



Financial Statements  
December 31, 2018

# Highlands Ranch Community Association, Inc.

(With Comparative Totals for 2017)

Highlands Ranch Community Association, Inc.

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December 31, 2018

(with comparative totals for 2017)

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## Independent Auditor's Report

The Board of Directors  
Highlands Ranch Community Association, Inc.  
Highlands Ranch, Colorado

We have audited the accompanying financial statements of Highlands Ranch Community Association, Inc. (the Association), which comprise the balance sheet as of December 31, 2018, and the related statements of revenues, expenses, and changes in fund balances, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### 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 an opinion 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 from 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 opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Highlands Ranch Community Association, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 11 to the financial statements, the Association has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-18, *Statement of Cash Flows: Restricted Cash*. Accordingly, the December 31, 2017 statement of cash flows has been restated to adopt this standard. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited the Association's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2018. In our opinion, except as noted in the Emphasis of Matter paragraph, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of estimated future major repairs and replacements on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial 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.



Denver, Colorado  
March 11, 2019

Highlands Ranch Community Association, Inc.

Balance Sheet

December 31, 2018

(with comparative totals for 2017)

|   | Administrative Fund |                   |                     | Recreation Fund     |                     |                       |                      |                        | Totals                |                      |                      |
|---|---------------------|-------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|------------------------|-----------------------|----------------------|----------------------|
|   | Operating           | Reserves          | OSCA Fund           | Operating           | Reserves            | Backcountry Operating | Backcountry Reserves | Debt Service and Plant | Eliminations          | 2018                 | 2017                 |
| <b>Assets</b>   |                     |                   |                     |                     |                     |                       |                      |                        |                       |                      |                      |
| Cash and cash equivalents                             | \$ 3,475,180        | \$ -              | \$ 1,022,849        | \$ 1,234,937        | \$ 289,424          | \$ 140,177            | \$ -                 | \$ -                   | \$ -                  | \$ 6,162,567         | \$ 6,597,626         |
| Investments   | -                   | -                 | 3,465,753           | 357,169             | -                   | -                     | -                    | -                      | -                     | 3,822,922            | 4,361,959            |
| Assessments receivable, net                           | 31,895              | -                 | -                   | 239,289             | -                   | -                     | -                    | -                      | -                     | 271,184              | 266,840              |
| Accounts receivable, other                            | 36,348              | -                 | 21,847              | 85,273              | 46,290              | 7,138                 | -                    | 11,842                 | -                     | 208,738              | 85,856               |
| Prepaid expenses and other assets                     | 69,465              | -                 | -                   | 257,169             | -                   | 13,294                | -                    | -                      | -                     | 339,928              | 441,854              |
| Due from other funds                                  | 60,153              | -                 | 151,043             | 1,934,269           | 247,088             | 27,788                | 5,899                | 24,480                 | (2,450,720)           | -                    | -                    |
| Assets designated for reserves:                       |                     |                   |                     |                     |                     |                       |                      |                        |                       |                      |                      |
| Cash and cash equivalents                             | -                   | 274,565           | -                   | -                   | 1,467,836           | -                     | 172,263              | -                      | -                     | 1,914,664            | 2,535,694            |
| Investments   | -                   | 1,148             | -                   | -                   | 1,339,195           | -                     | 663                  | -                      | -                     | 1,341,006            | 1,910,857            |
| Interfund loan receivable                             | -                   | -                 | 787,500             | -                   | -                   | -                     | -                    | -                      | (787,500)             | -                    | -                    |
| Assets held for bond principal and interest payments: |                     |                   |                     |                     |                     |                       |                      |                        |                       |                      |                      |
| Cash and cash equivalents                             | -                   | -                 | -                   | -                   | -                   | -                     | -                    | 4,252,901              | -                     | 4,252,901            | 1,548,766            |
| Investments   | -                   | -                 | -                   | -                   | -                   | -                     | -                    | 1,869,660              | -                     | 1,869,660            | 2,954,660            |
| Property, plant and equipment, net                    | -                   | 279,524           | -                   | -                   | -                   | -                     | 840,432              | 35,684,164             | -                     | 36,804,120           | 36,440,352           |
| Total assets  | <u>\$ 3,673,041</u> | <u>\$ 555,237</u> | <u>\$ 5,448,992</u> | <u>\$ 4,108,106</u> | <u>\$ 3,389,833</u> | <u>\$ 188,397</u>     | <u>\$ 1,019,257</u>  | <u>\$ 41,843,047</u>   | <u>\$ (3,238,220)</u> | <u>\$ 56,987,690</u> | <u>\$ 57,144,464</u> |
| <b>Liabilities and Fund balances</b>                  |                     |                   |                     |                     |                     |                       |                      |                        |                       |                      |                      |
| <b>Liabilities</b>                                    |                     |                   |                     |                     |                     |                       |                      |                        |                       |                      |                      |
| Accounts payable and accrued expenses                 | \$ 168,162          | \$ -              | \$ 150,893          | \$ 340,651          | \$ 57,856           | \$ 93,043             | \$ -                 | \$ 93,136              | \$ -                  | \$ 903,741           | \$ 1,349,639         |
| Accrued payroll and related items                     | 62,380              | -                 | -                   | 250,691             | -                   | 15,391                | -                    | -                      | -                     | 328,462              | 489,567              |
| Assessments paid in advance                           | 254,541             | -                 | -                   | 2,384,215           | -                   | -                     | -                    | -                      | -                     | 2,638,756            | 2,741,788            |
| Deferred revenue                                      | 61,041              | -                 | -                   | 673,792             | -                   | 64,708                | -                    | -                      | -                     | 799,541              | 793,880              |
| Due to other funds                                    | 1,928,633           | 59,545            | 13                  | 8,906               | 263,702             | 25,011                | 150,893              | 14,017                 | (2,450,720)           | -                    | -                    |
| Interfund loan payable                                | -                   | -                 | -                   | -                   | 787,500             | -                     | -                    | -                      | (787,500)             | -                    | -                    |
| Bonds payable, net                                    | -                   | -                 | -                   | -                   | -                   | -                     | -                    | 17,315,017             | -                     | 17,315,017           | 19,384,293           |
| Total liabilities                                     | <u>2,474,757</u>    | <u>59,545</u>     | <u>150,906</u>      | <u>3,658,255</u>    | <u>1,109,058</u>    | <u>198,153</u>        | <u>150,893</u>       | <u>17,422,170</u>      | <u>(3,238,220)</u>    | <u>21,985,517</u>    | <u>24,759,167</u>    |
| <b>Fund balances without donor restrictions</b>       |                     |                   |                     |                     |                     |                       |                      |                        |                       |                      |                      |
| Undesignated  | 910,841             | 219,979           | 4,510,586           | 449,851             | (28,180)            | (9,756)               | 695,438              | 18,298,316             | -                     | 25,047,075           | 23,966,160           |
| Designated for special projects                       | 287,443             | -                 | -                   | -                   | 289,424             | -                     | -                    | -                      | -                     | 576,867              | 336,028              |
| Designated for reserves                               | -                   | 275,713           | 787,500             | -                   | 2,019,531           | -                     | 172,926              | -                      | -                     | 3,255,670            | 3,579,683            |
| Held for bond principal and interest payments         | -                   | -                 | -                   | -                   | -                   | -                     | -                    | 6,122,561              | -                     | 6,122,561            | 4,503,426            |
| Total fund balances                                   | <u>1,198,284</u>    | <u>495,692</u>    | <u>5,298,086</u>    | <u>449,851</u>      | <u>2,280,775</u>    | <u>(9,756)</u>        | <u>868,364</u>       | <u>24,420,877</u>      | <u>-</u>              | <u>35,002,173</u>    | <u>32,385,297</u>    |
| Total liabilities and fund balances                   | <u>\$ 3,673,041</u> | <u>\$ 555,237</u> | <u>\$ 5,448,992</u> | <u>\$ 4,108,106</u> | <u>\$ 3,389,833</u> | <u>\$ 188,397</u>     | <u>\$ 1,019,257</u>  | <u>\$ 41,843,047</u>   | <u>\$ (3,238,220)</u> | <u>\$ 56,987,690</u> | <u>\$ 57,144,464</u> |

Highlands Ranch Community Association, Inc.  
Statement of Revenues, Expenses and Changes in Fund Balances  
Year Ended December 31, 2018  
(with comparative totals for 2017)

|  | Administrative Fund |            |              | Recreation Fund |              |                          |                         |                           | Totals       |               |               |
|--|---------------------|------------|--------------|-----------------|--------------|--------------------------|-------------------------|---------------------------|--------------|---------------|---------------|
|  | Operating           | Reserves   | OSCA Fund    | Operating       | Reserves     | Backcountry<br>Operating | Backcountry<br>Reserves | Debt Service<br>and Plant | Eliminations | 2018          | 2017          |
| <b>Without Donor Restrictions</b>                    |                     |            |              |                 |              |                          |                         |                           |              |               |               |
| <b>Revenues</b>                                      |                     |            |              |                 |              |                          |                         |                           |              |               |               |
| Homowner assessments and fees                        | \$ 2,475,382        | \$ -       | \$ -         | \$ 16,341,465   | \$ -         | \$ -                     | \$ -                    | \$ -                      | \$ -         | \$ 18,816,847 | \$ 18,193,047 |
| Recreation programs                                  | -                   | -          | -            | 4,995,732       | -            | 395,833                  | -                       | -                         | -            | 5,391,565     | 5,110,948     |
| Facility operations                                  | 15                  | -          | -            | 896,055         | -            | 13,503                   | -                       | -                         | -            | 909,573       | 860,224       |
| Community events                                     | 439,877             | -          | -            | 26,200          | -            | -                        | -                       | -                         | -            | 466,077       | 414,755       |
| Interest and other revenue                           | 283,356             | 887        | 95,575       | 11,947          | 43,760       | 39,041                   | 681                     | 76,619                    | (16,623)     | 535,243       | 443,482       |
| Total revenues                                       | 3,198,630           | 887        | 95,575       | 22,271,399      | 43,760       | 448,377                  | 681                     | 76,619                    | (16,623)     | 26,119,305    | 25,022,456    |
| <b>Expenses</b>                                      |                     |            |              |                 |              |                          |                         |                           |              |               |               |
| Salaries, employee benefits and taxes                | 1,527,168           | -          | -            | 11,133,130      | -            | 588,486                  | -                       | -                         | -            | 13,248,784    | 12,689,664    |
| Supplies and contract labor                          | 305,217             | 919        | -            | 1,111,376       | 46,010       | 170,550                  | -                       | 10,758                    | -            | 1,644,830     | 1,538,718     |
| Professional services                                | 336,922             | -          | -            | 206,537         | -            | 1,110                    | -                       | -                         | -            | 544,569       | 528,658       |
| Community advertising and marketing                  | 9,126               | -          | -            | 80,871          | -            | -                        | -                       | -                         | -            | 89,997        | 45,638        |
| Information technology                               | 184,519             | 465        | -            | 275,759         | 4,802        | -                        | -                       | 1,901                     | -            | 467,446       | 570,850       |
| Office expenses                                      | 357,907             | -          | -            | 407,025         | -            | 8,476                    | -                       | -                         | -            | 773,408       | 658,830       |
| Insurance  | 44,876              | -          | -            | 278,908         | -            | 26,339                   | -                       | -                         | -            | 350,123       | 320,100       |
| Depreciation   | -                   | 69,912     | -            | -               | -            | -                        | 95,339                  | 2,538,560                 | -            | 2,703,811     | 2,381,076     |
| Interest   | -                   | -          | -            | -               | 16,623       | -                        | -                       | 1,325,957                 | (16,623)     | 1,325,957     | 1,483,747     |
| Occupancy and utilities                              | 71,407              | -          | -            | 1,815,994       | -            | 35,525                   | -                       | -                         | -            | 1,922,926     | 1,895,421     |
| Conferences, meetings and travel                     | 22,923              | -          | -            | 27,033          | -            | 13,531                   | -                       | -                         | -            | 63,487        | 64,824        |
| Other operating expenses                             | 83,773              | -          | -            | 46,733          | -            | 421                      | -                       | -                         | -            | 130,927       | 71,264        |
| Total expenses                                       | 2,943,838           | 71,296     | -            | 15,383,366      | 67,435       | 844,438                  | 95,339                  | 3,877,176                 | (16,623)     | 23,266,265    | 22,248,790    |
| <b>Gains (losses)</b>                                |                     |            |              |                 |              |                          |                         |                           |              |               |               |
| Gain (loss) on sale of sub-association services, net | -                   | -          | -            | -               | -            | -                        | -                       | -                         | -            | -             | (2,112)       |
| Gain (loss) on asset disposal                        | -                   | (2,430)    | -            | -               | -            | -                        | -                       | (233,734)                 | -            | (236,164)     | 79,755        |
| Total gains (losses)                                 | -                   | (2,430)    | -            | -               | -            | -                        | -                       | (233,734)                 | -            | (236,164)     | 77,643        |
| Excess (deficiency) of revenues over expenses        | 254,792             | (72,839)   | 95,575       | 6,888,033       | (23,675)     | (396,061)                | (94,658)                | (4,034,291)               | -            | 2,616,876     | 2,851,309     |
| Transfers  | (118,878)           | 118,878    | (324,123)    | (7,965,107)     | (60,224)     | 377,000                  | 337,123                 | 7,635,331                 | -            | -             | -             |
| Change in fund balance                               | 135,914             | 46,039     | (228,548)    | (1,077,074)     | (83,899)     | (19,061)                 | 242,465                 | 3,601,040                 | -            | 2,616,876     | 2,851,309     |
| Fund balance, beginning of year                      | 1,062,370           | 449,653    | 5,526,634    | 1,526,925       | 2,364,674    | 9,305                    | 625,899                 | 20,819,837                | -            | 32,385,297    | 29,533,988    |
| Fund balance, end of year                            | \$ 1,198,284        | \$ 495,692 | \$ 5,298,086 | \$ 449,851      | \$ 2,280,775 | \$ (9,756)               | \$ 868,364              | \$ 24,420,877             | \$ -         | \$ 35,002,173 | \$ 32,385,297 |

Highlands Ranch Community Association, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2018  
(with comparative totals for 2017)

|                                       | 2018  |                           |                      | 2017                 |
|---------------------------------------|---|---------------------------|----------------------|----------------------|
|                                       | Recreation,<br>Backcountry,<br>Community Events<br>and Programs | Management<br>and General | Total                |                      |
| Salaries, employee benefits and taxes | \$ 11,974,765   | \$ 1,274,019              | \$ 13,248,784        | \$ 12,689,664        |
| Supplies and contract labor           | 1,619,573   | 25,257                    | 1,644,830            | 1,538,718            |
| Professional services                 | 207,636   | 336,933                   | 544,569              | 528,658              |
| Community advertising and marketing   | 80,870  | 9,127                     | 89,997               | 45,638               |
| Information technology                | 282,926   | 184,520                   | 467,446              | 570,850              |
| Office expenses                       | 415,500   | 357,908                   | 773,408              | 658,830              |
| Insurance                             | 305,247   | 44,876                    | 350,123              | 320,100              |
| Depreciation                          | 2,633,898   | 69,913                    | 2,703,811            | 2,381,076            |
| Interest                              | 1,325,957   | -                         | 1,325,957            | 1,483,747            |
| Occupancy and utilities               | 1,851,519   | 71,407                    | 1,922,926            | 1,895,421            |
| Conferences, meetings and travel      | 40,563  | 22,924                    | 63,487               | 64,824               |
| Other operating expenses              | 47,154  | 83,773                    | 130,927              | 71,264               |
| Total expenses                        | <u>\$ 20,785,608</u>  | <u>\$ 2,480,657</u>       | <u>\$ 23,266,265</u> | <u>\$ 22,248,790</u> |

Highlands Ranch Community Association, Inc.

Statement of Cash Flows  
Year Ended December 31, 2018  
(with comparative totals for 2017)

|  | Administrative Fund |             |              | Recreation Fund |              |                          |                         | Totals                    |               |               |
|--|---------------------|-------------|--------------|-----------------|--------------|--------------------------|-------------------------|---------------------------|---------------|---------------|
|  | Operating           | Reserves    | OSCA Fund    | Operating       | Reserves     | Backcountry<br>Operating | Backcountry<br>Reserves | Debt Service<br>and Plant | 2018          | 2017          |
| Cash flows from operating activities   |                     |             |              |                 |              |                          |                         |                           |               |               |
| Excess (deficiency) of revenues over expenses  | \$ 254,792          | \$ (72,839) | \$ 95,575    | \$ 6,888,033    | \$ (23,675)  | \$ (396,061)             | \$ (94,658)             | \$ (4,034,291)            | \$ 2,616,876  | \$ 2,851,309  |
| Adjustment to reconcile excess (deficiency) of revenues over expenses to net cash from (used for) operating activities |                     |             |              |                 |              |                          |                         |                           |               |               |
| Depreciation expense   | -                   | 69,912      | -            | -               | -            | -                        | 95,339                  | 2,538,560                 | 2,703,811     | 2,381,076     |
| (Gain) loss on asset disposal  | -                   | 2,430       | -            | -               | -            | -                        | -                       | 233,734                   | 236,164       | (79,755)      |
| Interest expense attributable to amortization of bond issuance costs   | -                   | -           | -            | -               | -            | -                        | -                       | 60,724                    | 60,724        | 67,727        |
| Bad debt expense   | 26,166              | -           | -            | 7,492           | -            | -                        | -                       | -                         | 33,658        | 1,462         |
| (Increase) decrease in operating assets  |                     |             |              |                 |              |                          |                         |                           |               |               |
| Assessments receivable, net  | 94,608              | -           | -            | (132,610)       | -            | -                        | -                       | -                         | (38,002)      | (8,435)       |
| Accounts receivable, other   | (17,354)            | 3           | (2,562)      | (56,441)        | (41,436)     | (3,092)                  | 14                      | (2,014)                   | (122,882)     | 49,705        |
| Prepaid expenses and other assets  | 23,313              | -           | -            | (65,149)        | -            | (4,653)                  | -                       | 62,404                    | 15,915        | (136,606)     |
| Increase (decrease) in operating liabilities   |                     |             |              |                 |              |                          |                         |                           |               |               |
| Accounts payable and accrued expenses  | 121,591             | 6,084       | -            | 109,928         | (862,485)    | 55,594                   | -                       | 829,982                   | 260,694       | (123,718)     |
| Accrued payroll and related items  | (18,533)            | -           | -            | (141,227)       | -            | (1,345)                  | -                       | -                         | (161,105)     | 7,934         |
| Assessments paid in advance  | 22,172              | -           | -            | (125,204)       | -            | -                        | -                       | -                         | (103,032)     | 717,938       |
| Deferred revenue   | (72)                | -           | -            | 41,768          | -            | (36,035)                 | -                       | -                         | 5,661         | 219,738       |
| Net cash from (used for) operating activities  | 506,683             | 5,590       | 93,013       | 6,526,590       | (927,596)    | (385,592)                | 695                     | (310,901)                 | 5,508,482     | 5,948,375     |
| Cash flows from investing activities   |                     |             |              |                 |              |                          |                         |                           |               |               |
| Net (purchases) sales of investments   | -                   | 60,000      | 539,247      | (210)           | 484,851      | -                        | 25,000                  | 1,085,000                 | 2,193,888     | 1,810,502     |
| Purchases of property and equipment  | -                   | (29,041)    | -            | -               | -            | -                        | (314,845)               | (2,667,046)               | (3,010,932)   | (4,240,919)   |
| Net cash from (used for) investing activities  | -                   | 30,959      | 539,247      | (210)           | 484,851      | -                        | (289,845)               | (1,582,046)               | (817,044)     | (2,430,417)   |
| Cash flows from financing activities   |                     |             |              |                 |              |                          |                         |                           |               |               |
| Payment of accounts payable for property and equipment   | -                   | (13,914)    | -            | -               | -            | -                        | (1,685)                 | (897,793)                 | (913,392)     | (179,037)     |
| Bond principal payments  | -                   | -           | -            | -               | -            | -                        | -                       | (2,130,000)               | (2,130,000)   | (1,985,000)   |
| Net borrowing and transfers among funds  | 870,243             | 135,055     | (181,537)    | (8,983,910)     | (144,991)    | 350,736                  | 329,529                 | 7,624,875                 | -             | -             |
| Net cash from (used for) financing activities  | 870,243             | 121,141     | (181,537)    | (8,983,910)     | (144,991)    | 350,736                  | 327,844                 | 4,597,082                 | (3,043,392)   | (2,164,037)   |
| Net change in cash, cash equivalents, and restricted cash  | 1,376,926           | 157,690     | 450,723      | (2,457,530)     | (587,736)    | (34,856)                 | 38,694                  | 2,704,135                 | 1,648,046     | 1,353,921     |
| Cash, cash equivalents, and restricted cash, beginning of year   | 2,098,254           | 116,875     | 572,126      | 3,692,467       | 2,344,996    | 175,033                  | 133,569                 | 1,548,766                 | 10,682,086    | 9,328,165     |
| Cash, cash equivalents, and restricted cash, end of year   | \$ 3,475,180        | \$ 274,565  | \$ 1,022,849 | \$ 1,234,937    | \$ 1,757,260 | \$ 140,177               | \$ 172,263              | \$ 4,252,901              | \$ 12,330,132 | \$ 10,682,086 |
| Cash and cash equivalents  | \$ 3,475,180        | \$ -        | \$ 1,022,849 | \$ 1,234,937    | \$ 289,424   | \$ 140,177               | \$ -                    | \$ -                      | \$ 6,162,567  | \$ 6,597,626  |
| Cash and cash equivalents designated for reserves  | -                   | 274,565     | -            | -               | 1,467,836    | -                        | 172,263                 | -                         | 1,914,664     | 2,535,694     |
| Cash and cash equivalents held for bond principal and interest payments  | -                   | -           | -            | -               | -            | -                        | -                       | 4,252,901                 | 4,252,901     | 1,548,766     |
| Total cash, cash equivalents, and restricted cash  | \$ 3,475,180        | \$ 274,565  | \$ 1,022,849 | \$ 1,234,937    | \$ 1,757,260 | \$ 140,177               | \$ 172,263              | \$ 4,252,901              | \$ 12,330,132 | \$ 10,682,086 |
| Supplemental disclosure of cash flow information   |                     |             |              |                 |              |                          |                         |                           |               |               |
| Cash paid during the year for interest   | \$ -                | \$ -        | \$ -         | \$ -            | \$ -         | \$ -                     | \$ -                    | \$ 1,278,645              | \$ 1,278,645  | \$ 1,428,515  |
| Supplemental disclosure of non-cash investing activity   |                     |             |              |                 |              |                          |                         |                           |               |               |
| Property and equipment purchases included in accounts payable  | \$ -                | \$ 2,545    | \$ 150,893   | \$ -            | \$ -         | \$ -                     | \$ -                    | \$ 51,677                 | \$ 205,115    | \$ 913,392    |

## **Note 1 - Principal Activity and Significant Accounting Policies**

Highlands Ranch Community Association, Inc. (the Association, we, us, our) was incorporated in September 1981 as a nonprofit corporation to enhance the quality and value of all property that becomes part of the Community Association Area, to act as manager of Association-owned properties, and to perform functions for the benefit of owners of privately owned sites within the Community Association Area. The Community Association Area, located in what is known as Highlands Ranch, contains approximately 22,000 acres located in Douglas County, Colorado. As of December 31, 2018, the membership consisted of approximately 31,200 privately owned sites.

The Association owns and operates four recreation centers, providing year-round youth and adult fitness programs and educational opportunities, administers architectural control and covenant enforcement activities, manages the Backcountry Wilderness Area (the Backcountry), and hosts over 100 community events per year.

### **Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total, but not by fund. Accordingly, such information should be read in conjunction with the Association's audited financial statements for the year ended December 31, 2017, from which the summarized information was derived.

### **Adoption of FASB Accounting Standards Updates**

As of January 1, 2018, we adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended, which supersedes or replaces nearly all Generally Accepted Accounting Principles (GAAP) revenue recognition guidance. This update establishes a new contract- and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point-in-time, and expands disclosures about revenue. We have implemented ASU 2014-09 and its related amendments and have adjusted the presentation in the financial statements accordingly. Following the adoption of the ASU, we continue to recognize revenue at the time services are provided to the homeowners and the community. This is consistent with our previous revenue recognition accounting policy under which we recognized revenue when earned. The ASU did not impact the presentation of revenue on a gross or net basis. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

As of January 1, 2018, we adopted the provisions of ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of fund balances with two new classes (fund balances without donor restrictions and fund balances with donor restrictions), and introduce new disclosure requirements to improve a financial statement user's ability to assess the Association's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location. Accordingly, the accompanying financial statements and related notes follow the presentation and disclosure requirements prescribed by the ASU. No restatements of previously issued financial statements were necessary upon adoption of the ASU.

As of January 1, 2018, we adopted the provisions of ASU 2016-18, *Statement of Cash Flows: Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required. Accordingly, the December 31, 2017 statement of cash flows has been restated to adopt this standard (Note 11).

## **Fund Accounting**

We have elected certain guidelines for governing our financial activities. To ensure observance of limitations and restrictions on the use of financial resources, we maintain our accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the financial statements in the following funds and subsidiary funds established according to their nature and purpose:

- Administrative Fund
  - Operating Fund
  - Reserve Fund
- Open Space Conservation Agreement Fund (OSCA Fund)
- Recreation Fund
  - Operating Fund
  - Reserve Fund
  - Backcountry Operating Fund
  - Backcountry Reserve Fund
  - Debt Service and Plant Fund

Operating funds account for all current operating transactions of the Association. Reserve funds account for member capital contributions, which are accumulated in separate bank accounts to provide for the future repair and replacement of common areas. The debt service and plant fund accounts for the recreational property and equipment and related debt. The OSCA fund accounts for all transactions related to the agreement with Shea Homes Limited Partnership (Shea Homes), the declarant.

As of December 31, 2018, the Association has no fund balances with donor restrictions.

## **Cash and Cash Equivalents**

We consider all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

## **Investments**

Investments are comprised of certificates of deposit that are initially recorded at cost. We have demonstrated the intent and ability to hold to maturity all investments purchased. Accordingly, all investments are classified as "held-to-maturity" for financial statement purposes and reported at amortized cost in the balance sheet. Any gain or loss in the fair market value of the securities subsequent to their purchase is not recognized unless such gain or loss is realized due to the sale of any securities prior to maturity. Any unrealized loss would be recognized in the event of a change in Board designation of these investments to other than held-to-maturity. Interest income is recognized when earned.

## **Assessments Receivable**

Assessment fees are billed quarterly to all privately-owned sites based on annually budgeted amounts, which consider formulas contained in the Community Declaration. Under Colorado law, we have a statutory right to lien members' properties to ensure payment of assessments due. We determine the allowance for uncollectable assessments receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Assessments receivable are written off when deemed uncollectable. At December 31, 2018, the allowance was \$109,000.

**Accounts Receivable, Other**

Other accounts receivable are comprised of interest and other miscellaneous receivables. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2018, no allowance for accounts receivable, other was considered necessary.

**Prepaid Expenses and Other Assets**

Prepaid expenses and other assets consist of expenses paid in advance but not yet incurred, and inventory of recreation center merchandise, which is carried at the lower of cost or net realizable value using the first-in, first-out method.

**Assets Designated for Reserves**

Assets designated for reserves are comprised of accumulated funds designated by the Board of Directors to ensure the availability of funds for future major repairs and replacements of common areas, and for general operations when needed.

**Assets Held for Bond Principal and Interest Payments**

Under the terms of our bond agreements, we are required to maintain a bond reserve fund equal to the scheduled maximum annual principal and interest payments on the bonds (\$3,412,704 at December 31, 2018). Additional assets held for bond principal and interest payments include funds set aside in anticipation of mandatory sinking fund redemption requirements and bond maturities in 2020.

**Property, Plant and Equipment**

We capitalize all common real property to which we have title or other evidence of ownership and the legal right and/or ability either to dispose of the property at the discretion of the Board of Directors for cash or claims to cash, and retain the proceeds therefrom, or to use the property to generate significant cash flows from members on the basis of usage.

We record property and equipment additions over \$3,000 with estimated useful lives greater than one year at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from two to thirty-nine years. Common areas are generally restricted to use by Association members, their tenants, and guests. We are responsible for the preservation and maintenance of the common areas. Replacements and improvements to the real property and common areas are capitalized at cost. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of revenues, expenses and changes in fund balances. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2018.

Under the terms of the Open Space Conservation Agreement (the OSCA Agreement) between the Association, Douglas County, and Shea Homes, we received 7,363 acres of land for use as open space or other permitted recreational, cultural, or educational purposes pursuant to the OSCA Plan. The land, known as the Backcountry, is not reflected as an asset in our financial statements because the it is not severable and saleable at the Board's discretion without member delegates' approval, nor is it used to generate significant cash flows from the members of the Association.

### **Revenue and Revenue Recognition**

We recognize revenue from homeowner assessments over the assessment period, which is generally one year, during which time members have continuous access to four recreation centers and common areas, architectural control and covenant enforcement, other services, and certain community events. The assessments are used to cover the costs of operating the Association, to maintain the common elements and improvements, and to provide for the repair and replacement of facilities. Assessments for 2018 were \$148 per quarter/\$592 per year per site. Starting January 1, 2019, the assessments increased to \$152 per quarter/\$608 per year per site. Privately-owned sites designated for commercial use are billed for administrative purposes only.

Recreation programs, facility rentals, product sales and special community events revenue is recognized when the programs, rentals, product sales or special community events take place.

Homeowner assessments paid in advance are deferred to the assessment period to which they relate. All other amounts paid in advance are deferred to the period in which the underlying program, rental, product delivery or special community event takes place. Due to the nature and timing of the performance and/or transfer of services and products, substantially all deferred revenue at December 31 of each year is earned in the following year.

### **Advertising Costs**

Advertising costs are expensed as incurred and totaled \$89,997 during the year ended December 31, 2018.

### **Functional Allocation of Expenses**

The costs of program and supporting services have been reported by both nature and function in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated include salaries and wages, benefits, payroll taxes, depreciation, occupancy and utilities, insurance, which are allocated on the basis of estimates of time and effort.

### **Income Taxes**

The Association is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purpose, and we file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. Unrelated business income primarily represents advertising revenue associated with our activity guide. We did not incur any material income tax expense from these unrelated activities for the year ended December 31, 2018.

We believe that we have appropriate support for any tax positions taken affecting our annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements. We will recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. Our Form 990-T and related state income tax filings are no longer subject to tax examinations for years before 2015.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and investments with financial institutions we believe to be creditworthy. Amounts on deposit at any single financial institution are limited so as not to exceed insurance limits. To date, we have not experienced losses in any of these accounts. Credit risk associated with assessments, and accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from homeowners, whose properties are subject to statutory limit to ensure payment.

### Subsequent Events

We have evaluated subsequent events through March 11, 2019, the date the financial statements were issued.

### Note 2 - Liquidity and Availability

The following table reflects our financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the balance sheet date, including amounts held for (1) Administrative Reserve, Recreation Reserve, Backcountry Reserve, capital improvement and special projects; (2) investments with maturities great than one year; and (3) amounts held to meet future bond repayment obligations.

|  |                             |
|--|-----------------------------|
| Cash and cash equivalents (a)  | \$ 5,585,470                |
| Investments (b)  | 2,337,922                   |
| Assessments receivable, net  | 271,184                     |
| Accounts receivable, other   | 208,738                     |
| Cash and cash equivalents held for bond principal<br>and interest payments in 2019 | <u>3,412,704</u>            |
|  | <u><u>\$ 11,816,018</u></u> |

(a) Net of \$576,867 designated for special projects.

(b) Certificates of deposit maturing in 2019 not designated for reserves or held for bond principal and interest payments.

# Highlands Ranch Community Association, Inc.

Notes to Financial Statements

December 31, 2018

We plan for expenditures by financial statement line item on an annual basis as part of the budget process. The annual budget is drafted with input from all of the Association's departments, and follows guidelines set forth by the Board of Directors each year, including having a balanced budget. The annual budget process includes consideration of amounts required for the upcoming year for operating and reserve expenditures, including bond repayment obligations of annual principal and interest. Following the annual budget adoption, we invest funds based on our fund management and reserve study policy, which requires a ladder approach to investments and allows investment in low-risk financial instruments such as certificates of deposit and money market funds.

Designated reserve funds are held in separate bank accounts and generally are unavailable for expenditure for normal operations. The Board of Directors has designated \$576,867 for minor capital and other special projects. The funds are held in separate bank accounts and generally are unavailable for expenditure for normal operations.

### Note 3 - Investments

Investments are classified as held-to-maturity and consist entirely of certificates of deposit having a gross amortized cost of \$7,033,588, which approximates their estimated fair value at December 31, 2018.

Held-to-maturity investments mature as follows at December 31, 2018:

|                   |                     |
|-------------------|---------------------|
| Within one year   | \$ 4,695,132        |
| One to five years | 2,338,456           |
|                   | <u>\$ 7,033,588</u> |

The Board of Directors has designated \$1,341,006 of the investment balance for reserves for future operations and replacements, and \$1,869,660 of the investment balance is being held for bond principal and interest payments.

### Note 4 - Property, Plant and Equipment

Property and equipment consists of the following at December 31, 2018:

|                               | Administrative<br>Fund | Recreation<br>Fund      |                           | Total         |
|-------------------------------|------------------------|-------------------------|---------------------------|---------------|
|                               | Reserves               | Backcountry<br>Reserves | Debt Service<br>and Plant |               |
| Buildings and improvements    | \$ -                   | \$ 58,128               | \$ 65,775,576             | \$ 65,833,704 |
| Furniture and equipment       | 612,518                | 1,241,811               | 5,019,669                 | 6,873,998     |
| Land                          | -                      | -                       | 1,925,000                 | 1,925,000     |
|                               | 612,518                | 1,299,939               | 72,720,245                | 74,632,702    |
| Less accumulated depreciation | (380,262)              | (459,507)               | (37,054,508)              | (37,894,277)  |
|                               | 232,256                | 840,432                 | 35,665,737                | 36,738,425    |
| Construction in progress      | 47,268                 | -                       | 18,427                    | 65,695        |
|                               | \$ 279,524             | \$ 840,432              | \$ 35,684,164             | \$ 36,804,120 |

**Note 5 - Interfund Agreements and Transactions**

We account for transactions that impact multiple funds by recognizing amounts due to other funds and amounts due from other funds in the balance sheet. These transactions are cash settled on a regular basis, are non-interest bearing and generally are short-term in nature. In April 2014, we entered into a \$1,500,000 OSCA Loan Agreement (the OSCA Loan), between the OSCA Fund and the Recreation Reserve Fund, which matures in January 2024. The proceeds of the OSCA Loan were utilized to fund an energy savings project and associated repair and replacement costs. The OSCA Loan bears interest at a rate commensurate with the highest current interest rate for a one-year certificate of deposit available to us through Morgan Stanley as of January 1 and July 1 of each calendar year (2.60% at December 31, 2018), with interest and principal payable quarterly. The Recreation Reserve Fund may prepay the OSCA Loan at any time without penalty. The balance outstanding at December 31, 2018 is \$787,500.

**Note 6 - Bonds Payable**

Bonds payable consist of the following at December 31, 2018:

|  |               |
|--|---------------|
| Series 1999 Homeowners Assessment Revenue Bonds, dated June 1, 1999 (a) (c)    | \$ 4,530,357  |
| Series 2004 Homeowners Assessment Revenue Bonds, dated August 19, 2004 (b) (c) | 12,784,660    |
|  | \$ 17,315,017 |

- (a) Payable in annually increasing amounts through 2020, with interest due semi-annually at 7.635%, net of unamortized bond issuance costs of \$24,643 (based upon an effective interest rate of 8.1%).
- (b) Payable in annually increasing amounts through 2024, with interest due semi-annually at 5.95%, net of unamortized bond issuance costs of \$155,340 (based upon an effective interest rate of 6.24%).
- (c) The bonds are callable in whole or in part at any time, are subject to a call premium based on the net present value of the future cash flows of the bonds called, discounted using a defined market rate at the time of redemption. The bonds and interest are insured as to repayment by MBIA Insurance Corporation.

We are subject to various bond covenants, including a requirement that the Association make deposits equal to one-fourth of the annual principal and interest due for the fiscal year to the Bond Fund each quarter. The fourth quarter deposit must be made prior to December 1st each year.

Future bond principal and interest payments, and amortization of bond issuance costs, are as follows for the years ending December 31:

|            | Principal     | Interest     | Total         |
|------------|---------------|--------------|---------------|
| 2019       | \$ 2,295,000  | \$ 1,117,704 | \$ 3,412,704  |
| 2020       | 4,310,000     | 944,166      | 5,254,166     |
| 2021       | 2,320,000     | 647,955      | 2,967,955     |
| 2022       | 2,580,000     | 509,915      | 3,089,915     |
| 2023       | 2,850,000     | 356,405      | 3,206,405     |
| Thereafter | 3,140,000     | 186,830      | 3,326,830     |
| Total      | \$ 17,495,000 | \$ 3,762,975 | \$ 21,257,975 |

**Note 7 - Revenue from Contracts with Customers**

The following table provides information about significant changes in the assessments paid in advance and deferred revenue for the year ended December 31, 2018:

|  |                     |
|--|---------------------|
| Assessments paid in advance, beginning of year   | \$ 2,741,788        |
| Homeowner assessments and fees revenue recognized                                      | 18,816,847          |
| Collections of homeowner assessments and fees  | <u>(18,919,879)</u> |
| Assessments paid in advance, end of year   | <u>\$ 2,638,756</u> |
|  |                     |
| Deferred revenue, beginning of year  | \$ 793,880          |
| Recreational programs, facility operations,<br>and community events revenue recognized | 6,767,215           |
| Collections of program, facility, and community fees                                   | <u>(6,761,554)</u>  |
| Deferred revenue, end of year  | <u>\$ 799,541</u>   |

**Note 8 - Future Major Repairs and Replacements**

The Association's Community Declaration requires the accumulation of funds for future major repairs and replacements of common areas, and for general operations to ensure the availability of funds when needed. We fund these reserves on a monthly basis. We annually review the reserve funding program as part of its budgeting process.

We retained an engineering firm to perform a study of our recreational buildings and equipment in 2014. Based on this analysis, we have accumulated funds totaling \$2,807,031 in the Recreation Reserve Fund, \$275,713 in the Administrative Reserve Fund, and \$172,926 in the Backcountry Reserve Fund for the future repair and replacement of recreation facilities and equipment, future repair and replacement of administrative office equipment and backcountry trails and property improvements, respectively. We have established funding requirements of \$2,006,000, \$118,625 and \$10,000 in the 2019 Recreational Reserve Fund budget, the 2019 Administrative Reserve Fund budget and the 2019 Backcountry Reserve Fund budget, respectively.

The reserve funds are being accumulated based upon estimated future costs. Actual expenditures vary from those estimates and variations may be material. Therefore, amounts accumulated in the Recreation Reserve Fund, the Administrative Reserve Fund and Backcountry Reserve Fund may not be adequate to meet future needs. If additional funds are needed, we have the right, subject to member delegates' approval, to pass special assessments or delay major repairs and replacements until funds are available.

**Note 9 - Retirement Plan**

We sponsor a tax-deferred defined contribution retirement plan (the Plan) qualified under Section 401(k) of the Internal Revenue Code covering substantially all employees meeting the eligibility requirements. The plan provides that employees who have attained the age of 21 and completed either six months of continuous service in a full-time designated benefited position or completed 1,000 hours of service in an eligibility period in a part-time position, may voluntarily contribute part of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. During the year ended December 31, 2018, we matched employee voluntary contributions dollar-for-dollar up to 5%, resulting in total contributions to the Plan of \$271,100. Employees' voluntary contributions are immediately vested; our contributions vest at 20% per year of participation.

**Note 10 - Contingency**

The Association may become involved in claims and pending litigation arising in the normal course of operations. The Association is currently not involved in any litigation considered by management to have a potentially material adverse effect on the Association's financial position.

**Note 11 - Restatement Resulting from Adoption of Accounting Standards Update 2016-18**

We adopted the provisions of ASU 2016-18, *Statement of Cash Flows: Restricted Cash* as of January 1, 2018. Following is a summary of the effects of the change in accounting policy in the Association's December 31, 2017 statement of cash flows:

|  | As Previously<br>Reported | Adoption of<br>ASU 2016-18 | As Restated          |
|--|---------------------------|----------------------------|----------------------|
| Cash flows from investing activities                                       |                           |                            |                      |
| Withdrawals from (additions to) cash<br>designated for reserves            | \$ (668,708)              | \$ 668,708                 | \$ -                 |
| Withdrawals from (additions to) cash<br>held pursuant to bond requirements | (24,762)                  | 24,762                     | -                    |
| Net cash from (used for) investing activities                              | <u>(693,470)</u>          | <u>693,470</u>             | <u>-</u>             |
| Net change in cash, cash equivalents,<br>and restricted cash               | 660,451                   | 693,470                    | 1,353,921            |
| Cash, cash equivalents, and restricted<br>cash, beginning of year          | <u>5,937,175</u>          | <u>3,390,990</u>           | <u>9,328,165</u>     |
| Cash, cash equivalents, and restricted<br>cash, end of year                | <u>\$ 6,597,626</u>       | <u>\$ 4,084,460</u>        | <u>\$ 10,682,086</u> |



Required Supplementary Information  
December 31, 2018

**Highlands Ranch Community  
Association, Inc.**

Highlands Ranch Community Association, Inc.  
Schedule of Estimated Future Major Repairs and Replacements  
December 31, 2018

We commissioned a study in 2014 by an independent engineering firm to estimate the remaining useful lives and the replacement costs of the components of recreational common property. The engineering firm assessed the condition of all common area components, estimated replacement costs and remaining lives to develop a funding plan for such future costs. A funding plan has been established using a pooled-funding method with provisions for inflation of 2.875% and interest earnings of 0.35%. Historically, the Association has commissioned a study every three to five years. During the intervening periods, the Association adjusts the most recent estimate of current replacement costs by applying the inflation index built into the study in addition to obtaining bids for current-year projects.

The following table is based on the 2014 study, adjusted for inflation, and presents significant information about the components of the buildings, furniture and equipment, and assets designated for reserves as of December 31, 2018.

| Major Components                     | Estimated Remaining Useful Lives (Years) | Estimated Current Replacement Costs | Assets Designated for Reserves at December 31, 2018 |                             |                   |
|--------------------------------------|--|-------------------------------------|---|-----------------------------|-------------------|
|                                      |  |                                     | Recreation Reserve Fund                             | Administrative Reserve Fund | Backcountry Fund  |
| Amenities                            | 0-30                                     | \$ 5,082,524                        |   |                             |                   |
| Façade                               | 0-40                                     | 801,286                             |   |                             |                   |
| Fire and safety                      | 0-20                                     | 155,565                             |   |                             |                   |
| Flatwork                             | N/A                                      | 116,083                             |   |                             |                   |
| Interiors                            | 0-30                                     | 9,485,498                           |   |                             |                   |
| Landscape and appurtenances          | 0-30                                     | 513,530                             |   |                             |                   |
| Mechanical                           | 0-30                                     | 6,227,708                           |   |                             |                   |
| Paving and curbing                   | 0-20                                     | 1,203,892                           |   |                             |                   |
| Roofing                              | 0-25                                     | 1,604,921                           |   |                             |                   |
| Miscellaneous                        | 0-25                                     | 1,842,974                           |   |                             |                   |
| <b>Total</b>                         |  | <b>\$ 27,033,981</b>                | <b>\$ 2,807,031</b>                                 | <b>\$ 275,713</b>           | <b>\$ 172,926</b> |
| <b>Replacement Costs by Location</b> |  |                                     |   |                             |                   |
| Northridge Recreation Center         |  | \$ 10,438,343                       |   |                             |                   |
| Southridge Recreation Center         |  | 4,364,391                           |   |                             |                   |
| Eastridge Recreation Center          |  | 7,516,174                           |   |                             |                   |
| Westridge Recreation Center          |  | 3,647,861                           |   |                             |                   |
| Administrative office                |  | 683,200                             |   |                             |                   |
| Backcountry                          |  | 384,012                             |   |                             |                   |
| <b>Total</b>                         |  | <b>\$ 27,033,981</b>                | <b>\$ 2,807,031</b>                                 | <b>\$ 275,713</b>           | <b>\$ 172,926</b> |