

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
CAPITAL PROJECTS FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	21

INSERT INDEPENDENT AUDITOR'S REPORT

BASIC FINANCIAL STATEMENTS

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,383,347
Cash and Investments - Restricted	1,264,119
Accounts Receivable - District Service Fees	601,342
Accounts Receivable - Other	35,382
Due from Banning Lewis Ranch MD No. 2	36,316
Due from Banning Lewis Ranch MD No. 3	27,982
Due from Banning Lewis Ranch MD No. 4	34,729
Due from Banning Lewis Ranch MD No. 5	6,785
Due from Banning Lewis Ranch MD No. 8	9,358
Due from Banning Lewis Ranch Regional MD No. 1 and No. 2	13,525
Prepaid Expenses	111,614
Capital Assets, Not Being Depreciated:	
Construction in Progress	11,601,704
Capital Assets, Net of Accumulated Depreciation:	
Parks and Recreation	12,181,202
Recreation Center	5,076,115
Total Assets	32,383,520
LIABILITIES	
Accounts Payable	796,260
Due to Banning Lewis Ranch Community Foundation	23,991
Due to YMCA	78,563
Prepaid Assessments	77,284
Resident Activity Fee Escrow	39,000
Property Tax Escrow	2,002
District Operating Fees Deposit	8,056
Landscape Deposits	451,375
Total Liabilities	1,476,531
NET POSITION	
Net Investment in Capital Assets	28,859,021
Restricted for:	
Emergency Reserves	212,100
Unrestricted	1,835,868
Total Net Position	\$ 30,906,989

See accompanying Notes to Basic Financial Statements.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,383,347	\$ -	\$ 1,383,347
Cash and Investments - Restricted	1,264,119	-	1,264,119
Accounts Receivable - Service Fees BLR MD No. 2	140,921	-	140,921
Accounts Receivable - Service Fees BLR MD No. 3, No. 4 and No. 5	444,835	-	444,835
Accounts Receivable - Service Fees BLR MD No. 8	15,586	-	15,586
Accounts Receivable - Other	35,382	-	35,382
Due from Banning Lewis Ranch MD No. 2	36,316	-	36,316
Due from Banning Lewis Ranch MD No. 3	27,982	-	27,982
Due from Banning Lewis Ranch MD No. 4	34,729	-	34,729
Due from Banning Lewis Ranch MD No. 5	6,785	-	6,785
Due from Banning Lewis Ranch MD No. 8	9,358	-	9,358
Due from BLR Regional MD No. 1 and No. 2	13,525	-	13,525
Prepaid Expense	111,614	-	111,614
Total Assets	\$ 3,524,499	\$ -	\$ 3,524,499
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 796,260	\$ -	\$ 796,260
Due to BLR Community Foundation	23,991	-	23,991
Due to YMCA	78,563	-	78,563
Landscape Deposit	451,375	-	451,375
District Operating Fees Deposit	8,056	-	8,056
Prepaid Assessments - BLR MD No. 2	24,065	-	24,065
Prepaid Assessments - BLR MD No. 3, No. 4 and No. 5	51,360	-	51,360
Prepaid Assessments - BLR MD No. 8	1,859	-	1,859
Property Tax Escrow	2,002	-	2,002
Resident Activity Fee Escrow	39,000	-	39,000
Total Liabilities	1,476,531	-	1,476,531
FUND BALANCES			
Nonspendable:			
Prepaid Expenditures	111,614	-	111,614
Restricted for:			
Emergency Reserves	212,100	-	212,100
Assigned to:			
The Retreat	610,461	-	610,461
Unassigned:			
General Government	1,113,793	-	1,113,793
Total Fund Balances	2,047,968	-	2,047,968
Total Liabilities and Fund Balances	\$ 3,524,499	\$ -	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
Capital Assets, Net

28,859,021

Net Position of Governmental Activities

\$ 30,906,989

See accompanying Notes to Basic Financial Statements.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Capital Projects	Total Governmental Funds
REVENUES			
Village 1	\$ 926,398	\$ -	\$ 926,398
Village 2W	682,436	-	682,436
Village 2E	592,528	-	592,528
Village 2W Carriage	412,400	-	412,400
Village 2E Carriage	629,067	-	629,067
Village 2E Bungalow	196,780	-	196,780
Village 3E Duets	257,257	-	257,257
Village 3E Carriage	127,872	-	127,872
Village 3 West Operating Fees	921,024	-	921,024
Village 3	78,978	-	78,978
Interest Income	39,661	-	39,661
Design Review Fee	22,250	-	22,250
Insurance Proceeds	6,389	-	6,389
Other Income	63,567	-	63,567
Ranch House Rentals	15,845	-	15,845
Reimbursed Expenditures	35,382	-	35,382
Intergovernmental Revenue - BLR MD No. 2	597,898	9,660	607,558
Intergovernmental Revenue - BLR MD No. 3	632,449	-	632,449
Intergovernmental Revenue - BLR MD No. 4	668,462	-	668,462
Intergovernmental Revenue - BLR MD No. 5	154,272	65,786	220,058
Intergovernmental Revenue - BLR MD No. 8	8,562	10,668,770	10,677,332
Total Revenues	<u>7,069,477</u>	<u>10,744,216</u>	<u>17,813,693</u>
EXPENDITURES			
Accounting	262,510	2,993	265,503
Audit	28,475	-	28,475
Billing Services	239,295	-	239,295
Community Management	161,101	-	161,101
Design Review Fee	28,225	-	28,225
Directors Fees	1,201	-	1,201
District Management	405,850	1,593	407,443
Dues and Memberships	5,161	-	5,161
Election Costs	13,413	-	13,413
Engineering and Consulting	11,960	54,884	66,844
Insurance and Bonds	85,367	-	85,367
Legal	200,003	-	200,003
Mailbox Repairs (S&K)	1,942	-	1,942
Miscellaneous	10,389	-	10,389
Payroll Taxes	199	-	199
Repairs and Maintenance	12,001	-	12,001
Website Maintenance	6,329	-	6,329
Trash Removal and Recycle	625,407	-	625,407
Landscape Maintenance	2,778,569	-	2,778,569
Landscape Maintenance - Carriage House	419,170	-	419,170
Recreation Center	659,726	-	659,726
Recreation Center - The Retreat	290,079	-	290,079
Swimming Pool	378,165	-	378,165
Capital Outlay	-	10,684,746	10,684,746
Total Expenditures	<u>6,624,537</u>	<u>10,744,216</u>	<u>17,368,753</u>
NET CHANGE IN FUND BALANCES	444,940	-	444,940
Fund Balances - Beginning of Year	<u>1,603,028</u>	<u>-</u>	<u>1,603,028</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,047,968</u>	<u>\$ -</u>	<u>\$ 2,047,968</u>

See accompanying Notes to Basic Financial Statements.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 444,940

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

Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	10,739,630
Depreciation	<u>(725,315)</u>

Changes in Net Position of Governmental Activities \$ 10,459,255

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Village 1	\$ 925,360	\$ 926,398	\$ 1,038
Village 2W	681,570	682,436	866
Village 2E	573,164	592,528	19,364
Village 2W Carriage	410,306	412,400	2,094
Village 2E Carriage	647,558	629,067	(18,491)
Village 2E Bungalow	262,722	196,780	(65,942)
Village 3E Duets	344,329	257,257	(87,072)
Village 3E Carriage	-	127,872	127,872
Village 3 West Operating Fees	722,880	921,024	198,144
Village 3	-	78,978	78,978
Interest Income	500	39,661	39,161
Design Review Fee	45,000	22,250	(22,750)
YMCA Program Revenues	65,000	-	(65,000)
Insurance Proceeds	-	6,389	6,389
Other Income	400	63,567	63,167
Ranch House Rentals	25,000	15,845	(9,155)
Reimbursed Expenditures	-	35,382	35,382
Intergovernmental Revenue - BLR MD No. 2	591,259	597,898	6,639
Intergovernmental Revenue - BLR MD No. 3	629,718	632,449	2,731
Intergovernmental Revenue - BLR MD No. 4	666,000	668,462	2,462
Intergovernmental Revenue - BLR MD No. 5	153,676	154,272	596
Intergovernmental Revenue - BLR MD No. 8	9,628	8,562	(1,066)
Total Revenues	<u>6,754,070</u>	<u>7,069,477</u>	<u>315,407</u>
EXPENDITURES			
Accounting	275,000	262,510	12,490
Audit	39,000	28,475	10,525
Billing Services	188,000	239,295	(51,295)
Community Management	210,000	161,101	48,899
Design Review Fee	65,000	28,225	36,775
Directors Fees	2,500	1,201	1,299
District Management	285,000	405,850	(120,850)
Dues and Memberships	6,000	5,161	839
Election Costs	100,000	13,413	86,587
Engineering and Consulting	-	11,960	(11,960)
Insurance and Bonds	145,000	85,367	59,633
Legal	220,000	200,003	19,997
Mailbox Repairs (S&K)	5,000	1,942	3,058
Miscellaneous	10,000	10,389	(389)
Payroll Taxes	750	199	551
Repairs and Maintenance	50,000	12,001	37,999
Website Maintenance	12,500	6,329	6,171
Trash Removal and Recycle	572,000	625,407	(53,407)
Landscape Maintenance	1,490,000	2,778,569	(1,288,569)
Landscape Maintenance - Carriage House	560,000	419,170	140,830
Recreation Center	855,000	659,726	195,274
Recreation Center - The Retreat	-	290,079	(290,079)
Swimming Pool	570,000	378,165	191,835
Contingency	1,093,320	-	1,093,320
Total Expenditures	<u>6,754,070</u>	<u>6,624,537</u>	<u>129,533</u>
NET CHANGE IN FUND BALANCE	-	444,940	444,940
Fund Balance - Beginning of Year	<u>1,548,235</u>	<u>1,603,028</u>	<u>54,793</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,548,235</u>	<u>\$ 2,047,968</u>	<u>\$ 499,733</u>

See accompanying Notes to Basic Financial Statements.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

Banning Lewis Ranch Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized concurrently with Banning Lewis Ranch Metropolitan District Nos. 2-5, 6 (now Banning Lewis Ranch Regional Metropolitan District No. 1) and 7 (now Banning Lewis Ranch Regional Metropolitan District No. 2) (collectively, the Districts and Regional Districts) by order and decree of the District Court for the city of Colorado Springs, El Paso County, Colorado, on December 1, 2005, and is governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The Districts' service area is located entirely within the city of Colorado Springs, El Paso County, Colorado. The Districts operate under a Consolidated Service Plan to provide financing for the design, acquisition, installation and construction of public improvements and services, including street improvements, parks and recreational facilities, water supply, wastewater facilities, traffic and safety controls, public transportation, fire protection, mosquito control and television relay. Pursuant to the Service Plan, the District is intended to serve as the Operating District related to District Nos. 2-5 and the Regional Districts, the Taxing Districts.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, 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 District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for the governmental funds. Major individual governmental 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 major sources of revenue susceptible to accrual are intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Project Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. 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 District has amended its annual budget for the year ended December 31, 2022.

Pooled Cash and Investments

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 single bank account. 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 total cash and investments.

District Service Fees

During 2022, the District collected a service fee of \$86.45 per month from the homeowners of the Northtree Village No. 1 in District No. 2, Northtree Village No. 2 West in District No. 3, and Northtree Village No. 2 East in District No. 4. The service fees charged help pay the costs of trash removal and recycling and to cover a portion of the recreation center expenditures.

During 2022, the District collected service fees of \$174.45 per month from homeowners of the Carriage House, Bungalows, and Townhomes in District Nos. 3 and 4 to pay for costs of trash removal and recycling, to cover a portion of the recreation center expenditures, and to cover the costs of front yard landscaping, maintenance and repairs, park and common area maintenance, snow removal within the common driveway, and utilities (water and electric).

During 2022, the District collected service fees of \$179.90 per month from homeowners of the Village 3 East in District No. 4 and service fees of \$288.00 per month from the homeowners of the Village 3 West in District No. 5 to pay for costs of trash removal and recycling, to cover a portion of the recreation center expenditures, and to cover the costs of front yard landscaping, maintenance and repairs, park and common area maintenance, snow removal within the common driveway, and utilities (water and electric).

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental activities' column 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset 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. Until either construction is completed for the capital assets that the District will operate and maintain or until such time capital assets are conveyed to the city, capital assets of the District are recorded as construction in progress.

Depreciation expense has been computed on the Recreation center using the straight-line method over the estimated economic useful life of 30 years.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 1,383,347
Cash and Investments - Restricted	1,264,119
Total Cash and Investments	\$ 2,647,466

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

Deposits with Financial Institutions	\$ 615,778
Investments	2,031,688
Total Cash and Investments	\$ 2,647,466

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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.

At December 31, 2022, the District's cash deposits had a bank balance of \$615,778 and a carrying balance of \$615,778.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities.
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pool

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 2,031,688

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 862,074	\$ 10,739,630	\$ -	\$ 11,601,704
Total Capital Assets, Not Being Depreciated	862,074	10,739,630	-	11,601,704
Capital Assets, Being Depreciated:				
Parks and Recreation	13,534,668	-	-	13,534,668
Recreation Center	8,174,525	-	-	8,174,525
Total Capital Assets, Being Depreciated	21,709,193	-	-	21,709,193
Less Accumulated Depreciation:				
Parks and Recreation	(902,310)	(451,156)	-	(1,353,466)
Recreation Center	(2,824,251)	(274,159)	-	(3,098,410)
Total Accumulated Depreciation	(3,726,561)	(725,315)	-	(4,451,876)
Total Capital Assets, Being Depreciated, Net	17,982,632	(725,315)	-	17,257,317
Governmental Activities Capital Assets, Net	<u>\$ 18,844,706</u>	<u>\$ 10,014,315</u>	<u>\$ -</u>	<u>\$ 28,859,021</u>

Depreciation expense was charged to the general government function/program of the District for the year ended December 31, 2022 in the amount of \$725,315.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 DEBT AUTHORIZATION

On November 1, 2005, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$929,500,000 for infrastructure improvements and operations, such debt to bear interest at a rate not in excess of 18% per annum.

At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 1, 2005	Authorization Used	Authorized But Unissued at December 31, 2022
Street Improvements	\$ 84,500,000	\$ -	\$ 84,500,000
Water	84,500,000	-	84,500,000
Sanitation	84,500,000	-	84,500,000
Traffic and Safety	84,500,000	-	84,500,000
Fire Protection and Ambulance Service	84,500,000	-	84,500,000
Park and Recreation	84,500,000	-	84,500,000
Mosquito Control	84,500,000	-	84,500,000
Television Relay and Translation	84,500,000	-	84,500,000
Public Transportation	84,500,000	-	84,500,000
Operations and Maintenance	84,500,000	-	84,500,000
Debt Refunding	84,500,000	-	84,500,000
Total	<u>\$ 929,500,000</u>	<u>\$ -</u>	<u>\$ 929,500,000</u>

Pursuant to the Consolidated Service Plan, District No. 2 is only permitted to issue debt up to \$84,500,000. District Nos. 3-5 and the Regional Districts will be permitted to issue additional debt only at such time that such additional debt is approved by the City and that repayment of such additional debt can be accomplished only to the extent of the maximum permitted residential or commercial mill levy of 30.000 mills and 50.000 mills, respectively, as may be adjusted by a change in the ratio of actual valuation.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. As of December 31, 2022, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 28,859,021
Net Investment in Capital Assets	\$ 28,859,021

Restricted assets include amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 212,100

As of December 31, 2022, the District had unrestricted net position of \$1,835,868.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Clayton Properties Group II, Inc., dba: Oakwood Homes. The members of the Board of Directors are officers of, employees of, or otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 INTERGOVERNMENTAL AGREEMENTS

District Facilities Agreements

Effective as of January 1, 2007, the District and District No. 2 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate and maintain facilities benefiting both the District and District No. 2. District No. 2 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multi-family unit, and from each square foot of commercial development, their pro rata share of the operating costs, and 3) from any other revenues District No. 2 may have legally available to pay for such costs.

Effective as of December 1, 2014, the District and District No. 3 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate and maintain facilities benefiting both the District and District No. 3. District No. 3 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multi-family unit, and from each square foot of commercial development, their pro rata share of the operating costs, and 3) from any other revenues District No. 3 may have legally available to pay for such costs.

Effective as of August 2, 2018, and Amended and Restated as of November 12, 2018, the District and District No. 4 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate and maintain facilities benefiting both the District and District No. 4. District No. 4 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multi-family unit, and from each square foot of commercial development, their pro rata share of operating costs, and 3) from any other revenues District No. 4 may have legally available to pay for such costs.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

District Facilities Agreements (Continued)

Effective as of August 2, 2018, and Amended and Restated as of November 12, 2018, the District and District No. 5 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate and maintain facilities benefiting both the District and District No. 5. District No. 5 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multi-family unit, and from each square foot of commercial development, their pro rata share of operating costs, and 3) from any other revenues District No. 5 may have legally available to pay for such costs.

Effective as of November 21, 2019, the District and District No. 8 entered into a District Facilities Agreement wherein the District has agreed to construct, own, operate and maintain facilities benefiting both the District and District No. 8. District No. 8 has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multi-family unit, and from each square foot of commercial development, their pro rata share of operating costs, and 3) from any other revenues District No. 8 may have legally available to pay for such costs.

Effective on November 21, 2019, the District and Banning Lewis Ranch Regional Metropolitan District No. 1 entered into a District Facilities Agreement (Agreement) wherein District No. 1 has agreed to construct, own, operate, and maintain facilities benefiting both the District and District No. 1. The District has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method, or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multi-family unit, and from each square foot of commercial development, their pro rata share of the operating costs, and 3) from any other revenues the District may have legally available to pay for such costs.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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.

On November 1, 2005, a majority of the District's electors authorized the District to increase property taxes \$8,000,000 annually, without limitation of rate and without regard to any spending, revenue raising, or other limitations contained within Article X, Section 20 of the Colorado Constitutions (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

SUPPLEMENTARY INFORMATION

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue - BLR MD No. 2	\$ -	\$ 9,660	\$ 9,660	\$ -
Intergovernmental Revenue - BLR MD No. 5	-	65,786	65,786	-
Intergovernmental Revenue - BLR MD No. 8	-	10,668,770	10,668,770	-
Other Income	-	5,784	-	(5,784)
Total Revenues	-	10,750,000	10,744,216	(5,784)
EXPENDITURES				
Current:				
Accounting	-	2,993	2,993	-
District Management	-	1,593	1,593	-
Engineering	-	54,884	54,884	-
Capital Outlay	-	10,684,746	10,684,746	-
Contingency	-	5,784	-	5,784
Total Expenditures	-	10,750,000	10,744,216	5,784
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>