

HIGHLANDS RANCH METROPOLITAN DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2018



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

**HIGHLANDS RANCH METROPOLITAN DISTRICT
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TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-vi
Organizational Chart	vii
List of Board of Directors and District Officials	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
 FINANCIAL SECTION	
<i>Independent Auditors' Report</i>	I-II
 <i>Management's Discussion and Analysis (unaudited)</i>	III-XVI
 <i>Basic Financial Statements</i>	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	6
Utility Special Revenue Fund	7
Mansion Special Revenue Fund	8
Notes to Financial Statements	9-24
 <i>Other Supplementary Information</i>	
Combining and Individual Fund Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	25
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	26
 <i>Individual Fund Schedules:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Debt Service Fund	27
Capital Projects Fund	28
Conservation Trust Special Revenue Fund	29
Recreation Special Revenue Fund	30
Major Repair Fund	31

TABLE OF CONTENTS - (Continued)

STATISTICAL SECTION		<u>PAGE</u>
		32
<u>TABLE</u>	<u>DESCRIPTION</u>	
<i>Financial Trends Information</i>		
A-1	Net Position by Component	33
A-2	Changes in Net Position	34-35
A-3	Fund Balances, Governmental Funds	36
A-4	Changes in Fund Balances, Governmental Funds	37
A-5	Tax Revenues by Source, Governmental Funds	38
<i>Revenue Capacity Information</i>		
B-1	Assessed Value and Actual Value of Taxable Property	39-40
B-2	Property Tax Rates-Direct and All Overlapping Governments	41
B-3	Significant Taxpayers within the District	42
B-4	Property Tax Levies and Collections, Governmental Funds	43
<i>Debt Capacity Information</i>		
C-1	Ratio of General Bonded Debt to Assessed Value, Actual Value and Debt Per Capita	44-45
C-2	Computation of Overlapping and Direct Debt and Related Debt Ratios	46
<i>Demographic and Economic Information</i>		
D-1	Douglas County, Colorado Demographic Statistics	47
D-2	Douglas County, Top 10 Employers	48
<i>Operating Information</i>		
E-1	Operating/Capital Indicators	49



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June 14, 2019

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

We are pleased to present the comprehensive annual financial report ("CAFR") of Highlands Ranch Metropolitan District ("District") for the year ended December 31, 2018.

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

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

The financial statements have been audited by Haynie & Company a firm of licensed certified public accountants. Haynie has issued an unmodified opinion that the District's financial statements for the year ended December 31, 2018 are presented fairly. The independent auditor's report is located at the front of the financial section of the report. Haynie is in the eighth year of doing the audit after the Board extended the original five year engagement for an additional three years. The Board reviews proposals every five years although there is no mandatory rotation.

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

PROFILE, RESPONSIBILITIES AND STRUCTURE OF THE DISTRICT

The District serves Highlands Ranch, a master planned community located in the northern part of Douglas County, Colorado approximately 12 miles south of Denver. The Highlands Ranch area contains zoning for approximately 28,600 single family homes, 6,800 multi-family units and over 1,100 acres of developed commercial property.

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

The District has provided a range of municipal type services including construction of arterial roadways, installation and maintenance of parkway landscaping adjacent to arterial roadways, installation of storm drainage facilities, construction and maintenance of parks and trails, maintenance of open space, and construction of facilities, acquisition of equipment and contracting for services in order to provide fire and emergency services. The fire protection facilities have been staffed and operated by the City of Littleton pursuant to an intergovernmental agreement. In November 2017, the District provided notice of termination of that agreement to the City of Littleton. In December 2017 the District entered into an agreement for fire and emergency services with South Metro Fire Rescue. An election was held by South Metro Fire Rescue (SMFR) on May 8, 2018 for voters to include into SMFR. Voters overwhelming approved inclusion. Beginning January 1, 2019 properties in the District was included into SMFR and the mill levy for the District was reduced.

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

The District operates under a Board - General Manager form of government. Policy-making and legislative authority are vested in the Board of Directors. Pursuant to Colorado statutes, the board of directors is responsible, among other things, for passing resolutions, adopting the budget, appointing committees and hiring the general manager and the attorney.

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

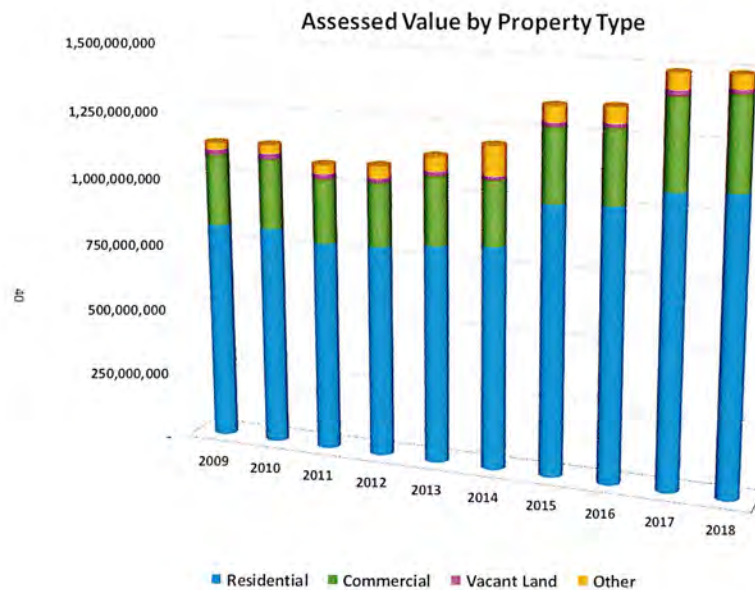
Revenue Base

The District has three primary revenue sources for funding:

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

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

The property tax reassessment, completed in 2017 by the Douglas County assessor, was the basis for property tax revenue collections in 2018 and will be for 2019. The 2017 property tax reassessment resulted in an 8.9% increase in assessed value. The graph below shows the history on assessed value for Highlands Ranch.



The following table summarizes both 2018 and 2017 as well as historic growth patterns:

	New properties				
	Residential		Nonresidential		Total
	Units	SDF \$	Acres	SDF \$	SDF \$
2018	402	\$ 2,563,547	50	\$ 1,731,178	\$ 4,294,725
2017	502	2,089,323	6	205,158	2,294,481
3 year average	359	1,961,575	21	708,349	2,669,924
5 year average	347	2,036,853	21	688,185	2,725,038
10 year average	306	1,867,447	14	745,093	2,612,540

Overall, 2018 experienced an increase in System Development Fee Collection for residential and nonresidential compared to 2017. Slow but steady residential growth continues to contribute development fees and other fee revenues to the system to help offset the associated costs. In late 2016 construction began on the final significant commercial area in Highlands Ranch which will include a large hospital, retail, apartments and single family homes. At the end of 2018 most of the retail was completed as well as a significant portion of the single family homes. The hospital is set to open in mid-2019 and construction will begin on the apartments.

Long-term financial planning and Fund Balance

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

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

General Fund: The District has established a goal of maintaining a fund balance of 40% of the following year's net expenditures – operating expenditures minus the offsetting revenues related to an IGA with Centennial wherein the cost of shared employees are reimbursed. The 2018 year-end fund balance continues significantly over the target of 40% at approximately 163% of the 2019 budgeted operating expenditures, up from 82% in 2017. The reason for the significant increase is because of the significant change in operating budget since the District no longer provides fire and emergency services. Historically the budget for the contract for fire and emergency services was approximately \$9 million annually. This change reduced the operations budget 42%. Future model projections are based on the anticipation that this will continue to be drawn down through 2025.

Debt Service Fund: The Board had established, with the adoption of the 2017 budget, a target of a year-end fund balance to be equal to 70% of the principal payment for the following year.

All funds received from Systems Development Fees are initially deposited and maintained in the Capital Projects Fund until such time as they are needed, at the Board's discretion, for either Capital Projects identified in the District's Facility Plan or to maintain the Board directed required Debt Service fund balances.

Capital Improvement Planning

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

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

Pension and other employment benefits

The District does not participate in Social Security but does maintain a defined contribution pension plan. All regular District employees are required to participate in the Plan and are eligible on their date of hire. Eligible employees are required to contribute 6.2% of pay, which is matched by the District. The contribution level was established equivalent to the Social Security requirements and, commencing in 2011, the total contributions are capped at the same maximum as established for Social Security contributions. In addition, the District offers all regular employees the option to contribute to a 457 plan. The District matches of employee contributions to the 457 plan up to a maximum of 4%.

The District is a member of the Colorado Special District Association pool that provides a medical, dental, vision, and short-term disability and life insurance benefits. The health insurance plans allow retirees who have reached age 50 and 15 years of service to retire and stay in the plan until age 65. All premiums are the responsibility of the retired employee. At December 31, 2018 there are two past employee taking advantage of the benefit.

MAJOR INITIATIVES

The District began construction on a new community park in 2017 that was completed in 2018. During the 2016 Board retreat several new capital projects were identified including the new community park located in the center of the last significant mixed use development. Other projects from the workshop continue to be investigated by staff.

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

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

- partnership with Douglas County and other government entities to pursue initiatives to benefit Highlands Ranch such as recreation opportunities, senior services, and transportation improvements.
- District participation in the projects that will benefit the entire community but specifically benefit the development of the nonresidential zoned area bound by Lucent on the west, Plaza Drive on the north, Barons on the east and Town Center Drive on the south.

AWARDS AND ACKNOWLEDGMENTS

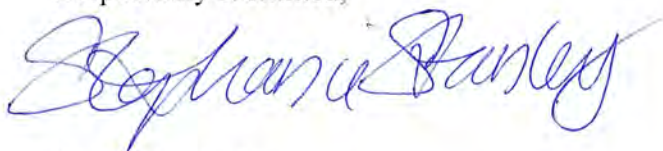
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Highlands Ranch Metropolitan District for its comprehensive annual financial report for the year ended December 31, 2017. One or more of the pre-consolidated Highlands Ranch Metropolitan Districts has received the Certificate of Achievement for the twentieth-second consecutive year.

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

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

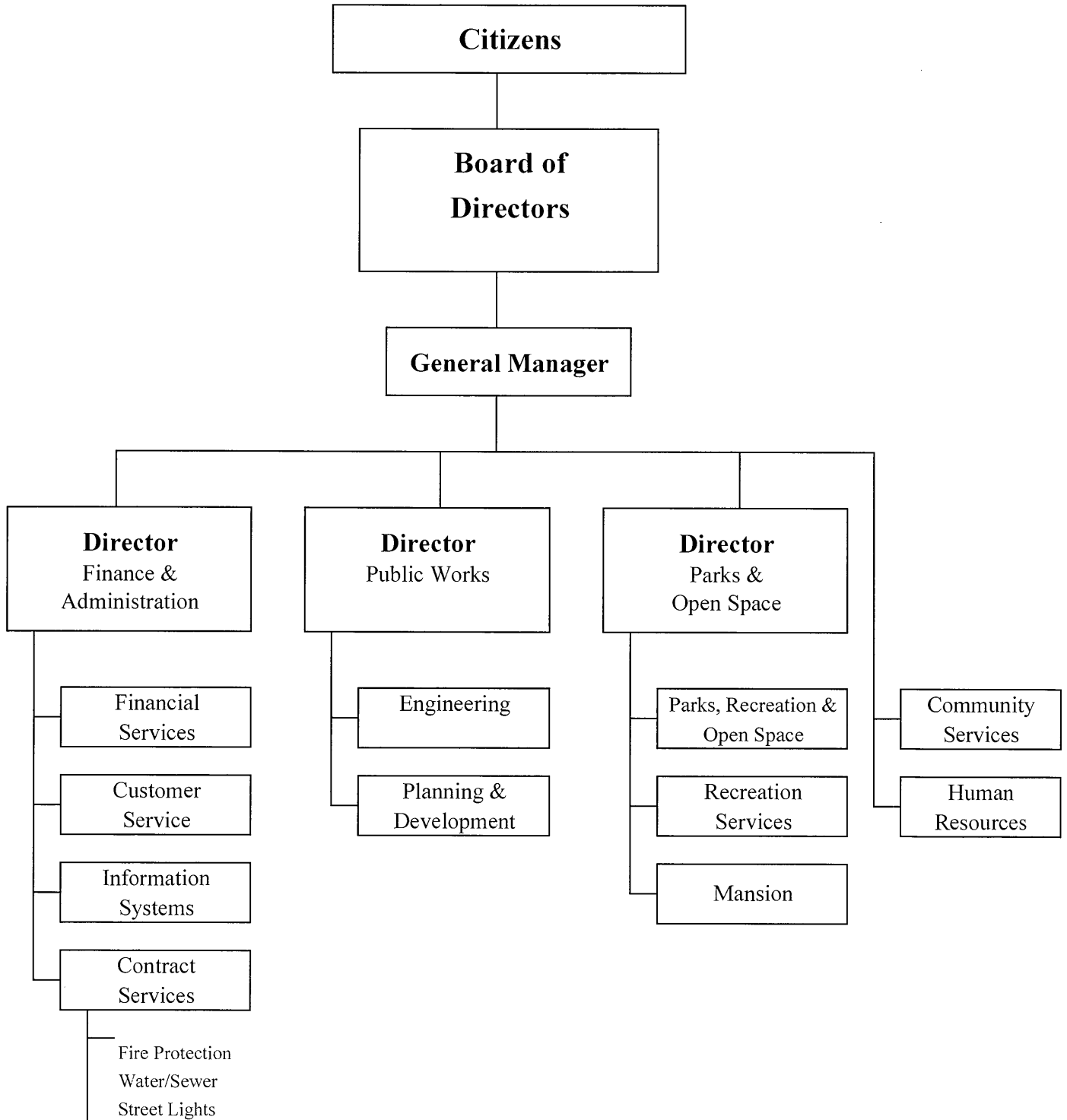
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Financial Services Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report.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

Respectfully submitted,



Stephanie Stanley
Director, Finance and Administration

Highlands Ranch Metropolitan District



HIGHLANDS RANCH METROPOLITAN DISTRICT
HIGHLANDS RANCH, COLORADO

BOARD OF DIRECTORS AND DISTRICT OFFICIALS

BOARD OF DIRECTORS
AS OF DECEMBER 31, 2018

Jim Worley	CHAIR	May 2018 to May 2022
Vicky Starkey	VICE-CHAIR	May 2016 to May 2020
Allen Dreher	TREASURER	May 2018 to May 2022
Renee Anderson		May 2016 to May 2020
Mark Dickerson		May 2018 to May 2022
Carolyn Schierholz		May 2018 to May 2022
Nancy Smith		May 2016 to May 2020

APPOINTED DISTRICT OFFICIALS

GENERAL MANAGER	Terry Nolan
DIRECTOR, FINANCE & ADMINISTRATION	Stephanie Stanley
DIRECTOR, PUBLIC WORKS	Jeff Case
DIRECTOR, PARKS AND OPEN SPACE	Carrie Ward



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**Highlands Ranch Metropolitan District
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

Independent Auditor's Report

To the Board of Directors
Highlands Ranch Metropolitan District
Highlands Ranch, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Highlands Ranch Metropolitan District (the "District") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Highlands Ranch Metropolitan District, as of December 31, 2018 and the respective changes in financial position and the respective budgetary comparisons for the General Fund, the Utility Special Revenue Fund and the Mansion Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

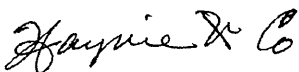
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Highlands Ranch Metropolitan District's financial statements as a whole. The introductory section, other supplementary information, individual fund schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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



Littleton, Colorado
June 7, 2019

Management's Discussion and Analysis

As management of the Highlands Ranch Metropolitan District we are pleased to provide a discussion and analysis of the District's 2018 financial statements. This narrative overview provides a more detailed and insightful examination of the financial condition and operating results for the fiscal year ended December 31, 2018 as well as information on any financial issues and activities. We encourage readers to consider the information presented here in conjunction with additional information in our letter of transmittal, which can be found on pages i to vi of this report.

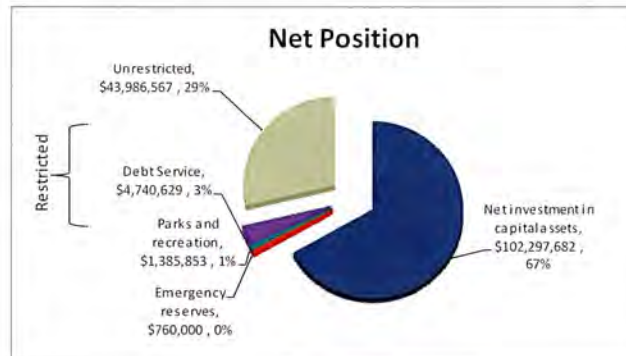
The Management Discussion and Analysis (MD&A) focuses on the presentation of the financial statements and the related activities in two distinct ways:

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

Financial Highlights

Net position

- The government wide net position of the District is defined by the amount that the assets plus the deferred outflow of resources of the District exceed its liabilities plus deferred inflows. At the close of the current fiscal year the District had a net position of \$153,170,731 an increase of 11.7% over the fiscal 2017 net position of \$137,141,895. The components of the 2018 net position are categorized as follows:

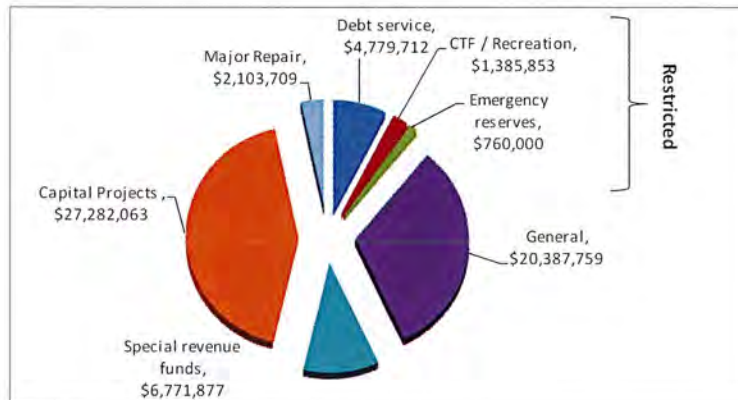


Prudent fiscal stewardship by the District continues.

- Employee related costs remain manageable.
 - The District has a performance based pay plan that compares wages with comparable wages in the Denver metro area.
 - The cost of employee benefits remains manageable as the result of maintaining a defined contribution plan and annual review of employee benefits. The base health insurance plan was unchanged during 2018. Employees shared in any premium increases based on the existing premium sharing arrangement with the employees.
- The Board reviews its debt management plan annually. The refinancing of the Highlands Ranch Metropolitan District No. 2 and 3 Series 2005 was completed on May 20, 2016 with a net present value savings of approximately \$2.8 million. The new debt is not callable until December 21, 2021 but has resulted in significant cash accumulation for future capital projects identified by the Board.
- Accumulated development fees continue to be sufficient to pay for all previously identified components of the Capital Improvements Plan but the Board is evaluating several projects that are not currently in the Capital Improvements Plan.
- The Major Repair Fund provides a stabilizing base for maintaining the District's physical assets in good repair.

Fund balance

- At the close of the fiscal year, the District's Governmental Funds reported a combined ending fund balance of \$63,470,974, an increase of \$9,414,055. The graph below summarizes the various fund balance components net of the isolated restricted portions of fund balance as of year end.



- Significant decisions impacting specific fund balances, more fully described in later sections include:
 - The year-end Debt Service fund balance is targeted at an amount equal to 70% of the next year's principal payment.
 - The Capital Projects fund balance increased by \$8.3 million year over year.
 - "Other governmental funds," decreased by \$2.3 million year over year
 - The General Fund fund balance increased by \$2.9 million as revenues exceeded expenditures and transfers despite the continued budgeting effort to spend down fund balance until the ratio is at 40%. However, the General Fund continues to make significant transfers to other funds:
 - A transfer to Major Repair Fund of \$1,640,933. The transfer was comprised of an ongoing annual transfer of approximately \$1,042,000 and additional \$330,831 for vehicle replacement, and the remainder to transfer the pre-funding of fire and emergency vehicle replacement to the Major Repair Fund.
 - A transfer of \$3,500,000 to Capital Projects Fund to support the District's capital needs.
 - Specific ownership taxes, generated from the sale of autos, remain strong and exceeded expectations.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

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

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

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

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

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

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

Notes to the financial statements

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

Other Information

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

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

Government-wide Financials and Net Position Analysis

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



Assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$153,170,731 at the close of the most recent fiscal year an increase of \$16,028,836 over 2017.

Condensed Statement of Net Position

	Governmental Activities		2018 to 2017	
	2018	2017	\$ Change	% Change
<u>Assets</u>				
Current and other assets	\$ 85,493,605	\$ 85,395,018	\$ 98,587	0.12%
Capital assets	116,347,682	113,163,899	3,183,783	2.81%
	<u>201,841,287</u>	<u>198,558,917</u>	<u>3,282,370</u>	<u>1.65%</u>
<u>Deferred outflow of resources</u>				
Cost of refunding	53,069	70,603	(17,534)	-24.83%
<u>Liabilities</u>				
Long-term liabilities outstanding	23,098,311	26,626,318	(3,528,007)	-13.25%
Other liabilities	8,135,910	6,583,598	1,552,312	23.58%
	<u>31,234,221</u>	<u>33,209,916</u>	<u>(1,975,695)</u>	<u>-5.95%</u>
<u>Deferred inflow of resources</u>				
Deferred property tax revenue	17,489,405	28,277,708	(10,788,303)	-38.15%
<u>Net Position</u>				
Net investment in capital assets	102,297,682	95,646,229	6,651,453	6.95%
Restricted	6,886,482	8,070,514	(1,184,032)	-14.67%
Unrestricted	43,986,567	33,425,152	10,561,415	31.60%
	<u>\$ 153,170,731</u>	<u>\$ 137,141,895</u>	<u>\$ 16,028,836</u>	<u>11.69%</u>

- The largest portion of the District's net position is the *net investment in capital assets* (e.g., *land, buildings, infrastructure, machinery, and equipment*) which reflect the capital assets net of the debt related to acquiring those assets. The net investment in capital assets of \$102,297,682 increased 6.95% over 2017 and represents 67% of the total net position. The increase was a result of the scheduled payment of principal exceeding the net change in capital assets that results from new acquisitions offset by depreciation expense.

Capital assets are used by the District to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The overall increase in this category of \$14,275,971 or 15.8% from 2017 to 2018 can be summarized on the table below:

	2018	2017	Change
Land improvements	\$ 33,227,394	\$ 33,227,394	\$ -
Public infrastructure to be dedicated	17,681,987	17,444,603	237,384
Construction in progress	9,772,229	4,357,981	5,414,248
			-
Buildings	16,921,783	16,921,783	-
Improvements other than buildings	21,955,014	21,955,014	-
Machinery and equipment	8,123,961	7,760,513	363,448
Water and wastewater infrastructure	64,782,099	64,230,596	551,503
	172,464,467	165,897,884	6,566,583
Accumulated depreciation	(56,116,785)	(52,733,985)	(3,382,800)
Capital assets, net	116,347,682	113,163,899	3,183,783
Adjusted for total GO debt and leases	(26,345,000)	(37,437,188)	11,092,188
Adjusted for water/wastewater related det	12,295,000	12,295,000	-
Net investment in capital assets	\$ 102,297,682	\$ 88,021,711	\$ 14,275,971

- The District has *restricted* a portion of the remaining net position as follows:
 - ✓ \$760,000 is restricted for emergency reserves pursuant to the TABOR requirements of the Colorado constitution
 - ✓ \$1,385,853, restricted for park and recreation capital improvements as required by state directive, represents unexpended funds from Colorado Lottery proceeds
 - ✓ \$4,740,629 is restricted for debt service by Board policy in excess of the amounts necessary to comply with various bond covenants. This amount represents the Debt Service Fund fund balance net of accrued interest payable.
- After considering the above restrictions, the District has unrestricted net position of \$43,986,567, an increase of \$10.6 million or 32%. Unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

As mentioned above, during the current fiscal year the District's net position increased by \$16,028,834 as shown below:

Condensed Statement of Change in Net Position

	Governmental Activities		2018 to 2017	
	2018	2017	\$ Change	% Change
<u>Revenues:</u>				
Program Revenues:				
Charges for services	\$ 42,137,940	\$ 37,671,299	\$ 4,466,641	11.86%
Capital grants and contributions	10,001,451	8,264,734	1,736,717	21.01%
Total program revenues	52,139,391	45,936,033	6,203,358	13.50%
General Revenues:				
Property taxes	30,725,902	28,398,826	2,327,076	8.19%
Net investment income (loss)	1,161,434	472,219	689,215	145.95%
Other	98,717	140,796	(42,079)	-29.89%
	31,986,053	29,011,841	2,974,212	10.25%
Total revenues	84,125,444	74,947,874	9,177,570	12.25%
<u>Expenses:</u>				
General government	2,424,163	2,141,593	282,570	13.19%
Public works	682,624	618,872	63,752	10.30%
Stormwater management	159,131	192,185	(33,054)	-17.20%
Public safety	9,101,571	9,496,956	(395,385)	-4.16%
Street lights	1,138,135	1,408,707	(270,572)	-19.21%
Parks and open space	12,076,328	9,707,396	2,368,932	24.40%
Recreation services	1,014,693	1,523,413	(508,720)	-33.39%
Cultural	944,990	861,440	83,550	9.70%
Water and wastewater operations	40,018,837	38,554,433	1,464,404	3.80%
Interest on long-term debt	536,138	521,963	14,175	2.72%
Total expenses	68,096,610	65,026,958	3,069,652	4.72%
Change in net position	16,028,834	9,920,917	6,107,917	61.57%
Net position- beginning	137,141,895	127,220,978	9,920,917	7.80%
Net position- ending	\$ 153,170,729	\$ 137,141,895	\$ 16,028,834	11.69%

Program revenues contributed \$52,139,391

Charges for services

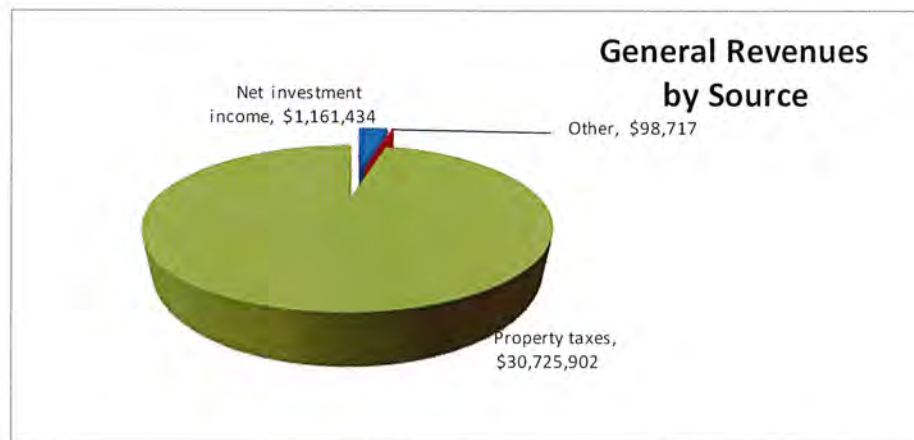
- ✓ 90% of the program revenues came from charges for services.
- ✓ Of the charges for services:
- ✓ \$34,394,092 or 82% of the total, represent the pass-through of revenues collected from District water and wastewater customers and remitted to Centennial. These revenue are 100% directly offset by expenses for water and wastewater operations. The revenues and offsetting expenses increased year over year due to an increase in rates and slight increase in consumption.
 - ❖ In addition to the above utility revenues, the District collected an additional \$2,285,238 from streetlight and stormwater management fees.

Capital grants and contributions

- ✓ Capital grants and contribution in 2018 totaled \$10,001,451 or 10% of total program revenues, lower than the 18% of program revenues from 2017. Capital grants and contributions include donated assets, conservation trust fund (lottery) proceeds and development fees.
- ✓ The capital grant and contributions reflects steady development activity in 2018.

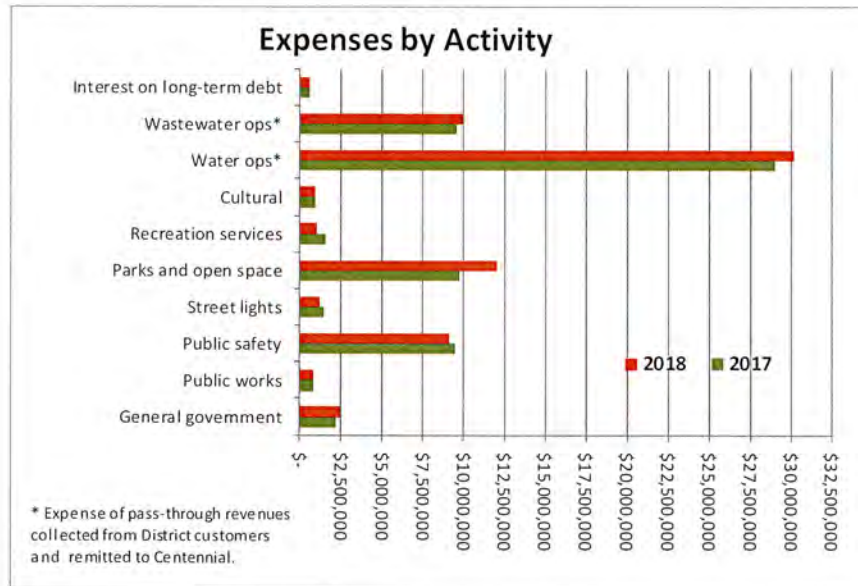
- ❖ Systems Development Fees are collected from new property at the time that the initial water and wastewater service is requested. With stable residential development absorption, the 2018 fees increased from \$2,294,481 in 2017 to \$4,294,725. Systems Development Fees are allocated to offset Public Works, Public Safety and Parks and Open Space related expenses. These fees are calculated based upon the Facility Plan section of the comprehensive Capital Improvement Plan adopted and updated on an annual basis. Taxes from the new development generating the fees will begin to appear on the tax rolls in 2018/2019 for collection in 2019/2020.
- ❖ Tap fees contributed to the change in net position in the amount of \$3,631,880 a slight increase from the \$3,582,280 collected in 2017. Tap fees are collected from new services to pay for the reserve capacity payments due to Centennial.
- ❖ The developer constructed and then contributed \$551,502 of intract infrastructure that will serve new development within Highlands Ranch.

General Revenues, which include property taxes, contributed \$31,986,053, an increase of 8.19% from 2017.



- ✓ \$30,725,902 or 96% of the general revenues came from property tax revenues which was an increase from the \$28,398,826 collected in 2017. In 2018 the mill levy applied remained unchanged at 18.205. However the:
 - ❖ Assessed value increased by 8.9% as the result of new construction and reassessment.
 - ❖ Additionally, the District's share of automobile related Specific Ownership Taxes increased by 5.1% to \$2,988,586 primarily due to the resurgence in new car sales.
 - ❖ The District changed investment portfolio managers in 2014. Portfolio performance continued to improve with the full year of management and as the rates stabilized and the structure of the portfolio was extended.

Expenses totaled \$68,240,868 an increase of \$3,213,910 or 4.9%. Before considering the impact of property taxes and other general revenues, expenses for governmental activities exceeded program revenues by \$16,101,477.



✓ **General Government**

- ❖ \$2,401,389 – an increase 13% from 2017; represents 3.6% of the total expenses; governmental activities include general government, finance and administration, human resources.

✓ **Public Works**

- ❖ \$841,755 – an increase of 4% from 2017; represents 1.2% of the total expenses; costs for public works related activities which includes the administrative oversight for the infrastructure development and stormwater management.
 - The public works expenses can vary dramatically from year to year. Outlays for capital items built on behalf of others are maintained on our books as Work in Progress until they are accepted by the other entity at which time they are expensed.

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

✓ **Public Safety**

- ❖ \$9,101,571 – a decrease of -4%; represents 13.3% of the total expenses; expenses are for fire protection and emergency services including miscellaneous station maintenance and improvements.
 - Of this amount, \$8,663,452 was expended for fire protection and emergency services administered through a three party IGA with the City of Littleton on behalf of the District and the Littleton Fire Protection District. The District’s share of the total costs incurred is allocated based on a formula that is derived from the District’s relative share of assessed value and calls to the total assessed value and calls within the area served by all of the parties to the agreement.
 - The District’s percentage of the allocated share remained essentially the same from 2017 to 2018.
 - The District owns the fire stations and equipment located in Highlands Ranch. Depreciation of \$201,590 was charged off to this activity for the equipment and the stations.

- ✓ Streetlights
 - ❖ \$1,138,135 a decrease of -19%; represents 1.7% of total expenses; - provides for the cost to operate and maintain street lights adjacent to arterial roadways as well as the streetlights in the neighborhoods.
 - In 2016 the District replaced all the arterial streetlights with LED lights. This also contributed to the reduction in electrical expense.
 - The District collects a street light fee from its customers for streetlight services. This revenue stream provided an offset to the cost of routine operations and maintenance for all streetlights in the amount of \$1,456,098 a slight increase from 2017.
- ✓ Parks and open space
 - ❖ \$12,076,328 – an increase of 24%; represents 17.7% of the total expenses; District operates and maintains the park system, the open space and the arterial parkway landscaping
 - The District's share of the statewide lottery proceed distribution in 2018 was \$524,645 an increase of 5% from 2017.
 - In 2018 Conservation Trust fund projects included a new community park and projects identified in the ADA transition plan.
- ✓ Recreation programs and services
 - ❖ The direct cost of recreation services, \$1,014,693 – 33% decrease; approximately represents 4.5% of the total expenses; for costs related to recreation programs and services provided to our customers.
 - Total revenue for recreation programs and services was \$1,317,191. Program revenues are designed to recover the direct costs as well as any facility rental costs that would be recovered if the program was offered by an independent outside vendor.
- ✓ Cultural (Mansion)
 - ❖ \$944,990 – an increase of 10%; represents approximately 1.4% of the total expenses; - the District operates and maintains the Highlands Ranch Mansion for both community and private events.
 - Mansion revenues decreased 15% from \$646,715 in 2017 to \$551,487 in 2018.
- ✓ Water and wastewater
 - ❖ The largest single activity, the District expended \$40,018,837 – an increase of 4%; 58.6% of the total expenses for water and wastewater services provided by contract.
 - \$34,394,092 of the expense is the pass-through of revenues collected from District customers and remitted to Centennial.
 - \$1,509,493 was for depreciation of intract water and sewer lines owned by the District and maintained by Centennial Water and Sanitation District.
 - The 2018 payment to Centennial of \$4,115,252 for reserved capacity is also included in this amount. This decrease from the \$5,120,020 paid in 2017 is the result of a formula within the IGA between the District and Centennial that calculates an annual contribution for a portion of new property inclusions that is required until the entire required reserve payment for the property is made.
- ✓ The District incurred \$536,138 of interest expense. This amount includes the payment on the bonds plus the current charge for amortization of the premiums, discount and losses on sale of bond related to its long-term debt.

Government's Fund Financials and Fund Balance Analysis

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$63,470,974, an increase of \$9,414,055 in comparison with the prior year. The following table shows the categories the total fund balances are comprised of pursuant to GASB 54.

Fund Balances	2018 Ending Fund Balance		
Restricted		\$ 6,925,565	11%
Committed	\$ 9,925,779		16%
Assigned	27,552,607		43%
Unassigned	19,067,023	56,545,409	30%
TOTAL		\$ 63,470,974	

The \$6,925,565 of fund balances reported as restricted are similar to those restricted in the statement of net position and are comprised of the following:

- The General Fund includes the entire amount of the emergency reserve mandated by the Colorado constitution in the amount of \$760,000.
- The Debt Service Fund has a fund balance of \$4,779,712 all of which is restricted for the payment of debt service.
 - ✓ The ending fund balance increased from the prior year. The Board adopted a targeted ending fund balance to be equal to 70% of the next year's principal payment.
- The Conservation Trust Fund ending balance in the amount of \$1,385,853 is restricted by provisions of the Colorado Constitution.
 - ✓ Revenues, primarily the proceeds from the Lottery Fund in the amount of \$524,645 increased 5% from 2017.

The remaining unrestricted amounts of \$43,986,567 are *available for spending at the government's discretion*, subject to the different categorizations. These amounts are comprised of:

- \$20,387,759 of the total fund balance in the General Fund a portion is committed and the remaining amount is unassigned.
 - ✓ \$1,320,736 is committed by the Board of Directors for the stormwater management program including both operations and appropriated capital projects.
 - ✓ \$19,067,023 is unassigned. It represents 93% of total 2018 general fund expenditures and 97% of the expenditures when offset by contractual offsetting revenues (Intergovernmental). The 2018 year-end balance continues to exceed the targeted fund balance established by the Board (40% of general fund expenditures less offsetting revenues). However, the Board of Directors has approved a long range plan that draws this balance down at a rate of about 4% per year until they reach the revised target of 40%.
- The Utility Special Revenue Fund has a total fund balance of \$2,230,433, all of which is committed to meet the requirements of the IGA with Centennial and consistent with the Board directed purposes when establishing fees. The fund accounts for 1) water and wastewater special revenues; 2) streetlight special revenues; and 3) tap fees collected to meet reserved capacity payment requirements.

- ✓ The net decrease in fund balance during the current year in the fund was \$165,409 which was approximately the amount the reserve capacity payment exceeded the current year Tap Fee collection.
- ✓ The District has a contractual obligation for payment of future reserved capacity payments as of December 31, 2018 of \$957,724 payable over the next 7 years.
- \$27,282,063 of fund balance in the Capital Projects Fund is either committed or assigned:
 - ✓ \$1,690,610 is committed for unexpended Board approved project appropriations
 - ✓ The remaining \$25,519,453 is assigned for:
 - ❖ the future capital projects identified in the Capital Improvements Plan
 - ❖ transfer to the Debt Service fund as needed to make annual debt principal payments
 - ✓ Additional amounts will be accumulated over time from the collection of Systems Development Fees
- The Mansion Fund balance of \$4,541,444 is committed.
 - ✓ Includes a \$4 million prior year transfer from the Capital Projects Fund that is intended to be a permanent funding source similar to an endowment.
 - ✓ The fund balance also includes accumulated revenues in excess of expenses.
 - ✓ During 2018 expenditures did not exceed revenues including other miscellaneous income and investment income.
- \$2,103,709 of the non-major Other Governmental Funds fund balance (this amount does not include the Conservation Trust Fund described above under restricted) includes the Recreation special revenue funds and the capital related Major Repair Fund.
 - ✓ The Recreation Fund has an ending fund balance of \$0. This is intentional since the General Fund annually transfers in the exact amount necessary to offset the shortfall in program revenues in relation to program expenses.
 - ✓ The Major Repair Fund has an ending fund balance of \$2,103,709.
 - ❖ The primary funding sources in 2018 were
 - lease income from cell towers and related equipment on District property
 - a transfer from the General Fund approximately equal to 1.0 mills.
 - a recurring transfer from the General Fund to prefund the amortized replacement cost of fire rolling stock
 - a transfer from the General Fund for vehicle and equipment replacement
 - ❖ Repair and renovations projects exceeded revenues and transfers in 2018 by \$708,188.

General Fund Budgetary Highlights

Actual expenditures were 3.6% less than the original budget.

Capital Asset and Debt Administration

Capital assets

The District's investment in capital assets as of December 31, 2018, amounts to \$116,347,682 net of accumulated depreciation. This investment in capital assets includes land improvement for parks and arterial landscape, buildings, roadway improvements and storm drainage facilities. The District's net investment in capital assets increased by \$3,183,783 during the current fiscal year as new investment exceeded depreciation.

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

- Donation of water and wastewater lines from the developer in the amount of \$551,502.
- Significant projects included the completion of a traffic signal on Lucent Boulevard.
- Depreciation of approximately \$3.5M.

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

Long-term debt

General obligation debt

At the end of the current fiscal year, the District had total general obligation bonded debt outstanding of \$26,345,000. The District's total debt decreased by \$3,455,000 the scheduled principal payment during the current fiscal year.

The District currently has a stand-alone rating from Standard & Poor's of "AA+" as the result of ratings associated with its 2008 Refunding Series and reaffirmed during a routine review in early 2015.

During May of 2016 the District proceeded with the refunding of the Highlands Ranch Metropolitan District No. 2 and 3 Series 2005 General Obligation Bonds. The Series 2016 Loan was in the amount of \$29,800,000 refinancing debt of \$29,730,000 of the amount outstanding as of December 31, 2015. The loan is a rate of 1.8% with a final maturity in 2025 and a net present value savings of approximately \$3M or 10% of the refunded bonds.

Capital leases

At the end of the current fiscal year, the District had no capital leases outstanding. The District did not enter into any new capital leases during the current fiscal year. Additional information on the District's long-term debt can be found in note III.C on pages 18-20 of this report.

Economic Factors and Next Year's Budgets and Rates

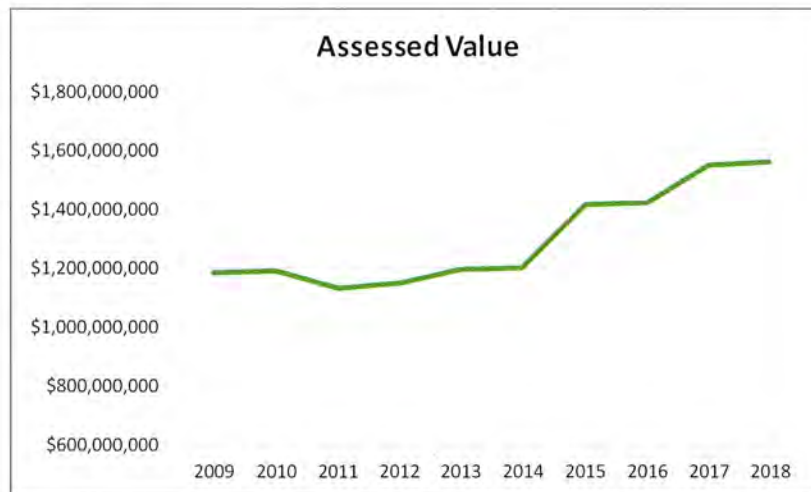
The District has appropriated \$12,452,965 for spending in the 2019 fiscal year General Fund budget. In addition to the General Fund expenditures, the budget anticipates operating transfers of:

- \$409,226 to the Recreation Special Revenue Fund so that fund can continue to maintain a \$0 fund balance
- \$500,000 to the Water and Sewer Reserve to fund in-tract line replacement
- \$7,990,804 to the Major Repair Fund a significant portion of the transfer is a one-time transfer for renovation of the parks and open space service center.

The total expenditures and transfer are offset by revenue and use of existing fund balance, the net impact of which is a decrease in fund balance during 2019 of \$5.6 million.

In addition to the significant District fund balances, the following factors were considered in preparing the District's budget for 2018:

- The property tax base still has potential for future growth from undeveloped residential and nonresidential areas. In addition to conservative projections of this growth the District, despite the current real estate market trends, the District prepared a forecast that assumes that property tax revenue growth is essentially limited to inflation as shown on the graph below. The Board has planned accordingly identifying several long-term changes to staffing levels; non-critical service cuts and increasing arterial streetlight fees. In addition, the Board continues to endorse the concept of slowly reducing the General Fund balance until the debt is retired and uses of the freed up debt service mill levy can be evaluated.



- In 2018, the mill levy remained unchanged at 18.205 mills.
- The 2018 Budget includes an increase of \$0.22 per 1,000 gallons for the base water rates and \$0.12 for wastewater rates. The rates for water and wastewater service charged by the District to its residents are the resulting revenues are passed-through to Centennial Water and Sanitation District. Since this is a pass-through, it does not affect the District fund balances.
- The streetlight fee remained unchanged in 2018.
- The stormwater fee increased 5% in 2018 from \$14.34 per year to \$15.06 for a single family home.
- Inflationary trends in the region compare favorably to national indices.

Requests for Information

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
STATEMENT of NET POSITION
December 31, 2018

	Governmental Activities
ASSETS	
Cash deposits and investments	\$ 65,139,947
Due from county treasurer	273,245
Receivables	19,851,247
Due from other governments	229,166
Capital assets, not being depreciated	
Land and other nondepreciable assets	50,909,381
Construction in progress	9,772,229
Capital assets, net of accumulated depreciation	
Buildings	12,144,011
Improvements other than buildings	7,296,312
Machinery and equipment	938,462
Infrastructure	35,287,287
Total assets	<u>201,841,287</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred amount on refunding	53,069
Total deferred outflow of resources	<u>53,069</u>
LIABILITIES	
Accounts payable and other current liabilities	1,548,469
Due to other governments	2,984,758
Accrued interest payable	39,083
Long-term liabilities:	
Compensated absences	
Due within one year	23,600
Due in more than one year	293,311
General obligation bonds and capital leases payable	
Due within one year	3,540,000
Due in more than one year (net of unamortized premiums and discounts)	22,805,000
Total liabilities	<u>31,234,221</u>
DEFERRED INFLOW OF RESOURCES	
Property tax revenue	17,489,405
Total deferred inflow of resources	<u>17,489,405</u>
NET POSITION	
Net investment in capital assets	102,297,682
Restricted for:	
Emergency reserves	760,000
Parks and recreation	1,385,853
Debt Service	4,740,629
Unrestricted	43,986,567
Total net position	<u>\$ 153,170,731</u>

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
STATEMENT of ACTIVITIES
For the year ended
December 31, 2018

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 2,424,163	\$ 694,497	\$ -	\$ -	\$ (1,729,666)
Public safety	9,101,571	-	-	110,263	(8,991,308)
Street lights	1,138,135	1,456,098	-	-	317,963
Parks and open space	12,076,328	2,144,460	-	2,751,120	(7,180,748)
Recreation services	1,014,693	1,317,191	-	-	302,498
Cultural	944,990	575,529	-	-	(369,461)
Public works	682,624	726,933	-	2,178,384	2,222,693
Stormwater management	159,131	829,140	-	778,302	1,448,311
Water and wastewater operations	40,018,837	34,394,092	-	4,183,382	(1,441,363)
Interest related to long term debt	536,138	-	-	-	(536,138)
Total governmental activities	\$ 68,096,610	\$ 42,137,940	\$ -	\$ 10,001,451	\$ (15,957,219)
General revenues:					
Property taxes					30,725,902
Net investment income					1,161,434
Other					98,717
Total general revenues					31,986,053
Change in net position					16,028,834
Net position - beginning					\$ 137,141,895
Net position - ending					\$ 153,170,731

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

**HIGHLANDS RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018**

	General	Special Revenue Utility	Mansion	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash deposits and investments	\$21,936,317	\$2,312,554	\$4,767,897	\$ 4,779,711	\$27,388,996	\$ 3,954,472	\$ 65,139,947
Due from county treasurer	273,245	-	-	-	-	-	273,245
Receivables							
Customers	53,000	2,016,000	-	-	-	-	2,069,000
Interest	200,295	-	-	-	-	-	200,295
Property taxes	13,424,184	-	-	4,065,221	-	-	17,489,405
Other	27,553	-	7,594	-	-	57,400	92,547
Due from other governments	228,944	-	-	-	-	222	229,166
Total assets	<u>\$36,143,538</u>	<u>\$4,328,554</u>	<u>\$4,775,491</u>	<u>\$ 8,844,932</u>	<u>\$27,388,996</u>	<u>\$ 4,012,094</u>	<u>\$ 85,493,605</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and payroll liabilities	\$ 549,566	\$ 108,149	\$ 20,773	\$ -	\$ 106,934	\$ 270,605	\$ 1,056,027
Retainages payable	-	-	-	-	-	51,545	51,545
Customer deposits payable	35,049	-	209,612	-	-	196,236	440,897
Due to other governments	986,981	1,989,971	3,661	-	-	4,145	2,984,758
Total liabilities	<u>1,571,596</u>	<u>2,098,120</u>	<u>234,046</u>	<u>-</u>	<u>106,934</u>	<u>522,531</u>	<u>4,533,227</u>
Deferred inflow of resources:							
Property tax revenue	13,424,184	-	-	4,065,221	-	-	17,489,405
Total deferred inflow of resources	<u>13,424,184</u>	<u>-</u>	<u>-</u>	<u>4,065,221</u>	<u>-</u>	<u>-</u>	<u>17,489,405</u>
Fund balances:							
Restricted							
Emergency reserves	760,000	-	-	-	-	-	760,000
Debt service	-	-	-	4,779,712	-	-	4,779,712
Parks and recreation	-	-	-	-	-	1,385,853	1,385,853
Committed							
Special revenue funds							
Water and wastewater operations	-	2,230,433	-	-	-	-	2,230,433
Mansion operations	-	-	4,541,445	-	-	-	4,541,445
Stormwater management	650,391	-	-	-	-	-	650,391
Capital projects	670,345	-	-	-	1,690,610	142,555	2,503,510
Assigned							
Capital projects fund	-	-	-	-	25,591,453	1,961,154	27,552,607
Unassigned	19,067,023	-	-	-	-	-	19,067,023
Total fund balances	<u>21,147,759</u>	<u>2,230,433</u>	<u>4,541,445</u>	<u>4,779,712</u>	<u>27,282,063</u>	<u>3,489,562</u>	<u>63,470,974</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$36,143,538</u>	<u>\$4,328,554</u>	<u>\$4,775,491</u>	<u>\$ 8,844,932</u>	<u>\$27,388,996</u>	<u>\$ 4,012,094</u>	

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	116,347,682
Certain costs related to the issuance of debt are expenditures in the funds but are shown as described below and amortized in the statement of net position:	
Cost of refunding as deferred outflow of resources	53,069
Liabilities are not due and payable in the current period and therefore are not in the funds:	
Bonds, leases and compensated absences payable	(26,661,911)
Accrued interest payable	(39,083)
Net position of governmental activities	<u>\$153,170,731</u>

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended
December 31, 2018

	General	Special Revenue		Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
		Utility	Mansion				
REVENUES							
Property taxes	\$26,347,964	\$ -	\$ -	\$ 4,377,938	\$ -	\$ -	\$ 30,725,902
Systems development fees	-	-	-	-	4,294,725	-	4,294,725
Tap fees	-	3,631,880	-	-	-	-	3,631,880
Water operations	-	24,503,256	-	-	-	-	24,503,256
Wastewater operations	-	9,890,836	-	-	-	-	9,890,836
Street lights	-	1,456,098	-	-	-	-	1,456,098
Stormwater management	829,140	-	-	-	-	-	829,140
Program fees	-	-	551,487	-	-	1,317,191	1,868,678
Conservation trust fund	-	-	-	-	-	524,645	524,645
Intergovernmental	725,194	-	-	-	2,000,000	82,160	2,807,354
Net investment income	758,258	11,811	45,066	62,241	203,862	80,196	1,161,434
Contributions	-	-	-	-	998,699	-	998,699
Other	161,182	-	24,042	-	-	696,071	881,295
Total Revenues	28,821,738	39,493,881	620,595	4,440,179	7,497,286	2,700,263	83,573,942
EXPENDITURES							
Current:							
General government	2,401,389	-	-	300	-	-	2,401,689
Public safety	8,832,163	1,138,135	-	-	-	-	9,970,298
Parks and open space	7,910,483	-	-	-	-	2,774,578	10,685,061
Recreation services	-	-	-	-	-	1,014,693	1,014,693
Cultural	-	-	529,084	-	115,989	-	645,073
Public works	676,602	-	-	-	-	-	676,602
Stormwater management	159,131	-	-	-	-	-	159,131
Water operations	-	24,503,256	-	-	-	-	24,503,256
Wastewater operations	-	9,890,836	-	-	-	-	9,890,836
Investment in reserved capacity	-	4,115,252	-	-	-	-	4,115,252
Debt service:							
Principal	-	-	-	3,455,000	-	-	3,455,000
Interest	-	-	-	536,400	-	-	536,400
Capital:							
Major repair and renovation	-	-	-	-	-	2,993,359	2,993,359
Capital outlay	144,258	-	-	-	2,968,981	-	3,113,239
Total Expenditures	20,124,026	39,647,479	529,084	3,991,700	3,084,970	6,782,630	74,159,889
Excess (deficiency) of revenues over (under) expenditures	8,697,712	(153,598)	91,511	448,479	4,412,316	(4,082,367)	9,414,053
OTHER FINANCING SOURCES (USES)							
Transfers in:	29,419	-	-	8,851	3,953,071	1,747,579	5,738,920
Transfers out:	(5,713,309)	(11,811)	(13,800)	-	-	-	(5,738,920)
Total other financing sources (uses)	(5,683,890)	(11,811)	(13,800)	8,851	3,953,071	1,747,579	-
Net change in fund balances	3,013,822	(165,409)	77,711	457,330	8,365,387	(2,334,788)	9,414,053
Fund balances - beginning	18,133,937	2,395,842	4,463,733	4,322,382	18,916,676	5,824,350	54,056,921
Fund balances - ending	\$21,147,759	\$2,230,433	\$4,541,444	\$ 4,779,712	\$27,282,063	\$ 3,489,562	\$ 63,470,974

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended
December 31, 2018

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

Net change in fund balances - total governmental funds	\$ 9,414,053
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is calculated as follows:

Capital outlay (net of CTF intragovernmental transfers)	3,113,239	
Capitalized major repairs and renovations	2,993,359	
Current year depreciation	<u>(3,474,318)</u>	
		2,632,280

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

General obligation debt issued or incurred:		
Issuance of General Obligation Refunding Bonds		
Plus Premiums net of Original Issuance Discounts		
Principal repayments - general obligation debt	3,455,000	
Current year amortization of premiums, discounts and loss on refunding	<u>(4,864)</u>	
		3,450,136

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not a current source of financial resources	551,502
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Decrease in accrued interest		5,126
Increase in accrued compensated absences		<u>(24,263)</u>

Change in net position of governmental activities per Statement of Activities	<u><u>\$ 16,028,834</u></u>
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The notes to the financial statements are an integral part of this statement.

HIGHLANDS RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 25,236,688	\$ 25,236,688	\$ 26,347,964	\$ 1,111,276
Stormwater management fee	816,900	816,900	829,140	12,240
Intergovernmental	750,185	750,185	725,194	(24,991)
Net investment income	136,700	136,700	758,258	621,558
Other	110,000	110,000	161,182	51,182
Total Revenues	27,050,473	27,050,473	28,821,738	1,771,265
EXPENDITURES				
General government	2,486,180	2,486,180	2,401,389	84,791
Operations				
General Fund budget	18,349,644	18,349,644	17,563,506	786,138
Stormwater Management budget	208,620	208,620	159,131	49,489
Total Expenditures	21,044,444	21,044,444	20,124,026	920,418
Excess (deficiency) of revenues over (under) expenditures	6,006,029	6,006,029	8,697,712	2,691,683
OTHER FINANCING SOURCES (USES)				
Transfers in:	59,845	59,845	29,419	(30,426)
Transfers out:	(5,994,362)	(5,994,362)	(5,713,309)	281,053
Total other financing sources (uses)	(5,934,517)	(5,934,517)	(5,683,890)	250,627
Net change in fund balance	71,512	71,512	3,013,822	2,942,310
Fund balance - beginning	15,463,789	18,133,937	18,133,937	-
Fund balance - ending	\$ 15,535,301	\$ 18,205,449	\$ 21,147,759	\$ 2,942,310

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

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
UTILITY SPECIAL REVENUE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Tap fees	\$ 1,754,365	\$ 2,639,490	\$ 3,631,880	\$ 992,390
Water operations	22,855,000	24,900,000	24,503,256	(396,744)
Wastewater operations	10,200,000	9,900,000	9,890,836	(9,164)
Street light fees	1,446,000	1,446,000	1,456,098	10,098
Net investment income	4,600	27,500	11,811	(15,689)
Other	-	-	-	-
Total Revenues	36,259,965	38,912,990	39,493,881	580,891
EXPENDITURES				
Public safety - street lights	1,435,000	1,435,000	1,138,135	296,865
Water operations	22,855,000	24,900,000	24,503,256	396,744
Wastewater operations	10,200,000	9,900,000	9,890,836	9,164
Investment in reserved capacity	3,682,752	3,859,212	4,115,252	(256,040)
Total Expenditures	38,172,752	40,094,212	39,647,479	446,733
Excess (deficiency) of revenues over (under) expenditures	(1,912,787)	(1,181,222)	(153,598)	1,027,624
OTHER FINANCING SOURCES (USES)				
Transfers in:	-	-	-	-
Transfers out:	(4,600)	(27,500)	(11,811)	15,689
Total other financing sources (uses)	(4,600)	(27,500)	(11,811)	15,689
Net change in fund balance	(1,917,387)	(1,208,722)	(165,409)	1,043,313
Fund balance - beginning	2,831,260	2,395,842	2,395,842	-
Fund balance - ending	\$ 913,873	\$ 1,187,120	\$ 2,230,433	\$ 1,043,313

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
MANSION SPECIAL REVENUE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Program fees and revenues	\$ 400,000	\$ 400,000	\$ 551,487	\$ 151,487
Net investment income	43,000	43,000	45,066	2,066
Other	170,250	170,250	24,042	(146,208)
Total Revenues	613,250	613,250	620,595	7,345
EXPENDITURES				
Operations	579,150	579,150	529,084	50,066
Total Expenditures	579,150	579,150	529,084	50,066
Excess (deficiency) of revenues over (under) expenditures	34,100	34,100	91,511	(57,411)
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Transfers out:	(48,145)	(48,145)	(13,800)	34,345
Total other financing sources (uses)	(48,145)	(48,145)	(13,800)	34,345
Net change in fund balances	(14,045)	(14,045)	77,711	(23,066)
Fund balances - beginning	4,303,924	4,463,733	4,463,733	-
Fund balances - ending	\$ 4,289,879	\$ 4,449,688	\$ 4,541,444	\$ (23,066)

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) REPORTING ENTITY

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

The District follows the Governmental Accounting Standard Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations and functions should be included within the reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, the appointment by the primary entity of a voting majority of the component organization's governing body, the ability of the primary entity to impose its will on the component organization, a potential for the component organization to provide specific financial benefits or burdens and fiscal dependency of the component organization.

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

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

B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

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

C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

The following describes major governmental funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The fund includes revenues that are earmarked by Board action specifically for both storm water management operations and capital. As a result they cannot be segregated into a Special Revenue Fund.

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

The ***Mansion Special Revenue Fund*** is a special revenue fund used to collect and disburse monies earmarked for specific purposes as the result of specific Board action. This fund accounts for the investment earnings on an endowment self-created by the District Board from previously collected developer fees and for user fees established by the Board for rental of the Highlands Ranch Mansion.

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

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

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

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

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

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

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

D) ASSETS, LIABILITIES AND NET POSITION OR FUND BALANCE

1) Cash Deposits and Investments

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

2) Capital assets

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

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

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

Water and wastewater infrastructure	40 years
Park infrastructure and buildings	30 years
Office buildings and fire stations	40 years
Fire rolling stock	12 years
Machinery and equipment (vehicles, office equipment, furniture, computer equipment etc.)	5-10 years

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

3) Property Taxes

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

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

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

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

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

4) Long-Term Obligations

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

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

5) Amortization

Original Issue Premiums and Original Issue Discounts

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

Deferred amount of Refunding

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

Prepaid bond insurance

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

6) Compensated Absences

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

7) Postemployment benefits

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

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

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

8) Development Fees

The District has established a systems development fee for residential, commercial and industrial property owners consistent with provisions found in the original Highlands Ranch Metropolitan District intergovernmental agreements. The fee, which is determined periodically, is designed to recover the estimated costs of the construction of the arterial roadways, arterial landscaping, storm drainage facilities, the park system and fire protection facilities that are being built to serve all of Highlands Ranch. The fee is allocated to specific programs as capital grants and contributions based on the cost information used to calculate the fee included in the District's Facilities Plan. For 2018 the fees were allocated based upon percentages as follows:

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

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

Both fees are recorded as revenue when received.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

9) Fund Balance/Net Position

Fund balances

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

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

Use of categorized fund balance

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

Net position

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

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

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A) BUDGETS

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

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

The original and revised budgets for the various funds are shown on the appropriate Statement or Schedule.

The Utility Special Revenue Fund expenditures exceeded the budget for water operations. Water operations is a pass thru to Centennial Water & Sanitation District. The expenditure is offset by collection of an equal amount of water revenues.

B) TAX, SPENDING AND REVENUE LIMITATION

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

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

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

Net position and fund balance are restricted in order to comply with the emergency reserve requirement of TABOR (Note ID9). \$760,000 of the fund balance and net position has been restricted in compliance with this requirement. The fund balance reserved for all governmental fund types is shown in the General Fund.

The District's property tax collections for 2017 provides the basis for calculation of the 2018 limitations adjusted for allowable increases tied to inflation and local growth. Property tax revenue in excess of the District's "spending limit" must be refunded unless voters approve the retainage of such excess revenue.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

The District has reviewed its 2018 results of operations and anticipates it is in compliance with its current interpretation and application of voter approved adjustments to TABOR tax, revenue, "spending limit" and debt limitations.

III. DETAILED NOTES

A) CASH DEPOSITS AND INVESTMENTS

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

At December 31, 2018, the District had the following cash and investments:

Cash on hand	\$	5,894	
Cash deposits		275,833	
			\$ 281,727
Investments			
Investments held in safekeeping		39,647,486	
Local government investment pool		25,192,889	
Money Market Mutual Fund		27,702	
			64,868,077
Total			\$ 65,149,804

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. Deposits covered by PDPA are not subject to custodial credit risk. The State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2018 the District had \$251,818 of bank balances for cash deposits collateralized pursuant to PDPA.

Investments

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

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

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

At December 31, 2018 the District's investments held in safekeeping reported on the financial statements can be summarized as follows:

Investments held in safekeeping	S&P Rating	Investment Maturities (in Years)			
		One to five years			Total
		Less than 1	Callable 2019	Noncallable	
US Treasury securities	AA+	\$ 1,982,159	\$ -	\$ 17,874,796	\$ 19,856,955
US Agency securities	AA+	445,205	1,351,433	6,057,682	7,854,320
Supra-National Agency	AAA	286,788	3,691,981	-	3,978,769
Municipal bonds	AA- to AAA	1,153,381	-	974,259	2,127,640
Corporate debt	AA- to AAA	644,666		2,038,124	2,682,790
Certificate of Deposit	A+ to A-1+	2,372,915		774,097	3,147,012
		<u>\$ 6,885,113</u>	<u>\$ 5,043,414</u>	<u>\$ 27,718,959</u>	<u>\$ 39,647,486</u>

As of December 31, 2018, the District had invested \$25,192,889 in the Colorado Local Government Liquid Asset Trust ("CSIP") and \$20,628 in Colotrust, investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. These trusts operate similarly to a money market fund and each share is equal in value to \$1.00. Both are rated AAAM by Standard and Poor's. Investments are limited to those allowed by State statutes. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. CSIP and Colotrust record investment at fair value and the District records its investment in both using the net asset value method.

The District has executed a safekeeping agreement with a financial institution that provides for the financial institution to act in a custodial capacity. The custodian holds investments acquired by the District in a Federal Reserve custodial account. The investments in this account are not available to the general creditors of the custodian. Ownership of the securities by the District is maintained in the custodian's internal accounting records. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. All of the annuity's investments are measured at fair value using level 1 inputs.

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

Concentration of Credit Risk – State statutes and the District’s investment policy limit the amount the District may invest in one issuer for commercial paper and corporate debt. At December 31, 2018 the District maintained investments in excess of 5% in the following:

	<u>% of portfolio</u>
Local government investment pool - CSIP	38.84%
US Treasury securities	30.61%
US Agency securities	
Fannie Mae	5.04%
Supra-National Agency	6.13%

B) CAPITAL ASSETS

An analysis of the changes in capital assets and the amount invested in capital assets net of related debt for the year ended December 31, 2018 follows:

	<u>Balance at January 1, 2018</u>	<u>Increases</u>	<u>Decreases/ Reclasses</u>	<u>Balance at December 31, 2018</u>
Capital assets not being depreciated:				
Construction in progress				
Capital assets to be retained by District	\$ 4,262,135	\$ 6,106,598	\$ 692,350	\$ 9,676,383
Public infrastructure to be dedicated	<u>95,846</u>		<u>-</u>	<u>95,846</u>
	4,357,981	6,106,598	692,350	9,772,229
Land improvements	33,227,394	-	-	33,227,394
Public infrastructure to be dedicated	<u>17,444,603</u>	<u>237,384</u>	<u>-</u>	<u>17,681,987</u>
Total capital assets not being depreciated	<u>55,029,978</u>	<u>6,343,982</u>	<u>692,350</u>	<u>60,681,610</u>
Capital assets being depreciated:				
Buildings	16,921,783	-		16,921,783
Improvements other than buildings	21,955,014	-	-	21,955,014
Machinery and equipment	7,760,513	454,966	91,518	8,123,961
Water and wastewater infrastructure	<u>64,230,596</u>	<u>551,502</u>	<u>-</u>	<u>64,782,099</u>
Total capital assets being depreciated	<u>110,867,906</u>	<u>1,006,468</u>	<u>91,518</u>	<u>111,782,857</u>
Less accumulated depreciation for:				
Buildings	4,777,772		-	4,777,772
Improvements other than buildings	14,658,702		-	14,658,702
Machinery and equipment	5,312,192	1,964,825	91,518	7,185,499
Water and wastewater infrastructure	<u>27,985,319</u>	<u>1,509,493</u>		<u>29,494,812</u>
Total accumulated depreciation	<u>52,733,985</u>	<u>3,474,318</u>	<u>91,518</u>	<u>56,116,785</u>
Total capital assets being depreciated, net	<u>58,133,921</u>	<u>(2,467,850)</u>	<u>-</u>	<u>55,666,072</u>
Capital assets, net	<u>\$ 113,163,899</u>	<u>\$ 3,876,132</u>	<u>\$ 692,350</u>	116,347,682
		Less outstanding capital debt		(26,345,000)
		Add debt related to reserved capacity not capitalized		12,295,000
		Net investment in capital assets		<u>\$ 102,297,682</u>

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

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

Governmental activities:

General government	\$ 4,751
Parks and open space	1,390,749
Cultural	299,917
Public safety	269,408
Water and wastewater operations	1,509,493
Total depreciation expense	<u>\$ 3,474,318</u>

C) LONG-TERM DEBT

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

The District's long-term debt as of December 31, 2018 and the 2018 debt transactions are as follows:

	Balance January 1, 2018	Additions	Payments/ Amortization	Balance December 31, 2018	Current Portion
General Obligation	\$29,812,670	\$ -	\$ 3,467,670	\$26,345,000	\$ 3,540,000
Compensated Absences	292,648	363,896	339,633	316,911	23,600
	<u>30,105,318</u>	<u>\$ 363,896</u>	<u>\$ 3,807,303</u>	26,661,911	<u>\$ 3,563,600</u>
	3,479,000	Current portion		3,563,600	
	<u>\$26,626,318</u>	Long term portion		<u>\$23,098,311</u>	

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

GENERAL OBLIGATION DEBT

The District's general obligation debt as of December 31, 2018 and the 2018 debt transactions are as follows:

HIGHLANDS RANCH METROPOLITAN DISTRICT

	Balance January 1, 2018	Additions	Payments/ Amortization	Balance December 31, 2018	Current Portion
General Obligation					
HRMD					
Series 2016	29,800,000		3,455,000	26,345,000	3,540,000
	29,800,000	-	3,455,000	26,345,000	<u>\$ 3,540,000</u>
Original issue premium	13,116	-	13,116	-	
Original issue discount	(446)	-	(446)	-	
	<u>29,812,670</u>	<u>\$ -</u>	<u>\$ 3,467,670</u>	26,345,000	
Current portion	3,455,000			3,540,000	
Long term portion	<u>\$26,357,670</u>			<u>\$22,805,000</u>	

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

Post consolidation issued debt

The Highlands Ranch Metropolitan District Series 2016 General Obligation Refunding Loan, dated May 20, 2016 in the amount of \$29,800,000, is a tax exempt loan due in varying increasing amounts annually through 2025. Interest is at fixed rate of 1.8% payable semi-annually June 1 and December 1.

	Principal	Interest	Total
2019	\$ 3,540,000	\$ 474,210	\$ 4,014,210
2020	3,615,000	410,490	4,025,490
2021	3,685,000	345,420	4,030,420
2022	3,760,000	279,090	4,039,090
2023	3,835,000	211,410	4,046,410
2022-2025	7,910,000	214,290	8,124,290
	<u>\$26,345,000</u>	<u>\$ 1,934,910</u>	<u>\$ 28,279,910</u>

As of December 31, 2018 the District has \$70,195,000 of authorized but unissued debt that was authorized as part of the 2006 consolidation election.

CAPITAL LEASES PAYABLE

The District had no outstanding lease-purchase obligations outstanding during 2017.

D) INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

The following schedule reflects the District's net receivables (payables) to other governmental entities at December 31, 2018:

Due (to) from	Centennial	City of Littleton	Total
Receivable Funds			
General	\$ 74,735	\$ 154,209	\$ 228,944
Other non-major	222		222
	<u>74,957</u>	<u>154,209</u>	<u>229,166</u>
Payable Funds			
General Fund	(986,981)	-	(986,981)
Utility Special Revenue	(1,989,971)	-	(1,989,971)
Mansion	(3,661)	-	(3,661)
Capital Projects	-	-	-
Other non-major	(4,145)	-	(4,145)
	<u>(2,984,758)</u>	<u>-</u>	<u>(2,984,758)</u>

E) INTERFUND TRANSFERS

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

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

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

- from the General Fund to the Recreation Fund, which is included under Other Governmental Funds, to fund non-program expenses related to supporting programs.
- from the Capital Project Fund to the Debt Service Fund in order to provide for an ending fund balance in the Debt Service Fund approximately equal to the following years principal plus first interest payment.
- from the General Fund to the Capital Projects Fund the amount of funding required to fund the current year expenditures for stormwater management projects after consideration of funding received from capital contributions.

The following schedule summarizes the District's inter-fund transfers during 2018:

	General Fund	Special Revenue Fund		Debt Service	Capital Projects	Nonmajor Funds
		Utility	Mansion			
Transfers in						
Net investment income	\$ 15,619	\$ -		\$ 212,713	\$ -	\$ -
Specific board action	13,800				4,156,933	1,760,238
	<u>29,419</u>	<u>-</u>	<u>-</u>	<u>212,713</u>	<u>4,156,933</u>	<u>1,760,238</u>
Transfers out						
Net investment income	-	(11,811)			(203,862)	(12,659)
Specific board action	(5,713,309)		(13,800)	(203,862)		-
	<u>(5,713,309)</u>	<u>(11,811)</u>	<u>(13,800)</u>	<u>(203,862)</u>	<u>(203,862)</u>	<u>(12,659)</u>
	<u>\$ (5,683,890)</u>	<u>\$ (11,811)</u>	<u>\$ (13,800)</u>	<u>\$ 8,851</u>	<u>\$ 3,953,071</u>	<u>\$ 1,747,579</u>

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

IV) OTHER INFORMATION

A) DEFINED CONTRIBUTION PENSION PLAN

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

At December 31, 2018 there were 195 active plan members comprised of 92 full and part-time members employed by the District and 103 full and part-time members employed by Centennial. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become Plan members upon employment as regular full time employees. Under the Plan, 6.2% of the Plan members' pensionable compensation is withheld and remitted to the Plan Administrator. The members are immediately invested in their contribution plus earnings. The District contributes a matching

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

payment of 6.2% of Plan members' pensionable compensation. The District's contributions plus earnings become fully vested to the Plan members upon the completion of three years of Plan membership.

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

Actual contributions to the plan for the year ended December 31, 2018 were \$310,096 from Plan members and the District recognized pension expense in the amount of \$303,419 with no reduction in District pension expense as the result of forfeitures.

B) DEFERRED COMPENSATION PLAN

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

C) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

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

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

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

The District pays annual premiums to the Pool for liability, property and public officials' coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the pool, the pool may require additional contributions from the Pool members. Any excess funds that the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

D) COMMITMENTS

a) Operating Leases

The District leases office and maintenance facilities from Centennial on an annual basis under an operating lease. The rental expense, including overhead and maintenance, for the period ending December 31, 2018 was \$175,100.

b) Fire Protection and Emergency Service

In 2018, the District contracted with the City of Littleton for fire protection, emergency medical services, emergency communication services and other administrative fire protection services. The contract provided for an annual fee for these services based upon a formula which considers the relative percentage of all of Highlands Ranch assessed valuation and number of calls to the total assessed valuation and number of calls

HIGHLANDS RANCH METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

for all entities receiving those services from the City of Littleton. The fees, expended in the General Fund under this contract, were \$8,828,717 for the year ended December 31, 2018.

In December 2017, the District provided notice to terminate the agreement on December 31, 2018. The agreement required 12 months advance notice by either party to be given the first day of January. The District also terminated the additional agreement with the City of Littleton and the Littleton Fire Protection District to jointly fund the construction, equipping and operation of a fire station which is situated to provide service to all three entities.

On May 8, 2019 voters approved inclusion of Highlands Ranch Metro District properties in South Metro Fire Rescue (SMFR). Beginning January 1, 2019 South Metro Fire Rescue began providing fire and emergency service. Per the intergovernmental agreement with SMFR the District transferred all fire and emergency related assets including fire stations and rolling to stock to SMFR.

c) Intergovernmental Sharing Agreements

The District and Mirabelle Metropolitan District (formerly Highlands Ranch Metropolitan District No. 5) had entered into an agreement to share the cost for various mutually beneficial services provided to the Highlands Ranch community. Under this agreement the District would operate and maintains the overall facilities within the Highlands Ranch community and provides certain administrative, fire protection, emergency services and street maintenance services to all of the districts. With the court approved changes to the boundaries of Mirabelle Metropolitan District, it was mutually agreed by the Boards that the agreement would be terminated. There were no unpaid liabilities between the District at the time of termination.

d) Intergovernmental Water and Wastewater Service Agreements

The District has entered into a water and wastewater service agreement with Centennial. The agreement provides for Centennial to provide potable water and wastewater treatment services to areas included within the District in exchange for prepayment of the reserved capacity fees to Centennial (Note I.D) in anticipation of collection of future tap fees. The payment pursuant to the base portion of this agreement was \$3,243,332 for the year ended December 31, 2018 with cumulative payments and credits to Centennial of \$200,858,210. The District has minimum future payments due of approximately \$957,724 of which the base payment of \$735,306 has been budgeted for payment in 2019.

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

e) Construction related commitments

As of December 31, 2018 unexpended appropriations for capital projects can be summarized as follows:

	Capital Projects		Major Repair	Conservation Trust
	General Govt.	Stormwater		
Appropriated but unexpended carried forward	\$ 3,879,466	\$ 437,509	\$ 709,165	\$ 2,130,084
New appropriations	474,806	692,832	2,119,823	230,369
Rescissions	(31,762)	(6,925)	(133,838)	(15,388)
Total available	4,322,509	1,123,416	2,695,150	2,345,065
Expenditures	(2,631,899)	(453,071)	(2,552,595)	(2,212,216)
Ending appropriated but unexpended	\$ 1,690,610	\$ 670,345	\$ 142,555	\$ 132,848

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

HIGHLANDS RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS, Continued

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**HIGHLANDS RANCH METROPOLITAN DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018**

	<u>Special Revenue Funds</u>		<u>Major</u>	<u>Total</u>
	<u>Conservation</u>	<u>Recreation</u>	<u>Repair</u>	<u>Nonmajor</u>
	<u>Trust</u>			<u>Governmental</u>
				<u>Funds</u>
ASSETS				
Cash deposits and investments	\$ 1,385,853	\$ 72,503	\$ 2,496,116	\$ 3,954,472
Receivables				\$ -
Other	-	400	57,000	57,400
Due from other governments	-	-	222	222
Other	-	-	-	-
Total assets	<u>\$ 1,385,853</u>	<u>\$ 72,903</u>	<u>\$ 2,553,338</u>	<u>\$ 4,012,094</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and payroll liabilities	\$ -	\$ 39,522	\$ 231,083	\$ 270,605
Retainages payable	-	-	51,545	51,545
Customer deposits payable	-	29,236	167,000	196,236
Due to other governments	-	4,145	-	4,145
Total liabilities	<u>-</u>	<u>72,903</u>	<u>449,628</u>	<u>522,531</u>
Fund balances:				
Restricted				
Parks and recreation	1,385,853	-	-	1,385,853
Committed				
Capital projects	-	-	142,555	142,555
Assigned				
Capital projects fund	-	-	1,961,154	1,961,154
Total fund balances	<u>1,385,853</u>	<u>-</u>	<u>2,103,709</u>	<u>3,489,562</u>
Total liabilities and fund balances	<u>\$ 1,385,853</u>	<u>\$ 72,903</u>	<u>\$ 2,553,337</u>	<u>\$ 4,012,093</u>

See accompanying Independent Auditors' Report

HIGHLANDS RANCH METROPOLITAN DISTRICT
COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended
December 31, 2018

	Special Revenue Funds		Major	Total
	Conservation	Recreation	Repair	Nonmajor
	Trust			Governmental
				Funds
REVENUES				
Conservation trust fund	\$ 524,645	\$ -	\$ -	\$ 524,645
Intergovernmental			82,160	82,160
Program fees	-	1,317,191	-	1,317,191
Net investment income	66,082	-	14,114	80,196
Other	-	-	696,071	696,071
Total Revenues	<u>590,727</u>	<u>1,317,191</u>	<u>792,345</u>	<u>2,700,263</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Parks and open space	2,082,160	692,418	-	2,774,578
Recreation services	-	1,014,693	-	1,014,693
Capital:				
Major repair and renovation	130,056	-	2,863,303	2,993,359
Total Expenditures	<u>2,212,216</u>	<u>1,707,111</u>	<u>2,863,303</u>	<u>6,782,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,621,489)</u>	<u>(389,920)</u>	<u>(2,070,958)</u>	<u>(4,082,367)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	-	384,809	1,362,770	1,747,579
Transfers out:	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>384,809</u>	<u>1,362,770</u>	<u>1,747,579</u>
Net change in fund balances	<u>(1,621,489)</u>	<u>(5,111)</u>	<u>(708,188)</u>	<u>(2,334,788)</u>
Fund balances - beginning	<u>3,007,342</u>	<u>5,111</u>	<u>2,811,897</u>	<u>5,824,350</u>
Fund balances - ending	<u>\$ 1,385,853</u>	<u>\$ -</u>	<u>\$ 2,103,709</u>	<u>\$ 3,489,562</u>

See accompanying Independent Auditors' Report

HIGHLANDS RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2018

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Property taxes	\$ 4,355,729	\$ 4,355,729	\$ 4,377,938	\$ 22,209
Net investment income	30,600	30,600	62,241	31,641
Total Revenues	<u>4,386,329</u>	<u>4,386,329</u>	<u>4,440,179</u>	<u>53,850</u>
EXPENDITURES				
General government	2,000	2,000	300	1,700
Debt service	4,052,000	4,052,000	3,991,400	60,600
Total Expenditures	<u>4,054,000</u>	<u>4,054,000</u>	<u>3,991,700</u>	<u>62,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>332,329</u>	<u>332,329</u>	<u>448,479</u>	<u>116,150</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	207,000	207,000	8,851	(198,149)
Transfers out:				
Total other financing sources (uses)	<u>207,000</u>	<u>207,000</u>	<u>8,851</u>	<u>(198,149)</u>
Net change in fund balance	539,329	539,329	457,330	(81,999)
Fund balance - beginning	2,808,868	4,322,382	4,322,382	-
Fund balance - ending	<u>\$ 3,348,197</u>	<u>\$ 4,861,711</u>	<u>\$ 4,779,712</u>	<u>\$ (81,999)</u>

See accompanying Independent Auditors' Report

HIGHLANDS RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2018

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
System development fees	\$ 2,247,489	\$ 2,247,489	\$ 4,294,725	\$ 2,047,236
Net investment income	207,000	207,000	203,862	(3,138)
Contributions	177,000	177,000	998,699	821,699
Other	-	-	2,000,000	2,000,000
Total Revenues	<u>2,631,489</u>	<u>2,631,489</u>	<u>7,497,286</u>	<u>4,865,797</u>
EXPENDITURES				
Current:				
Cultural / Parks and Open Space	272,055	526,286	115,989	410,297
Capital:				
Capital outlay - capital projects fund	687,863	3,796,223	2,515,910	1,280,313
Capital outlay - stormwater management	327,500	1,123,416	453,071	670,345
Total Expenditures	<u>1,287,418</u>	<u>5,445,925</u>	<u>3,084,970</u>	<u>2,360,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,344,071</u>	<u>(2,814,436)</u>	<u>4,412,316</u>	<u>7,226,752</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:	3,827,500	3,827,500	3,953,071	125,571
Transfers out:	(207,000)	(207,000)	-	207,000
Total other financing sources (uses)	<u>3,620,500</u>	<u>3,620,500</u>	<u>3,953,071</u>	<u>332,571</u>
Net change in fund balance	4,964,571	806,064	8,365,387	7,559,323
Fund balance - beginning	18,385,748	18,916,676	18,916,676	-
Fund balance - ending	<u>\$ 23,350,319</u>	<u>\$ 19,722,740</u>	<u>\$ 27,282,063</u>	<u>\$ 7,559,323</u>

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
CONSERVATION TRUST SPECIAL REVENUE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2018**

	Budget Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES				
Conservation Trust Fund	\$ 450,000	\$ 450,000	\$ 524,645	\$ 74,645
Net investment income	10,500	10,500	66,082	55,582
Total Revenues	460,500	460,500	590,727	130,227
EXPENDITURES				
Intergovernmental				
Payment to GG Capital Projects	-	2,082,160	2,082,160	-
Outlay (project length appropriations)	765,000	262,905	130,056	132,848
Total Expenditures	765,000	2,345,065	2,212,216	132,848
Excess (deficiency) of revenues over (under) expenditures	(304,500)	(1,884,565)	(1,621,489)	263,075
Net change in fund balances	(304,500)	(1,884,565)	(1,621,489)	263,075
Fund balances - beginning	821,075	3,007,342	3,007,342	-
Fund balances - ending	\$ 516,575	\$ 1,122,777	\$ 1,385,853	\$ 263,075

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
RECREATION SPECIAL REVENUE FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2018**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original and Final	Original and Final	Actual Amounts	
REVENUES				
Program fees and revenues	\$ 1,531,198	\$ 1,531,198	\$ 1,317,191	\$ (214,007)
Other	45,600	45,600	-	(45,600)
Total Revenues	1,576,798	1,576,798	1,317,191	(259,607)
EXPENDITURES				
Parks and open space	810,685	810,685	692,418	118,267
Recreation services	1,228,660	1,228,660	1,014,693	213,967
Total Expenditures	2,039,345	2,039,345	1,707,111	332,234
Excess (deficiency) of revenues over (under) expenditures	(462,547)	(462,547)	(389,920)	72,627
OTHER FINANCING SOURCES (USES)				
Transfers in:	462,547	462,547	384,809	(77,738)
Transfers out:	-	-	-	-
Total other financing sources (uses)	462,547	462,547	384,809	(77,738)
Net change in fund balances	-	-	(5,111)	(5,111)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ (5,111)	\$ (5,111)

See accompanying Independent Auditors' Report

HIGHLANDS RANCH METROPOLITAN DISTRICT
MAJOR REPAIR FUND
STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
BUDGET and ACTUAL
For the year ended
December 31, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other	\$ 635,000	\$ 635,000	\$ 696,071	\$ 61,071
Net investment income	15,900	15,900	14,114	(1,786)
Contributions	-	-	-	-
Total Revenues	650,900	650,900	710,185	59,285
EXPENDITURES				
Major repair, renovation and replacement	1,754,869	2,695,150	2,552,595	142,555
Vehicle and Equipment Replacement (non-fire)	456,095	456,095	310,708	145,387
Total Expenditures	2,210,964	3,151,245	2,863,303	287,942
Excess (deficiency) of revenues over (under) expenditures	(1,560,064)	(2,500,345)	(2,153,118)	347,227
OTHER FINANCING SOURCES (USES)				
Transfers in:	1,697,215	1,697,215	1,362,770	(334,445)
Transfers out:	-	-	-	-
Total other financing sources (uses)	1,697,215	1,697,215	1,362,770	(334,445)
Net change in fund balance	137,151	(803,130)	(790,348)	12,782
Fund balance - beginning	1,630,982	2,811,897	2,811,897	-
Fund balance - ending	\$ 1,768,133	\$ 2,008,767	\$ 2,021,549	\$ 12,782

See accompanying Independent Auditors' Report

**HIGHLANDS RANCH METROPOLITAN DISTRICT
STATISTICAL SECTION
DECEMBER 31, 2018**

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

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

Highlands Ranch Metropolitan District

TABLE A-1

NET POSITION BY COMPONENT

Last Ten Years (SEE NOTE)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ 42,862,948	\$ 50,269,630	\$ 60,390,587	\$ 69,576,658	\$ 71,527,866	\$ 79,196,482	\$ 85,523,946	\$ 93,783,969	\$ 95,646,229	\$ 102,297,682
Restricted for:										
Emergency reserves	538,000	475,000	511,000	555,000	499,000	561,000	530,000	412,000	785,000	760,000
Parks and Recreation	956,897	1,085,518	892,683	783,448	1,245,446	1,612,558	1,912,044	2,476,958	3,007,342	1,385,853
Debt Service	8,480,355	7,673,206	7,736,821	9,155,624	9,181,636	9,196,477	8,152,237	625,741	4,278,172	4,740,629
Unrestricted	19,452,296	18,585,755	16,577,561	14,457,103	17,952,162	18,231,557	22,415,774	29,922,310	33,425,152	43,986,567
Total Governmental activities net assets	\$ 72,290,496	\$ 78,089,109	\$ 86,108,652	\$ 94,527,833	\$ 100,406,110	\$ 108,798,074	\$ 118,534,001	\$ 127,220,978	\$ 137,141,895	\$ 153,170,731

Highlands Ranch Metropolitan District

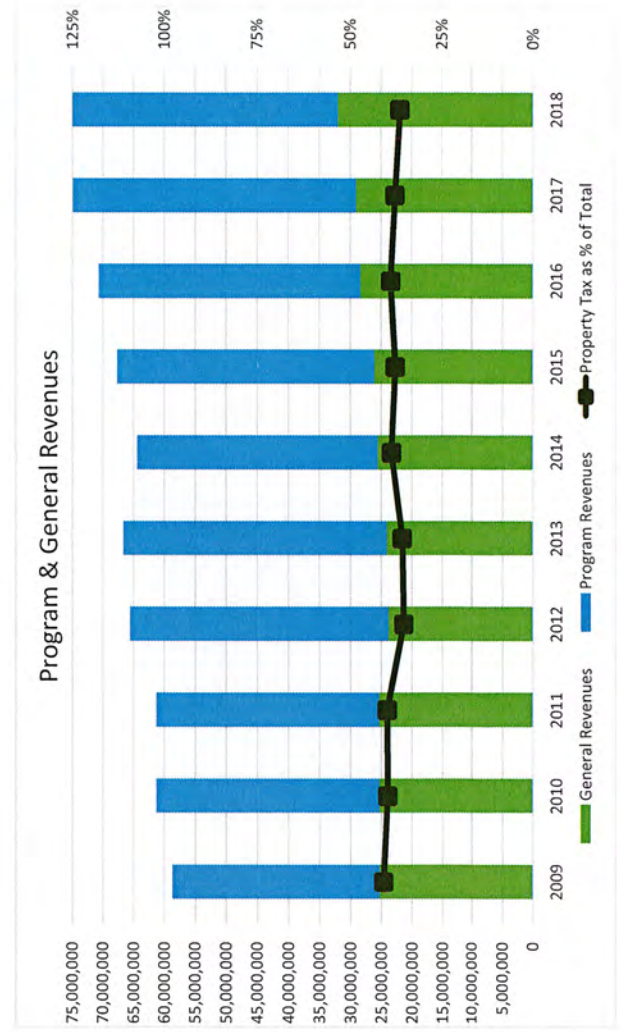
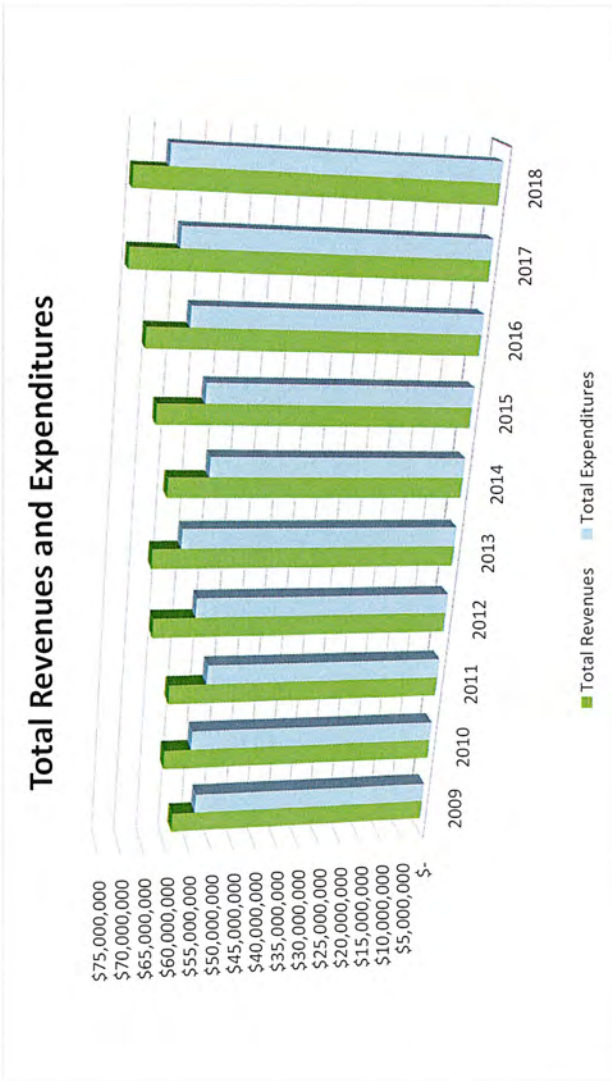
TABLE A-2

CHANGE IN NET POSITION

Last Ten Years (SEE NOTE)

	2009	2010	2011 Restated	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental Activities:										
Operations										
General government	\$ 2,913,379	\$ 2,515,201	\$ 2,324,158	\$ 1,930,888	\$ 1,985,639	\$ 2,092,514	\$ 2,095,072	\$ 2,150,671	\$ 2,141,593	\$ 2,424,163
Public Works	1,260,147	2,292,364	591,034	633,611	7,651,931	859,597	780,214	754,766	811,057	841,755
Public Safety	6,273,990	6,589,634	6,340,509	6,491,853	6,702,622	7,174,233	7,764,336	8,209,592	9,496,956	9,101,571
Streets/Lights	1,301,123	1,432,723	1,246,780	1,276,853	1,561,104	1,373,169	1,450,533	1,208,848	1,408,707	1,138,135
Parks, open space & recreation services	9,531,869	9,478,032	9,558,711	9,859,461	9,277,181	9,789,182	10,466,601	10,632,651	11,230,809	13,091,021
Cultural	-	62,804	128,116	816,946	652,008	690,234	777,930	774,605	861,440	944,990
Water and wastewater operations	27,951,521	29,042,054	29,365,828	32,338,584	30,093,794	31,512,290	32,504,644	36,862,402	38,554,433	40,018,837
Interest on long term debt	4,344,272	4,034,660	3,622,307	3,200,758	2,820,930	2,455,638	2,020,179	1,385,959	521,963	536,138
Total governmental activities expenses	53,576,301	55,447,472	53,177,443	56,549,054	60,745,209	55,946,857	57,859,509	61,979,494	65,026,957	68,096,610
PROGRAM REVENUES										
Charges for services										
Water and wastewater operations	23,462,391	25,603,539	25,862,585	27,895,044	26,038,041	27,451,048	28,789,563	31,927,850	31,950,804	34,394,092
General Fund operations										
Public Safety		1,000	1,000	-		41,694	13,767	24,476	-	-
General government	562,663	786,441	781,518	531,480	537,144	544,653	586,902	539,085	777,887	694,497
Street lights	726,042	743,636	755,283	1,100,303	1,167,601	1,163,641	1,355,021	1,441,425	1,452,173	1,456,098
Parks, open space & recreation services	1,264,433	1,350,801	1,891,552	2,157,025	1,486,021	1,505,838	1,692,172	1,517,055	1,508,465	3,461,651
Cultural			1,250	187,862	481,834	424,348	580,559	570,017	679,340	575,529
Public Works	636,781	575,994	1,153,615	1,211,586	1,216,582	1,235,494	1,416,999	1,370,359	1,302,630	1,556,073
Capital grants and contributions										
Tap fees	1,349,540	1,442,235	2,354,296	3,499,380	4,597,540	3,068,780	3,095,135	1,470,610	3,582,280	3,631,880
System Development fees	2,074,786	1,448,316	2,073,896	3,203,647	3,699,566	2,620,591	3,019,829	1,420,565	2,294,482	4,294,725
Conservation Trust Fund	438,370	421,447	437,102	462,064	503,045	458,543	468,436	553,043	500,312	524,645
Capital contributions	531,250	887,008	94,431	230,462	386,002	81,159	140,000	50,380	160,250	998,699
Donated assets	2,261,311	2,682,092	447,941	1,233,285	2,486,272	196,743	376,104	1,485,811	1,727,411	551,502
Total governmental activities revenues	33,307,567	35,944,509	35,854,469	41,712,138	42,599,648	38,792,532	41,534,487	42,370,676	45,936,034	52,139,391
NET (EXPENSE)/ REVENUE										
Governmental Activities	(20,268,734)	(19,502,963)	(17,322,974)	(14,836,916)	(18,145,561)	(17,154,325)	(16,325,022)	(19,608,818)	(19,090,924)	(15,957,219)
GENERAL REVENUES										
Property taxes	24,091,293	24,492,498	24,526,401	23,310,293	23,936,517	25,015,160	25,555,782	27,613,074	28,398,826	30,725,902
Net investment income	1,109,122	749,688	705,477	432,243	(57,393)	351,194	285,670	512,243	472,219	1,161,434
Other	122,275	59,387	110,643	55,455	144,713	179,936	219,497	170,478	140,796	98,717
Total general revenues	25,322,690	25,301,573	25,342,521	23,797,991	24,023,837	25,546,290	26,060,949	28,295,795	29,011,841	31,986,053
CHANGE IN NET POSITION	5,053,956	5,798,610	8,019,547	8,961,075	5,878,276	8,391,965	9,735,927	8,686,977	9,920,917	16,028,834
Restatement of prior years to implement GASB 65			(541,894)							
NET POSITION - BEGINNING OF YEAR	67,236,539	72,290,495	78,089,105	85,566,758	94,527,833	100,406,109	108,798,074	118,534,001	127,220,978	137,141,895
NET POSITION - END OF YEAR	\$ 72,290,495	\$ 78,089,105	\$ 85,566,758	\$ 94,527,833	\$ 100,406,109	\$ 108,798,074	\$ 118,534,001	\$ 127,220,978	\$ 137,141,895	\$ 153,170,729

Highlands Ranch Metropolitan District
CHARTS A-2
Last Ten Years



Highlands Ranch Metropolitan District
TABLE A-3
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Years (SEE NOTE)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 538,000	\$ 475,000								
Unreserved	13,301,226	13,377,026								
Restricted			\$ 511,000	\$ 556,000	\$ 499,000	\$ 561,000	\$ 530,000	\$ 412,000	\$ 785,000	\$ 760,000
Committed			288,482	858,293	1,277,836	1,141,398	1,298,266	1,007,119	1,103,798	1,320,736
Unassigned			14,442,223	15,245,656	15,882,783	14,898,929	14,902,707	16,256,814	16,250,248	19,067,023
Total General Fund	13,839,226	13,852,026	15,241,705	16,659,949	17,659,619	16,601,327	16,730,973	17,675,933	18,139,046	21,147,759
All other Governmental Funds										
Reserved	9,791,897	9,063,918								
Unreserved										
Special Revenue fund	3,058,942	6,396,854								
Capital Projects fund	28,330,353	21,808,380								
Restricted			8,870,298	10,113,448	10,575,446	10,942,558	10,162,044	3,156,715	7,329,723	6,165,565
Committed										
Utility Special Revenue fund										
Capital Projects fund			2,494,062	2,717,556	4,535,327	4,785,516	5,656,723	3,878,410	2,395,844	2,230,433
Other Governmental funds			2,503,473	910,140	780,317	465,234	1,337,820	636,445	3,879,466	1,690,610
Assigned			30,811	4,802,144	4,133,514	4,786,687	4,840,787	4,904,274	5,172,898	4,684,000
Capital Projects fund			12,823,260	8,809,451	8,433,969	6,740,154	5,766,329	13,367,737	15,037,209	25,591,453
Other Governmental funds			6,499,589	1,420,901	1,525,437	2,227,028	2,844,945	2,362,536	2,102,732	1,961,154
Total all other governmental funds	41,181,192	37,269,152	33,221,493	28,773,640	29,984,010	29,947,177	30,608,648	28,306,117	35,917,872	42,323,215
Total all funds	\$ 55,020,418	\$ 51,121,178	\$ 48,463,198	\$ 45,433,589	\$ 47,643,629	\$ 46,548,504	\$ 47,339,621	\$ 45,982,050	\$ 54,056,918	\$ 63,470,974

NOTES:

(1) Information post 2010 reflects required format per GASB 54

Highlands Ranch Metropolitan District
TABLE A-4
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
Last Ten Years (SEE NOTE)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Property taxes	\$ 24,091,293	\$ 24,492,498	\$ 24,526,401	\$ 23,310,293	\$ 23,936,517	\$ 25,015,160	\$ 25,555,782	\$ 27,613,074	\$ 28,398,826	\$ 30,725,902
System Development fees	2,074,786	1,448,316	2,073,896	3,203,647	3,699,566	2,620,591	3,019,829	1,420,565	2,294,481	4,294,725
Tap fees	1,349,540	1,442,235	2,354,296	3,499,380	4,597,540	3,068,780	3,095,135	1,470,610	3,582,280	3,631,880
Water operations	15,784,504	18,161,756	18,138,859	19,921,448	17,722,012	19,081,069	19,981,342	22,597,760	22,391,288	24,503,256
Wastewater operations	7,677,887	7,443,783	7,723,726	7,973,596	8,316,029	8,369,979	8,808,221	9,330,090	9,559,516	9,890,836
Street light fees	726,042	743,636	755,283	1,100,303	1,167,601	1,163,641	1,355,021	1,441,425	1,452,171	1,456,098
Stormwater management fees	-	-	641,616	701,272	723,998	725,968	734,611	740,973	784,678	829,140
Conservation Trust Fund	438,370	421,447	437,102	462,064	503,045	458,543	468,436	553,043	500,312	524,645
Program fees	1,077,615	1,318,206	1,326,325	1,592,087	1,866,333	1,819,939	1,885,624	1,837,352	2,020,035	1,868,678
Intergovernmental	1,131,497	909,903	1,380,106	1,131,466	584,325	626,666	771,518	614,905	815,166	2,807,354
Net investment income (loss)	1,109,122	749,688	705,477	432,243	(57,392)	351,194	285,670	512,243	472,219	1,161,434
Contributions	360,075	762,867	94,431	230,462	386,002	81,159	140,000	50,380	160,250	998,699
Other	771,169	669,660	591,531	718,582	691,638	759,391	1,118,143	998,240	789,240	881,295
Total Revenues	\$6,591,900	\$8,563,995	\$6,749,049	\$6,276,843	\$6,137,214	\$6,142,080	\$6,219,332	\$6,180,660	\$7,220,462	\$8,573,942
EXPENDITURES										
Current:										
General government	2,981,683	2,362,380	2,161,154	1,927,999	1,883,312	2,131,940	2,081,299	2,134,933	2,131,317	2,401,689
Public Safety	7,423,413	7,867,603	7,423,112	7,604,529	8,131,241	8,414,917	9,051,875	9,231,499	10,704,073	9,970,298
Parks and open space	7,567,232	7,430,602	7,497,087	7,683,853	7,158,764	7,664,304	8,069,845	8,198,521	8,366,074	10,685,061
Recreation services	741,737	845,838	856,233	867,390	917,580	870,743	883,744	942,020	1,523,413	1,014,693
Cultural	-	15,741	65,366	661,330	428,310	463,732	545,093	481,376	538,608	645,073
Public Works	653,345	654,472	608,969	571,596	616,861	612,498	666,454	573,737	624,465	676,602
Stormwater	-	-	-	103,489	107,683	142,818	108,108	179,633	192,185	159,131
Water operations	15,784,504	18,161,756	18,138,859	19,921,448	17,722,012	19,081,069	19,981,342	22,597,760	22,391,288	24,503,256
Wastewater operations	7,677,887	7,443,783	7,723,726	7,973,596	8,316,029	8,369,979	8,808,221	9,330,090	9,559,516	9,890,836
Investment in reserved capacity	3,212,487	2,129,454	2,188,557	3,108,063	2,673,681	2,645,632	2,295,310	3,488,508	5,120,020	4,115,252
Debt service - principal	7,780,000	8,278,727	8,676,535	9,052,935	8,944,527	9,350,404	9,770,000	7,135,000	-	3,455,000
Debt service - interest	4,530,968	4,219,349	3,814,527	3,384,704	2,949,393	2,545,976	2,103,320	1,304,580	536,400	536,400
Bond Issuance costs	-	-	-	-	-	-	-	73,604	-	-
Capital outlay related	5,223,663	3,053,530	4,252,904	4,445,520	2,077,784	2,943,191	2,063,606	4,937,916	3,458,234	6,106,598
Total Expenditures	\$6,576,919	\$6,463,235	\$6,340,029	\$6,306,452	\$6,192,177	\$6,237,203	\$6,428,217	\$7,009,177	\$6,145,593	\$7,159,889
Excess of revenues over (under) expenditures	(6,985,019)	(3,899,240)	(2,657,980)	(3,029,609)	2,210,037	(1,095,123)	791,115	(1,428,517)	8,074,869	9,414,053
OTHER FINANCING SOURCES										
Transfer in:	4,699,685	7,806,812	4,007,330	5,958,989	4,291,064	6,910,229	4,196,717	(3,744,627)	5,993,501	5,725,120
Transfer out:	(4,699,685)	(7,806,812)	(4,007,330)	(5,958,989)	(4,291,064)	(6,910,229)	(4,196,717)	3,744,626	(5,993,501)	(5,725,120)
Capital Lease	47,509	-	-	-	-	-	-	-	-	-
Proceeds from bonds issued	-	-	-	-	-	-	-	29,800,000	-	-
Payment to refunded escrow agent	-	-	-	-	-	-	-	(29,729,054)	-	-
Total other financing sources (uses)	47,509	-	-	-	-	-	-	70,945	-	-
Net Change in Fund Balances	\$ (6,937,510)	\$ (3,899,240)	\$ (2,657,980)	\$ (3,029,609)	\$ 2,210,037	\$ (1,095,123)	\$ 791,115	\$ (1,357,572)	\$ 8,074,869	\$ 9,414,053
Debt service as a percentage of noncapital expenditures	21%	21%	21%	20%	20%	19%	18%	13%	1%	6%

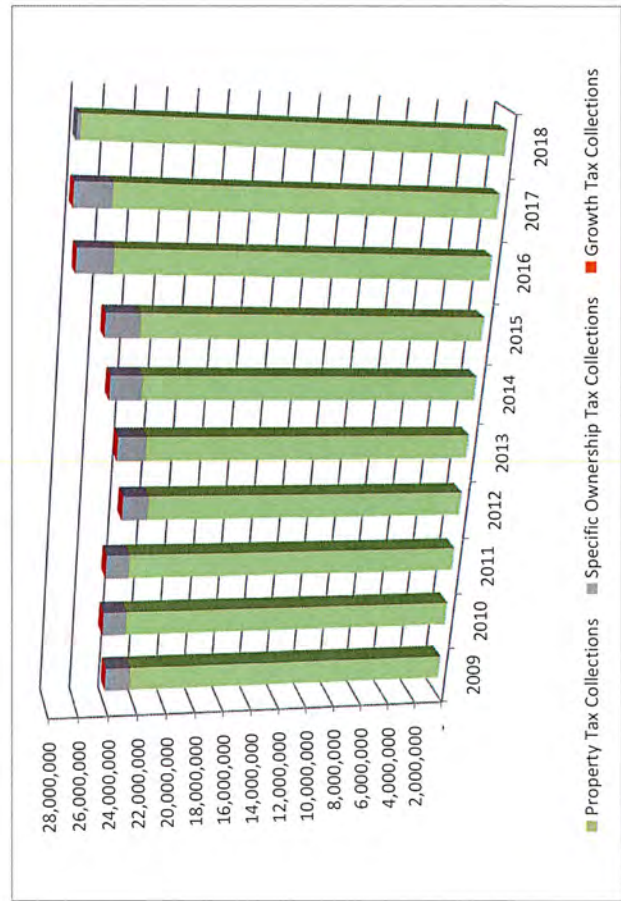
Highlands Ranch Metropolitan District

TABLE A-5

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Years

Collection Year	New Growth				
	Property Tax Collections	Specific Ownership Tax Collections	Growth Valuation	Growth Tax Collections	Total Tax Collections
2009	22,400,353	1,690,939	-	-	24,091,292
2010	22,894,839	1,597,659	-	-	24,492,498
2011	22,972,711	1,553,690	-	-	24,526,401
2012	21,968,366	1,717,458	-	-	23,310,293
2013	22,363,424	1,895,756	-	-	23,936,517
2014	22,898,399	2,116,761	-	-	25,015,160
2015	23,271,839	2,283,942	-	-	25,555,782
2016	25,240,106	2,372,968	-	-	27,613,074
2017	25,555,431	2,843,395	-	-	28,398,826
2018	27,737,316	2,988,586	-	-	30,725,902



Highlands Ranch Metropolitan District

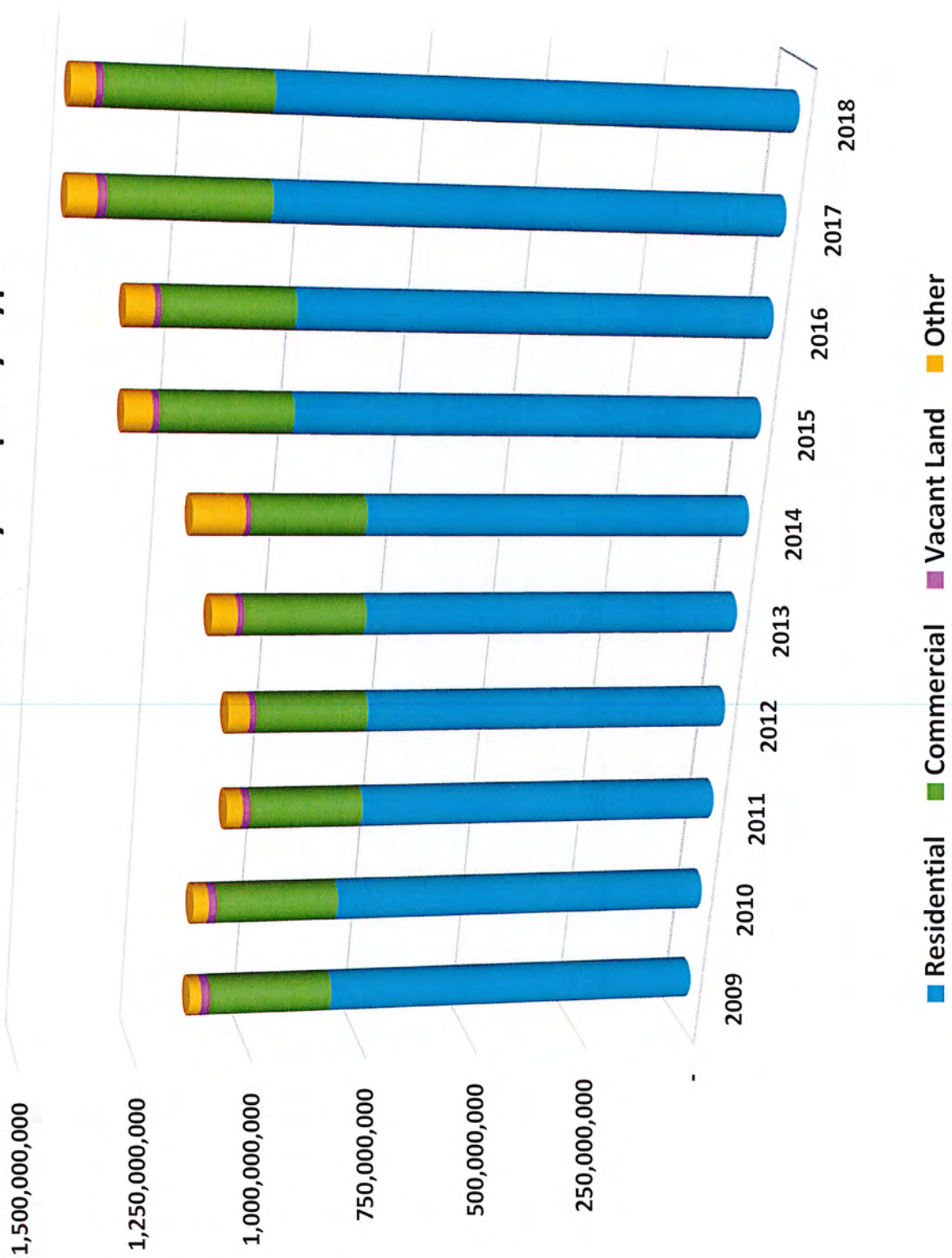
TABLE B-1
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

Assessment Year	Residential	Commercial	Business Personal Property	Vacant Land	Other	Total Assessed Value	Total Direct Tax Rate	Total Actual Value	Ratio of Assessed to Actual Value	Annual increase (decrease) in actual value
2009	820,115,390	266,150,410	56,757,920	18,144,410	25,687,070	1,186,855,200	19.713	11,567,811,705	10.26%	
2010	823,787,710	262,083,200	55,155,660	17,421,270	33,246,320	1,191,694,160	19.713	11,617,975,975	10.26%	0.43%
2011	787,793,780	241,956,610	53,705,680	15,880,930	34,588,070	1,133,925,070	19.713	11,090,851,006	10.22%	-4.54%
2012	794,336,090	238,436,310	55,496,750	13,958,640	45,506,970	1,147,734,760	19.713	11,197,999,390	10.25%	0.97%
2013	817,028,890	257,811,620	54,609,760	13,205,630	54,143,091	1,196,798,991	19.713	11,573,520,551	10.34%	3.35%
2014	833,591,020	242,784,670	61,369,820	10,514,010	109,683,140	1,204,989,130	19.713	11,751,646,069	10.25%	1.54%
2015	1,003,448,250	274,626,450	67,464,200	13,121,170	58,757,000	1,417,417,070	18.205	14,035,712,023	10.10%	19.44%
2016	1,014,925,740	273,176,560	66,442,310	12,750,670	58,510,700	1,425,805,980	18.205	14,167,343,204	10.06%	0.94%
2017	1,079,801,740	330,363,310	65,084,660	17,105,550	60,002,440	1,552,357,700	18.205	16,624,700,399	9.34%	17.35%
2018	1,091,918,930	336,748,950	67,469,600	13,899,110	49,849,110	1,559,885,700	11.205	16,775,181,850	9.30%	0.91%

Notes:

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

Assessed Value by Property Type



Highlands Ranch Metropolitan District
TABLE B-2
PROPERTY TAX RATES - DIRECT and ALL OVERLAPPING GOVERNMENTS
(PER \$1,000 ASSESSED VALUATION)
Last Ten Years

Collection Year	District Rate		Overlapping Entities rates							Total
	General Fund	Debt Service	Total	Douglas County	DC Law Enforcement	DC Library	DC School District	Urban Drainage & Flood Control	South Metro Fire Rescue	
2009	12.500	7.250	19.750	19.774	4.500	4.052	47.103	0.591		95.770
2010	12.342	7.371	19.713	19.774	4.500	4.016	46.983	0.569		95.555
2011	12.342	7.371	19.713	19.774	4.500	4.034	46.890	0.576		95.487
2012	12.632	7.081	19.713	19.774	4.500	4.040	48.788	0.623		97.438
2013	12.342	7.371	19.713	19.774	4.500	4.068	48.727	0.657		97.439
2014	12.842	6.871	19.713	19.774	4.500	4.029	48.277	0.672		96.965
2015	12.842	6.871	19.713	19.774	4.500	4.032	48.277	0.700		96.996
2016	12.805	5.400	18.205	19.774	4.500	4.035	42.439	0.611		89.564
2017	15.330	2.875	18.205	19.774	4.500	4.021	38.996	0.557		86.053
2018	8.600	2.605	11.205	19.774	4.500	4.008	44.950	0.820	9.250	94.507

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

Highlands Ranch Metropolitan District

TABLE B-3

SIGNIFICANT TAXPAYERS WITHIN THE DISTRICT

			2018		
Customer	Type of Business	Assessed Value	% of Total Taxable Assessed Value		
1 PLAZA DRIVE PROPERTIES LLC	Offices	\$ 21,649,680	1.4%		
2 HRTC LLC (Highlands Ranch Town Center)	Retail	10,806,010	0.7%		
3 REDWOOD ERC LITTLETON LLC (Wind Crest)	Senior Living	8,881,930	0.6%		
4 VISA USA INC	Offices	8,575,650	0.5%		
5 BLUE RIDGE (PALAMINO PARK)	Apartments	7,418,880	0.5%		
6 NETREIT SC H LLC	Offices	7,098,100	0.5%		
7 MLATL FAMILY LLLP	Offices	7,015,110	0.4%		
8 T C PALOMINO GREEN RIVER LLC	Apartments	6,888,960	0.4%		
9 1745 LLC	Offices	6,545,130	0.4%		
10 LPF LEGACY AT HIGHLANDS RANCH LLC	Apartments	6,380,640	0.4%		
All others		91,260,090	5.9%		
TOTAL		1,468,625,610	94.1%		
		\$ 1,559,885,700	100.00%		

TAXABLE ASSESSED VALUATION for collection year 2018

Source: Douglas County Assessor

Highlands Ranch Metropolitan District
TABLE B-4
PROPERTY TAX LEVIES AND COLLECTIONS, GOVERNMENTAL FUNDS
Last Ten Years

Collection Year	District Mill Levy	Assessed Valuation	Total Base Tax Levy	Collections within the Fiscal Year of the Levy		Net Collections / (rebates) in Subsequent Years	Total Collections to Date	
				Amount	% of Levy		Amount	% of Levy
2009	19.750	1,143,211,640	22,578,430	22,400,353	99.21%	(77,358)	22,322,995	98.87%
2010	19.713	1,186,855,200	23,396,477	22,894,839	97.86%	(44,100)	22,850,739	97.67%
2011	19.713	1,191,694,160	23,491,867	22,972,711	97.79%	(105,989)	22,866,722	97.34%
2012	19.713	1,133,925,070	22,353,065	21,968,366	98.28%	(49,352)	21,919,014	98.06%
2013	19.713	1,147,734,760	22,625,295	22,363,424	98.84%	(3,699)	22,359,725	98.83%
2014	19.713	1,196,798,991	23,592,499	22,894,320	97.04%	(32,017)	22,862,303	96.90%
2015	19.713	1,204,989,130	23,753,951	23,271,839	97.97%	(19,934)	23,251,905	97.89%
2016	18.205	1,417,417,070	25,804,078	25,240,106	97.81%	(17,037)	25,223,070	97.75%
2017	18.205	1,425,805,980	25,956,798	25,555,431	98.45%	(10,886)	25,544,545	98.41%
2018	18.205	1,552,357,700	28,260,672	27,737,316	98.15%	NA	27,737,316	98.15%

Notes:

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

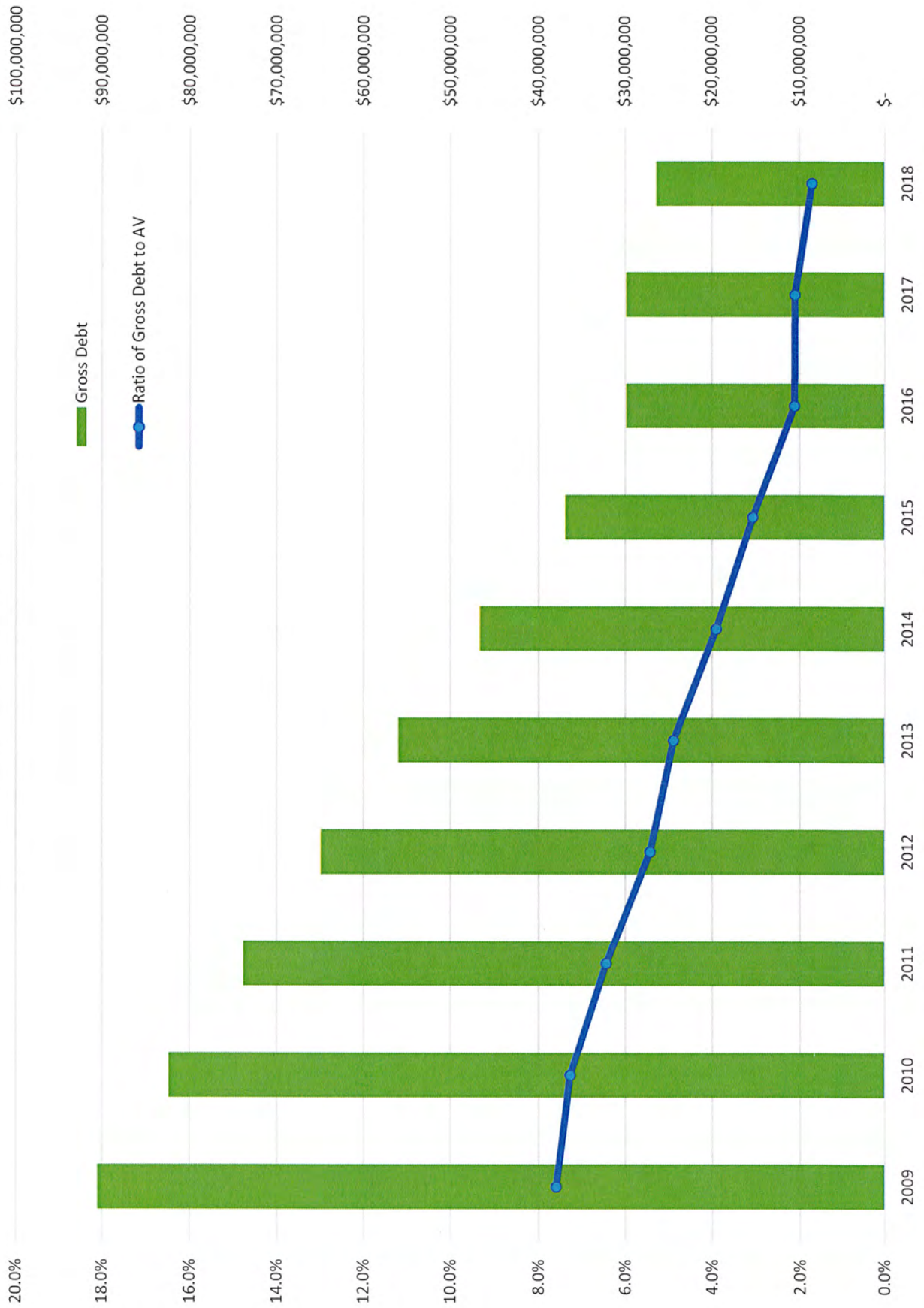
Highlands Ranch Metropolitan District
TABLE C-1
RATIO OF GENERAL BONDED DEBT
TO ASSESSED VALUE, ACTUAL VALUE AND DEBT PER CAPITA
Last Ten Years

Collection year	RATIO OF GROSS GO DEBT					RATIO OF NET GO DEBT		
	Gross GO Bonded Debt Outstanding	Less Debt Service Fund Balance	Net GO Bonded Debt Outstanding	To Collection year Assessed Value	To collection year Actual Value	To Assessed Value	To Actual Value	Per Capita
2009	90,455,000	8,835,000	81,620,000	7.6%	0.8%	973	6.8%	878
2010	82,345,000	7,978,400	74,366,600	7.3%	0.7%	883	6.6%	797
2011	73,830,000	7,977,615	65,852,385	6.4%	0.7%	786	5.7%	701
2012	64,890,000	9,330,000	55,560,000	5.4%	0.6%	684	4.6%	586
2013	55,965,000	9,330,000	46,635,000	4.9%	0.5%	589	3.9%	491
2014	46,635,000	9,330,000	37,305,000	3.9%	0.4%	485	3.1%	388
2015	36,865,000	8,252,200	28,612,800	3.1%	0.3%	385	2.0%	299
2016	29,800,000	679,757	29,120,243	2.1%	0.2%	309	2.0%	302
2017	29,800,000	4,322,381	25,477,619	2.1%	0.2%	306	1.6%	262
2018	26,345,000	4,692,897	21,652,103	1.7%	0.2%	268	1.4%	220

Notes:

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

Ratio of Gross Debt to Assessed Value



Highlands Ranch Metropolitan District

TABLE C-2

COMPUTATION OF OVERLAPPING and DIRECT DEBT and RELATED DEBT RATIOS

December 31, 2018

Name of Overlapping Entity	Total 2018 Assessed		Outstanding General		Allocable to the District	
	Valuation		Obligation Debt	Percentage	Amount	
Overlapping Debt						
Douglas County School District	\$ 6,361,633,430	\$	272,435,500	24.40%	\$ 66,479,364	
Hunting Hill Metro District	6,275,140		7,090,000	100.00%	7,090,000	
Total Overlapping Debt					73,569,364	
Direct Debt - Highlands Ranch Metro District						
General Obligation	1,552,357,700		29,800,000	100.00%	29,800,000	
Leases subject to annual appropriation	1,552,357,700		-	100.00%	-	
Total Direct Debt					29,800,000	
Total Overlapping and Direct Debt					\$ 103,369,364	
ESTIMATED POPULATION					97,415	
ESTIMATED CURRENT MARKET VALUATION					\$ 16,775,181,850	
RATIOS						
Direct Debt to Assessed Valuation					1.92%	
Direct Debt to Market Valuation					0.18%	
Direct plus Overlapping Debt to Assessed Valuation					6.66%	
Direct plus Overlapping Debt to Market Valuation					0.62%	
Direct Debt Per Capita					\$ 306	
Direct Plus Overlapping Debt Per Capita					\$ 1,061	

Notes:

- (1) The following entities also overlap the District but have no outstanding general obligation debt:
Regional Transportation District, Urban Drainage and Flood Control District, Douglas County and Douglas County Law Enforcement Authority
- (2) Source for the Douglas County School District RE-1 Debt is their CAFR dated June 30, 2018.
- (3) The percentage of each overlapping entity's outstanding debt attributable to each District is calculated by determining the proportionate amount of that entity that overlaps that District.
- (4) Based upon statutory "assessed" and "actual" valuation per Douglas County, Colorado Office of the Assessor as of January 1, 2017 collected in 2018

Highlands Ranch Metropolitan District
TABLE D-1
DOUGLAS COUNTY, COLORADO - DEMOGRAPHIC STATISTICS
Last Ten Years

Year	Total Highlands Ranch	DOUGLAS COUNTY, COLORADO								
		Estimated Population	Personal Income (\$1,000) (3)	Personal Income Per Capita (3)	Median Age (3)	Average Household Size (3)	Occupancy % (3)	Public School Enrollment	School Enrollment to Population	Unemploy- ment Rate (3)
2009	94,157	290,059	15,466,947	59,358	34.3	2.89	97.80%	56,031	19.3%	6.6%
2010	91,898	288,430	15,278,947	60,723	36.6	2.84	96.80%	59,932	20.8%	8.3%
2011	92,568	293,000	16,479,085	71,463	36.6	2.84	96.80%	61,465	21.0%	6.7%
2012	93,514	300,500	18,000,244	73,516	37.4	2.84	96.80%	63,114	21.0%	6.3%
2013	94,999	309,760	18,801,567	61,369	37.5	2.84	96.80%	64,600	20.9%	5.4%
2014	96,060	319,210	20,343,382	64,613	36.9	2.84	96.80%	67,000	21.0%	4.0%
2015	95,837	327,230	21,277,108	65,999	37.2	2.88	94.30%	66,702	20.4%	2.6%
2016	96,306	336,000	22,641,653	67,139	37.6	2.84	96.80%	66,896	19.9%	2.8%
2017	97,415	346,000	22,765,492	65,796	38.9	2.88	94.30%	67,740	19.6%	2.6%
2018	98,351	358,000	NA	NA	NA	2.88	94.30%	NA	NA	2.9%

Notes:

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

Highlands Ranch Metropolitan District

TABLE D-2

Douglas County, Colorado
Principal Employers

Employer	2018		2009	
	Rank	% of Total	Rank	% of Total
Douglas County School District	1	7,730 6.4%	1	6,732 4.3%
Charles Schwab	2	4,200 3.5%		
Echostar Communications	3	2,520 2.1%	3	1,930 1.2%
Centura Health	4	1,500 1.2%		
Sky Ridge Medical Center	5	1,340 1.1%	5	1,060 0.7%
Douglas County	6	1,280 1.1%	6	1,111 0.7%
Jacobs Engineering (formerly CH2M Hill)	7	1,130 0.9%	7	1,650 1.1%
VISA-Inovant	8	960 0.8%		
Computershare	9	920 0.8%		
Cognizant/Trizetto	10	830 0.7%		
Avaya				1,500 1.0%
Aurora Loan Services				1,200 0.8%
Western Union				1,110 0.7%
TW Telecom				1,100 0.7%
Sprint Nextel Corporation				930 0.6%

Source: Douglas County Government

Highlands Ranch Metropolitan District

TABLE E-1

OPERATING INFORMATION

December 31, 2018

EMPLOYEES AS OF DECEMBER 31, 2018										
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	16.90	16.90	16.90	10.40	9.80	9.80	9.80	9.80	10.80	10.80
Public Works	5.25	5.25	5.25	5.25	5.75	5.75	5.75	5.75	3.30	3.30
Public Safety*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Street lights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Parks, open space & recreation services	63.15	64.30	63.50	63.25	63.50	64.50	67.00	67.00	68.00	66.00
Cultural	0.00	0.00	1.00	2.25	3.25	4.45	4.45	4.45	4.45	4.45
Water and wastewater operations*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary (FTE)	10.80	9.85	9.85	10.62	9.92	10.30	10.75	10.75	11.05	11.05
Total	96.10	96.30	96.50	91.77	92.22	94.80	97.75	97.75	97.60	95.60

CAPITAL ASSETS										
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
BUILDINGS										
Fire Stations - directly owned	2	2	2	2	2	2	2	2	2	2
Fire Stations - owned in partnership	1/3	1/3	1/3	1/3	1/3	1/3	1/3	1/3	1/3	1/3
Parks and Open Space (Service Center)	1	1	1	1	1	1	1	1	1	1
Cultural (Highlands Ranch Mansion)		1	1	1	1	1	1	1	1	1
PARKS (Acres)										
Neighborhood	114	114	114	114	114	114	114	114	114	114
Community	87	91	91	94	94	94	94	94	94	97
Playgrounds	21	21	21	21	21	21	21	21	21	21
Parkway Landscape	286	290	290	290	290	291	292	292	292	292
Open space parcels	2144	2156	2156	2156	2255	2266	2266	2266	2577	2577
TRAILS (miles)										
Walking/biking (paved only)	38	38	38	38	39	39	39	39	40	40

Operating Statistics										
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Fire & Emergency Response	3,730	3,667	3,871	3,879	3,896	4,028	4,260	4,883	5,070	4,930
Field Permit Hours	25,400	20,100	20,100	28,243	30,287	31,167	28,419	28,855	28,800	28,632
Shelter Reservations	948	943	935	938	1,069	1,134	1,082	1,050	1,000	1,005
Recreation Program Participation	14,258	16,791	16,791	14,888	15,201	16,167	13,880	12,700	12,416	20,100

*Services provided by contract

Source: District records