

Rangeview Metropolitan District

Audited Financial Statements and Independent Auditor's Report

For the Year Ended December 31, 2022




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Independent Auditor's Report

Members of the Board of Directors
Rangeview Metropolitan District

Opinions

We have audited the accompanying financial statements of the business-type activities of Rangeview Metropolitan District as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Rangeview Metropolitan District, as of December 31, 2022 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rangeview Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rangeview Metropolitan District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rangeview Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rangeview Metropolitan District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-vii 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 an opinion on the financial statements that collectively comprise Rangeview Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Haynie & Company

Littleton, Colorado
August 18, 2023

Rangeview Metropolitan District

Management’s Discussion and Analysis (Unaudited)

December 31, 2022

The following is management’s discussion and analysis (“MD&A”) of the financial statements and activities of the Rangeview Metropolitan District (the “District”) for the year ended December 31, 2022. This information should be read in conjunction with the basic financial statements which follow.

Financial Highlights

- Total assets of \$33.2 million, an increase of \$0.8 million from 2021
- Total liabilities of \$2.9 million, an increase of \$1.3 million from 2021
- Operating revenue of \$4.8 million, an increase of \$2.0 million or 72.8% from 2021
- “PCYO” (defined in the notes to the basic financial statements) contributions were \$2.9 million, a decrease of \$0.6 million or 16.0% from 2021
- Capital asset additions were \$1.2 million in 2022
- Water and wastewater tap fees recognized were \$5.3 million, an increase of \$1.4 million or 34.9% from 2021

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the District’s basic financial statements, which are comprised of three parts: i) the MD&A, ii) the basic financial statements, including the notes thereto, and iii) the supplementary information. The District is a quasi-municipal corporation and political subdivision of the State of Colorado engaged in a single program, which is to provide water and wastewater services to customers living in the District’s boundaries. These services are provided through the District’s proprietary fund which is operated similar to a private-sector business. The District’s basic financial statements are designed to provide readers with a broad overview of the District’s finances.

The Statement of Net Position presents information on the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four 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 Revenue, Expenses and Changes in Net Position shows how the District’s net position changed during the most recent 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. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unbilled water revenue) or that may have occurred in the past (e.g., amortization of debt premiums or discount and prepaid contributed capital). This statement measures the financial outcomes of the

District's activities and can be used to determine whether the District has successfully recovered all its economic costs through its water rates, capital contributions, or other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating activities, noncapital financial activities, capital and related financial activities, and investing activities for the year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The Supplementary Information provides details on a comparison of budget and actual, and a reconciliation of revenues and expenditures on a budgetary basis.

Financial Analysis

Net Position

As discussed above, net position may serve over time as a useful indicator of the District's financial position. The table below presents a summary of the District's net position:

Table 1 - Condensed Statement of Net Position

	As of December 31,		Year-to-year Changes	
	2022	2021	\$	%
Current and other assets	\$ 1,065,524	\$ 654,276	\$ 411,248	63%
Capital assets, net	32,179,162	31,792,490	386,672	1%
Total Assets	<u>33,244,686</u>	<u>32,446,766</u>	<u>797,920</u>	<u>2%</u>
Current liabilities	1,601,022	841,652	759,370	90%
Noncurrent liabilities	1,251,378	748,554	502,824	67%
Total Liabilities	<u>2,852,400</u>	<u>1,590,206</u>	<u>1,262,194</u>	<u>79%</u>
Deferred Inflows of Resources	<u>1,364</u>	<u>1,076</u>	<u>288</u>	<u>27%</u>
Net Position				
Net investment in capital assets	30,927,784	31,043,936	(116,152)	0%
Restricted	303,573	212,271	91,302	43%
Unrestricted	<u>(840,435)</u>	<u>(400,723)</u>	<u>(439,712)</u>	<u>110%</u>
Total Net Position	<u>\$ 30,390,922</u>	<u>\$ 30,855,484</u>	<u>\$ (464,562)</u>	<u>-2%</u>

The District's most significant assets are related to its investments in water and wastewater systems which are used to provide water and wastewater services to its customers. The District utilizes these capital assets to provide ongoing services. Consequently, these assets are not available for future spending.

Current liabilities are mainly comprised of accounts payable related to the construction activities at Sky Ranch – which is explained in greater detail in the notes to the basic financial statements. The noncurrent liabilities mainly relate to the notes payable to PCYO, which is explained in more detail in the notes to the basic financial statements.

The restricted fund balance represents Emergency Reserves that have been provided as required by the Constitution of the State of Colorado. The remaining balance of the District’s net position represents unrestricted net position and may be used to meet the District’s ongoing obligations.

The majority of the other changes in the statements of net position are due to construction activities at Sky Ranch, which the District is responsible for constructing certain water and wastewater facilities, which is being contracted to PCYO as more fully explained in the notes to the basic financial statements.

Change in Net Position

While the statement of net position displays the District’s assets, liabilities, and net position at year-end, the statement of revenues, expenses, and changes in net position provide information on the source of the change in net position during the year. The majority of the changes in net position are a result of the construction activities at Sky Ranch and the continued addition of customers to the District’s water and wastewater services. The table below presents the District’s summarized operating activities:

**Table 2 - Condensed Statement of Revenues,
Expenses and Changes in Net Position
Year Ended December 31, 2022**

Operating revenues	\$ 4,863,887
Nonoperating revenues	<u>1,707</u>
Total Revenues	<u>4,865,594</u>
Operating expenses	8,171,967
Nonoperating expenses	<u>108,435</u>
Total Expenses	<u>8,280,402</u>
Loss before Contributions	(3,414,808)
PCYO contribution	2,950,246
Tap fee revenue	5,253,515
Tap fees remitted to PCYO	<u>(5,253,515)</u>
Decrease in Net Position	(464,562)
Beginning Net Position	<u>30,855,484</u>
Ending Net Position	<u>\$ 30,390,922</u>

The impact to the ongoing water and wastewater operating activities are:

- Operating revenues in 2022 consisted of \$4,574,861 in fees for water deliveries, and \$289,026 in wastewater fees. During 2022 the District delivered approximately 394,029,213 gallons of water to residential and commercial customers
- Operating expenses consisted principally of the following, all of which are described in greater detail in the notes to the basic financial statements:
 - \$9,733,688 in fees related to the service agreement with PCYO
 - \$796,338 in depreciation expenses
- Nonoperating expenses consisted mainly of interest expense
- PCYO contributions were \$2.9 million of which \$1.2 million was used to build new capital assets.

Capital Asset Activity

As of December 31, 2022, the District's capital assets totaled \$32.1 million, net of accumulated depreciation. Capital asset additions in 2022 were \$5.60 million, of which \$0.80 million was new CIP additions, \$4.40 million was CIP placed in service, and \$0.40 million was direct capital asset additions. The majority of which was WISE system expansion and water system development at Sky Ranch.

Requests For Information

These basic financial statements are designed to provide a general overview of the District's finances. Questions concerning any of the information provide in this report or requests for additional information should be addressed to:

Rangeview Metropolitan District
34501 E. Quincy Ave, Building 65, Suite A.
Watkins, CO 80137

BASIC FINANCIAL STATEMENTS

Rangeview Metropolitan District
Statement of Net Position
Proprietary Fund
December 31, 2022

Assets

Current Assets

Cash and investments	\$	114,666
Accounts receivable - customers		768,190
Property taxes receivable		1,364
Accounts receivable - other		181,304
Total Current Assets		1,065,524

Capital Assets

Nondepreciable		567,054
Depreciable, net of accumulated depreciation		31,612,108
Total Capital Assets		32,179,162

Total Assets

33,244,686

Liabilities

Current Liabilities

Accounts payable		1,089,147
Unearned Revenue		511,875
Total Current Liabilities		1,601,022

Long-term Liabilities

Loan payable		1,159,115
Accrued interest payable		92,263
Total Long-term Liabilities		1,251,378

Total Liabilities

2,852,400

Deferred Inflows of Resources

Deferred property taxes		1,364
Total Deferred Inflows of Resources		1,364

Net Position

Net investment in capital assets		30,927,784
Restricted for emergency		303,573
Unrestricted		(840,435)
Total Net Position		\$ 30,390,922

The accompanying notes are an integral part of these basic financial statements.

Rangeview Metropolitan District
Statement of Revenue, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2022

Operating Revenues	
Water services	\$ 4,574,861
Wastewater services	289,026
Total Operating Revenues	<u>4,863,887</u>
Operating Expenses	
Water and wastewater operations	7,264,718
Depreciation	796,338
Insurance	70,765
Dues and subscriptions	10,000
Professional fees	19,670
Administrative	10,476
Rent	-
Total Operating Expenses	<u>8,171,967</u>
Loss from Operations	<u>(3,308,080)</u>
Nonoperating Revenues (Expenses)	
Property taxes	1,358
Specific ownership taxes	86
Miscellaneous expense	(29,910)
Interest income	263
Interest expense - note	(78,505)
Treasurer's fees	(20)
Nonoperating Expenses, net, before Contributions	<u>(106,728)</u>
Contributions	
Tap fee revenue	5,253,515
Tap fees remitted to PCYO	(5,253,515)
Developer Contributions	2,950,246
Total Contributions	<u>2,950,246</u>
Nonoperating Revenues, net, after Contributions	<u>2,843,518</u>
Net Loss - Change in Net Position	(464,562)
Net Position - Beginning of the year	<u>30,855,484</u>
Net Position - End of the year	<u>\$ 30,390,922</u>

The accompanying notes are an integral part of these basic financial statements.

Rangeview Metropolitan District
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2022

Cash Flows from Operating Activities	
Receipts from customers	\$ 5,031,801
Payments to suppliers	<u>(7,149,822)</u>
Net Cash Required by Operating Activities	<u>(2,118,021)</u>
Cash Flows from Noncapital Financial Activities	
Property taxes	1,364
Specific ownership taxes	86
County treasurer's fees	<u>(20)</u>
Net Cash Provided by Noncapital Financial Activities	<u>1,430</u>
Cash Flows from Capital and Related Financial Activities	
Developer contributions	2,920,336
Developer advances	493,371
Tap fee revenue	5,253,515
Tap fees paid to service provider	(5,253,515)
Acquisition and construction of capital assets	<u>(1,183,010)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>2,230,697</u>
Cash Flows from Investing Activities	
Net investment and other income	<u>(68,789)</u>
Net Cash Required by Investing Activities	<u>(68,789)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	45,317
Cash and Cash Equivalents, Beginning of Year	69,349
Cash and Cash Equivalents, End of Year	<u><u>\$ 114,666</u></u>
 Reconciliation of Operating Loss to	
Net Cash Required by Operating Activities:	
Net loss from operations	\$ (3,308,080)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation	796,338
Changes in Assets and Liabilities:	
Increase in service fees receivable	(343,961)
Increase in other receivables	(21,688)
Increase in trade accounts payable	247,495
Increase in unearned revenue	<u>511,875</u>
Net Adjustments	<u>393,721</u>
Net Cash Required by Operating Activities	<u><u>\$ (2,118,021)</u></u>

The accompanying notes are an integral part of these basic financial statements.

Rangeview Metropolitan District

Notes to Basic Financial Statements

December 31, 2022

1. Definition of Reporting Entity

The accounting policies of the Rangeview Metropolitan District (the “District”), located in Arapahoe County, Colorado, (the “County”), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units accounted for as a proprietary fund. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

The District was organized on October 13, 1986 under the name of Lowry Range Metropolitan District and is governed pursuant to the Colorado Special District Act. The name of the District was changed to Rangeview Metropolitan District on January 4, 1988. The District was established to provide water and wastewater services to approximately 40 square miles of state-owned land located southeast of the Denver metropolitan area in Arapahoe County, Colorado and other approved users. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District has no employees and all operations and administrative functions are contracted.

2. Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position) report information on all of the nonfiduciary activities of the District. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

The statement of net position reports all financial and capital resources of the District. The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District is reported as net position.

When necessary, separate financial statements are provided for governmental and proprietary funds. Major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are 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 paid.

The District reports the following major Proprietary Fund:

Enterprise Fund - The Enterprise Fund accounts for the activities associated with providing water and sewer services to the citizens of the District.

The Enterprise Funds account for the operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's ongoing operations. Operating revenues consist of charges to customers for services provided. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. The District's proprietary fund consists of the "Water and Sewer" Fund.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Budgets

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

The District's actual 2022 expenditures exceeded budget appropriations which may be a violation of State statutes.

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners, to put the tax lien on the individual properties as of January 1 for the following 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, and generally sales of any tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected.

Property owners within the boundaries of the District have been assessed \$1,364 for 2022. Since these taxes are not normally available to the District until 2023, they are classified as deferred income until 2023.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers cash deposits with a maturity of three months or less to be cash equivalents. Other than depreciation charges, during 2022, the District did not have any noncash activities.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, receivables and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable, if any, are reported net of any bond premium or discount where applicable.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. pipelines, tanks, pump stations, wells, treatment plants and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial

statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Revenue, Expenses and Changes in Net Position as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

The District, pursuant to the 2014 Amended and Restated Lease Agreement S-37280 (“Lease”) between the District and the Colorado State Board of Land Commissioners (“Land Board”), has the exclusive right provide water to Water Users (as defined in the lease) and to develop and put to beneficial use the water on and beneath the “Lowry Range”, an approximately 25,000 acre property owned by the Land Board located in Arapahoe County. The total water resources include approximately 15,000-acre feet of non-tributary and not non-tributary groundwater, 3,300-acre feet of surface water, and approximately 25,000-acre feet of active surface water storage rights.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Water and sewer systems	30 - 50 years
Well rehabilitation	10 years
SCADA system	5 years

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government’s fund balance more transparent.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Restricted Fund Balance (continued)

The restricted fund balance in the Proprietary Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$302,687 of the Proprietary Fund balance has been restricted in compliance with this requirement.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Contributed Capital

The District records contributed water and sewer lines at the developers' cost as contributed capital. The District has agreements with developers whereby extensions to existing water and sewer lines are constructed and funded by the developer and then donated to the District.

3. Cash and Investments

As of December 31, 2022, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 114,666
Total cash and investments	<u>\$ 114,666</u>

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

3. Cash and Investments (continued)

Cash and investments as of December 31, 2022, consist of the following:

Deposits with financial institutions	\$ 99,248
Investments - COLOTRUST	15,418
Total cash and investments	<u>\$ 114,666</u>

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments:

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation

Certain investments are measured at fair value 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; Level 3 inputs are significant unobservable inputs. The District’s investment is not required

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

3. Cash and Investments (continued)

to be categorized within the fair value hierarchy. This investment's is valued using the net asset value method (NAV) per share.

As of December 31, 2022, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in three portfolios, which primarily consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. Certain portfolios may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2022, the District had \$15,418 invested in COLOTRUST.

4. Long-Term Debt

The following is an analysis of changes in long-term debt for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Retirements	Balance at December 31, 2022	Due Within One Year
1995 Loan Payable - developer advances	\$ 229,310	\$ -	\$ -	\$ 229,310	\$ -
Accrued Interest - 1995 loan payable	68,072	15,287	(68,006)	15,353	-
2014 Loan Payable - developer advances	436,434	493,371	-	929,805	-
Accrued Interest - 2014 loan payable	14,738	63,218	(1,046)	76,910	-
	<u>\$ 748,554</u>	<u>\$ 571,876</u>	<u>\$ (69,052)</u>	<u>\$ 1,251,378</u>	<u>\$ -</u>

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

4. Long-Term Debt (continued)

A description of the long-term obligations as of December 31, 2022, is as follows:

In 1995 the District entered into a credit obligation (the “Loan”) with Pure Cycle Corporation (“PCYO”). The Loan permitted borrowing up to \$250,000, is unsecured, bears interest based on the prevailing prime rate plus 2% and matures on December 31, 2022, unless extended by the District’s board of directors and PCYO. As of December 31, 2022, the amount owed to PCYO for the Loan was \$229,310 and the accrued interest totaled \$15,353. There were no principal payments made on the Loan for the year ended December 31, 2022.

In 2014, the District entered into an Obligation and Funding Agreement (the “Funding Agreement”) with PCYO. This agreement was amended and restated in 2021. Under the amended Funding Agreement, PCYO agreed to fund the District’s operations and maintenance costs. The District agreed to repay PCYO for advances plus compounding interest at 8% per annum. As of December 31, 2022, the amount owed to PCYO related to the Funding Agreement was \$929,805 in principal and the accrued interest totaled \$76,910. There were no principal payments made on the Funding Agreement for the year ended December 31, 2022.

5. Debt Authorization

As of December 31, 2022, the District had remaining voted debt authorization of \$100,000,000. The District did not issue any new debt during 2022. Per the District’s Service Plan, the District cannot issue debt in excess of \$100,000,000.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

6. Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Right of way	\$ 84,486	\$ -	\$ -	\$ 84,486
Construction in Progress	<u>4,070,634</u>	<u>792,490</u>	<u>(4,380,556)</u>	<u>482,568</u>
Total Capital Assets Not Being Depreciated	<u>4,155,121</u>	<u>792,490</u>	<u>(4,380,556)</u>	<u>567,054</u>
Capital Assets Being Depreciated:				
Water & Sewer Systems	31,069,576	4,644,776	(23,955)	35,690,397
Equipment and Software	247,125	128,077	-	375,202
Right-to-Use Lease Pond	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
Total Capital Assets Being Depreciated	<u>31,316,701</u>	<u>4,785,853</u>	<u>(23,955)</u>	<u>36,078,599</u>
Accumulated Depreciation:				
Water & Sewer Systems	3,578,979	737,000	(9,178)	4,306,801
Equipment and Software	100,353	58,337	-	158,690
Right-to-Use Lease Pond	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Accumulated Depreciation	<u>3,679,332</u>	<u>796,337</u>	<u>(9,178)</u>	<u>4,466,491</u>
Net Capital Assets Being Depreciated	<u>27,637,369</u>	<u>3,989,516</u>	<u>(14,777)</u>	<u>31,612,108</u>
Business Type Assets, Net	<u>\$ 31,792,490</u>	<u>\$ 4,782,006</u>	<u>\$ (4,395,333)</u>	<u>\$ 32,179,162</u>

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

Business-type activities:	
Water and sewer systems	<u>\$ 796,338</u>
Total depreciation expense – business type activities	<u>\$ 796,338</u>

7. Related Party

Four members of the Board of Directors are employees, owners or are otherwise associated with PCYO and may have conflicts of interest in dealing with the District. The District has one independent Board Member. Management believes that all potential conflicts, if any, have been disclosed to the Board and conflict forms are filed with the Secretary of State prior to each Board Meeting.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

8. Segment Information

The District's enterprise fund provides “water and sewer services”. Segment information for the year ended December 31, 2022 was as follows:

	Water	Sewer	Total
Operating Revenue	\$ 4,574,861	\$ 289,026	\$ 4,863,887
Depreciation Expenses	\$ 566,386	\$ 229,952	\$ 796,338
Net Operating Loss	\$ (3,111,504)	\$ (196,576)	\$ (3,308,080)
Total Capital Assets	\$ 21,881,851	\$ 10,297,311	\$ 32,179,162

9. Commitments and Contingencies

Service Agreement

The District, in exchange for principal value of \$24,914,058 of the District’s prior Water Revenue Notes and Bonds, entered into an agreement with PCYO to sell 11,650 acre feet of non-tributary and not non-tributary water, an option to substitute 1,650 acre feet of tributary water for an equal amount of non-tributary and not non-tributary water, conveyance of participatory rights surface storage, and has entered into Service Agreements dated April 11, 1996, January 22, 1997, and the Amended and Restated Service Agreement, dated July 11, 2014, between the District and PCYO . The Service Agreements provide for PCYO to finance, design, develop, operate and maintain the District’s water and sewer systems and to deliver water to customers within the District’s Service Area and other approved users.

PCYO will deed title to all water and sewer system facilities as constructed to the District and receive 100% of the District’s tap fee, 98% water service user fees, and other system development fees and 90% of the sewer fees after deducting royalties to the Land Board in exchange for commitments under the Service Agreements. In 2022, the District paid \$9,733,688 to PCYO related to the Service Agreements and Amended and Restated Service Agreement, the majority of which was related to tap fees received at Sky Ranch.

Lease Agreement

As described in Note 2, the District is party to the Lease with the Land Board. Pursuant to the Lease, the District has the right to develop for use water beneath approximately 25,000 acres of land. The Lease gives the right to divert and put to beneficial use the water on and under the surface of the land extending through April 2081. In conjunction with the lease agreement, the District has agreed to pay a production royalty to the Land Board based on the revenue arising from the sale or delivery and use of water derived or extracted from land described in the lease. The initial production royalty has been established at 10% to 12% depending on the type of customer (public or private). In 2022, the District paid royalties to the State Land Board of \$205,111.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

9. Commitments and Contingencies (continued)

Agreement for Water and Wastewater Services

On August 19, 1998, the District entered into an agreement with the State of Colorado Department of Human Services to finance, acquire, design, construct, operate and maintain certain water and waste water services to an academic model juvenile correctional facility located within the service area of the District. As of December 31, 2000, the construction was completed. As a part of the agreement, the District received a total of \$2,421,964 from the State of Colorado Department of Human Services related to this construction project.

Water Service Agreement - Sky Ranch Development

On June 19, 2017, the District and PCYO Holdings LLC, a wholly owned subsidiary of PCYO entered into a Water Service Agreement (the "SR Agreement") to provide water and wastewater service to the Sky Ranch development located within Arapahoe County Colorado. Pursuant to the SR Agreement, PCYO will finance, design, develop, operate and maintain water and wastewater systems to deliver services to customers within the Sky Ranch service area and other approved users. The District is responsible for constructing and maintaining certain "special facilities" at the Sky Ranch development which will be funded and maintained by PCYO and owned by the District. The District is collecting water tap fees at the time the building permit for single family equivalent homes is obtained. In return for PCYO financing and constructing the water and wastewater infrastructure, the District remits 100% of the tap fees to PCYO. In 2022, the District collected \$5,253,515 in tap fees.

Water Purchase Agreement – East Cherry Creek Water and Sanitation District

On May 1, 2012 the District and East Cherry Creek Water and Sanitation District, ("ECCV") entered into a Water Purchase Agreement (the "ECCV Agreement") in which the District will purchase water from ECCV. Per the ECCV Agreement, the District shall pay to ECCV a fixed monthly payment for up to 300-acre feet of water per calendar year. The base water charges are:

<u>Schedule</u>	<u>Base water charges</u>
Date of this agreement through December 31, 2012	\$4,667/month
January 1, 2013 through December 31, 2020	\$8,000/month
January 1, 2021 through April 26, 2032	\$3,000/month

If the District exceeds the 300-acre feet, then the District shall pay \$.54 per 1,000 gallons in addition to the base water charge.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

9. Commitments and Contingencies (continued)

Rangeview / Pure Cycle WISE Project Financing and Service Agreement

On November 10, 2014, the District entered into the WISE Project Financing and Service Agreement (the “WISE Agreement”) with PCYO. Pursuant to the District’s participation in the WISE Authority (See Note 10), the District has assigned to PCYO all its rights and obligations as a member of the WISE Authority. In exchange, the District grants to PCYO the exclusive rights to use the District’s WISE assets obtained through the District’s WISE Authority membership and the WISE Agreement.

Water Service Agreement

On December 15, 2016, the District entered into a water service agreement with Elbert & Highway 86 Commercial Metropolitan District, (“Wild Pointe), to provide water services to residential customers in Wild Pointe. In January 2017, the District paid Wild Pointe \$1,600,000 for the purchase of the infrastructure used to provide water to the residents of Wild Pointe, in exchange the District receives all future water tap fees from new construction in Wild Pointe and has the obligation to provide water services to all the residential units in Wild Pointe.

10. District Cost Sharing Participation Agreements

South Metro Water Supply Authority

In 2009, the District consented to be included, and the South Metro Water Supply Authority (“SMWSA”) Board approved the District’s inclusion into SMWSA. In 2014, the District signed a participation agreement for funding of SMWSA to define water strategies to meet near and long-term water needs of the South Metro Area. In 2022, the District paid \$10,000 to SMWSA.

South Metro WISE Authority

In 2013, the District entered into the South Metro WISE (Water, Infrastructure and Supply Efficiency) Authority Formation and Organizational Intergovernmental Agreement (“WISE IGA”). The WISE IGA commits the District to participate in the WISE Partnership through the

South Metro WISE Authority. The WISE IGA also defines how costs will be shared between participating members. The District has committed to subscribing to 500-acre feet (“AF”) out of a total of 7,225 AF (6.92%) of renewable water to be delivered annually from the WISE Partnership. During 2022, the District paid WISE \$85,200 for administrative costs related to the WISE IGA.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

10. District Cost Sharing Participation Agreements (continued)

In December of 2014, the members of the WISE Partnership entered into the WISE – Water Delivery Agreement (the “Water Delivery Agreement”) between the City and County of Denver, acting by and through its Board of Water Commissioners, the City of Aurora acting by and through its Utility Enterprise and the South Metro WISE Authority. The Water Delivery Agreement is the overarching agreement that defines the terms under which Denver and Aurora will deliver water to South Metro WISE Authority members. The engineering design and construction costs required to transport the water to the members in order for the members to start taking deliveries of the water which began in July of 2017. The District is responsible for its share of the capital costs to purchase the water. In addition to water purchases there are also subscription fees, WISE operations and maintenance costs, WISE capital costs, District variable pumping costs, and the District’s share of operating and maintenance costs will which be billed based upon the water delivered. In 2022, the District paid a total of \$867,610 for its share of these fees.

11. Legal

During 2022, the District opposed a number of water rights applications by others, that all have some potential to affect the yield of the District’s water rights. None of these cases involves any monetary claims by or against the District, and none is likely to have any material effect on the District’s financial condition.

12. Economic Dependency

The District’s primary source of revenue is received from PCYO in the form of contributions. During the year ended December 31, 2022, PCYO contributions and service fees funded the operations and capital expenditures. The District is dependent upon funding by PCYO to pay the District’s commitments.

13. Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The District’s management believes a significant portion of its operations qualifies for this exclusion.

Rangeview Metropolitan District
Notes to Basic Financial Statements
December 31, 2022

13. Tax, Spending and Debt Limitations (continued)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

The Water Activity Enterprise, which was established in 1994, conducts the business of water and wastewater operations, and invests and reinvests the District's reserve funds in accordance with TABOR amendment and Senate Bill 130.

14. Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Supplementary Information

Rangeview Metropolitan District
Schedule of Revenue, Expenditures
and Changes in Fund Balance—Budget and Actual (Budgetary Basis)
Proprietary Fund
For the Year Ended December 31, 2022

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Water production revenue	\$ 2,189,000	\$ 4,574,861	\$ 2,385,861
Wastewater revenue	247,500	289,026	41,526
Tap fees	3,120,000	5,253,515	2,133,515
Property taxes	1,082	1,358	276
Specific ownership taxes	70	86	16
Interest income	-	263	263
Miscellaneous income	40,000	825	(39,175)
Transfers	65,000	-	(65,000)
Total revenue	<u>5,662,652</u>	<u>10,119,934</u>	<u>4,457,282</u>
Expenditures:			
Administration	3,200	15,261	(12,061)
Audit	6,000	14,685	(8,685)
Dues and subscriptions	3,200	10,000	(6,800)
Election	500	90	410
Insurance	20,000	70,765	(50,765)
Miscellaneous expense	2,515	30,645	(28,130)
Legal	156,000	200	155,800
Water operations	220,500	-	220,500
Wastewater operations	82,688	-	82,688
WISE	1,600,000	-	1,600,000
ECCV	83,943	-	83,943
Rent	7,900	-	7,900
Royalty payments	125,000	-	125,000
Service contract	5,507,770	12,518,233	(7,010,463)
Treasurer's fees	15	20	(5)
Transfers	65,000	-	65,000
Capital outlay	3,150,000	1,199,403	1,950,597
Contingency	5,000	-	5,000
Emergency reserve	1,858	-	1,858
Total Expenditures	<u>11,041,089</u>	<u>13,859,302</u>	<u>(2,818,213)</u>
Excess of Revenues over (under) Expenditures	<u>\$ (5,378,437)</u>	<u>\$ (3,739,368)</u>	<u>\$ 1,639,069</u>

(Continued on next page)

Rangeview Metropolitan District
Schedule of Revenue, Expenditures
and Changes in Fund Balance—Budget and Actual (Budgetary Basis)
Proprietary Fund
(continued)
For the Year Ended December 31, 2022

Other Financing Sources (Uses)			
Developer contributions	<u>\$ 5,500,000</u>	<u>\$ 2,950,246</u>	<u>\$ (2,549,754)</u>
Total Other Financing Sources (Uses)	<u>5,500,000</u>	<u>2,950,246</u>	<u>(2,549,754)</u>
Excess of Revenues and Others Sources			
over (under) Expenditures and Other Uses	<u>121,563</u>	<u>(789,122)</u>	<u>(910,685)</u>
Funds Available:			
Fund Balance—beginning of year	181,304	(188,452)	(369,756)
Fund Balance—end of Year	<u>\$ 302,867</u>	<u>\$ (977,574)</u>	<u>\$ (1,280,441)</u>

Rangeview Metropolitan District
Reconciliation of Revenues and Expenditures
Budgetary Basis (Actual) to Statement of Revenues,
Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2022

Excess of revenues over expenditures	\$ (789,122)
Deduct accrued interest	(78,505)
Add capital expenditures	1,199,403
Deduct depreciation	<u>(796,338)</u>
Changes in Net Position per Statement Revenues,	
Expenses and Changes in Net Position	<u>\$ (464,562)</u>