,490
<b>TOTAL</b>	<b><u>\$ 474,210</u></b>	<b><u>\$ 410,490</u></b>	2021	\$ 3,685,000	345,420
			2022	\$ 3,760,000	279,090
			2023	\$ 3,835,000	211,410
			2024-2025	\$ 7,910,000	214,290
				<b><u>\$ 26,345,000</u></b>	<b><u>\$ 1,934,910</u></b>

# ***CAPITAL PROJECT FUNDS***

The Capital Projects Fund is comprised of three sub-funds:

- The General Government Capital Project Fund
- Major Repair Fund
- Water and Sewer Reserve Fund

## **General Government Capital Project Fund**

The General Government Capital Projects Fund provides centralized accounting for all major general governmental capital improvement projects, the preponderance of which are identified in the District's Facilities Plan according to the following:

*Capital Improvement Projects funded are projects to acquire or construct an asset generally with a value exceeding \$25,000 and an expected life of ten years or more. Capital project appropriations continue in effect for the duration of the project period. It is characteristic that these projects span several years due to the scope of work being done.*

The Facility Plan, a comprehensive planning document that attempts to identify the long-range capital improvement projects necessary to serve Highlands Ranch, is the basis for the calculation of Systems Development Fees assessed on properties within the District. The collection of SDF is designed to be equal to the total ultimate cost of all facilities. Due to the need to build infrastructure prior to being able to collect fees, debt may be issued to fund projects with the ultimate repayment of this debt recovered from future SDF collections.

Therefore, the primary source of revenues to construct these projects comes from either:

- The proceeds generated by the sale of general obligation bonds.
- Systems Development Fees.

The retirement of the debt generated by the issuance of these bonds is paid from the Debt Service Fund.

During the design phase of a project, appropriations are made as each new commitment is made. Once a project has been bid, a construction budget is prepared and approved by the Board of Directors. The construction budget generally includes funds for: the bid amount for construction, construction administration and inspection services, other engineering necessary for the construction of the project, allocations of design costs previously committed and a contingency factor generally equal to 10% of the above items. The project appropriation is then increased in an amount sufficient to equal the amount of the construction budget. Appropriations do not lapse at the end of each year, but instead carry forward until rescinded by the Board of Directors. The schedule below shows the anticipated appropriation status for various capital projects in 2019 and 2020.

	Capital Projects Fund			
	Gen. Govt	Major Repair	Transfer from Stormwater	Water & Sewer Reserve
Carried forward from 2018	\$ 1,690,610	\$ 227,663	\$ 782,282	0
Net new appropriations anticipated	454,760	2,211,439	608,000	
Carried forward to 2019	-			
<b>Total Expenditures / Transfers 2019</b>	<b>\$ 2,145,370</b>	<b>\$ 2,439,102</b>	<b>\$ 1,390,282</b>	<b>\$ -</b>
Carried Forward from 2019	\$ -	\$ -	\$ -	0
Net new appropriations anticipated	3,909,901	8,066,415	951,000	775,000
Carried forward to 2020				
<b>Total Expenditures / Transfers 2020</b>	<b>\$ 3,909,901</b>	<b>\$ 8,066,415</b>	<b>\$ 951,000</b>	<b>\$ 775,000</b>

## 2019 Capital Improvement Projects

### **Arterial Roadways**

- Street lights on Plaza Drive west of Lucent and on Wildcat Reserve Parkway east of Broadway

### **Parkway Landscape**

- Per District policy qualified landscape projects can be submitted for reimbursement. The 2020 budget anticipates \$212,000 in reimbursements for parkway landscape projects. Once the property is reimbursed the ongoing operation and maintenance of the property will be paid for from the General Fund. The approximate cost is \$5,800 per acre for maintenance and water.

### **Storm Drainage**

NOTE: Channel Stabilization – Future Channel Stabilization work will be funded directly by the Stormwater Management Fund.

### **Traffic Signal**

- Signal at University & White Bay

### **Parks Projects**

- There are no park projects planned for 2019.

### **Community Enhancements**

- In 2013 Douglas County committed to fund several projects for improvements on the Mansion Grounds and in the Historic Park. Projects began in 2013 and are anticipated to continue in 2020 assuming that the Douglas County funding is extended.
- Design of the Highlands Ranch Senior Center is anticipated to begin in 2020.
- Design of improvements for the Flynn' B House and associated parking is expected to begin in 2020.

### **Trails**

- No trail projects in 2020.

## **Major Repair Fund**

The Metro District's Major Repair Fund is used to account for the funds set aside by the District for "major" repairs to infrastructure either owned by the District or which the District is contractually obligated to maintain. Routine operation and maintenance costs are already included in the budget and the major repair and renovation will occasionally result in a reduction in maintenance costs.

Revenue sources:

- Income from license agreements for cell phone towers and electronic equipment, which were previously recognized as other income in the General Fund, is deposited directly into the Major Repair Fund.
  - Lease agreements are done on a site specific basis often requiring a deposit and installation of enhanced landscaping at the site. Zoning approval for each site by Douglas County is the responsibility of the respective carrier. Each agreement stipulates the annual fee and renewal terms.
  - The average annual lease fee is \$24,000. In 2019 the District projects revenues of \$866,000 for permits and leases on existing sites. The 2020 budget assumes a slight increase in revenues compared to 2019 based on the adjustment to existing lease agreements.
- During the budget process, the District identified \$1,500,000 (approximately .869 mills) to be transferred from the General Fund to the Major Repair Fund to fund various identified projects.

Use of the accumulated proceeds is determined annually by the Board of Directors.

A portion of the fund balance is assigned for:

1. An intergovernmental agreement with Douglas County School District which reserves \$15,000 per year for future replacement of shared artificial turf field at Pronghorn Park.

### HISTORY NOTE:

Prior to 2004, major repairs to the District's comparatively new infrastructure were not material. What repairs were necessary were handled from operating funding from the General Fund Budget.

Since the inception of the fund in 2004, the primary source of revenue prior to 2011 was:

- A transfer from the General Fund which was generally calculated based on cell phone site leases and from General Fund balances in excess of the 50% target.
- An amount generally equivalent to the HB 1006 property taxes which were collected in counties designated as fast growing. In 2009 this designation was removed from Douglas County and no funding has been received since.
- Since 2001 income generated from cell site lease agreements has grown from \$12,600 to an estimated \$866,000 in 2019.

HIGHLANDS RANCH METROPOLITAN DISTRICT  
GENERAL GOVERNMENT CAPITAL PROJECTS FUND  
2018-2020

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
<b>REVENUES</b>				
Development Fees				
System Development Fees	\$ 4,294,725	\$ 1,050,000	\$ 1,390,000	\$ 970,000
Intragovernmental	2,000,000	-	226,100	93,900
Contribution offsetting capital outlay	998,699	277,000		337,000
Other				
Net investment income	203,862	330,300	394,800	381,900
	<u>7,497,286</u>	<u>1,657,300</u>	<u>2,010,900</u>	<u>1,782,800</u>
<b>EXPENDITURES (see detail)</b>				
Capital Outlay				
Facility Plan	383,855	639,286	208,000	806,401
Community Enhancements	2,248,044	1,812,000	1,946,270	2,999,606
Stormwater Plan	453,071	405,000	1,390,282	951,000
	<u>3,084,970</u>	<u>2,856,286</u>	<u>3,544,552</u>	<u>4,757,007</u>
Revenue over (under) expenditures	<u>4,412,316</u>	<u>(1,198,986)</u>	<u>(1,533,652)</u>	<u>(2,974,207)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers				
Net investment income	-			
Gen Gov Capital / Stormwater	453,071	405,000	1,390,282	951,000
Debt Service / Gen. Govt. Capital			-	-
Gen Gov Capital / General Fund	3,500,000	-	-	-
Gen. Govt. Capital / SR - Rec				
Major Repair / Gen Govt Capital			-	
	<u>3,953,071</u>	<u>405,000</u>	<u>1,390,282</u>	<u>951,000</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	8,365,387	(793,986)	(143,370)	(2,023,207)
FUND BALANCE - BEGINNING	18,916,676	22,782,393	27,282,063	27,138,693
FUND BALANCE - ENDING	<u>\$ 27,282,063</u>	<u>\$ 21,988,407</u>	<u>\$ 27,138,693</u>	<u>\$ 25,115,486</u>



HIGHLANDS RANCH METROPOLITAN DISTRICT  
 MAJOR REPAIR FUND  
 2018-2020

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
<b>REVENUES</b>				
Intergovernmental				
Transfer from CTF	\$ 82,160	\$ -	\$ 100,000	\$ -
Other	696,071	730,000	866,000	900,000
Contribution offsetting capital outlay		118,000	113,344	
Net Investment Income	14,114	24,700	21,400	6,800
	<u>792,345</u>	<u>872,700</u>	<u>1,100,744</u>	<u>906,800</u>
<b>EXPENDITURES</b>				
Current				
Capital Outlay (net of trsf to Utility Spec Revenue)	2,552,595	1,754,869	2,439,102	8,066,415
Vehicle and Equipment replacement	310,708	248,804	248,804	235,820
	<u>2,863,303</u>	<u>2,003,673</u>	<u>2,687,906</u>	<u>8,302,235</u>
Revenue over (under) expenditures	<u>(2,070,958)</u>	<u>(1,130,973)</u>	<u>(1,587,162)</u>	<u>(7,395,435)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers				
Net investment income	-	-	-	-
Capital - Major repair	-	-	-	-
Recreation - Major repair	-	-	-	-
Special Revenue - Major repair	-	-	-	-
General Fund - Major repair	1,362,770	7,990,804	8,448,804	1,735,820
	<u>1,362,770</u>	<u>7,990,804</u>	<u>8,448,804</u>	<u>1,735,820</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(708,188)</b>	<b>6,859,831</b>	<b>6,861,642</b>	<b>(5,659,615)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>2,811,897</b>	<b>1,630,982</b>	<b>2,103,708</b>	<b>8,965,350</b>
<b>FUND BALANCE - ENDING</b>	<b>2,103,708</b>	<b>8,490,813</b>	<b>8,965,350</b>	<b>3,305,735</b>
Less Assigned Fund Balance	(150,000)	(165,000)	(165,000)	(180,000)
<b>Available Fund Balance</b>	<b>\$ 1,953,708</b>	<b>\$ 8,325,813</b>	<b>\$ 8,800,350</b>	<b>\$ 3,125,735</b>

HIGHLANDS RANCH METROPOLITAN DISTRICT  
WATER AND SEWER RESERVE FUND  
2018-2020

	Actual 2018	Budget 2019	Projected 2019	Budget 2020
REVENUES				
Special Revenues				
Rate Income				
Contributed Capital		300,000	300,000	-
Other				
Net Investment Income		2,300	-	-
	<u>-</u>	<u>302,300</u>	<u>300,000</u>	<u>-</u>
EXPENDITURES				
Water and Wastewater Capital	-	-	-	-
Water Line Replacement (Chesapeake)		300,000	-	675,000
Water Line Replacement (Bellflower)				100,000
	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>775,000</u>
Revenue over (under) expenditures	<u>-</u>	<u>2,300</u>	<u>300,000</u>	<u>(775,000)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers				
Net investment income		(2,300)	-	-
Water & Sewer Reserve - General Fund		500,000	500,000	700,000
Special Revenue - Debt Service				
Special Revenue - Major Repair				
	<u>-</u>	<u>497,700</u>	<u>500,000</u>	<u>700,000</u>
REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	500,000	800,000	(75,000)
FUND BALANCE - BEGINNING		-	-	800,000
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 800,000</u>	<u>\$ 725,000</u>

## **SYSTEM DEVELOPMENT FEES**

The District has approved the establishment of a fee for residential, commercial and industrial property owners which is collected at the same time as or prior to the collection of the tap fees for the specific property. The fee, which is calculated annually, is designed to recover the historical and future estimated costs of the construction of arterial roadways, parkway landscaping, storm drainage facilities, parks and trails, and fire and emergency facilities as found in the District's Facility Plan. Effective January 1, 2019, South Metro Fire Rescue is responsible for construction of any new fire and emergency facilities.

The Basic Systems Development Fee for 2020 will be based upon the 2019 Facility Plan effective August 1, 2018. The increase in fees assume a net increase in the estimated cost of facilities of 0.00%.

The fee structures used in the budget are as follows:

	2019 Budget	2020 Adopted August 1, 2019
Residential (per adjusted gross acre)	\$36,056	\$36,056
Non-residential (per adjusted gross acre)	\$32,051	\$32,051

The revenues generated from the above rates are estimated as follows:

	2019 Budget	2019 Projected	2020 Budget
Single Family Residential	\$ 750,000	\$ 1,390,000	\$ 690,000
Based on # of SF DUs	150	241	115
Multi Family Residential	\$ 300,000	\$ -	\$ 280,000
Based on # of MF DUs	125	216	125
Nonresidential	\$ -	\$ -	\$ -
Based on # of Acres	0.0		0.0
Total	<u>\$ 1,050,000</u>	<u>\$ 1,390,000</u>	<u>\$ 970,000</u>

HIGHLANDS RANCH METRO DISTRICT  
MAJOR REPAIR FUND PROJECTIONS

EXPENSES	2019		2019		2019		2020		2021		2022	
	Budget	Appropriations Thru 11/30	Actuals		Total	Projected	Projected	Projected	Projected	Projected	Projected	
			Remaining									
<b>Illuminated Street Name Signs</b>	90,000	48,000	17,100	-	65,100	40,000	20,000	20,000				
<b>Parkway Fence Replacement Program</b>												
University from Wildcat to Cross Point/ Fence at Settler's Village	711,000	710,268			710,268	992,895						
South Quebec - east side, East Big Dry Trail/ Dad Clark south side												
Lucent West Side (Town Center to Broadway)									582,673			
Colorado - both sides from University to end									546,256			
Wildcat - both sides from HR Pkwy to Broadway											1,271,411	
<b>Entries &amp; Medians</b>												
Medians												
University Median (deferred until County work is completed)	127,690											
University corridor	100,000					100,000						
Community Entries												
Walls and landscape upgrades (6)												
C-470 (2)	216,000					315,000						
<b>Park Improvements</b>												
Northridge Park - renovation												
Northridge Parking Lots (HIRCA shared middle section)	425,000	352,421			352,421							
Redstone Parking Lot CS&TC and re-stripe	192,300	88,550			88,550				103,800			
Green Ash St TC & CS and stripe						15,520						
Mansion TC & CS and stripe									70,400			
Falcon Park - parking lot TC & CS and stripe											20,800	
Redstone ballfield lighting upgrades											400,000	
Tanks Park - Skate Park	146,000					146,000						
<b>Playgrounds / Courts/ Turf</b>												
Dad Clark	175,000	259,000			259,000							
Cougar Run Park						175,000						
Toepfer Park												
Plum Valley									175,000			
Marcy Park Court											175,000	
Pronghorn Park Turf Replacement (shared with DCSD)									180,000			
									400,000			

HIGHLANDS RANCH METRO DISTRICT  
MAJOR REPAIR FUND PROJECTIONS

	2019	2019	2019	2020	2021	2022
	Budget	Appropriations Thru 11/30	Actuals Remaining	Projected	Projected	Projected
<b>Restrooms</b>						
Plum Valley	45,000	43,100	-			
Big Dry Creek Park			43,100			
Toepfer			-	45,000		
Spring Gulch			-		45,000	60,000
<b>Building Improvements</b>						
Service Center Improvement Plan	6,700,000	623,000	623,000	6,077,000		
<b>Parkway Landscape renovations</b>						
Landscape conversion	8,927,990	2,124,339	17,100	7,906,415	2,123,129	1,947,211
Trouble spot renovation	100,000					
Total Major Repair	60,000	70,000	70,000	100,000	400,000	400,000
	<u>\$ 9,087,990</u>	<u>\$ 2,194,339</u>	<u>\$ 17,100</u>	<u>\$ 8,066,415</u>	<u>\$ 2,598,129</u>	<u>\$ 2,422,211</u>
<b>CHANGES IN FUND BALANCE TO BE ASSIGNED</b>						
Synthetic Turf Replacement - Pronghorn	\$ 15,000	\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

HIGHLANDS RANCH METROPOLITAN DISTRICT  
 MISCELLANEOUS CAPITAL -2018/2019  
 Major Repair

	2019 ACTUAL	2020				
		PUBLIC SAFETY	PARKS AND OPEN SPACE	PUBLIC WORKS	GENERAL MGMT.	CULTURAL
<b>941 OFFICE FURNITURE &amp; EQUIPMENT</b>						
	-	-	-	-	-	-
<b>942 TRANSPORTATION EQUIPMENT</b>						
Full size truck - Parkways	60,990					
Full size truck - Fleet	59,047					
Full size truck - Fleet (After market items)	12,672					
Compact truck - Parkways	34,015					
Compact truck - Open Space	34,015					
Compact truck - Park Rangers	37,565					
Full size truck - Facilities			65,705			
Compact truck - Parks			45,705			
Compact truck - Parkways (2)			91,410			
	<u>238,304</u>	<u>-</u>	<u>202,820</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>943 FIELD EQUIPMENT</b>						
Fleet tungsten inert gas welder			20,000			
Water tank trailer			13,000			
Metal inert gas welder	10,500					
	<u>10,500</u>	<u>-</u>	<u>33,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>SUBTOTAL DIRECT CAPITAL PURCHASES</b>	<u>\$ 248,804</u>	<u>\$ -</u>	<u>\$ 235,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>991 LEASE PAYMENTS</b>						
<b>LEASE PURCHASES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Combined Total of Direct Purchases and Capital acquired under lease</b>						
Lease Payments	-	-	-	-	-	-
Capital acquired under lease	-	-	-	-	-	-
Direct capital purchases	248,804	-	235,820	-	-	-
	<u>\$ 248,804</u>	<u>\$ -</u>	<u>\$ 235,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HIGHLANDS RANCH METROPOLITAN DISTRICT  
GENERAL GOVERNMENT CAPITAL PROJECTS SUMMARY

	Prior Years Unexpended Approp.	2019		2020		2021		2022		Remaining Future	
		Budget	8/31/2019 Actual	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets
ARTERIAL ROADWAYS	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (232,885)
PARKWAY LANDSCAPE	21,794	260,286	23,660	-	396,401	-	-	-	-	1,791,417	-
STORM DRAINAGE	1,075,979	-	-	-	-	-	-	-	-	-	-
TRAFFIC SIGNALS	1,585	240,000	-	-	240,000	-	318,000	-	318,000	-	87,500
PARKS	-	-	-	-	-	-	-	-	-	-	-
BASIC PARK SYSTEM	-	-	-	-	-	-	-	-	-	-	-
MANSION AND HISTORIC PARK	-	-	-	-	-	-	-	-	-	1,724,177	-
TRAILS	-	24,000	-	-	-	-	71,055	-	-	-	-
	1,099,358	639,286	23,660	-	806,401	-	389,055	-	318,000	-	3,603,094 (232,885)
MAJOR PARKS											
MANSION AND HISTORIC PARK	238,462	1,635,000	-	-	177,000	-	-	-	-	-	-
COMMUNITY ENHANCEMENTS	-	177,000	248,000	(226,100)	2,926,500	(253,900)	10,500,000	-	-	-	-
	\$ 1,337,820	\$ 2,451,286	\$ 271,660	\$ 183,100	\$ 3,909,901	\$ (430,900)	\$ 10,889,055	\$ -	\$ 318,000	\$ -	\$ 3,603,094 (232,885)

Acct No.	Prior years Unexpended Appropriation		2019		2020		2021		2022		Remaining Future
	Budget	8/31/2019 Actual	Remaining	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	
ARTERIAL ROADWAYS											
STREETLIGHTS											
Plaza (W. of Lucent Blvd)											
Wildcat Reserve Parkway (east of Broadway)	115,000	-	-		55,000						
					115,000						
Reimbursement from other N. side property owners											
Subtotal - Arterial Roadways	\$ 115,000	\$ -	\$ -	\$ -	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (232,885)
											\$ (232,885)



	2019		2020		2021		2022		Remove from Facility Plan
	Budget	8/31/2019 Actual	Remaining	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	
<b>PARKWAY LANDSCAPE</b>									
<b>BUSINESS PARK - EXISTING DEVELOPMENT</b>									
Medians in Lucent									
Lucent - N. of Town Center (reimbursement)									
Lucent Entry									
Filing 153 Mike Ward									
Lucent N of C-470 West side									
Landscape		1,560							
Sidewalk		1,560							
Lucent N of C-470 East Side									
Landscape		1,200							
Sidewalk		1,200							
Filing 134A - Childrens Hospital									
Filing 140 - Lucent/Avaya site									
Plaza Drive - N. side - Lucent/Avaya site									
Lot 4		850							
Filing 145									
Lot 2 (Hilton Garden Inn)									
Plaza Drive (s) - Landscape		425							
Plaza Drive (s) - Sidewalk		425							
Admin									
Lot 1 (D1)									
Plaza Drive (s) - Landscape		400							
Plaza Drive (s) - Sidewalk		400							
Admin									
Filing 148 (Town Center East)									
Town Center									
Landscape		680	37,400						
Sidewalk		680	10,546						
Highlands Ranch Parkway									
Landscape		558	30,681						
Sidewalk		558	8,649						
Filing 149 (Town Center North)									
Lot 1C-1B; 1D-1A; 1D-1B (Town Center North)									
Lucent Blvd									
Landscape		400	\$22,000						
Sidewalk		400	\$6,200						
Town Center									
Landscape		505	16,775						
Sidewalk		505	4,728						
Lot 1C-2E									
Highlands Ranch Parkway									
Landscape		225	12,375						
Sidewalk		225	3,488						
Town Center Drive - West of Lucent - Corner to Lucent									
North Side - Filing 134-A, 6th									
Landscape		840	46,200						
Sidewalk		840	13,020						
South side									
Landscape		840							
<b>BUSINESS PARK - BIG IDEA</b>									
Englewood Property									
Lucent Blvd									
Landscape		1,250							68,750

	2019			2020		2021		2022		Remove from Facility Plan
	Budget	8/31/2019 Actual	Remaining	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	
Sidewalk	1,250									19,375
Towncenter Drive										
Landscape	2,667									119,507
<b>TOWN CENTER AREA - EXISTING DEVELOPMENT</b>										
Filing 141A - (Town Center area)										
Lot 4B										
Landscape - HRP south side - Lucent to Heppburn	650									35,750
Sidewalk	650									10,075
Landscape - Lucent est side - HRP to Mayberry	530									29,150
Sidewalk	530									8,215
Lot 2A-1										
Landscape - Lucent - Mayberry to Bristle Pine Cir W	960									52,800
Sidewalk	960									14,880
Admin										
<b>OTHER PROJECTS - NONRESIDENTIAL</b>										
Filing 181 Lot 88 B (NE corner Bldwy/Wildcat)	84,246									
Wildcat										
Landscape	590									32,500
Filing 118-M (HRP)										
Lot 2										
HR Parkway										
Landscape	236									12,980
Lot 3										
Wildcat										
Landscape	179									12,620
Filing 105 - Lot 11										
Landscape	185									10,175
Sidewalk	185									2,868
<b>OTHER PROJECTS - RESIDENTIAL</b>										
Town Center Drive										
Entry treatment - 2nd median E. of Sante Fe	960									90,000
Ironwood to existing landscape										
Sidewalk	1,662									25,761
Ironwood to Cactus Bluff										
Sidewalk	1,230									19,065
Plaza West of Lucent										
Plaza Drive Medians										136,000
Englewood										35,570
Ply'n B Park										24,700
Greensborough to Erickson - sidewalk - north side 5'										111,306
Englewood - Greensborough to Erickson - north side										73,645
Shea property west of Greensborough										68,860
Plaza Drive - WTP Landscape only										98,816
Erickson between WTP and Ply'n B										18,260
Filing 132-A C/G to next lots- east side (CHCC site)										
Fairview										
Landscape	1,500									82,500
Sidewalk	1,500									
Filing 122 Y Tracts B,J,I and portion of A & C										
Design										
Landscape										22,435

	2019		2020		2021		2022		Remove from Facility Plan
	Budget	8/31/2019 Actual	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	
Street Lights (moved to arterial roadways)									
Wildcat Reserve Parkway (MVHS to Backcountry) - sidewalk only	39,525	23,660	184,340						
Filing I 18L Lot 88 B (NE corner Bldwy/Wildcat) Broadway									
Landscaping	560								
Sidewalk	8,700								30,800
Hunting Hill - County Line Road									60,500
<b>Subtotal - Arterial Landscaping</b>	<b>\$ 260,286</b>	<b>\$ 23,660</b>	<b>\$ 396,401</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,804,397</b>
									<b>\$ 263,773</b>

Acct No.	Prior Years Unexpended Approp.	2019		2020		2021		2022		Remaining Future
		Budget	8/31/2019 Actual	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	
<b>STORM DRAINAGE</b>										
Pipe 51 Ph. I (Englewood Property)	-									
Pipe 51 Ph. II (Englewood Property)	1,037,607									
Pipe 51 Ph. III (Englewood Property)										
Pipe 79, Phase III (Filing 97 - N. of Salford)	17,808									
<b>CHANNEL STABILIZATION</b>										
Otero Tributary / C-470 and County line	20,564									
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 1,075,979									

Subtotal - Storm Drainage

TRAFFIC SIGNALS	Acct No.	2019		2020		2021		2022		Remaining Future	Remove from Facility Plan
		Budget	8/31/2019 Actual	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets		
<b>ARTERIAL/COLLECTOR</b>	<b>87-047</b>	240,000		240,000							
University White Bay Plaza	East Plaza Circle		-			318,000		318,000			
Plaza Falckel (near Abaya)	Town Center Falckel									87,500	
County Line Verona	Lincent Central Park										
		\$ 240,000	\$ -	\$ 240,000	\$ -	\$ 318,000	\$ -	\$ 318,000	\$ -	\$ 87,500	\$ -
Subtotal - Traffic Signals											

Acct No.	2019		2020		2021		2022		Remaining Future
	Budget	8/31/2019 Actual	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	
MANSION AND HISTORIC PARK									
Historic Park									
85-034 Original Study									
85-166 Mansion area									1,724,177
85-195 Trails 4.1,4.3,4.6									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,724,177

Acct No.	2019		2020		2021		2022		Remaining Future
	Budget	11/30/2019 Actual	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	
		Remaining							
Community Enhancements									
Fly'n B Park (Widenerst concurrency payment based)									
PHASE II - funding dependent									
85-194									
Fly'n B House	50,000			50,000					
Fly'n B House remodel				343,000					
Fly'n B Park - Parking Lot				258,300					
Fly'n B Park site improvements & root cellar stabilization				40,000					
Fly'n B Park other improvements				81,300					
Johnny's Pond Improvements									
Disc Golf	335,000	43,000	183,100	253,900	(226,100)				
Senior Center	1,250,000	205,000		1,900,000		10,500,000			
Central Park				40,000					
Veterans Monument: Brick paver/concrete paint repairs									
Subtotal - Parks	1,635,000	248,000	183,100	2,926,500	(253,900)	10,500,000			

MAJOR PARKS									
MANSION GROUNDS / HISTORIC PARK (Douglas County Funding)									
Site Work									
Additional storage									
Outbuilding improvements									
Mansion Ground Improvements									
Interpretive Program									
Marion Morgan's Garden									
Mansion Ground - Lighting and Electrical									
Windmill									
	\$ 177,000	\$ -	\$ -	\$ 177,000	\$ (177,000)	\$ -	\$ -	\$ -	\$ -
85-193									
83-196									
85-197	177,000			177,000	(177,000)				
85-199									
85-205									
85-207									
85-208									

	2019		2020		2021		2022		Remaining Future	Removed from Facility Plan
	Budget	08/31/19 Actual	Projected	Expend. Offsets	Projected	Expend. Offsets	Projected	Expend. Offsets		
TRAILS										
Marcy Gulch										
6.4.0 - 5200' W of Mountain Vista HS					71,055					
Big Dry Gulch										
Filing 122V - Big Dry Creek Trail - moved to Parkway Landscape	24,000									
Extend existing trail to edge of HIRMD property - 600'										
Subtotal - Trails	\$ 24,000	\$ -	\$ -	\$ -	\$ 71,055	\$ -	\$ -	\$ -	\$ -	\$ -



# Appendix

# HIGHLANDS RANCH METROPOLITAN DISTRICT

## RESOLUTION NO. 19-169

### APPROVE 2020 BUDGET, CERTIFY THE 2019 MILL LEVY TO BE COLLECTED IN 2020 AND APPROPRIATE FUNDS

WHEREAS, staff has submitted a proposed 2020 budget to this Board on or before October 15, 2019 for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, and a public hearing was held on November 20, 2019 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Highlands Ranch Metropolitan District:

1. That Estimated expenditures for each fund are as follows:

General Fund /Stormwater Operations	\$ 12,804,265
Debt Service Fund	4,025,990
Special Revenue Funds	
Utility Special Revenue Fund	40,058,014
Recreation Special Revenue Fund	2,132,312
Mansion Special Revenue Fund	763,075
Conservation Trust Fund	1,128,900
Capital Projects Fund	13,938,136

2. That estimated revenues and other sources of funding for each fund are as follows:

General Fund	
From the general property taxes (net of treasurers fees & uncollectible estimates)	\$ 16,425,126
From sources other than general property taxes	1,084,900
From (to) interfund transfers	(2,925,370)
From (to) unappropriated surpluses	(1,995,537)
	<u>\$ 12,589,119</u>
Stormwater Management Fund	
From sources other than general property taxes	1,313,700
From (to) interfund transfers	(959,700)
From (to) unappropriated surpluses	(138,854)
	<u>\$ 215,146</u>
Utility Special Revenue Fund	
From sources other than general property taxes	\$ 40,440,975
From (to) interfund transfers	(36,000)
From (to) unappropriated surpluses	(346,961)
	<u>\$ 40,058,014</u>
Recreation Special Revenue Fund	
From sources other than general property taxes	1,547,062
From (to) interfund transfers	585,250
From (to) unappropriated surpluses	-
	<u>\$ 2,132,312</u>

Mansion Special Revenue Fund	
From sources other than general property taxes	720,300
From (to) interfund transfers	(51,000)
From (to) unappropriated surpluses	93,775
	<u>\$ 763,075</u>
Conservation Trust Fund	
From sources other than general property taxes	493,600
From (to) interfund transfers	-
From (to) unappropriated surpluses	635,300
	<u>\$ 1,128,900</u>
Debt Service Funds	
From the general property taxes (net of treasurers fees and uncollectible estimates)	\$ 3,874,260
From sources other than general property taxes	70,900
From (to) interfund transfers	-
From (to) unappropriated surpluses	80,830
	<u>\$ 4,025,990</u>
Capital Projects Fund	
From the general property taxes	\$ -
From sources other than general property taxes	2,689,000
From (to) interfund transfers	3,386,820
From (to) unappropriated surpluses	7,862,316
	<u>\$ 13,938,136</u>

3. That the budget, as submitted, amended including interfund transfers and herein summarized by fund and as shown on Exhibit A and Exhibit B, be, and the same hereby is, approved and adopted as the budget of the Highlands Ranch Metropolitan District for the 2020 fiscal year.

4. That the budget, as hereby approved and adopted, shall be certified by the Secretary and/or General Manager of the District to all appropriate agencies and is made a part of the public records of the District.

#### SET MILL LEVIES

WHEREAS, District voters in the Consolidation Election authorized the consolidated Highlands Ranch Metropolitan District to levy as necessary each year a Mill Levy up to 19.75 mills for operating purposes, of which in 2020 the District would require only 18.205 mills if Fire Services were continued to be supplied by the District; and

WHEREAS, since the Fire Service obligation has been removed from Highlands Ranch Metropolitan District and this unification resulted in a reduction of 7.0 mills, the District will be utilizing only 11.205 mills for 2020 Operating purposes, and without further voter approval now maintains a new upper limit of 12.75 mills; and

WHEREAS, the gross amount of money from property taxes necessary to balance the budget for general operating expenses is \$15,368,981 prior to the netting of treasurers fees and estimated uncollectibles; and

WHEREAS, the gross amount of money from property taxes necessary to balance the budget for debt service expenses is \$3,969,529 prior to the netting of treasurers fees and estimated uncollectibles; and

WHEREAS, the 2019 valuation for assessment for the District, as certified by the Douglas County Assessor, is \$1,725,882,160; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Highlands Ranch Metropolitan District

1. That for the purposes of meeting all general operating expenses of the District during the 2020 budget year, there is hereby levied a tax of 8.905 mills upon each dollar of the total valuation for assessment of all taxable property within the District, to raise \$15,368,981 in gross revenue and \$15,000,125 in net revenue.

2. That for the purposes of meeting all debt service expenses of the District during the 2020 budget year, there is hereby levied a tax of 2.300 mills upon each dollar of the total valuation for assessment of all taxable property within the District, to raise \$3,969,529 in gross revenue and \$3,874,260 in net revenue.

3. That the Assistant Secretary and/or Director, Finance and Administration of the District is hereby authorized and directed to immediately certify to the County Commissioners of Douglas County, Colorado, the mill levies for the District as herein above determined and set.

APPROPRIATE SUMS OF MONEY

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

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Highlands Ranch Metropolitan District that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated:

**Funds Appropriated with Budget Adoption**

General Fund	\$ 12,589,119
Stormwater Management Fund	\$ 215,146
Debt Service Funds	\$ 4,025,990
Utility Special Revenue Fund	\$ 40,058,014
Recreation Special Revenue Fund	\$ 2,132,312
Mansion Special Revenue Fund	\$ 763,075
Major Repair Fund (Vehicle & Equipment Replacement)	\$ 235,820
Water & Wastewater Management	\$ 775,000
<b>SUBTOTAL</b>	<b>\$ 60,794,476</b>

RESERVES

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors has established the following policies for maintaining sufficient reserves for the operation of the District.

- The General Fund will maintain a fund balance (effectively working capital) equal to at least forty percent of the next year's estimated operating expenditures.
- The Debt Service Fund will maintain an ending fund balance equal to at least the principal and interest payment for the following year.

Adopted this 10<sup>th</sup> day of December, 2019

Ayes 6 Nays 0 Abstained 0 Absent 1

Certified by  Secretary

Highlands Ranch Metro District – Priority Based Budgeting: Result Areas

Well planned and maintained facilities and infrastructure	Safe and Prepared Community	Cultural and Recreational Opportunities for all ages	Attractive and Healthy Place to Live	Governance
<p>...well-maintained quality facilities and infrastructure to support quality neighborhoods and businesses</p>	<p>...prepared to respond to emergencies</p>	<p>...provides a variety of park experiences</p>	<p>...promotes clean, safe, well maintained and attractive public spaces</p>	<p>...maintains regulatory compliance</p>
<p>...plans regionally with partners</p>	<p>...protects properties</p>	<p>...creates recreational opportunities for all ages</p>	<p>...provides and maintains attractive parks and open space</p>	<p>...assists and supports decision makers</p>
<p>...works with partners to support access to multi-modal travel options</p>	<p>...protects the environment</p>	<p>...encourages active lifestyle</p>	<p>...conserves natural resources</p>	<p>...stewardship of financial, human and physical resources</p>
<p>...supports enabling affordable, high-speed internet access/ cellular communication</p>	<p>...supports access to safe drinking water</p>	<p>...supports accessible parks, trails and open space</p>	<p>...provides attractive parkways</p>	<p>...attracts, develops and retains talented staff</p>
<p>...contributes to efficient water and sewer system</p>	<p>...engages in emergency preparation and service delivery with partners</p>	<p>...creates and supports opportunities for cultural and educational enrichment</p>	<p>...partners to ensure clean stormwater runoff</p>	<p>...enhances accountability and transparency in operations</p>
<p>...ensures the character and value of the community is preserved</p>	<p>...supports safe travel, adequate lighting</p>	<p>...provides and supports community events</p>	<p>...participates in programs and services to support community wellbeing</p>	<p>...implements best practices in public administration and customer service</p>
<p>...supports our history and historic buildings</p>	<p>...works with partners to support quality fire, EMT and law enforcement services</p>	<p>...encourages community engagement</p>		<p>...deliver services and programs in a cost effective manner</p>

# Highlands Ranch Metro Districts

## Fee Schedule

The Highlands Ranch Metropolitan District receive revenue from a variety of sources that are based on fees paid by the users of various facilities. The Districts also operate a Recreation program for adult and youth sports that is funded primarily from user fees. The following tables show the fee schedules that were used in construction of the 2020 budget. These fees are budgeted and accounted for with the Master Budget Internal Service Fund. The fees shown are preliminary, subject to change at any time with the Board of Directors' approval.

Revenue related to the provision of utility services (water and wastewater, street lights) is budgeted and accounted for within the Special Revenue funds of each Metropolitan District and are detailed in those sections of each Districts' budget.

Facility	Proposed 2020 Fees (Used in Budget)		2019 Fees	
	Non-resident	Resident	Non-resident	Resident
Neighborhood Park Shelters (2-Hour Minimum)	\$27	\$18 per hour	\$27	\$18 per hour
Community Park Shelters (2-Hour Minimum)	\$45	\$30 per hour	\$45	\$30 per hour
Civic Green Amphitheater				
Stage Shelter	\$75	\$50 per hour	\$75	\$50 per hour
Plaza/Stage	\$165	\$110 per hour	\$165	\$110 per hour
Amphitheater	\$225	\$150 per hour	\$225	\$150 per hour
Staff Support for Events	\$25	\$25 per hour	\$25	\$25 per hour
Parking Lots	\$12	\$8 per hour	\$12	\$8 per hour
Public Event Impact Fee				
Not for Profit		\$125/event + \$25 addl series/days		\$125/event + \$25 addl series/days
For Profit		\$350/event - \$50 addl days		\$350/event - \$50 addl days
Community Gardens	\$58	\$50 per season		\$50 per season
Vending Permit (one day)	\$35	\$35	\$35	\$35
Access Permit	\$23	\$15 per event	\$23	\$15 per event
Race Application	\$30	\$30 per event	\$30	\$30 per event
Special Event Permit (75+)	\$45	\$45 per event	\$45	\$45 per event
Staking Management Fee	\$75	\$75 per event		
Sports Fields (Parks and School Fields)	\$24	\$16 per hour	\$24	\$16 per hour
Lighted Baseball Fields (2-Hour Minimum)	\$45	\$30 per hour	\$45	\$30 per hour
Shea Stadium (3-Hour Minimum)	\$165	\$110 per hour	\$165	\$110 per hour
Shea - practice only	\$69	\$46 per hour	\$69	\$46 per hour
Stadium Staffing Fee	\$25	\$25 per hour	\$25	\$25 per hour
Field Pre Baseball/Softball	\$35	\$35 per prep.	\$35	\$35 per prep.
Football/Soccer	\$75	\$75 per prep.	\$75	\$75 per prep.

# Highlands Ranch Metro Districts

## Fee Schedule

Exhibit C

Facility	Proposed 2020 Fees (Used in Budget)		2019 Fees	
	Non-resident	Resident	Non-resident	Resident
Basketball Courts	\$8	\$5 per hour	\$8	\$5 per hour
In-Line Rink	\$30	\$20 per hour	\$30	\$20 per hour
Pickleball Courts	\$6	\$5 per 1.5 hour	\$6	\$5 per 1.5 hour
Bocce/Horseshoe court	\$8	\$6 per team	\$8	\$6 per team
Picnic packs	\$29	avg. per rental	avg. \$25	avg. \$25 per rental
Picnic Pac Volleyball	\$48	per rental	\$48	\$42
Picnic pack Cornhole	\$40		\$40	\$35
Programs				
Adult Softball	\$425	per team	\$420	\$420 per team
	\$685	per team	\$625	\$625 per team
	\$495	per team	\$485	\$485 per team
Adult Bocce Leagues	\$40		\$40	\$40 per participant
Golf	\$190	per participant	\$190	\$165 per participant
Pickleball Clinic	\$18		\$15	\$15
Pickleball league	\$45		\$45	\$45

# Highlands Ranch Metro Districts Fee Schedule

Facility	Proposed 2020 Fees (Used in Budget)		2019 Fees	
	Non-resident	Resident	Non-resident	Resident
Youth Recreational Base T-ball Club	\$90	\$78	\$90	\$78
Coed Tee-Ball	\$100	\$87	\$100	\$87
Boys 7 year old	\$109	\$95	\$109	\$95
Boys 8 year old	\$137	\$119	\$137	\$119
Boys 9 year old	\$144	\$125	\$144	\$125
Boys 10 year old	\$144	\$125	\$144	\$125
Boys 11-12 year old	\$157	\$137	\$157	\$137
Boys 13-14 year old	\$157	\$137	\$157	\$137
Girls 5/6	\$100	\$87	\$100	\$87
Girls 7 year old	\$109	\$95	\$109	\$95
Girls 8 year old	\$122	\$106	\$122	\$106
Girls 9-10 year old	\$144	\$125	\$144	\$125
Girls 11-12 year old	\$157	\$137	\$157	\$137
Girls 13-14 year old	\$157	\$137	\$157	\$137
Fall League Team fee 9 & older		\$1,700		\$1,700
Team fee 7/8		\$1,575		\$1,575
Player fee 7/8				
Player Fee (9 & older)				
Youth Flag Football Fall	\$117	\$107	\$117	\$102
Youth Flag - Spring	\$99	\$86	\$94	\$82
Youth Skate Park		Range \$45 - \$200		Range \$45 - \$200
CARA Lacrosse	\$155	\$135	\$155	\$135
Track & Field CARA	\$115	\$100	\$115	\$100
CARA Cross Country	\$78	\$68	\$78	\$68
Rugby	\$230	\$200	\$230	\$200
Recreation Program "late fees"		\$15		\$15
Youth Sports Camps and Summer sports programs		2020 Fee Range \$65 to \$210		
Outdoor Education Programs		2020 Fee Range \$10 to \$12 workshops, \$120 camp; Horseback programs range from \$51 to \$195		
Misc. Adult Sports		2020 Fee Range \$40 - \$165 per person \$175 - \$425 Per league		





	<u>Current</u>	<u>2020</u>
<b>Off-Peak (January - April, November)</b>		
Monday - Thursday	\$ 2,600	\$ 2,900
Sunday	\$ 3,600	\$ 4,000
Friday	\$ 4,600	\$ 5,100
Saturday	\$ 5,600	\$ 6,200
<b>Peak (May - October, December)</b>		
Monday - Thursday	\$ 3,600	\$ 4,000
Sunday	\$ 5,100	\$ 5,700
Friday	\$ 5,600	\$ 6,200
Saturday	\$ 6,600	\$ 7,300

The fees listed above are for a five-hour event. Holidays that fall on Monday-Thursday will be priced the same as Sundays during the respective season.

# HIGHLANDS RANCH METROPOLITAN DISTRICT

## *GLOSSARY*

<b><i>Capital Outlay:</i></b>	A capital expenditure either adds a fixed asset unit or increases the value of an existing fixed asset.
<b><i>Enterprise Fund:</i></b>	In governmental accounting, a fund that provides goods or services to the public for a fee that makes the entity self-supporting.
<b><i>Facilities Plan</i></b>	The Facilities Plan collectively includes multiple sections. The section related to the base infrastructure development requirements is, pursuant to the Highlands Ranch Metropolitan District IGA, the singular Facility Plan. In addition, there are sections for the Conservation Trust Fund, community enhancement and major repair related capital.
<b><i>Fund Balance:</i></b>	The excess of a governmental fund's assets and revenues over its liabilities, reserves, and expenditures at the close of the fiscal year.
<b><i>Governmental Funds:</i></b>	Funds generally used to account for tax-supported activities.
<b><i>Modified Accrual Basis</i></b>	Method under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred.
<b><i>System Development Fees:</i></b>	A fee imposed by the District pursuant to the provisions of the Special District Act and the Amended Joint Highlands Ranch Agreement for the purpose of paying a portion of the costs of capital facilities and for other lawful purposes.
<b><i>Target Fund Balances:</i></b>	A minimum level fund balance established by the Board with the primary objective of a fund balance that maintains adequate resources to cope with contingencies.
<b><i>Water Acquisition Fee:</i></b>	A portion of the tap fee paid by developers prior to installation of the tap. The fee is designed to generate revenues to develop additional water resources such as acquisition of water rights, construction of storage reservoirs, and other associated projects.