



Annual Comprehensive

Financial Report

Highlands Ranch Metropolitan District

Highlands Ranch, Colorado

Year Ended December 31, 2024

Prepared by

Department of Finance and Administration

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Supplementary Information

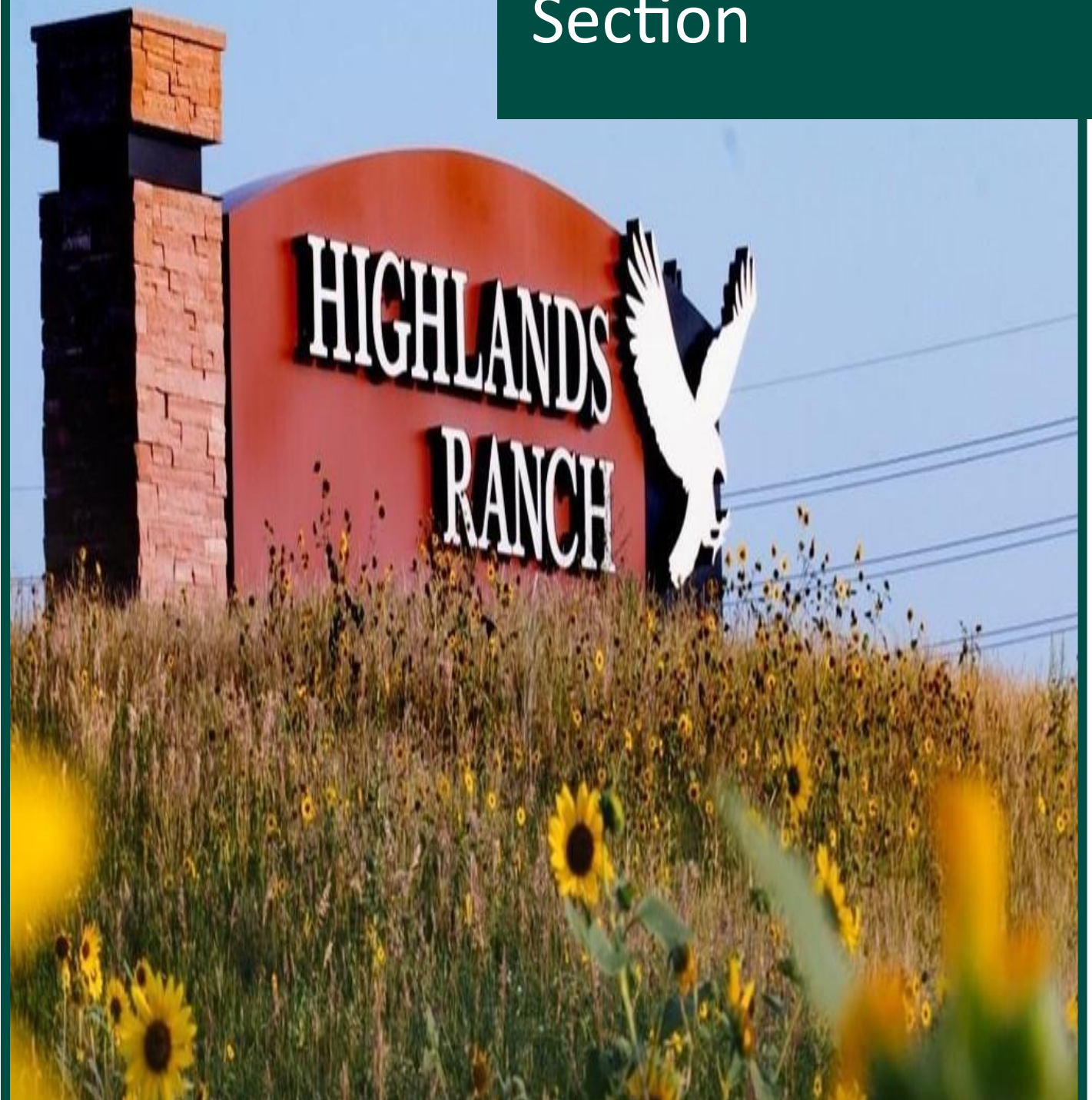
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Introductory Section



Letter of Transmittal



August 21, 2025

To: The Citizens of Highlands Ranch Metropolitan District and
the Board of Directors

We are pleased to present the Annual Comprehensive Financial Report ("ACFR") of Highlands Ranch Metropolitan District ("District" or "HRMD") for the year ended December 31, 2024.

Colorado state law requires that, within seven months of the fiscal year end, the District publish a complete set of financial statements audited by a firm of licensed certified public accountants. This annual report includes a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, the District hereby issues the annual report of the Highlands Ranch Metropolitan District for the fiscal year ended December 31, 2024. Disclosures necessary to enable the reader to gain an understanding of the District's activities have been included.

District management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that was established for this purpose. The report consists of management's representations concerning the finances of the District. Because the cost of internal control should not exceed anticipated benefits the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

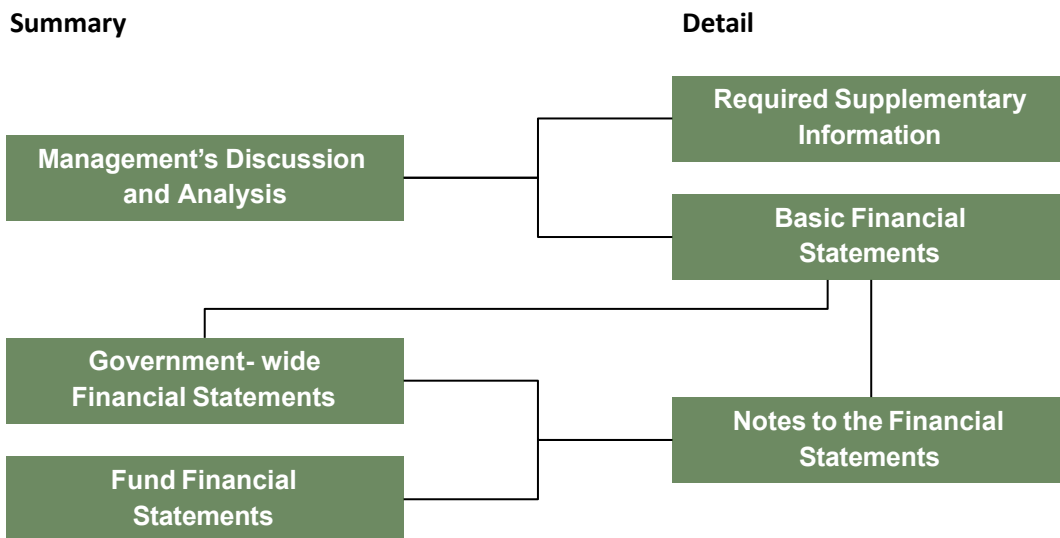
The financial statements have been audited by Forvis Mazars, LLP ("Forvis Mazars"), a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Forvis Mazars has issued unmodified opinions that the District's financial statements for the year ended December 31, 2024, are presented fairly and in conformity with GAAP. The independent auditor's report is located at the front of the financial section of the report. Forvis Mazars is in the second year of performing the audit of the District for a one-year contract term. The Board reviews proposals from accounting firms every five years although there is no mandatory rotation.

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

The Report

The Annual Comprehensive Financial Report is presented in three sections:

- The Introduction section includes this letter of transmittal, GFOA Certificate, Organization Chart, Board of Directors and District Appointed Officials introductions, and the District’s organization chart.
- The Financial section includes the report of the independent auditors, Management’s Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities and the accompanying notes to the financial statements. The Financial Section also includes the fund financial statements including the governmental funds financial statements, and the combining individual funds financial statements for the nonmajor governmental funds. Required supplementary information other than the MD&A is also included in the financial section.
- The Statistical section includes selected financial and demographic information, on a multi-year basis. This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A.



Profile, Responsibilities, and Structure of the District

The District serves Highlands Ranch, a master planned community located in the northern part of Douglas County, Colorado approximately 12 miles south of Denver. The Highlands Ranch area contains zoning for approximately 29,390 single family homes, 8,410 multi-family units and over 1,100 acres of developed commercial property.

The District provides a range of municipal type services including installation and maintenance of parkway landscaping adjacent to arterial roadways, installation and maintenance of storm drainage facilities, construction and maintenance of parks and trails, maintenance and operation of the Highlands Ranch mansion, outdoor recreation, and maintenance of open space.

In addition to the municipal type services provided by the District, the community is provided water and wastewater service through an intergovernmental agreement with Highlands Ranch Water and Sanitation District (“HRWSD”). Both districts are organized as political subdivisions of the State of Colorado and as quasi-municipal corporations created pursuant to Title 32, Colorado Revised Statutes, as amended.

The District operates under a Board - General Manager form of government. The Board of Directors is comprised of seven members from specific regions, however all members serve at-large. The seven members of the Board serve four-year terms and have staggered terms either three or four Board members elected every two years in May of odd numbered years. Policy-making and legislative authority are vested in the Board of Directors. Pursuant to Colorado statutes, the board of directors is responsible, among other things, for passing resolutions, adopting the budget, appointing committees and hiring the general manager and the attorney. The Board of Directors appropriates operating funds annually for the following funds: General (Operations), Stormwater, Utility, Recreation, Mansion, Major Repair (vehicle and equipment replacement only), and Water & Wastewater Reserve.

The District General Manager is responsible for carrying out the policies and resolutions of the governing Board of Directors, for overseeing the day-to-day operations of the District, and directly manages five non-statutory departments, headed by appointed department directors: Operations and Maintenance, Recreation and Cultural Programs, Public Works, Human Resources, and Finance and Administration.

The financial reporting entity for the Annual Comprehensive Financial Report is Highlands Ranch Metropolitan District as legally defined.

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

Factors Affecting Financial Condition

Revenue Base

The District has three primary revenue sources for funding:

- Property and specific ownership taxes which fund general operations and maintenance, a portion of parks and recreation, a portion of major repair, and in-tract line replacements.
- Capital projects are primarily funded from development fees, and Colorado Lottery proceeds.
- Special revenues derived from fee, fund parks and recreation, stormwater management, streetlight management, Highlands Ranch Mansion rentals, and water and wastewater operations.

The District has historically benefited from strong growth. However, as the community matures, the District relies more on a stable property tax base which will grow at a nominal rate as the remaining residential and nonresidential undeveloped land is fully developed.

The property valuation reassessment, completed in 2023 by the Douglas County assessor, was the basis for property tax revenue collections in 2024. The 2023 property tax reassessment resulted in a 25.3% increase in assessed value from 2022.

The graph below shows the 10-year history of assessed value by property type for Highlands Ranch:



2023 Tornado

In June 2023, a tornado in Highlands Ranch caused damage to district facilities, a disaster was declared and emergency services and repairs were needed. This included damage to parkway, landscape, trees, parkway fencing, and district property. Coordinating with Douglas County, the District began making emergency repairs to District assets utilizing the existing fund balance in the Major Repair Fund to pay for damages.

The District applied for emergency funding from FEMA and received a portion of \$1,024,667 of FEMA grant funds in 2024 with the remaining expected to be received in 2025.

Long-term Financial Planning and Fund Balance

The Board annually reviews the short and long-term strategic plans for the District. This includes a detailed operations plan as well as a Capital Improvement Plan. A key component in meeting the objective of the strategic plan is for the Board to adopt policies related to the maintenance of year-end fund balances. The maintenance of various fund balances will allow flexibility in the face of variable property tax collections.

General Fund: Per Board policy, ending fund balance must be at least 40% of the following year's budgeted operating expenditures. The 2024 year-end fund balance is 182% of the 2025 budgeted operating expenditures, up from 152% in 2023 for 2024 actual operating expenditures. The primary reason for the increase is 16.6% more in property tax collections from 2023 assessments and a \$5.3 million reduction in interfund transfers.

Per Board policy, the General Fund must make the following annual transfers:

- A transfer of property tax dollars to the Recreation Special Revenue Fund to supplement costs not recovered from fees

- A transfer of property tax dollars to the Major Repair Fund of \$2 million (approximately 1.000 mills) plus the cost of annual vehicle and equipment replacement for the critical upkeep of the District’s parks, arterial fencing, entries and medians, and District facilities.
- A transfer of property tax dollars to the Water and Sewer Reserve Fund to maintain an ending fund balance of at least \$500,000 for water and sewer in-tract line replacements

Future model projections are based on the anticipation that fund balance will be drawn down for future capital project funding until reaching 40%.

Special Revenue Funds: Committed and assigned fund balances in special revenue funds include:

- The Utility Fund commits fund balance to meet the water and wastewater system reserved capacity payment to HRWSD and assigns fund balance for water and wastewater operations and for operations and maintenance of streetlights
- The Mansion Fund carries a committed \$4,000,000 endowment balance which is earmarked for the on-going operations of the Highlands Ranch Mansion; the remaining fund balance is committed to daily operation and maintenance of the mansion

Debt Service Fund: A debt service fund is no longer required as a result of the retirement of all outstanding general obligation bonds in 2021.

Capital Improvement Planning

The District prepares a comprehensive Capital Improvement Plan detailing the infrastructure necessary to provide the basic services at build-out of the community as well as other capital projects that enhance the community. The plan is reviewed and updated annually. The Capital Improvement Plan is broken out into the following six sections:

- **Facility Plan:** details the cost estimate of the entire base infrastructure to serve Highlands Ranch at full build-out and is the basis for the calculation of the Systems Development Fee. All funds received from Systems Development Fees are initially deposited and maintained in the Capital Projects Fund until such time as they are needed, at the Board’s discretion, for projects identified in the District’s Facility Plan.
- **Community Enhancements:** identifies the facilities that will provide a variety of cultural and recreation opportunities within the community. These projects are funded through various financial resources including System Development Fees.
- **Conservation Trust Fund Long-Range Plan:** identifies the projects that are eligible to be funded with proceeds from the Colorado Lottery.
- **Stormwater Long-Range Plan:** identifies the anticipated funding needs to maintain the stormwater collection system which provides flood control and water quality enhancement.
- **Major Repair Fund Long-Range Plan:** serves as a proactive tool for funding the major maintenance, repair, renovation, and renewal or replacement of District’s facilities.
- **In-Tract Line Replacement:** Initially, developers installed and donated in-tract water and sewer lines to the Metro District. The replacement of these lines is managed by HRWSD who is then reimbursed by the District for actual project costs.

Retirement Benefits

The District does not participate in Social Security but does maintain a 414(h) defined contribution plan. All regular District employees are required to participate in the plan on their date of hire. Employees are required to contribute 6.2% of pay, which is matched by the District. The contribution level was established equivalent to the Social Security requirements and, commencing in 2011, the total contributions are capped at the same maximum as established for Social Security contributions. In addition, the District offers all regular employees the option to contribute to a 457 deferred compensation plan. The District's matching structure is 100% on the first 3% of employee contributions and 50% on employee contributions up to a maximum of 6%. Both plans are overseen by an elected retirement board and governed by the Director of Finance and Administration.

Major Initiatives

During the 2016 retreat, the Board identified several priorities including the expansion of existing programs and services offered to the senior community. In 2018, the District began the preliminary design of the new senior center which provides a vast expansion of programs and services. Construction began in 2023 and the center opened in January 2025.

The Board maintains a long-term financial focus to position the District to make funding available for the following priorities:

- A partnership with South Suburban Parks and Recreation for the expansion of Pickleball programs and facilities; construction of the facility is anticipated to be completed in 2025
- Partnerships with Douglas County and other government entities to pursue initiatives to benefit Highlands Ranch such as expanded recreation opportunities, senior services, and transportation improvements
- The conveyance of and improvements to Historic Park outbuildings and open space

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

Prior to 2021, the District received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for twenty-three consecutive years. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. While the District did not receive the award for 2022, we are pleased to share the District did receive the award in 2023. The District will be submitting this 2024 Annual Comprehensive Financial Report for GFOA Certificate of Achievement consideration. We believe our current report conforms to the Certificate of Achievement program requirements.

Distinguished Budget Presentation Award

The Distinguished Budget Presentation Awards Program is specifically designed to encourage state and local governments to prepare and issue budget documents of the highest quality. Top-quality documents are essential if citizens and others with an interest in a government's finances are to be fully informed

participants in the budget process. Better budget documents contribute to better decision making and enhanced accountability.

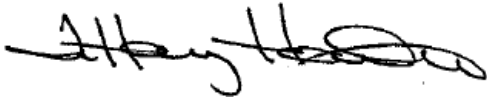
The Distinguished Budget Presentation Awards Program allows the public finance profession a welcome opportunity to recognize those governments that have, in fact, succeeded in preparing a high-quality budget document.

The GFOA presented a Distinguished Budget Presentation Award to the District for its annual budget for the fiscal year beginning January 1, 2025. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only.

Acknowledgments

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Tiffany Hooten', written in a cursive style.

Tiffany Hooten

Director of Finance and Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Highlands Ranch Metropolitan District
Colorado**

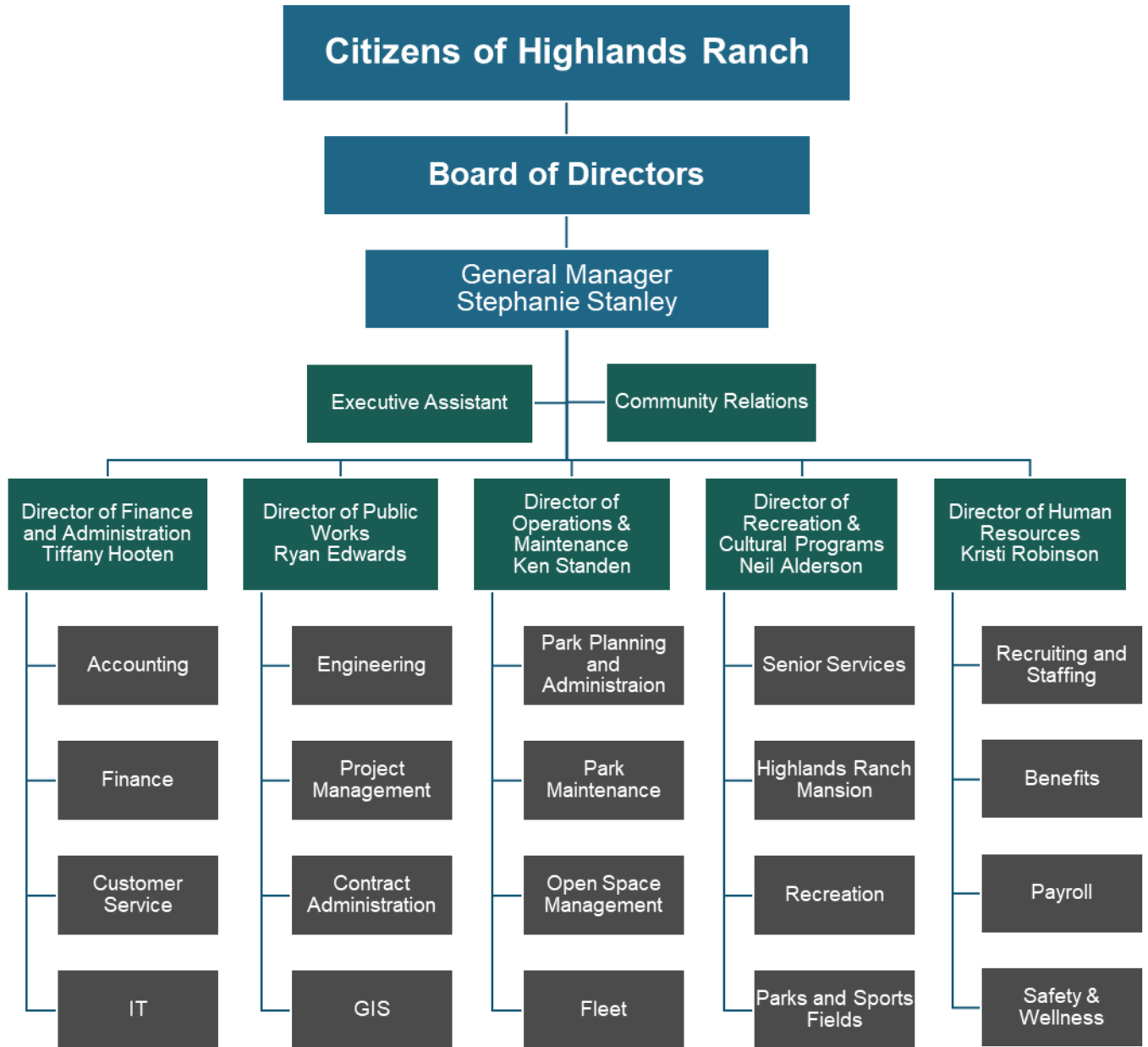
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Merrill

Executive Director/CEO

Organization Chart



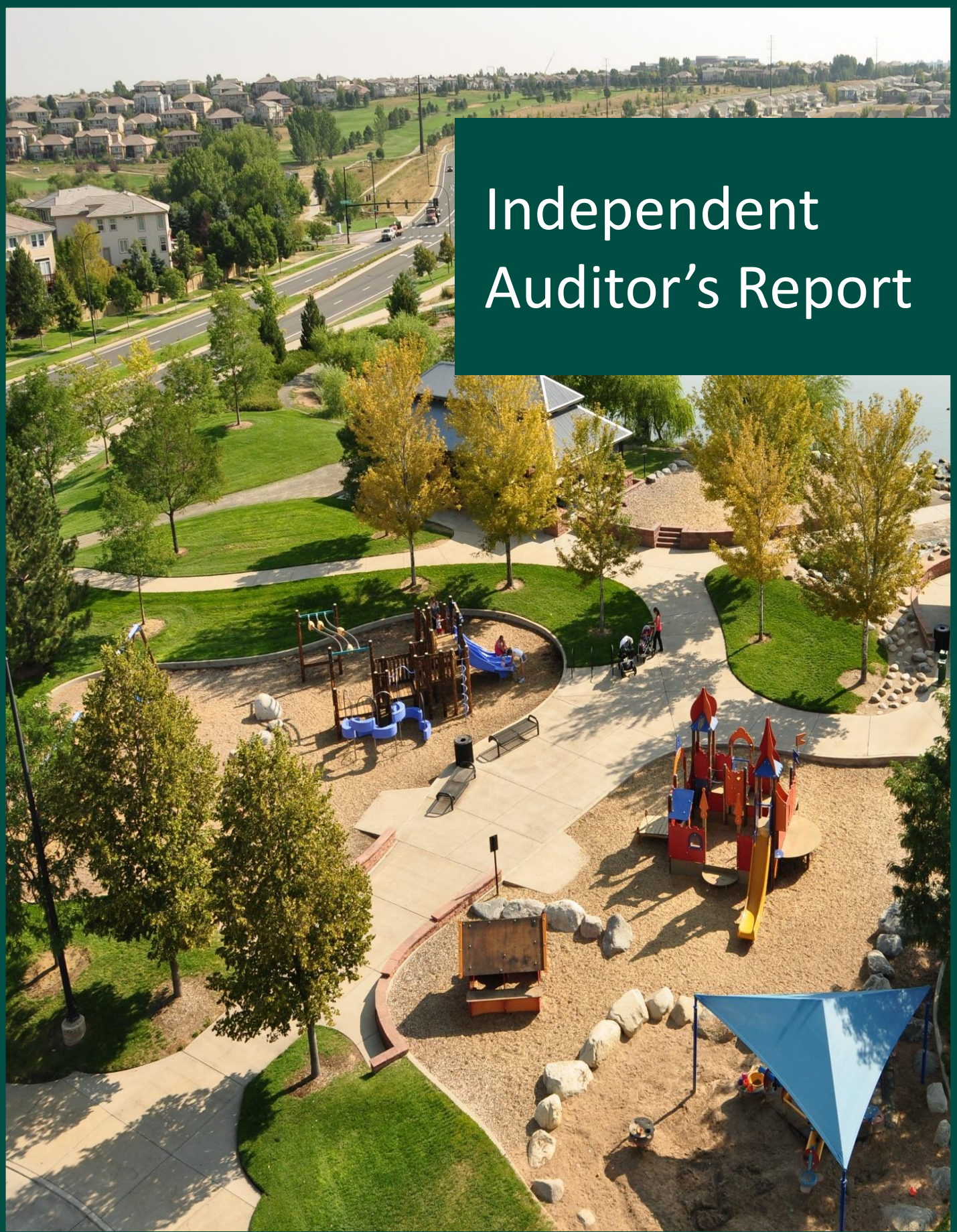
Board of Directors and District Appointed Officials



Stephanie Stanley	General Manager
Neil Alderson	Director of Recreation and Cultural Programs
Kristi Robinson	Director of Human Resources
Ken Standen	Director of Operations and Maintenance
Ryan Edwards	Director of Public Works
Tiffany Hooten	Director of Finance and Administration



Independent Auditor's Report



Independent Auditor's Report

Board of Directors
Highlands Ranch Metropolitan District
Highlands Ranch, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highlands Ranch Metropolitan District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note III.I to the financial statements, the 2023 financial statements of the major repair fund have been restated to correct an error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison schedules – general fund and major special revenue funds be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules, budgetary comparison schedules – capital projects funds and nonmajor funds, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, budgetary comparison schedules – capital projects funds and nonmajor funds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information⁴ included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

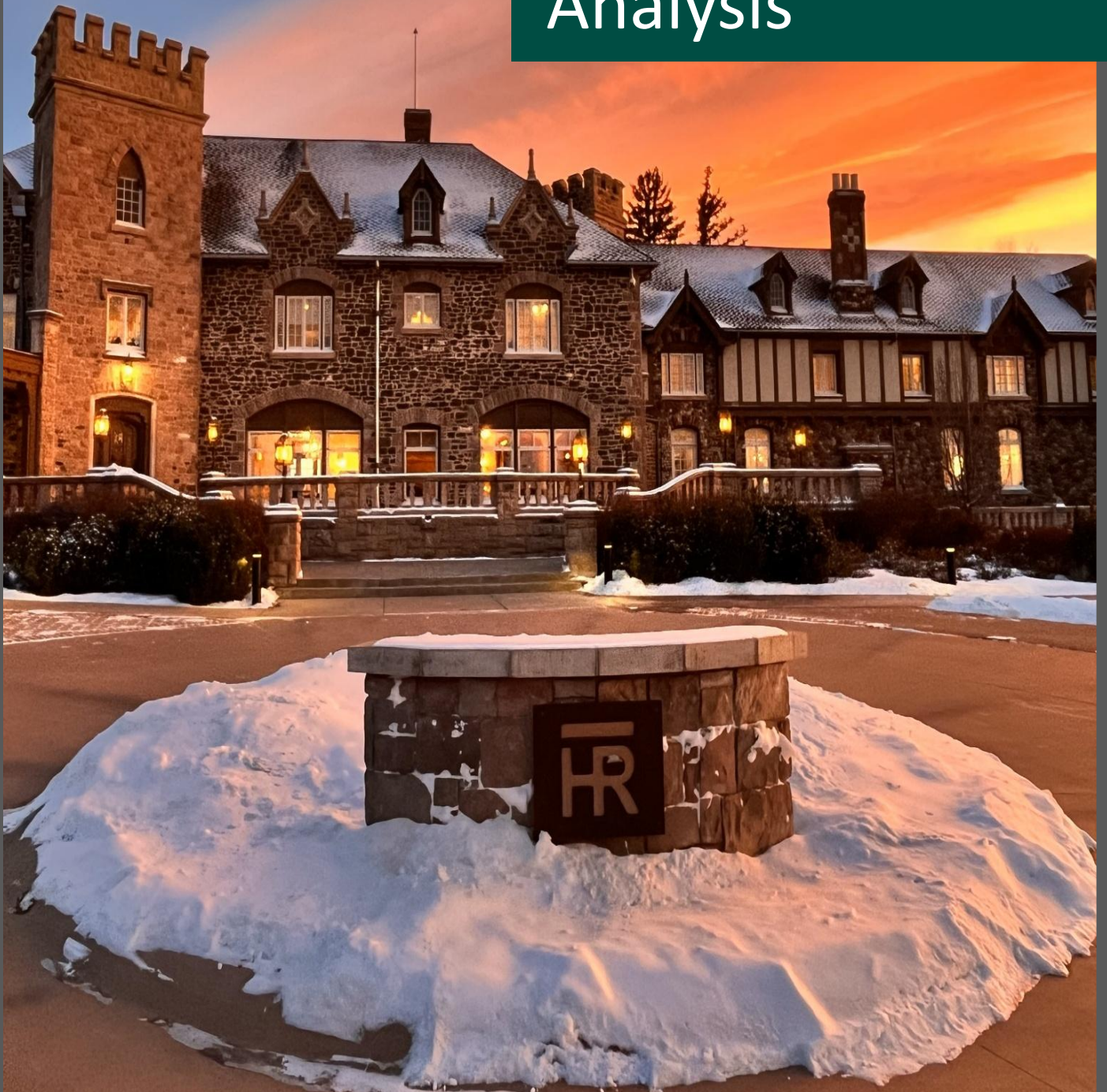
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Denver, Colorado
August 21, 2025**

Management's Discussion and Analysis



Management’s Discussion and Analysis

As management of the Highlands Ranch Metropolitan District (the “District”), we are pleased to provide a discussion and analysis of the District’s 2024 financial statements. This narrative overview provides a more detailed and insightful examination of the financial condition and operating results for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information in our letter of transmittal, which can be found on pages i to vii of this report.

Financial Highlights

- The District’s financial position remains strong with assets exceeding liabilities and deferred outflows of resources by \$220,528,195 (net position), an increase of \$12,798,626 or 6.2% over 2023. Of this amount, \$91,749,152 is unrestricted and may be used for any purpose as approved by the Board of Directors.
- Program revenues received in 2024, excluding water and wastewater operations, totaled \$8,932,069 an increase of \$1,165,912 or 15% over 2023.
- Fees charged for recreation programs, senior services, and Highlands Ranch Mansion events remained relatively flat, totaling \$2,301,024 in 2024 versus \$2,345,506 in 2023.
- Total fund balance for all reported funds increased by \$95,106 or 0.1% over 2023. Excluding the Capital Fund and Major Repair, the increase is \$8,969,013 or 22.1% from 2023. Approximately 76% of fund balance is not restricted or nonspendable and is available for spending at the District’s discretion.
- At the end of 2024 fund balance in the General Fund was \$31,610,446, an increase of \$7,234,939 or 29.7% over 2023.

The District has no outstanding general obligation bonds and development fees remain a reliable source of funding for the completion of the District’s Facility Plan.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements identify functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include the direct services provided to the Highlands Ranch community by the District: streetlight operation and maintenance; parks, open space and recreation services; Highlands Ranch Mansion operations; stormwater management; arterial roadway landscaping and fencing; and public works. In addition, the District contracts for water and wastewater services provided to Highlands Ranch by the Highlands Ranch Water and Sanitation District (see pages 16-17).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All reported funds of the District are governmental funds (see pages 18-20).

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

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

The District maintains six major governmental funds and three non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the major funds. The District's major governmental funds are the general fund; stormwater, utility, and mansion special revenue funds; capital projects; and major repair. The District's three non-major funds are the conservation trust and recreation special revenue funds and the water/wastewater reserve fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and follow immediately after the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

Other Information

This report includes the combining and individual fund statements for the three non-major funds. In addition, a budgetary comparison schedule has been provided for all reported funds.

Government-wide Financials and Net Position Analysis

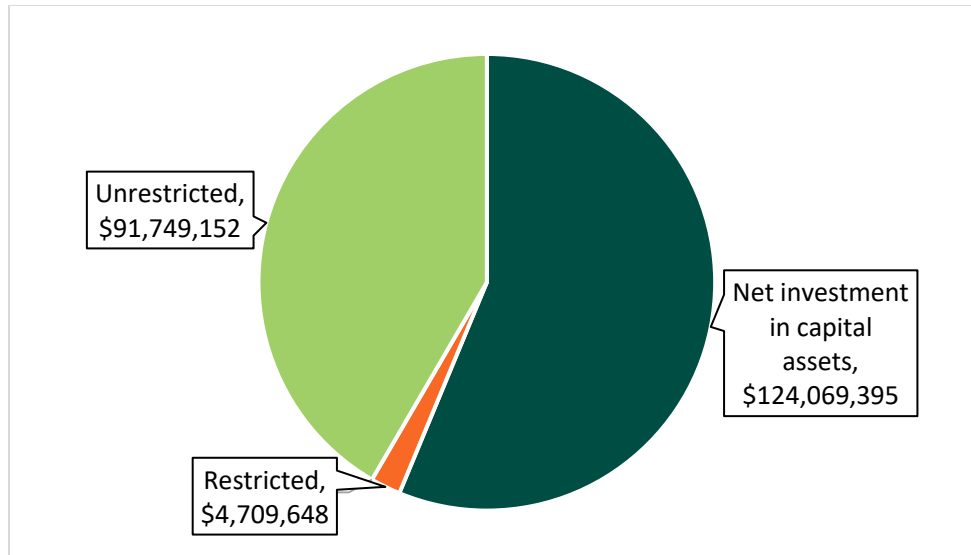
Net Position. Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$220,528,195 at the close of the most recent fiscal year an increase of \$12,798,626 over 2023.

Condensed Statement of Net Position

	Governmental Activities		2024 - 2023	
	2024	2023	\$ Change	% Change
Assets				
Current and other assets	\$ 143,358,215	\$ 140,315,926	\$ 3,042,289	2.17%
Capital assets	126,718,613	113,432,138	13,286,474	11.71%
Total Assets	270,076,828	253,748,064	16,328,764	6.44%
Liabilities				
Noncurrent liabilities	1,015,772	433,903	581,869	134.10%
Other liabilities	10,890,041	9,419,138	1,470,903	15.62%
Total Liabilities	11,905,813	9,853,041	2,052,772	20.83%
Deferred inflow of resources	37,642,820	36,165,454	1,477,367	4.09%
Net Position				
Net investment in capital assets	124,069,395	111,314,258	12,755,136	11.46%
Restricted	4,709,648	4,236,723	472,925	11.16%
Unrestricted	91,749,152	92,178,588	(429,435)	-0.47%
Total Net Position	\$ 220,528,195	\$ 207,729,569	\$ 12,798,626	6.16%

The District's net position is broken down as follows:

- \$1,101,424 is restricted for emergency reserves pursuant to the TABOR requirement of the Colorado constitution.
- \$3,608,224 is restricted for park and recreation capital improvements as required by state directive; represents unexpended funds from Colorado Lottery proceeds as reported in the Conservation trust Fund.
- The largest portion of the District's net position, \$124,069,395, reflects the District's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are *not* available for future spending.
- After considering the above restrictions, the District has unrestricted net position of \$91,749,152. Unrestricted net position may be used to meet District's ongoing obligations to citizens and creditors.



The largest portion of the District's net position is the net investment in capital assets which reflect the capital assets and lease net of the debt related to acquiring those assets. Capital assets are used by the District to provide services to citizens; consequently, these assets are not available for future spending. Additional information about the District's capital assets is presented in Note B to the financial statements.

The District's 2024 net investment in capital assets and the change from 2023 is summarized as follows:

Net Investment in Capital Assets

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Construction in progress	\$ 37,375,928	\$ 26,915,608	\$ 10,460,320	38.9%
Land improvements	40,868,927	36,640,904	4,228,023	11.5%
Buildings, net	9,250,316	9,589,886	(339,570)	-3.5%
Improvements other than buildings, net	7,654,804	8,490,775	(835,971)	-9.8%
Machinery and equipment, net	1,874,180	1,529,113	345,067	22.6%
Water and wastewater infrastructure, net	29,299,697	30,265,852	(966,155)	-3.2%
Lease assets, net	394,761	-	394,761	100.0%
Total capital assets, net	<u>126,718,613</u>	<u>113,432,138</u>	<u>13,286,475</u>	<u>11.7%</u>
Less: Accounts payable for capital assets	(2,215,060)	(2,117,880)	(97,180)	4.6%
Less: Lease Payable	<u>(434,158)</u>	<u>-</u>	<u>(434,158)</u>	<u>100.0%</u>
Net investment in capital assets	<u>\$ 124,069,395</u>	<u>\$ 111,314,258</u>	<u>\$ 12,755,137</u>	<u>11.5%</u>

Changes in Net Position. Before considering the impact of property taxes, specific ownership taxes, and investment income revenues, expenses for governmental activities exceeded program revenues by \$15,498,820, or 25.2%. This is \$2,773,298 (21.8%) higher than 2023.

Revenues. Total revenues for all governmental activities were \$89,787,608. This is an increase from 2023 of \$15,612,364, or 21.0%.

Charges for services

Charges for services increased \$10,768,754, or 23.4%.

- \$50,165,792, or 88.3%, of charges for services represent the pass-through of revenues collected from District water and wastewater customers and remitted to HRWSD. These revenues are 100% directly offset by expenses for water and wastewater operations. The revenues and offsetting expenses increased year over year due to the addition of the infrastructure improvement fee in 2024 and the annual increase to water and wastewater rates charged to Highlands Ranch residents.
- The District collected \$2,192,637 from streetlight and stormwater management fees which was \$18,080 lower than 2023.

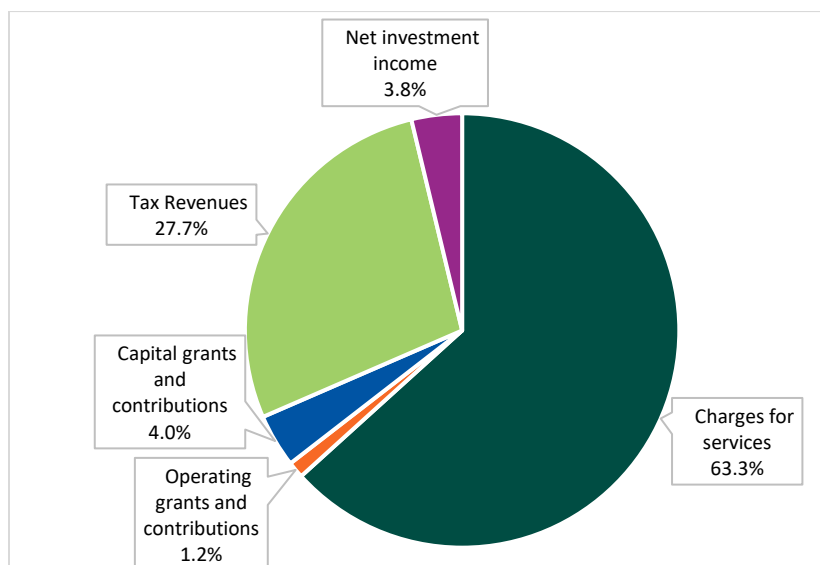
Grants and Contributions

- Operating grants and contributions were \$1,099,667, or 1.2% of total revenues, as a result of a one-time disaster relief reimbursement from FEMA in the amount of \$1,024,667 for major repair costs arising from the 2023 tornado and a \$75,000 grant for the operation of the Senior Center. This was a 100% increase from 2023.
- Capital grants and contributions were \$3,563,376, or 4.0% of total revenues. This was an increase of \$1,556,262, or 77.5% as compared to 2023 primarily due to an increase in development fee collections of \$1,310,528 (15.1%).

General Revenues

- Property taxes increased by \$3,311,066, or 16.6%. While the district decreased the mill levy assessed in 2023, to be collected in 2024, from 11.205 mills to 10.110 mills, property tax revenues increased as a result of the biennial reassessment of property values by Douglas County, which was 25.3% greater than 2023 assessed values.
- Specific ownership tax and investment income were lower than 2023 by \$162,516 and \$562,552, respectively mainly due to a reduction in vehicle sales and less interest income.

Below is a graph of revenues by source for 2024:



Expenses. Total expenses for all governmental activities were \$76,988,982, an increase of \$16,197,982 (26.6%) from 2023.

General Government

- Increase of \$788,300 (35.0%) from 2023 due to the annual increases in wages and benefits, a new FTE for the Human resources department, and inflationary increases to supplies and services.

Public Works, Stormwater Management, and Public Safety

- Costs for public works related activities increased \$80,302 (6.9%) from 2023 primarily due to the average increase in wages and benefits. These expenses are partially offset by contributions from Highlands Ranch Water and Sanitation District pursuant to the employee sharing agreement. The reduction of \$74,821 (31.7%) in stormwater management was due to fewer repair costs.
- An increase of \$3,107, or 58.3%, in public safety costs as compared to 2023 related to maintenance of illuminated street name signs.

Streetlights

- Streetlight costs saw a decrease of \$47,588, or 3.6% compared to 2023 due to fewer maintenance costs. The District collects a streetlight fee from its customers for streetlight services to provide an offset to the cost of streetlight operations and maintenance.

Parks and Open Space

- Parks and open space saw an increase of \$3,899,894, or 33.4% as compared to 2023. This is primarily due to the increase in water rates for parkway landscaping, the average annual increase to wages and benefits, major repairs to District facilities damaged by weather events, inflationary increases to supplies and services and an increase to depreciation expense.
- In 2024, Conservation Trust fund projects included a transfer of \$290,000 to the capital projects fund for the improvements at Toepfer Park as well as a transfer to the major repair fund for ADA improvements at Marcy Park and Welte Park. Capital and major repair project costs were \$19,682 less than 2023.

Recreation and Senior Services

- The direct cost of recreation services was an increase of \$104,849, or 8.2%, over 2023 due to the average annual increase in wages and benefits as well as increases to the cost of supplies. Program revenues are designed to recover the direct costs of providing park and recreation programs and services. Costs that exceed revenues collected are funded by property tax revenues.
- Costs of providing services and programs to seniors was \$321,542 (175.1%) greater than 2023 due to the substantial increase in programs offered as well as hiring staff for the Highlands Ranch Senior Center. Costs that exceed revenues collected are funded by property tax revenues.

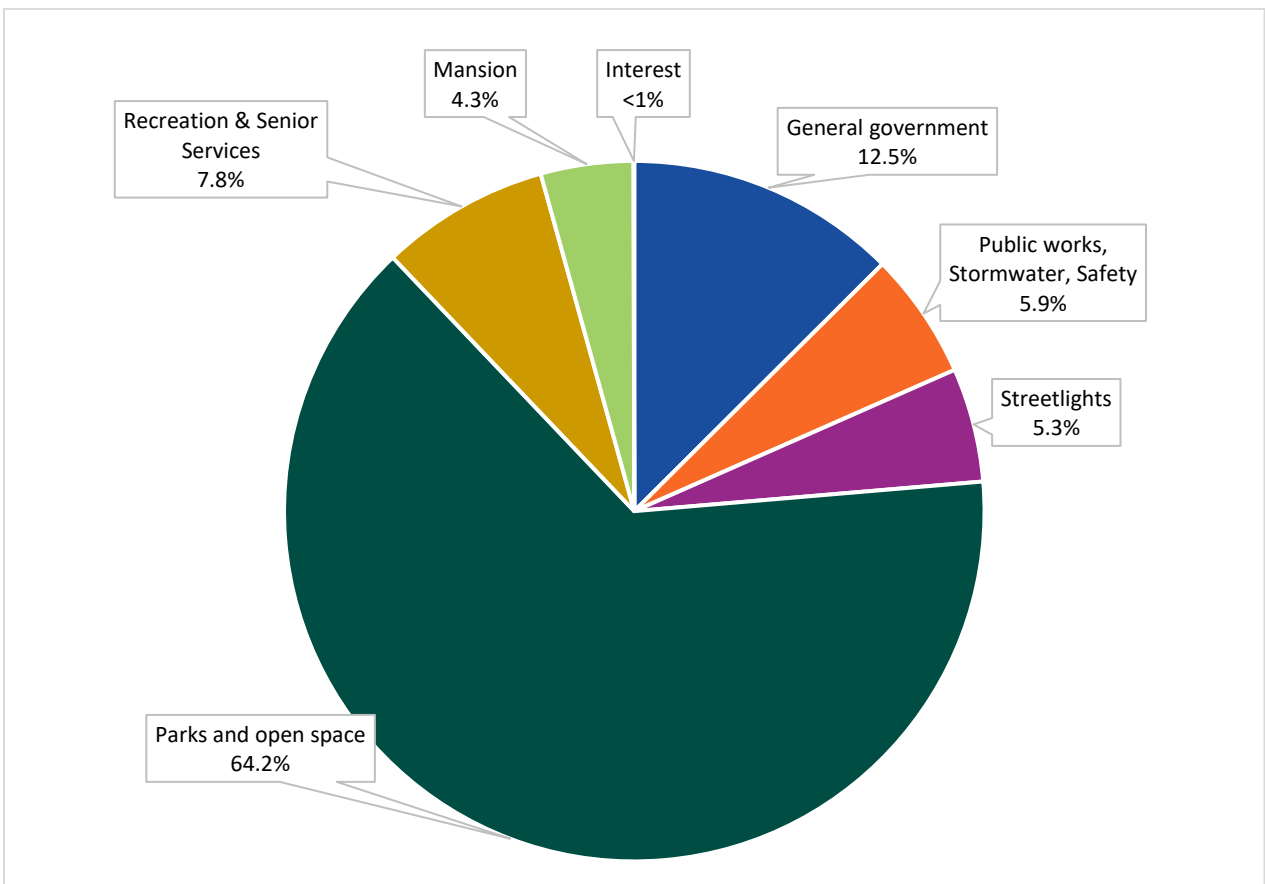
Mansion Event Operations

- The District operates and maintains the Highlands Ranch Mansion for both community and private events. The cost of operating the Highlands Ranch Mansion was \$47,111 (4.8%) greater than 2023.

Water and Wastewater Operations

- The District recognized an expense of \$50,165,792 for water and wastewater services provided to Highlands Ranch residents, an increase of \$10,669,782 (27.0%) from 2023. However, this expense is offset by an equal recording of revenue to be transferred to HRWSD and therefore has no impact to fund balance.
- The District makes an annual payment to HRWSD for reserved capacity in the water and wastewater system. This fee is calculated against actual development that occurred within Highlands Ranch during the previous year. The 2024 payment to HRWSD was \$1,120,220, an increase of \$630,809 paid in 2023.

Water and wastewater services represent 68.5% of expenses. Below is a graph showing the allocation of expenses for all other functions for 2024:



Interest Expense

- The District entered into an office space lease in 2024. The District recognized \$7,805 in interest expense for this lease.

	Statement of Activities			
	Governmental Activities		2024 - 2023	
	2024	2023	\$ Change	% Change
Program Revenue:				
Charges for services	\$ 56,827,119	\$ 46,058,365	10,768,754	23.4%
Operating grants and contributions	1,099,667	-	1,099,667	100.0%
Capital grants and contributions	3,563,376	2,007,114	1,556,262	77.5%
General Revenue:				
Tax Revenues	24,920,441	21,771,891	3,148,550	14.5%
Net investment income	3,377,005	3,939,557	(562,552)	-14.3%
Other	-	398,317	(398,317)	-100.0%
Total revenues	<u>89,787,608</u>	<u>74,175,244</u>	<u>15,612,364</u>	<u>21.0%</u>
Expenses:				
General government	3,039,463	2,251,163	788,300	35.0%
Public works	1,248,986	1,168,684	80,302	6.9%
Stormwater management	161,278	236,099	(74,821)	-31.7%
Public safety	8,432	5,325	3,107	58.3%
Street lights	1,276,135	1,323,723	(47,588)	-3.6%
Parks and open space	15,575,440	11,675,546	3,899,894	33.4%
Recreation services	1,386,927	1,282,078	104,849	8.2%
Senior services	505,165	183,623	321,542	175.1%
Mansion event operations	1,036,373	989,262	47,111	4.8%
Water and wastewater operations	52,742,978	41,675,498	11,067,480	26.6%
Interest	7,805	-	7,805	100.0%
Total expenses	<u>76,988,982</u>	<u>60,791,000</u>	<u>16,197,981</u>	<u>26.6%</u>
Change in net position	12,798,626	13,384,244	(585,618)	-4.4%
Net position - beginning	207,729,569	194,345,325	13,384,244	6.9%
Net position - ending	<u><u>\$ 220,528,195</u></u>	<u><u>\$ 207,729,569</u></u>	<u><u>\$ 12,798,626</u></u>	<u><u>6.2%</u></u>

Fund Financial Statements and Fund Balance Analysis

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$76,338,376, an increase of \$95,106 from 2023. The following table shows the categories the total fund balances are comprised of pursuant to GASB 54.

	General	Special Revenue			Capital	Major Repair (as restated)	Nonmajor Funds	Total Funds
		Stormwater	Utility	Mansion				
Nonspendable	\$ 9,203	\$ -	\$ -	\$ 12,489	\$ -	\$ -	\$ -	\$ 21,692
Restricted	1,101,424	-	-	-	-	-	3,608,224	4,709,648
Committed	-	388,780	1,262,230	4,729,020	18,004,421	8,323,426	262,682	32,970,559
Assigned	-	-	4,647,046	-	-	372,227	3,117,385	8,136,658
Unassigned	30,499,819	-	-	-	-	-	-	30,499,819
Total fund balance	\$ 31,610,446	\$ 388,780	\$ 5,909,276	\$ 4,741,509	\$ 18,004,421	\$ 8,695,653	\$ 6,988,291	\$ 76,338,376

- Nonspendable fund balance includes \$16,384 in inventory and \$5,308 in prepaid items.
- Restricted fund balance includes:
 - An emergency reserve as mandated by the Article X, Section 20, of the Colorado constitution in the amount of \$1,101,424.
 - Per Colorado Revised Statutes 29-21-101, Colorado lottery proceeds which fund the Conservation Trust Fund must be restricted for parks, recreation, and open space projects. The restricted fund balance at year-end is \$3,608,224.
- Committed fund balance includes:
 - \$26,590,529 for previously appropriated capital and major repair projects
 - \$325,903 for water and wastewater operations
 - \$936,327 for streetlight management
 - \$4,729,020 for mansion operations, \$4,000,000 of which is committed to the mansion in the form of an endowment
- Assigned fund balance includes \$3,878,392 for previously appropriated capital and major repair projects and \$4,647,046 for water and wastewater system reserved capacity.

The remaining unassigned amount of \$30,449,819 in the General Fund is available for spending at the government’s discretion, however, this amount must not be less than 40% of the next year’s budgeted expenditures.

The change in the 2024 fund balance from 2023 is summarized as follows:

	General	Special Revenue			Capital	Major Repair (as restated)	Nonmajor Funds	Total Funds
		Stormwater	Utility	Mansion				
Ending - 2024	\$ 31,610,446	\$ 388,780	\$ 5,909,276	\$ 4,741,509	\$ 18,004,421	\$ 8,695,653	\$ 6,988,291	\$ 76,338,376
Ending - 2023	24,375,507	1,097,861	4,926,973	4,416,975	27,440,528	8,133,453	5,851,973	76,243,270
Increase/(Decrease)	\$ 7,234,939	\$ (709,081)	\$ 982,303	\$ 324,534	\$ (9,436,107)	\$ 562,200	\$ 1,136,318	\$ 95,106

Changes in fund balance are attributed to:

- General Fund increased primarily due to the increase in property tax collections and a decrease in interfund transfers
- Stormwater decreased because of costs related to channel stabilization capital and major repair projects
- Utility increased due to an increase in tap and system development fee collections

- Mansion increased because of greater collections in event related revenue and a decrease in interfund transfers
- Capital decreased \$9,436,107 due to the construction of the Senior Center.
- Major repair increased mainly due to end of year transfers from the General Fund.
- Nonmajor funds increased because of:
 - An increase in Colorado Lottery proceeds collections
 - A transfer from the General Fund to the Water/Wastewater Reserve fund of \$700,000
 - The Recreation fund holds a \$0 fund balance because any costs in excess of revenues received are funded by a property tax transfer from the General Fund

General Fund Budgetary Highlights

The General Fund is the District’s primary operating fund which is used to account for all financial resources except those required to be accounted for in another fund.

Property tax revenues were higher than the 2024 budget by \$1,385,699 (6.4%). Specific ownership was lower by \$145,233 (7.8%) than budgeted. Investment earnings were \$1,291,751 higher than budgeted due to the fair value of investments.

Actual expenditures, including transfers, were within 1%, or \$241,288, of budgeted expenditures. At the end of 2024, fund balance in the General Fund increased by \$7,234,939. The final budget included an increase of \$4,125,716. The difference in this increase is mainly due to property tax collections and investment earnings.

Long Term Debt

As of December 31, 2024, the District has no outstanding debt.

Economic Factors and Next Year’s Budgets

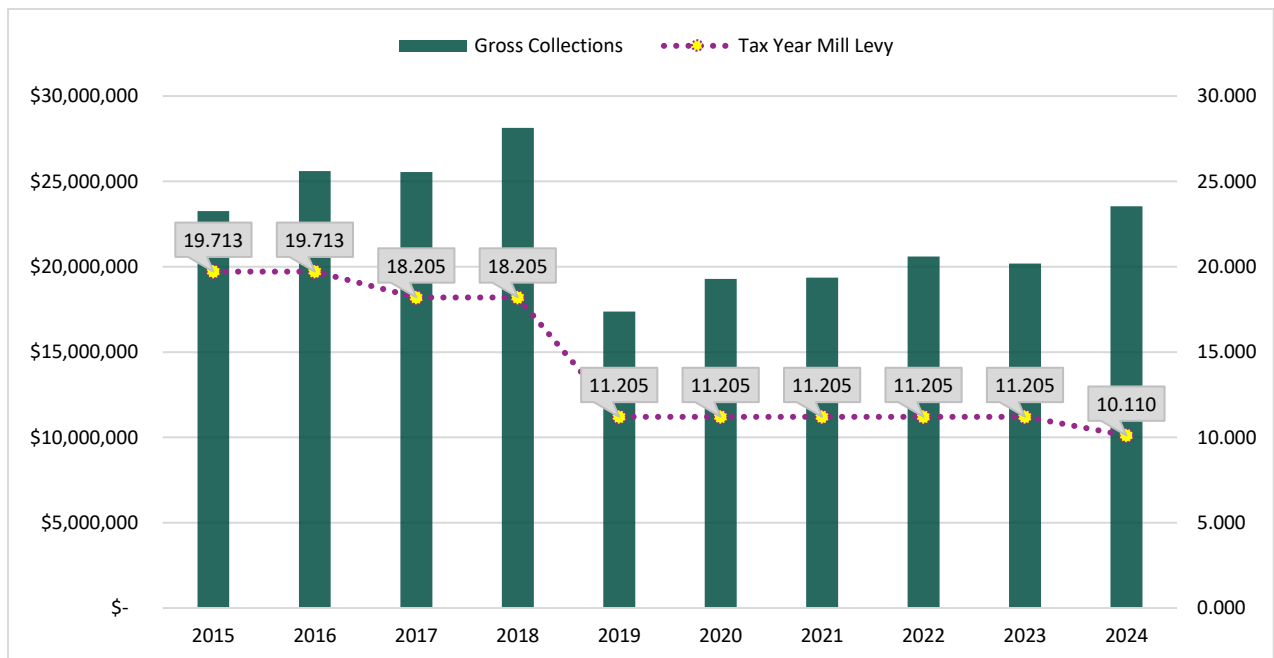
In 2025, property taxes are estimated to be 68.7% of total sources of revenue. As Highlands Ranch is nearly built-out, property taxes will increase only with an increase in assessed value and/or an increase in the mill levy. As the District is limited to revenue collections as stipulated by TABOR, changes to the mill levy are largely decided by the TABOR revenue limit calculation.

The graph below shows the 10-year history of the District's assessed value:



After Douglas County completed their reappraisal in 2023, the District saw a 25.3% increase in assessed value from 2022 to 2023. For the 2024 budget year, the mill levy was reduced to 10.110 mills for the 2023 tax year primarily due to TABOR limitations against assessed value. For the 2025 budget year, the District increased the mill levy to 11.205, which is equal to the mill imposed from 2019 to 2023. The 1.095 increase results in a typical single-family home paying an additional \$53 per year in property taxes to the district. The District has the authority to impose a mill of up to 12.750 without voter approval.

The graph below presents a 10-year history of gross property tax collections and the mill levied for the tax year:



For the 2025 budget year, property tax collections net of treasurer fees of \$25,015,000 account for 89.8% of General Fund revenues. For the 2025 fiscal year, the District appropriated \$17,341,225 for spending in the General Fund budget. In addition to the General Fund expenditures, the budget anticipates transfers of property tax dollars for the following:

- \$1,342,175 to the Recreation Special Revenue Fund for costs not recovered by recreation and senior services fees
- \$700,000 to the Water and Sewer Reserve to fund future water and wastewater in-tract line replacement
- \$2,418,964 to the Major Repair Fund; \$2,000,000 is a board mandated annual allocation of approximately 1.000 mill for major repair of District facilities and the remaining \$418,965 is for annual vehicle and equipment replacement

Expenditures are budgeted to not exceed revenues and transfers, with the net increase to the General Fund fund balance of \$5,730,269.

The following mandatory fees are reviewed annually during the budget process, all of which are unchanged in 2025 from the 2024 budget year:

- A \$40.20 annual fee to recover the cost of operations and maintenance of streetlights
- A \$15.84 annual fee to recover the cost of operations and maintenance of the stormwater system

Other fees and rates that support the District's annual budget which are reviewed and, if necessary, adjusted during the budget cycle include:

- A tap fee on new residential and nonresidential development
- A system development fee on new residential and nonresidential development
- Fees for event space at the Highlands Ranch Mansion
- Fees for recreation and senior programs and services which are charged in varying amounts based on the program or service being provided
- Water and wastewater charges which are adjusted annually by HRWSD and the revenue collections subsequently remitted to HRWSD

The full schedule of fees and rates can be found on our website in the 2025 adopted budget document.

Requests for Information

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

A photograph of a person riding a bicycle on a paved path through a forest. The trees are in autumn, with leaves in shades of green and yellow. The path is paved and leads into the distance. The sky is blue. A dark green rectangular box is overlaid on the right side of the image, containing the text "Financial Statements" in white.

Financial Statements

Highlands Ranch Metropolitan District

Statement of Net Position

December 31, 2024

	Governmental Activities
ASSETS	
Cash and investments	\$ 73,159,117
Receivables	
Property taxes	25,423,194
Customers	6,634,010
Interest	616,077
Due from other governments	653,480
Leases	13,687,639
Other	1,066,718
Prepays	5,308
Inventory	16,384
Restricted cash and investments	3,608,224
Assets held for transfer	18,488,064
Capital assets, not being depreciated	78,244,855
Capital assets, net of accumulated depreciation/amortization	48,473,758
Total assets	<u>270,076,828</u>
LIABILITIES	
Accounts payable and other accrued liabilities	3,519,145
Due to other governments	7,035,217
Unearned Revenue	334,593
Accrued interest payable	1,086
Noncurrent liabilities:	
Due within one year	121,113
Due in more than one year	894,659
Total liabilities	<u>11,905,813</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax	25,423,194
Leases	12,219,626
Total deferred inflows of resources	<u>37,642,820</u>
NET POSITION	
Net investment in capital assets	124,069,395
Restricted for:	
Emergency reserves	1,101,424
Parks and recreation	3,608,224
Unrestricted	91,749,152
Total net position	<u>\$ 220,528,195</u>

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

Highlands Ranch Metropolitan District

Statement of Activities

For the Year Ended December 31, 2024

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
General government	\$ 3,039,463	728,970	\$ -	\$ -	\$ (2,310,493)
Public safety	8,432	-	-	14,058	5,626
Street Lights	1,276,135	1,284,473	-	-	8,338
Parks and open space	15,575,440	-	1,024,667	780,041	(13,770,732)
Recreation services	1,386,927	1,308,715	-	-	(78,212)
Senior Services	505,165	79,150	75,000	-	(351,015)
Cultural	1,634	-	-	-	(1,634)
Mansion operations	1,034,739	913,159	-	-	(121,580)
Public works	1,248,986	1,438,696	-	277,743	467,453
Stormwater management	161,278	908,164	-	99,233	846,119
Water and wastewater operations	52,742,978	50,165,792	-	2,392,301	(184,885)
Interest	7,805	-	-	-	(7,805)
	<u>\$ 76,988,982</u>	<u>\$ 56,827,119</u>	<u>\$ 1,099,667</u>	<u>\$ 3,563,376</u>	<u>\$ (15,498,820)</u>
General revenues:					
Property taxes					23,210,674
Specific ownership tax					1,709,767
Net investment income					<u>3,377,005</u>
Total general revenues					<u>28,297,446</u>
Change in net position					<u>12,798,626</u>
Net position - beginning					<u>207,729,569</u>
Net position - ending					<u>\$ 220,528,195</u>

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

Highlands Ranch Metropolitan District

Balance Sheet

Governmental Funds

December 31, 2024

	General	Special Revenue			Capital Projects	Major Repair	Total Nonmajor Funds	Total Governmental Funds
		Stormwater	Utility	Mansion				
ASSETS								
Cash and investments	\$ 32,379,526	\$ 81,235	\$ 5,699,630	\$ 5,086,654	\$ 19,960,375	\$ 6,571,630	\$ 3,380,067	\$ 73,159,117
Receivables								
Property taxes	25,423,194	-	-	-	-	-	-	25,423,194
Customers	-	55,000	6,579,010	-	-	-	-	6,634,010
Interest	466,724	-	-	-	-	149,353	-	616,077
Due from other governments	6,329	260,027	387,124	-	-	-	-	653,480
Due from other funds	172,138	-	-	-	2,471	-	214,726	389,335
Leases	-	-	-	-	-	13,687,639	-	13,687,639
Other	188,431	-	-	12,640	-	865,397	250	1,066,718
Inventory	3,895	-	-	12,489	-	-	-	16,384
Prepaid items	5,308	-	-	-	-	-	-	5,308
Restricted cash and investments	-	-	-	-	-	-	3,608,224	3,608,224
Total assets	<u>\$ 58,645,545</u>	<u>\$ 396,262</u>	<u>\$ 12,665,764</u>	<u>\$ 5,111,783</u>	<u>\$ 19,962,846</u>	<u>\$ 21,274,019</u>	<u>\$ 7,203,267</u>	<u>\$ 125,259,486</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 460,309	\$ -	\$ 114,858	\$ 15,588	\$ -	\$ -	\$ 34,231	\$ 624,986
Accrued liabilities	372,614	-	-	16,427	-	-	103,610	492,651
Contracts and retainage payable	5,750	7,482	-	-	1,958,425	243,403	-	2,215,060
Customer deposits payable	162,448	-	-	24,000	-	-	-	186,448
Unearned revenue	-	-	-	306,963	-	-	27,630	334,593
Due to other governments	393,587	-	6,641,630	-	-	-	-	7,035,217
Due to other funds	217,197	-	-	7,296	-	115,337	49,505	389,335
Total liabilities	<u>\$ 1,611,904</u>	<u>\$ 7,482</u>	<u>\$ 6,756,488</u>	<u>\$ 370,274</u>	<u>\$ 1,958,425</u>	<u>\$ 358,740</u>	<u>\$ 214,976</u>	<u>\$ 11,278,290</u>
DEFERRED INFLOWS OF RESOURCES								
Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,219,626	\$ -	\$ 12,219,626
Property taxes	25,423,194	-	-	-	-	-	-	25,423,194
Total deferred inflows of resources	<u>\$ 25,423,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,219,626</u>	<u>\$ -</u>	<u>\$ 37,642,820</u>
FUND BALANCES								
Nonspendable:								
Inventory	3,895	-	-	12,489	-	-	-	16,384
Prepaid items	5,308	-	-	-	-	-	-	5,308
Restricted:								
Emergency reserves	1,101,424	-	-	-	-	-	-	1,101,424
Parks and recreation	-	-	-	-	-	-	3,608,224	3,608,224
Committed:								
Water and wastewater operations	-	-	325,903	-	-	-	-	325,903
Mansion operations	-	-	-	4,729,020	-	-	-	4,729,020
Streetlight management	-	-	936,327	-	-	-	-	936,327
Capital and major repair projects	-	-	-	-	18,004,421	8,323,426	262,682	26,590,529
Assigned								
Stormwater management	-	388,780	-	-	-	-	-	388,780
Capital and major repair projects	-	-	-	-	-	372,227	3,117,385	3,489,612
Other	-	-	4,647,046	-	-	-	-	4,647,046
Unassigned	30,499,819	-	-	-	-	-	-	30,499,819
Total fund balances	<u>31,610,446</u>	<u>388,780</u>	<u>5,909,276</u>	<u>4,741,509</u>	<u>18,004,421</u>	<u>8,695,653</u>	<u>6,988,291</u>	<u>76,338,376</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 58,645,545</u>	<u>\$ 396,262</u>	<u>\$ 12,665,764</u>	<u>\$ 5,111,783</u>	<u>\$ 19,962,846</u>	<u>\$ 21,274,019</u>	<u>\$ 7,203,267</u>	

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	126,718,613
Assets Held for transfer are not available to pay for current period expenditures and, therefore, are not recorded in the funds	18,488,064
Liabilities are not due and payable in the current period and, therefore, are not recorded in the funds:	
compensated absences of \$581,614, lease payable of \$434,158 and accrued interest payable of \$1,086	(1,016,858)
Net position of governmental activities	<u>\$ 220,528,195</u>

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

Highlands Ranch Metropolitan District

Statement of Revenues, Expenditures, and Changes in Fund Balances

Government Funds

For the Year Ended December 31, 2024

	General	Special Revenue			Capital Projects	Major Repair	Total Nonmajor Funds	Total Governmental Funds
		Stormwater	Utility	Mansion				
REVENUES								
Taxes								
Property	\$ 23,210,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,210,674
Specific Ownership	1,709,767	-	-	-	-	-	-	1,709,767
Stormwater management	-	908,164	-	-	-	-	-	908,164
Water and wastewater operations	-	-	50,165,792	-	-	-	-	50,165,792
Tap and system development fees	-	-	1,901,490	-	547,575	-	-	2,449,065
Streetlight management	-	-	1,284,473	-	-	-	-	1,284,473
Mansion operations	-	-	-	913,159	-	-	-	913,159
Cell site leases	-	-	-	-	-	1,356,000	-	1,356,000
Parks and recreation	-	-	-	-	-	-	1,308,715	1,308,715
Senior services	-	-	-	-	-	-	79,150	79,150
Colorado lottery proceeds	-	-	-	-	-	-	623,500	623,500
Intergovernmental	732,850	-	-	-	-	1,024,667	75,000	1,832,517
Other	49,076	-	-	-	-	-	-	49,076
Net investment income	1,380,851	40,213	192,695	193,951	1,034,878	233,657	300,760	3,377,005
Total Revenues	\$ 27,083,218	\$ 948,377	\$ 53,544,450	\$ 1,107,110	\$ 1,582,453	\$ 2,614,324	\$ 2,387,125	\$ 89,267,057
EXPENDITURES								
Current:								
General government	\$ 3,011,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,011,416
Public safety	8,432	-	1,276,135	-	-	-	-	1,284,567
Public works	1,258,936	-	-	-	-	-	-	1,258,936
Parks and open space	10,833,865	-	-	-	781,353	118,669	912,945	12,646,832
Recreation services	-	-	-	-	-	-	1,386,927	1,386,927
Senior services	-	-	-	-	-	-	505,165	505,165
Cultural	-	-	-	1,634	-	-	-	1,634
Mansion event operations	-	-	-	763,142	-	-	-	763,142
Stormwater management	-	161,278	-	-	-	-	-	161,278
Water and wastewater operations	-	-	50,165,792	-	-	-	-	50,165,792
Investment in reserved capacity	-	-	1,120,220	-	-	-	-	1,120,220
Lease principal	15,381	-	-	-	-	-	-	15,381
Lease interest	6,719	-	-	-	-	-	-	6,719
Capital Outlay:								
General government	449,539	1,422,018	-	-	10,487,207	-	-	12,358,764
Major repair and renovation	479,522	33,949	-	-	-	4,253,044	197,942	4,964,457
Total Expenditures	\$ 16,063,810	\$ 1,617,245	\$ 52,562,147	\$ 764,776	\$ 11,268,560	\$ 4,371,713	\$ 3,002,979	\$ 89,651,230
Excess (deficiency) of revenues over (under) expenditures	11,019,408	(668,868)	982,303	342,334	(9,686,107)	(1,757,389)	(615,854)	(384,173)
OTHER FINANCING SOURCES (USES)								
Lease proceeds	449,539	-	-	-	-	-	-	449,539
Transfers in	58,013	-	-	-	250,000	2,399,589	2,042,172	4,749,774
Transfers out	(4,321,761)	(40,213)	-	(17,800)	-	(80,000)	(290,000)	(4,749,774)
Proceeds on disposal of assets	29,740	-	-	-	-	-	-	29,740
Total other financing sources (uses)	(3,784,469)	(40,213)	-	(17,800)	250,000	2,319,589	1,752,172	479,279
Net change in fund balances	7,234,939	(709,081)	982,303	324,534	(9,436,107)	562,200	1,136,318	95,106
Fund balances, January 1, before restatement	24,375,507	1,097,861	4,926,973	4,416,975	27,440,528	26,621,517	5,851,973	94,731,334
Adjustment for correction of error	-	-	-	-	-	(18,488,064)	-	(18,488,064)
Fund balances, January 1, after restatement	24,375,507	1,097,861	4,926,973	4,416,975	27,440,528	8,133,453	5,851,973	76,243,270
Fund Balances - December 31	\$ 31,610,446	\$ 388,780	\$ 5,909,276	\$ 4,741,509	\$ 18,004,421	\$ 8,695,653	\$ 6,988,291	\$ 76,338,376

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

Highlands Ranch Metropolitan District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Governmental Funds

For the Year Ended December 31, 2024

Net change in fund balances - total governmental funds \$ 95,106

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is calculated as follows:

Capital outlay	11,909,225	
Capitalized major repairs and renovations	4,964,457	
Contributed capital	490,811	
Leases	449,539	
Current year depreciation	<u>(4,527,557)</u>	
		13,286,475

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the change in net position. (434,158)

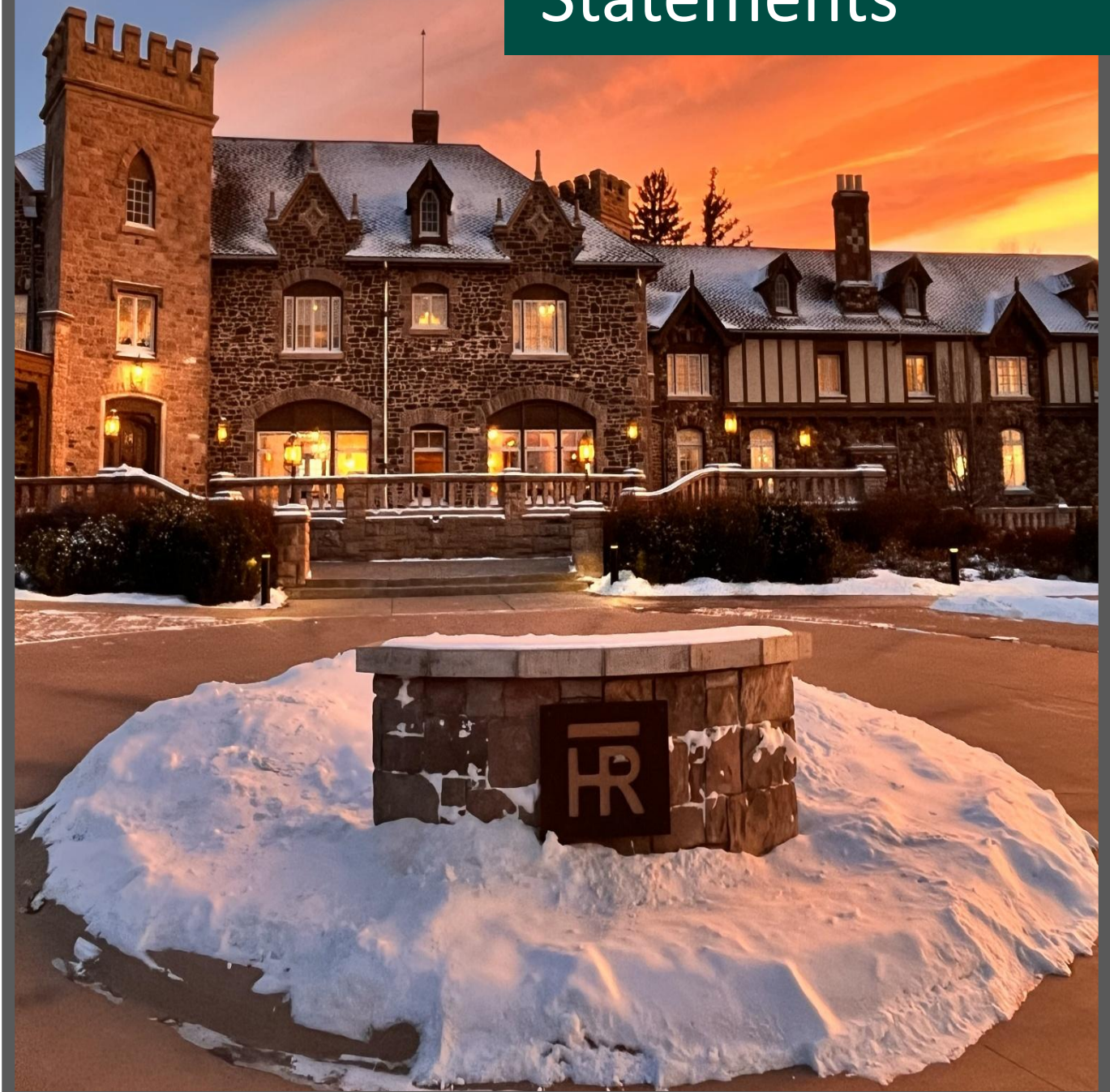
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Increase in accrued interest	(1,086)
Increase in accrued compensated absences	<u>(147,711)</u>

Change in net position of governmental activities per Statement of Activities \$ 12,798,626

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

Notes to Financial Statements



Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Highlands Ranch Metropolitan District have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Highlands Ranch Metropolitan District's significant accounting policies are described below.

A. ORGANIZATION AND REPORTING ENTITY

The Highlands Ranch Metropolitan District (the "District") is a quasi-municipal corporation, governed pursuant to provisions of the Colorado Special District Act. The District is the elected local government in Highlands Ranch, Colorado served by a seven-member Board of Directors (the "Board") elected to 4-year terms. Policy-making and legislative authority are vested in the Board.

The District serves the Highlands Ranch community located in Douglas County, Colorado, comprising of approximately 103,000 residents per the 2022 United States Census Bureau report. The District manages roadway landscaping, parks and open space, the trail system, storm drainage, streetlights and traffic signals, and outdoor recreation. The District also provides water and wastewater services through its wholesale provider agreement with Highlands Ranch Water and Sanitation District.

COMPONENT UNITS

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

The Highlands Ranch Parks and Recreation Foundation (the Foundation) is a nonprofit organization whose sole purpose is to support the District by funding opportunities above and beyond the normal operating budget. The Foundation is governed by a board appointed by the membership of the Foundation. The revenues, expenditures and net assets of the Foundation are not material to these financial statements and therefore the District has chosen not to present the financials of the Foundation. The Friends of the Senior Center (FOTSC) provides grants to seniors who cannot afford membership at the new Senior Center when it opens in 2025. The activity of the FOTSC is not material to these financial statements and therefore the District has chosen not to present the financials of the FOTSC. A copy of the IRS 990 return of the Foundation and the FOTSC may be obtained from the District at its offices at 62 Plaza Drive, Highlands Ranch, Colorado 80129.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

The District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. The District only presents governmental activities. Governmental activities are functions of the District that principally supported by 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 of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include, a) 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 as general revenues. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. Available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. The District considers all revenue as available, if collected within 60 days after year end. Property taxes and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time. Grant revenue is considered available if it is expected to be collected within one year and all eligibility requirements are met. Expenditures are recorded when the related liability is incurred.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

The District reports the following major governmental funds:

1. The **General Fund** is the District's primary operating fund. It is used to account for all financial resources except those required to be accounted for in other funds. The fund is primarily financed by property and specific ownership taxes.
2. The **Stormwater Special Revenue Fund** is used to account for stormwater fees received for the purpose of meeting the District's obligations in complying with federal and state regulations for municipal stormwater systems and to protect open space channels consistent with these regulations.
3. The **Utility Special Revenue Fund** is used to collect and disburse revenues earmarked for specific purposes due to either legal or contractual arrangements. This fund accounts for a) water and wastewater service revenues and expenses, b) the investment in reserved capacity in the water and wastewater system owned by Highlands Ranch Water and Sanitation District, and c) streetlight revenues used for the operations and maintenance of the District's streetlight system. This fund also accounts for the investment earnings from the development fees and streetlight fees received. The District has chosen to use this type of fund because the revenue from these service fees are paid to other entities for services rendered and because the service fees are not established to fully recover the cost of the assets.
4. The **Mansion Special Revenue Fund** is used to account for revenue collected, investment earnings of such revenue, and the cost of operations and maintenance from use of the Highlands Ranch Mansion. This fund also accounts for the investment earnings on an endowment self-created by the District's Board from previously collected developer fees and user fees established by the Board for rental of the Highlands Ranch Mansion.
5. The **Capital Projects Fund** is used to account for the financial resources to be used for the acquisition or construction of capital projects as identified in the District's Facility and Community Enhancements Plans. The primary source of funding comes from System Development Fees and investment earnings.
6. The **Major Repair Fund** is used to fund the major repair, replacement and renovation of District assets. The primary source of funding is from lease proceeds collected for use of District land and investment earnings.

The District also maintains a Debt Service Fund which is used to account for the accumulation of resources for the payment of long-term debt principal, interest and related costs. As the District currently has no general obligation debt, the fund is not presented in the financial statements. Leases are reported in the General Fund.

Additionally, the District reports other governmental funds as a consolidation of the following nonmajor funds:

1. The **Conservation Trust Fund**, which is a special revenue fund used to collect and disburse proceeds from the Colorado State Lottery which are earmarked for specific purposes due to Colorado State statutory requirements.
2. The **Recreation Fund**, which is a special revenue fund used to collect and disburse monies earmarked for specific purposes as the result of specific Board action. This fund accounts for the proceeds from user fees established by the Board for recreation programs and activities

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

3. The **Water and Wastewater Reserves Fund**, which is a special revenue fund established to track expenditures related to replacement of in-tract water and wastewater lines. The primary source of funding are transfers from the General Fund.

In the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCES

1. Cash and Cash Equivalents

The District defines cash equivalents, both restricted and unrestricted, as highly liquid investments with an original maturity of three months or less when purchased. As such, they present insignificant risk of changes in value due to changes in interest rates.

2. Cash and Investments

The District follows the practice of pooling available cash of all funds to maximize net investment income. Cash in excess of immediate operating requirements is invested.

Net investment income is allocated annually to the participating funds based on each fund's monthly average equity balance in total cash and investments. Investments are stated at fair value, which is primarily determined based upon quoted market prices or other significant, observable inputs, at year end. Investments in Local Government Investment Pools are reported at net asset value (NAV).

3. Property Taxes Receivable

The District's Board levies property taxes. The levy is based on assessed valuations as determined by the Douglas County Assessor who calculates the assessed value as of January 1 of each year. The Board establishes the levy to be assessed against the assessed value prior to December 15 of the year for which the assessed value is determined. Property taxes are due and considered earned on January 1 following the year levied. The first and second halves become delinquent on March 1 and June 16, respectively. Taxes are payable by April or if in equal installments, at the taxpayer's election, on the last day of February and the 16th of June. Delinquent taxpayers are notified in August. Sales of tax liens on delinquent property are normally collected in November.

The County Treasurer remits the taxes collected monthly to the District. As property taxes are collected in the succeeding year, the receivable and corresponding deferred inflow of resources are reported at year end. Property taxes, net of estimated uncollectible taxes, are recorded initially as a deferred inflow of resources in the year they are levied and measurable. The deferred inflow of resources is recorded as revenue in the year they are available or collected.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

4. Due From/To Other Governments

Through an intergovernmental governmental agreement (IGA), the District shares in costs related to staffing and certain purchases with Highlands Ranch Water and Sanitation District in which they either reimburse the District or the District reimburses them, based off the shared costs incurred by each. In addition, under the IGA the District is responsible for collecting utility payments from its residents and remitting those amounts to Highlands Ranch Water and Sanitation District.

5. Inventories and Prepaid Items

The District values inventories at cost, which approximates market, and accounts for them using the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when used.

Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items in the governmental funds are recorded as expenditures when consumed.

6. Lease Receivables

The District is a lessor of multiple cell towers and recognizes a lease receivable and a deferred inflow of resources in government-wide and governmental fund financial statements. A lease receivable is recognized at the net present value of the payments expected to be received during the lease term, and is reduced by principal payments received. The deferred inflow of resources is recognized in an amount equal to the sum of the lease receivable and any payments relating to a future period which were received prior to the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates include how the District determines the discount rate it uses to discount the expected lease receipts to present value, the lease term and the lease receipts. The District monitors changes in circumstances that would require remeasurement of its leases and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

7. Capital Assets

Land, construction in progress, buildings and improvements, equipment, and infrastructure are reported at cost. Donated or contributed capital assets are recorded at their estimated acquisition value at the date of donation or contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than \$15,000 and an estimated useful life of more than one year. Water distribution and wastewater collection lines are installed by Highlands Ranch Water and Sanitation District and dedicated to the District.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Upon retirement or other disposition of a capital asset, the cost and accumulated depreciation are removed.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

Capital assets purchased by governmental funds are not included as assets in the governmental fund but as expenditures.

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

Water and wastewater infrastructure	40 years
Park infrastructure and buildings	30 years
Office buildings	40 years
Vehicles and equipment	5-10 years

8. Lease Assets

The District leases office space and recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of the lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or useful life. Lease assets are reported with other capital assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

Key estimates and judgements related to leases include how the District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term included the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its lease assets and liabilities if certain changes occur that are expected to significantly alter the amount of the lease liability.

9. Assets Held for Transfer

The Highlands Ranch Metropolitan District Service Plan outlines various public improvements for the building out of the District. Under the service plan certain improvements including construction of arterial streets, traffic control devices and certain storm drainage improvements are to be dedicated to, operated or maintained by Douglas County. As the District does not maintain ownership and will not utilize these assets in its operations these improvements are recorded as assets held for transfer until they are formally accepted by Douglas County.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

10. Development Fees

The District has established a Systems Development Fee for residential and nonresidential property owners. The fee, which is recalculated annually, is designed to recover the estimated costs of the construction of the District's Facility Plan.

The District has also approved the establishment of a tap fee for residential and nonresidential property owners. This fee is used for the acquisition of capacity in Highlands Ranch Water and Sanitation District's water and wastewater treatment system.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position/Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position/Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

12. Compensated Absences

The District has a policy that allows employees to accumulate unused vacation benefits up to a certain maximum number of hours. Accumulated unpaid vacation pay is accrued when earned by the employees. Employees may accumulate sick leave that may be realized as time off. Sick leave hours earned above a certain maximum number of hours are converted to a post-employment health plan. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off. Compensated absence liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at the statement of net position date. Only the portion that is due is reported as a liability in a governmental fund while the entire liability is reflected in the statement of net position as noncurrent liabilities. The estimated compensated absences liability expected to be used and paid over the next twelve months is included in noncurrent liabilities due within one year.

13. Unearned Revenues

Unearned revenues reflect amounts that have been received before the District has a legal claim to the funds. In subsequent periods, when the District has a legal claim to the resources, the unearned revenue is removed, and the revenue is recognized.

14. Net Position

The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. Unrestricted net position is the net amount

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of restricted or net investment in capital assets.

Net investment in capital assets consists of the value of capital assets, net of accumulated depreciation/amortization reduced by the outstanding balances of any costs or borrowing used for the acquisition or construction of improvement on those assets.

Net position is reported as restricted when there are limitations imposed on the use of financial resources either through the enabling legislation or external restrictions imposed.

Unrestricted net position represents resources that can be used for any purpose as approved by the Board.

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

15. Fund Balances

In the governmental fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balance classifications based on the nature and extent of the constraints placed on the fund balances.

Nonspendable: includes 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: includes the portion of fund balance that is constrained to being used for a specific purpose by external parties or enabling legislation.

Committed: includes the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal approval through adoption of a resolution of the District's Board. The constraint, once imposed, can only be removed or changed through the same formal approval by resolution of the Board.

Assigned: includes the portion of the fund balance that is constrained by the District's intent for use for a specific purpose but said intent does not meet the definition of either Restricted or Committed. For the District, only the Board of Director's have the authority to assign fund balance.

Unassigned: includes amounts that have not been restricted, committed or assigned to a specific purpose. Negative unassigned fund balance may be reported in any governmental fund other than the General Fund when expenditures incurred for specific purposes exceed amounts restricted, committed or assigned to those purposes.

If more than one classification of fund balance is available for use within the fund when an expenditure is incurred related to the purpose of the categorization, it is the District's policy to use the most restrictive available classification first.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

16. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditures and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

17. Implementation of New Accounting Standards

Governmental Accounting Standards Board Statement No. 100 – Issued June 2022, GASB Statement No. 100 (GASB 100), *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial report for each type of accounting change as well as error corrections. GASB 100 was implemented by the District for the year ended December 31, 2024. There was no financial impact as a direct result of implementation.

Government Accounting Standards Board Statement No. 101 – Issued June 2022, GASB Statement No. 101 (GASB 101), *Compensated Absences* establishes standards of accounting and financial reporting for compensated absences and associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, the District considered relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Additional amounts required to be accrued under this standard have been included in noncurrent liabilities line item on the statement of the net position. The implementation of this standard had no impact on beginning net position.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS

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

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

TAX, SPENDING AND REVENUE 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 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.

The District's property tax collections for 2023 provide the basis for calculation of the 2024 limitations adjusted for allowable increases tied to inflation and local growth. Property tax revenue in excess of the District's "spending limit" must be refunded unless voters approve the retainage of such excess revenue. The District has reviewed its 2024 results of operations and anticipates it is following its current interpretation and application of voter approved adjustments to TABOR tax, revenue, "spending limit" and debt limitations.

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 reserve at December 31, 2024 is \$1,101,424.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

III. DETAILED NOTES

NOTE A – DEPOSITS AND INVESTMENTS

The District deposits cash in accordance with Colorado State laws and invests cash as restricted by Colorado State Statutes as well as further restrictions placed on investments as adopted by the Board. The reconciliation of cash and investments on the Statements of Net Position as of December 31 is as follows:

Cash on hand	\$ 1,350
Cash deposits	201,817
Investments	49,130,831
Local government investment pools	<u>27,433,343</u>
Total cash and investments	<u>\$ 76,767,341</u>
Reconciliation to the Statement of Net Position	
Cash and investments	\$ 73,159,117
Restricted cash and investments	<u>3,608,224</u>
Total	<u>\$ 76,767,341</u>

1. DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires that local governments deposit cash in eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized, as determined by the PDPA. The PDPA allows institutions to create a single collateral pool for all public funds. The pool for all the uninsured public deposits, as a group, is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. Deposits covered by PDPA are not subject to custodial credit risk. The State Regulatory Commission for banks is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2024, the District's cash deposits had a bank balance of \$681,137 of which \$431,137 was collateralized in accordance with PDPA requirement and the remainder was covered by FDIC insurance.

2. INVESTMENTS

FAIR VALUE MEASUREMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing involves using a selection of data points, such as quoted prices, or yield curves to calculate prices for separate financial instruments that can share characteristics similar to the data points. Level 3 inputs are significant unobservable inputs.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

As of December 31, 2024:

Investment Type	Fair Value Measurements Using			
	Value	Level 1	Level 2	Level 3
Money Market Fund	\$ 162,530	\$ 162,530	\$ -	\$ -
Asset-Backed Securities	8,746,290	-	8,746,290	-
Certificate of Deposit	886,911	-	886,911	-
Corporate Bonds	4,823,675	-	4,823,675	-
Municipal Bonds	1,878,131	-	1,878,131	-
Supranational	1,549,593	-	1,549,593	-
US Treasury Securities	31,083,701	31,083,701	-	-
Total	<u>\$ 49,130,831</u>	<u>\$ 31,246,231</u>	<u>\$ 17,884,600</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
CSIP	27,409,255			
ColoTrust	24,088			
Total	<u>\$ 76,564,174</u>			

LOCAL GOVERNMENT INVESTMENT POOLS

Colorado State Local Government Investment Pools (LGIPs) are an investment vehicle established for local government entities in Colorado to pool surplus funds and which operate similarly to a money market fund in which each share is equal in value to \$1.00. The State Securities Commissioner administers and enforces all State statutes governing LGIPs. The District invests in two LGIPs: the Colorado Statewide Investment Pool

(CSIP) and the Colorado Local Government Liquid Asset Trust (COLOTRUST). Both CSIP and COLOTRUST are rated AAAM by Standard and Poor's. Each of these LGIP's investments is limited to those allowed by State statutes. The LGIPs do not have any limitation or restrictions on participant withdrawals.

As of December 31, 2024, the District had invested \$27,409,255 in CSIP and \$24,088 in COLOTRUST.

3. CREDIT RISK

Investment transactions are made in accordance with the Colorado Revised Statutes (CRS) 24-75-601, et seq. The types of investments, which are authorized by the District's internal investment policy, include the following:

- Obligations of the United States government with maturities not exceeding 5 years from the date of purchase.
- Obligations of United States government agencies and United States government sponsored corporations with maturities not exceeding 5 years from the date of purchase.
- Corporate Bonds that are an obligation of corporations or financial institutions organized and operating in the United States with a maturity not exceeding 3 years from the date of trade settlement. The debt must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs and rated no less by any NRSRO. The District shall limit investments to no more than 25% of the total portfolio and 5% per issuer.
- Repurchase Agreements collateralized by U.S. Treasury Securities with a maturity of 90 days or less.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

- - Commercial Paper with a maturity of 180 days or less which is rated at least A-1 by Standard & Poor's or P-1 by Moody's at the time of purchase
 - Bankers Acceptances issued to domestic banks with maturities not exceeding 180 days and the bank's deposits must be insured by the FDIC.
 - Negotiable Certificates of Deposit not exceeding three years from the date of the trade settlement.
 - Local Government Investment Pools as authorized under CRS 24-75-701 and 702.
 - Money Market funds which have a rating of AAAm or the equivalent from any NRSRO.

As of December 31, 2024, investment credit ratings consisted of the following:

Investment Type	Value	S&P	Moody's
Money Market Fund	\$ 162,530	AAAm	Aaa-mf
Asset-Backed Securities	8,746,290	AA+	Aaa
Certificate of Deposit	886,911	A-1+ to A+	P-1 to Aa2
Corporate Bonds	4,823,675	A to AA-	Aa3 to Aa1
Municipal Bonds	1,878,131	AA- to AAA	Aa3 to Aa1
Supranational	1,549,593	AAA	Aaa
US Treasury Securities	31,083,701	AA+	Aaa

4. CONCENTRATION OF CREDIT RISK

It is the policy of the District to diversify its investment portfolio. Assets held in investment shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issue, or a specific class of securities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the securities markets. \$4,152,184, or 8.5%, of the District's investments are in Freddie Mac - Multifamily as of December 31, 2024.

5. INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District manages interest rate risk by purchasing investments with varying maturities and continuously investing a portion of the portfolio in readily available funds.

Investment Type	Investment Maturities (in years)		
	Value	Less than 1	1-5
Money Market Fund	\$ 162,530	\$ 162,530	\$ -
Asset-Backed Securities	8,746,290	631,262	8,115,028
Certificate of Deposit	886,911	632,056	254,855
Corporate Bonds	4,823,675	325,761	4,497,914
Municipal Bonds	1,878,131	319,579	1,558,552
Supranational	1,549,593	-	1,549,593
US Treasury Securities	31,083,701	-	31,083,701
Total	<u>\$ 49,130,831</u>	<u>\$ 2,071,188</u>	<u>\$ 47,059,643</u>

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

NOTE B – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance at January 1, 2024	Increases	Decreases/ Reclasses	Transfers	Balance at December 31, 2024
Capital assets not being depreciated:					
Construction in progress	\$ 26,915,608	\$ 15,954,035	\$ -	\$ (5,493,715)	\$ 37,375,928
Land improvements	36,640,904	316,398	-	3,911,625	40,868,927
Total capital assets not being depreciated	<u>63,556,512</u>	<u>16,270,433</u>	<u>-</u>	<u>(1,582,090)</u>	<u>78,244,855</u>
Capital assets being depreciated/amortized:					
Buildings	14,412,616	-	-	-	14,412,616
Improvements other than buildings	29,475,582	45,920	-	1,582,090	31,103,591
Machinery and equipment	5,708,466	557,330	(206,948)	-	6,058,848
Water and wastewater infrastructure	67,641,832	490,811	-	-	68,132,643
Lease assets	-	449,539	-	-	449,539
Total capital assets being depreciated/amortized	<u>117,238,496</u>	<u>1,543,600</u>	<u>(206,948)</u>	<u>1,582,090</u>	<u>120,157,237</u>
Less accumulated depreciation/amortization for:					
Buildings	(4,822,730)	(339,569)	-	-	(5,162,300)
Improvements other than buildings	(20,984,806)	(2,463,981)	-	-	(23,448,787)
Machinery and equipment	(4,179,353)	(212,263)	206,948	-	(4,184,668)
Water and wastewater infrastructure	(37,375,980)	(1,456,966)	-	-	(38,832,946)
Lease assets	-	(54,778)	-	-	(54,778)
Total accumulated depreciation/amortization	<u>(67,362,870)</u>	<u>(4,527,557)</u>	<u>206,948</u>	<u>-</u>	<u>(71,683,479)</u>
Total capital assets being depreciated/amortized, net	<u>49,875,626</u>	<u>(2,983,957)</u>	<u>-</u>	<u>1,582,090</u>	<u>48,473,758</u>
Capital assets, net	<u>\$ 113,432,138</u>	<u>\$ 13,286,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>126,718,613</u>
					<u>(2,649,218)</u>
					<u>\$ 124,069,395</u>

Less: Accounts payable for capital assets and lease payable

Net investment in capital assets

Depreciation and amortization expense that was charged to governmental activities functions is shown below:

Parks and open space	\$ 2,798,994
Mansion event operations	271,597
Water and wastewater operations	1,456,966
Total depreciation and amortization expense - governmental activities	<u>\$ 4,527,557</u>

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

NOTE C – LONG-TERM LIABILITIES

Leases – The District, as a lessee, has entered into a lease agreement for office space which expires in 2029. Leases were measured at lease commencement based upon the incremental borrowing rate. The variable payments for operating costs not measured in the lease liability was \$40,185 for fiscal year 2024.

The following table presents minimum principal and interest lease payments for leasing activities as of December 31, 2024:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 81,621	\$ 11,922	\$ 93,543
2026	86,721	9,403	96,124
2027	91,975	6,729	98,704
2028	97,389	3,896	101,285
2029	76,452	963	77,415
Total	<u>\$ 434,158</u>	<u>\$ 32,913</u>	<u>\$ 467,071</u>

Long-term liability activity for the year ended December 31, 2024, was as follows:

	Balance at January 1, 2024	Additions	Reductions	Balance at December 31, 2024	Amount due Within One Year
Governmental Activities					
Lease Payable	\$ -	\$ 449,539	\$ (15,381)	\$ 434,158	\$ 81,621
Compensated Absences	433,903	566,234	(418,523)	581,614	39,492
Total Governmental activity Long-term Liabilities	<u>\$ 433,903</u>	<u>\$ 1,015,773</u>	<u>\$ (433,904)</u>	<u>\$ 1,015,772</u>	<u>\$ 121,113</u>

NOTE D – RETIREMENT PLANS

The District offers two retirement plans to employees, which are as follows:

1. DEFINED CONTRIBUTION PLAN

Upon employment, all regular full-time employees of the District are enrolled in the Highlands Ranch Metropolitan District and Highlands Ranch Water and Sanitation District Plan (the "Plan"). The Plan is a 414(h) defined contribution plan which is overseen by a Retirement Board governed by the Director of Finance and Administration, two at-large citizens appointed by Highlands Ranch Water and Sanitation District's Board of Directors, one employee representative elected by District staff and one employee elected by Highlands Ranch Water and Sanitation District staff. The Retirement Board, among other things, is responsible for (a) the control and management of the Plan, (b) directing investments offered, (c) responsible for the general administration and proper operation of the Plan, (d) determine the procedures for making disbursements out of Plan funds, and (e) appoint, hire, retain and dismiss

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

actuaries, administrators, investment advisors, investment institutions and attorneys of the Plan. The Retirement Board administers the Plan through Principal Financial Group, Inc (“Principal”).

Under the Plan, 6.2% of an employee’s eligible compensation, with an additional 6.2% contributed by the District, is withheld and remitted to Principal who holds the amounts in trusts for the exclusive benefit of the District employees and their beneficiaries. Plan benefits depend solely on amounts contributed to the Plan plus investment earnings/losses. Investment earnings or losses are incurred based on the individual employee’s chosen allocation of their retirement funds. Employees are immediately vested in their contributions and become fully vested in the District’s contributions upon the completion of three years of service, with employees receiving a partial vesting in the prior two years. District contributions for Plan members who leave employment before they are fully vested are used to reduce the District’s benefit obligations or to pay plan related expenses. There is no liability for benefits under the Plan beyond the District’s matching contributions. The District contributed \$432,866 for the year ended December 31, 2024.

On December 31, 2024, there were 234 active plan members comprised of 122 full and part-time members employed by the District and 112 full and part-time members employed by Highlands Ranch Water and Sanitation District.

2. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (“457 Plan”). The amounts are held in third-party trusts by Principal for the exclusive benefit of the District employees and their beneficiaries. Participation in the 457 Plan is optional for all employees. The District’s matching structure is 100% on the first 3% of employee contributions and 50% on employee contributions up to a maximum of 6%; employees may contribute up to 9% of their wages. Employees are immediately vested in both their and the District’s contributions. Under the terms of the 457 Plan, contributions are available to participants upon termination, retirement, death or in the event of an unforeseeable emergency or other financial hardship. All amounts deferred are held in trust for the exclusive benefit of participating employees. The District contributed \$393,570 for the year ended December 31, 2024.

NOTE E – COMMITMENTS

The following are the District’s commitments as of December 31, 2024:

1. HIGHLANDS RANCH SERVICE AGREEMENT

In 1990, and last amended in 2018, the District entered into an intergovernmental agreement with HRWSD whereby HRWSD agrees to supply water and wastewater service’s to the District on a modified “total service basis,” which generally means that the local water distribution and wastewater collections systems serving the District are owned by the District but that the operation, maintenance and billing services are provided by HRWSD and paid for by the District through the water and wastewater service fees collected from end users.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

HRWSD also agreed to construct and replace the District's capital facilities needed and to develop, manage, and implement a planned capital replacement program for all water and wastewater facilities.

In exchange, the District agrees to pay a one-time Capacity Fee per tap, which is calculated by HRWSD by July 1 of each year based on the methodology set forth in the Highlands Ranch Service Agreement. If such costs are greater than the Capacity Fees received, then HRWSD has the right to impose a surcharge on the Capacity Fee. In addition, the District is responsible for paying for all water and wastewater services provided to them at the rates established by HRWSD and approved by the District's Board. Such rates may be adjusted by the District upon 90 days' notice to the District or annually at its budget hearing. If the District is in default under the Highlands Ranch Service Agreement, HRWSD may disconnect service after notice and a one-year cure period. While the Highlands Ranch Service Agreement expires on December 18, 2030, the District and HRWSD fully intend to extend the agreement on similar terms for another approximately 40 years.

2. EMPLOYEE, OFFICE SERVICES AND CAPITAL EQUIPMENT SHARING AGREEMENT

In 1987, and amended in 2001, the District entered into a cost sharing agreement with HRWSD where each party pays a portion of costs related to shared staffing, offices, and equipment used in operations. The Board of Directors of each District may in their sole discretion approve, modify (but only with the approval of the other Board of Directors), or disapprove the portions of the Budgets that apply to the agreement. If a Board of Directors of any party is of the opinion that its best interests are not being served under this agreement, the party may terminate this agreement after a 90-day notice to the other parties. Within 30 days of the termination date, a final accounting shall be made to determine the actual total costs for the portion of the year that the agreement was in effect. The amounts owed to or by the terminating party shall be paid within 10 days from the date of the final accounting. Should a party incur additional costs to employees because of the termination of this agreement, the parties to the agreement shall share the additional costs equally.

3. SOUTH SUBURBAN PARKS AND RECREATION DISTRICT FUNDING AND OPERATIONS AGREEMENT

In 2024, the District entered into an intergovernmental agreement with South Suburban Park and Recreation District (SSPRD) to provide joint recreational services at a pickleball court facility. The agreement provides that the District will fund 50% of construction of a new Southpark Pickleball Complex, not to exceed \$6,487,317. The construction of the facility is expected to be completed in 2025. Once the facility is completed and opened in 2025, SSPRD and the District will share in operation and maintenance costs of the facility as determined by the IGA. The term of the agreement is twenty five years and shall automatically renew for successive five (5) year terms unless (a) either party provides written notice at least 180 days before the end of the initial term or then-current renewal term of such party's intent not to renew the agreement, or (b) earlier terminated by either party.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

NOTE F – LEASE RECEIVABLES

A lease is defined as a contractual agreement that conveys control of the right to use another entity’s nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transactions. The District leases land to third parties who use the land to construct cellular towers. The lease terms are for five years, with four options to extend an additional five years. Payments for a full 25-year term are set forth in the initial lease agreement. The leases were measured at an incremental borrowing rate as estimated by the District based on market conditions. Revenue recognized under the lease contracts for the year ended December 31, 2024, was \$1,356,000.

NOTE G – INTERFUND

Transfers are used to move revenues from the fund in which the District budget requires collection to the fund required to expend the monies, and to move unrestricted revenues collected in the General Fund to finance various activities accounted for in other funds. Interfund entries are made between funds, usually when an expense in one fund is being paid by another fund. Interfund entries are required because each fund is a separate self-balancing set of accounts and, therefore, each fund must be in balance. The interfund entries use either the transfer or due to/due from accounts to balance the fund.

Interfund Receivable	Interfund Payable				Total
	General	Mansion	Major Repair	Nonmajor	
General	\$ -	\$ 7,296	\$ 115,337	\$ 49,505	\$ 172,138
Capital	2,471	-	-	-	2,471
Nonmajor	214,726	-	-	-	214,726
Total	\$ 217,197	\$ 7,296	\$ 115,337	\$ 49,505	\$ 389,335

Interfund Transfers In	Interfund Transfers Out					Total
	General	Stormwater	Mansion	Major Repair	Nonmajor	
General	\$ -	\$ 40,213	\$ 17,800	\$ -	\$ -	\$ 58,013
Capital	-	-	-	80,000	170,000	250,000
Major repair	2,279,589	-	-	-	120,000	2,399,589
Nonmajor	2,042,172	-	-	-	-	2,042,172
Total	\$ 4,321,761	\$ 40,213	\$ 17,800	\$ 80,000	\$ 290,000	\$ 4,749,774

NOTE H – RISK MANAGEMENT

The District is exposed to various risks including loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. In addition, the District is party to pending or threatened lawsuits under which it may be required to pay certain amounts upon final disposition of these matters. The District has historically retained these risks although it may be determined that commercial insurance is more cost beneficial or legally required.

As of December 31, 2024, the District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by an intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery and workers compensation coverage to its members.

Highlands Ranch Metropolitan District

Notes to Financial Statements

For the Year Ended December 31, 2024

The pool provides:

- Coverage for property claims up to \$100,000,000.
- Liability coverage for claims up to \$1,000,000.
- Workers' compensation claims which are covered up to statutory limits, with claims related to the employer's liability up to \$2,000,000.

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

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

NOTE I – RESTATEMENT OF PRIOR-YEAR FINANCIAL STATEMENTS FOR CORRECTION OF AN ERROR

During fiscal year December 31, 2024, the District determined that \$18,488,064 of assets held for transfer had been incorrectly included in the Major Repair Fund reported in the Governmental Funds balance sheet as of December 31, 2023. Accordingly, the financial statements have been restated by decreasing the beginning fund balance at January 1, 2024 for the Major Repair Fund by \$18,488,064. There was no impact on the beginning net position at January 1, 2024 or change in net position in the government-wide financial statements for the year ended December 31, 2024. The following table reflects the effect on the line items for the Major Repair Fund:

	December 31, 2023, as Previously Reported	Correction of Error	December 31, 2023 as Restated
Assets			
Assets held for transfer	18,488,064	(18,488,064)	-
Fund Balances			
Nonspendable:			
Assets held for transfer	18,488,064	(18,488,064)	-



Required Supplementary Information

Highlands Ranch Metropolitan District

Budgetary Comparison Schedule

General Fund

For the Year Ended December 31, 2024

	2024 Budget		2024 Actual	Variance to Revised Budget
	Original	Revised		
REVENUES				
Property taxes	\$ 21,824,975	\$ 21,824,975	\$ 23,210,674	\$ 1,385,699
Specific ownership tax	1,855,000	1,855,000	1,709,767	(145,233)
Intergovernmental	720,000	720,000	732,850	12,850
Net investment income	89,100	89,100	1,380,851	1,291,751
Other	150,000	150,000	49,076	(100,924)
Total revenues	<u>24,639,075</u>	<u>24,639,075</u>	<u>27,083,218</u>	<u>2,444,144</u>
EXPENDITURES				
Operations & maintenance	11,489,889	11,489,889	10,833,865	656,024
Public works/safety	1,255,606	1,255,606	1,267,368	(11,762)
General government	1,869,030	1,869,030	1,926,396	(57,366)
Finance and administration	1,108,071	1,108,071	1,107,120	951
Capital outlay	123,300	123,300	929,061	(805,761)
Total expenditures	<u>15,845,896</u>	<u>15,845,896</u>	<u>16,063,810</u>	<u>(217,914)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,793,179</u>	<u>8,793,179</u>	<u>11,019,408</u>	<u>2,226,229</u>
OTHER FINANCING SOURCES/(USES)				
Lease proceeds	-	-	449,539	449,539
Transfers in	113,500	113,500	58,013	(55,487)
Transfers out	(4,780,963)	(4,780,963)	(4,321,761)	459,202
Proceeds on disposal of assets	-	-	29,740	29,740
Total other financing sources/(uses)	<u>(4,667,463)</u>	<u>(4,667,463)</u>	<u>(3,784,469)</u>	<u>882,994</u>
Net change in fund balance	4,125,716	4,125,716	7,234,939	3,109,223
FUND BALANCE - BEGINNING	<u>17,817,942</u>	<u>24,375,507</u>	<u>24,375,507</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 21,943,658</u>	<u>\$ 28,501,223</u>	<u>\$ 31,610,446</u>	<u>\$ 3,109,223</u>

See the notes to the required supplementary information

Highlands Ranch Metropolitan District

Budgetary Comparison Schedule

Stormwater Special Revenue Fund

For the Year Ended December 31, 2024

	2024 Budget		2024	Variance to
	Original	Revised	Actual	Revised Budget
REVENUES				
Charges for Services	\$ 857,000	\$ 857,000	\$ 908,164	\$ 51,164
Net investment income	7,500	7,500	40,213	32,713
Total Revenues	<u>864,500</u>	<u>864,500</u>	<u>948,377</u>	<u>83,878</u>
EXPENDITURES/OUTLAYS				
Operations	310,605	310,605	161,278	149,327
Capital outlay	<u>235,106</u>	<u>166,080</u>	<u>1,455,967</u>	<u>(1,289,887)</u>
Total expenditures/outlays	<u>545,711</u>	<u>476,685</u>	<u>1,617,245</u>	<u>(1,140,560)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>318,789</u>	<u>387,815</u>	<u>(668,868)</u>	<u>(1,056,682)</u>
OTHER FINANCING SOURCES/(USES)				
Transfers out	<u>(1,498,500)</u>	<u>(1,498,500)</u>	<u>(40,213)</u>	<u>1,458,287</u>
Total other financing sources/(uses)	<u>(1,498,500)</u>	<u>(1,498,500)</u>	<u>(40,213)</u>	<u>1,458,287</u>
Net change in fund balance	(1,179,711)	(1,110,685)	(709,081)	401,604
FUND BALANCE - BEGINNING	<u>1,499,917</u>	<u>1,097,861</u>	<u>1,097,861</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 320,206</u>	<u>\$ (12,824)</u>	<u>\$ 388,780</u>	<u>\$ 401,604</u>

See the notes to the required supplementary information

Highlands Ranch Metropolitan District

Budgetary Comparison Schedule

Utility Special Revenue Fund

For the Year Ended December 31, 2024

	2024 Budget		2024 Actual	Variance to Revised Budget
	Original	Revised		
REVENUES				
Development (tap) fees	\$ 382,550	\$ 382,550	\$ 1,901,490	\$ 1,518,940
Water and wastewater operations	53,020,000	53,020,000	50,165,792	(2,854,208)
Streetlight fees	1,180,000	1,180,000	1,284,473	104,473
Net investment income	23,000	23,000	192,695	169,695
Total Revenues	<u>54,605,550</u>	<u>54,605,550</u>	<u>53,544,450</u>	<u>(1,061,100)</u>
EXPENDITURES				
Streetlight operations	1,193,000	1,193,000	1,276,135	(83,135)
Water and wastewater operations	53,020,000	53,020,000	50,165,792	2,854,208
Service agreement	533,750	533,750	533,750	-
Investment in reserved capacity	95,150	95,150	586,470	(491,320)
Total Expenditures	<u>54,841,900</u>	<u>54,841,900</u>	<u>52,562,147</u>	<u>2,279,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(236,350)</u>	<u>(236,350)</u>	<u>982,303</u>	<u>1,218,653</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(23,000)</u>	<u>(23,000)</u>	<u>-</u>	<u>23,000</u>
Total other financing sources/(uses)	<u>(23,000)</u>	<u>(23,000)</u>	<u>-</u>	<u>23,000</u>
Net change in fund balance	(259,350)	(259,350)	982,303	1,241,653
FUND BALANCE - BEGINNING	<u>4,595,977</u>	<u>4,926,973</u>	<u>4,926,973</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,336,627</u>	<u>\$ 4,667,623</u>	<u>\$ 5,909,276</u>	<u>\$ 1,241,653</u>

See the notes to the required supplementary information

Highlands Ranch Metropolitan District

Budgetary Comparison Schedule

Mansion Special Revenue Fund

For the Year Ended December 31, 2024

	2024 Budget		2024 Actual	Variance to Revised Budget
	Original	Revised		
REVENUES				
Reservations	\$ 532,500	\$ 558,100	\$ 607,351	\$ 49,251
Programs	1,500	8,000	12,991	4,991
Cost of Sales	228,250	247,456	292,817	45,361
Net investment income	42,200	66,300	193,951	127,651
Total Revenues	<u>804,450</u>	<u>879,856</u>	<u>1,107,110</u>	<u>227,254</u>
EXPENDITURES				
Operating	<u>783,870</u>	<u>783,870</u>	<u>764,776</u>	<u>19,094</u>
Total Expenditures	<u>783,870</u>	<u>783,870</u>	<u>764,776</u>	<u>19,094</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,580</u>	<u>95,986</u>	<u>342,334</u>	<u>246,348</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(83,000)</u>	<u>(83,000)</u>	<u>(17,800)</u>	<u>65,200</u>
Total other financing sources/(uses)	<u>(83,000)</u>	<u>(83,000)</u>	<u>(17,800)</u>	<u>65,200</u>
Net change in fund balance	(62,420)	12,986	324,534	311,548
FUND BALANCE - BEGINNING	<u>4,218,246</u>	<u>4,416,975</u>	<u>4,416,975</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,155,826</u>	<u>\$ 4,429,961</u>	<u>\$ 4,741,509</u>	<u>\$ 311,548</u>

See the notes to the required supplementary information

Highlands Ranch Metropolitan District

Note to Required Supplementary Information

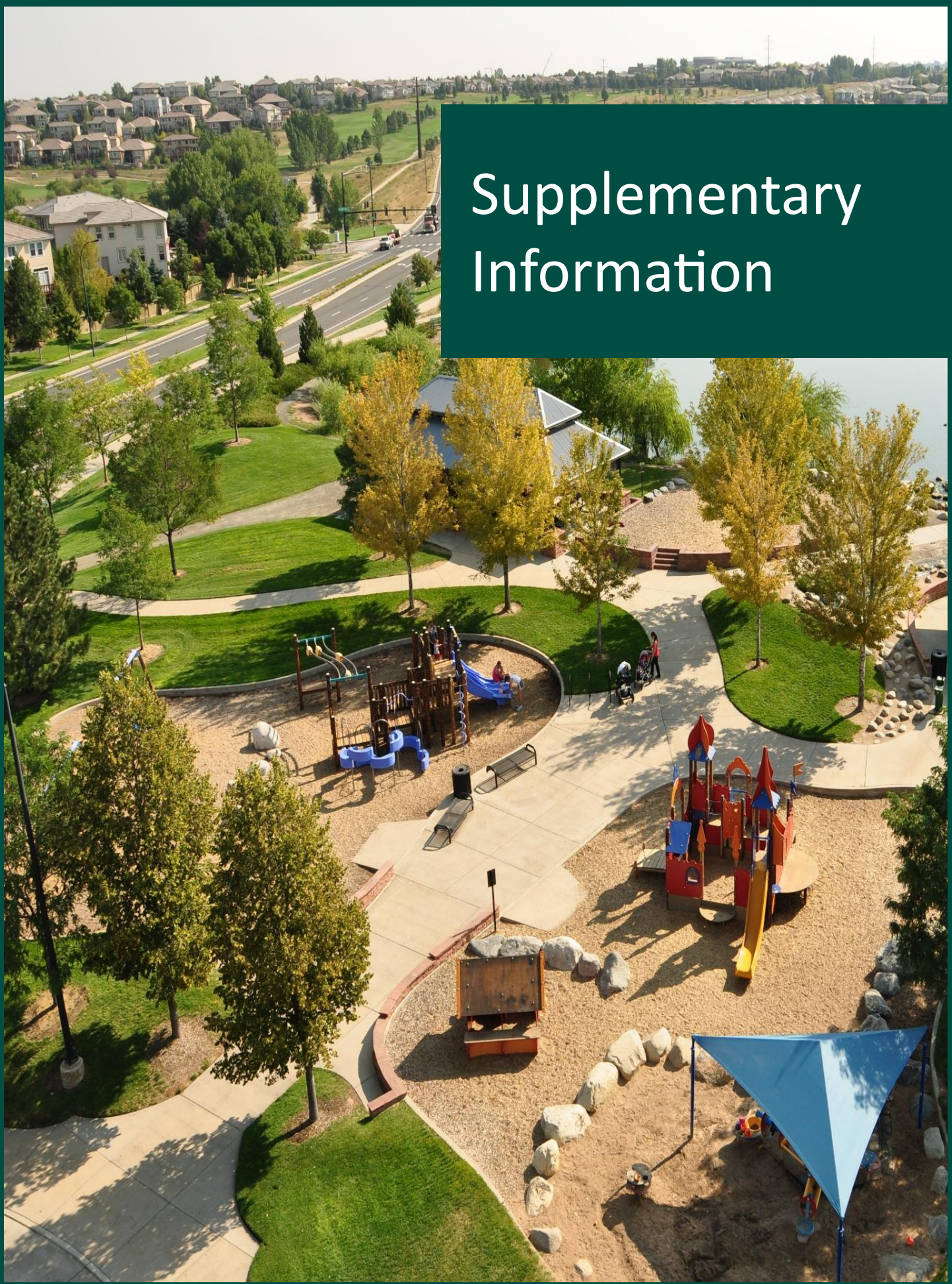
For the Year Ended December 31, 2024

Note 1: Budgetary Information

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

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

Supplementary Information



Highlands Ranch Metropolitan District

Combining Balance Sheet – Nonmajor Governmental Funds

December 31, 2024

	Special Revenue Funds			Total
	Conservation Trust	Recreation	Water/Wastewater Reserves	Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ -	\$ -	\$ 3,380,067	\$ 3,380,067
Due from other funds	-	214,726	-	214,726
Other	-	250	-	250
Restricted cash and investments	3,608,224	-	-	3,608,224
Total assets	3,608,224	214,976	3,380,067	7,203,267
LIABILITIES AND FUND BALANCES				
Accounts payable	-	34,231	-	34,231
Due to other funds	-	49,505	-	49,505
Accrued liabilities	-	103,610	-	103,610
Unearned revenue	-	27,630	-	27,630
Total liabilities	-	214,976	-	214,976
FUND BALANCES				
Restricted				
Parks and recreation	3,608,224	-	-	3,608,224
Committed				
Capital and major repair projects	-	-	262,682	262,682
Assigned				
Capital and major repair projects	-	-	3,117,385	3,117,385
Total fund balances	3,608,224	-	3,380,067	6,988,291
Total liabilities and fund balances	\$ 3,608,224	\$ 214,976	\$ 3,380,067	\$ 7,203,267

Highlands Ranch Metropolitan District

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

For the Year Ended December 31, 2024

	Special Revenue Funds			Total
	Conservation		Water/Wastewater	Nonmajor
	Trust	Recreation	Reserves	Governmental
				Funds
REVENUES				
Parks and recreation	\$ -	\$ 1,308,715	\$ -	\$ 1,308,715
Senior services	-	79,150	-	79,150
Colorado lottery proceeds	623,500	-	-	623,500
Intergovernmental	-	75,000	-	75,000
Net investment income	197,175	-	103,585	300,760
Total Revenues	820,675	1,462,865	103,585	2,387,125
EXPENDITURES				
Parks and open space	-	912,945	-	912,945
Recreation services	-	1,386,927	-	1,386,927
Senior services	-	505,165	-	505,165
Capital:				
Major repair and renovation	197,942	-	-	197,942
Total Expenditures	197,942	2,805,037	-	3,002,979
Excess (deficiency) of revenues over (under) expenditures	622,733	(1,342,172)	103,585	(615,854)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,342,172	700,000	2,042,172
Transfers out	(290,000)	-	-	(290,000)
Total other financing sources (uses)	(290,000)	1,342,172	700,000	1,752,172
Net change in fund balances	332,733	-	803,585	1,136,318
Fund balances - beginning	3,275,491	-	2,576,482	5,851,973
Fund balances - ending	\$ 3,608,224	\$ -	\$ 3,380,067	\$ 6,988,291

Highlands Ranch Metropolitan District
Budgetary Comparison Schedule
Conservation Trust Fund
For the Year Ended December 31, 2024

	2024 Budget		2024 Actual	Variance to Revised Budget
	Original	Revised		
REVENUES				
Colorado lottery proceeds	\$ 605,000	\$ 605,000	\$ 623,500	\$ 18,500
Net investment income	34,600	34,600	197,175	162,575
Total Revenues	<u>639,600</u>	<u>639,600</u>	<u>820,675</u>	<u>181,075</u>
EXPENDITURES				
Capital outlay	75,941	211,456	197,942	13,515
Total Expenditures	<u>75,941</u>	<u>211,456</u>	<u>197,942</u>	<u>13,515</u>
Excess (deficiency) of revenues over (under) expenditures	<u>563,659</u>	<u>428,144</u>	<u>622,733</u>	<u>194,589</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(290,000)	(290,000)	-
Total other financing sources/(uses)	<u>-</u>	<u>(290,000)</u>	<u>(290,000)</u>	<u>-</u>
Net change in fund balance	563,659	138,144	332,733	194,589
FUND BALANCE - BEGINNING	<u>3,154,939</u>	<u>3,275,491</u>	<u>3,275,491</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 3,718,598</u>	<u>\$ 3,413,635</u>	<u>\$ 3,608,224</u>	<u>\$ 194,589</u>

Highlands Ranch Metropolitan District
Budgetary Comparison Schedule
Recreation Special Revenue Fund
For the Year Ended December 31, 2024

	2024 Budget		2024 Actual	Variance to Revised Budget
	Original	Revised		
REVENUES				
Programs, recreation and parks	\$ 1,541,160	\$ 1,541,160	\$ 1,308,715	\$ (232,445)
Senior services	240,805	240,805	79,150	(161,655)
Intergovernmental	-	-	75,000	75,000
Total Revenues	<u>1,781,965</u>	<u>1,781,965</u>	<u>1,462,865</u>	<u>(319,100)</u>
EXPENDITURES				
Programs, recreation and parks	2,331,017	2,331,017	2,299,872	31,145
Senior services	888,486	888,486	505,165	383,321
Total Expenditures	<u>3,219,503</u>	<u>3,219,503</u>	<u>2,805,037</u>	<u>414,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,437,538)</u>	<u>(1,437,538)</u>	<u>(1,342,172)</u>	<u>95,366</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,437,538</u>	<u>1,437,538</u>	<u>1,342,172</u>	<u>(95,366)</u>
Total other financing sources/(uses)	<u>1,437,538</u>	<u>1,437,538</u>	<u>1,342,172</u>	<u>(95,366)</u>
Net change in fund balance	-	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Highlands Ranch Metropolitan District

Budgetary Comparison Schedule

Capital Projects Fund

For the Year Ended December 31, 2024

	2024 Budget		2024 Actual	Variance to Revised Budget
	Original	Revised		
REVENUES				
System development fees	\$ 104,842	\$ 104,842	\$ 547,575	\$ 442,733
Net investment income	223,500	223,500	1,034,878	811,378
Total Revenues	<u>328,342</u>	<u>328,342</u>	<u>1,582,453</u>	<u>1,254,111</u>
EXPENDITURES				
Parks and open space	74,512	6,487,317	781,353	5,705,964
Facility plan capital outlay	80,000	330,000	185,375	144,625
Community enhancements capital outlay	9,264,659	12,168,087	10,301,832	1,866,255
Total Expenditures	<u>9,419,171</u>	<u>18,985,404</u>	<u>11,268,560</u>	<u>7,716,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,090,829)</u>	<u>(18,657,062)</u>	<u>(9,686,107)</u>	<u>8,970,955</u>
OTHER FINANCING SOURCES/(USES)				
Transfers in	1,491,000	1,491,000	250,000	(1,241,000)
Total other financing sources/(uses)	<u>1,491,000</u>	<u>1,491,000</u>	<u>250,000</u>	<u>(1,241,000)</u>
Net change in fund balance	(7,599,829)	(17,166,062)	(9,436,107)	7,729,955
FUND BALANCE - BEGINNING	<u>25,336,438</u>	<u>27,440,528</u>	<u>27,440,528</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 17,736,609</u>	<u>\$ 10,274,466</u>	<u>\$ 18,004,421</u>	<u>\$ 7,729,955</u>

Highlands Ranch Metropolitan District

Budgetary Comparison Schedule

Major Repair Fund

For the Year Ended December 31, 2024

	2024 Budget		2024 Actual	Variance to Revised Budget
	Original	Revised		
REVENUES				
Cell site leases	\$ 1,040,667	\$ 1,040,667	\$ 1,356,000	\$ 315,333
Intergovernmental	-	-	1,024,667	1,024,667
Net investment income	57,800	57,800	233,657	175,857
Total Revenues	<u>1,098,467</u>	<u>1,098,467</u>	<u>2,614,324</u>	<u>1,515,857</u>
EXPENDITURES				
Major repair	2,952,516	4,337,856	3,952,749	385,107
Vehicle and equipment replacement	427,425	427,425	418,964	8,461
Total Expenditures	<u>3,379,941</u>	<u>4,765,281</u>	<u>4,371,713</u>	<u>393,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,281,474)</u>	<u>(3,666,814)</u>	<u>(1,757,389)</u>	<u>1,909,425</u>
OTHER FINANCING SOURCES/(USES)				
Transfers in	2,643,425	2,643,425	2,399,589	(243,836)
Transfers out	-	(80,000)	(80,000)	-
Total other financing sources/(uses)	<u>2,643,425</u>	<u>2,563,425</u>	<u>2,319,589</u>	<u>(243,836)</u>
Net change in fund balance	361,951	(1,103,389)	562,200	1,665,589
FUND BALANCE - BEGINNING, AS RESTATED	<u>7,295,163</u>	<u>26,621,517</u>	<u>8,133,453</u>	<u>(18,488,063)</u>
FUND BALANCE - ENDING	<u>\$ 7,657,114</u>	<u>\$ 25,518,128</u>	<u>\$ 8,695,653</u>	<u>\$ (16,822,474)</u>

Highlands Ranch Metropolitan District

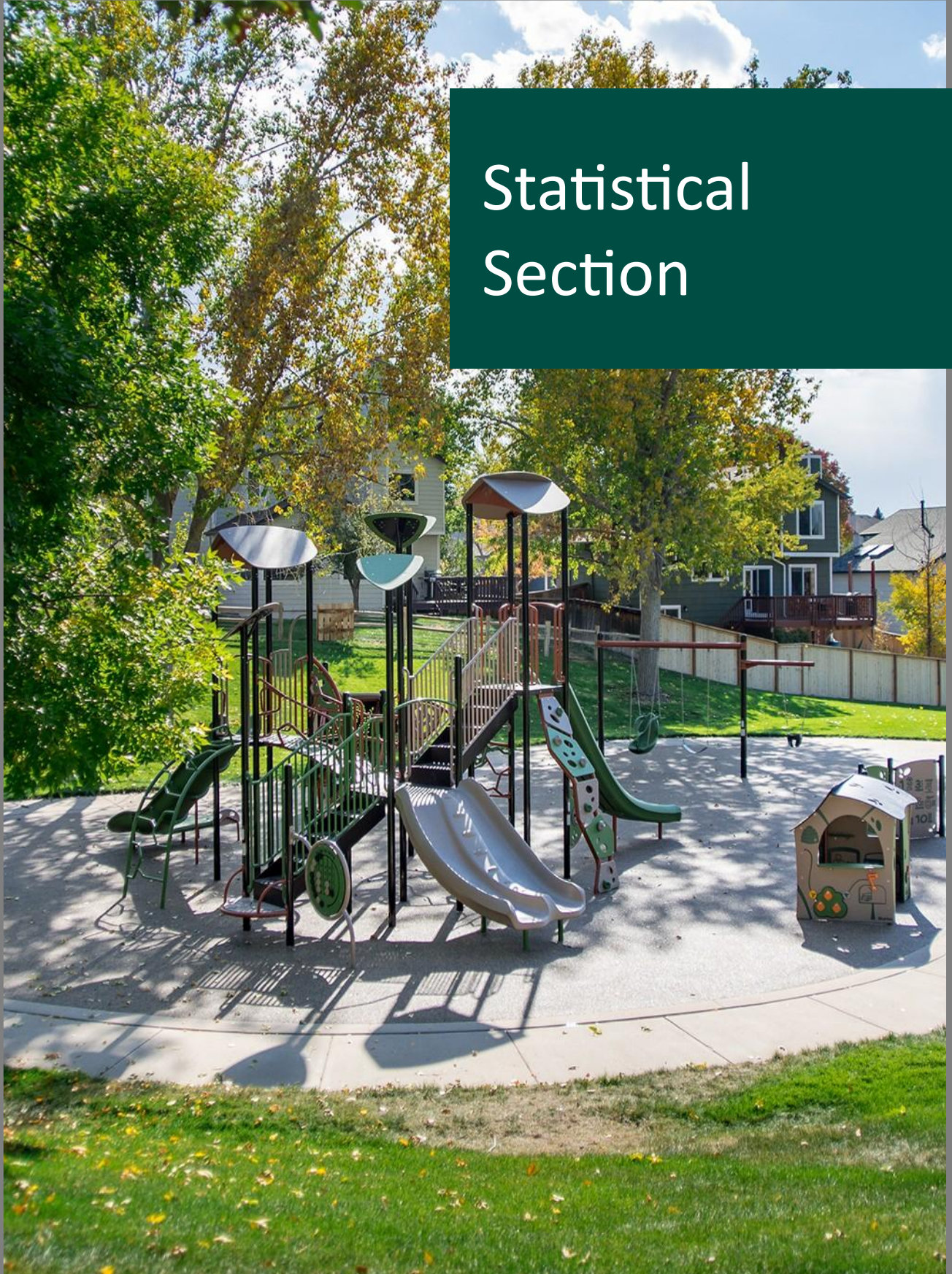
Budgetary Comparison Schedule

Water and Sewer Reserve Fund

For the Year Ended December 31, 2024

	2024 Budget		2024 Actual	Variance to Revised Budget
	Original	Revised		
REVENUES				
Net investment income	\$ 12,900	\$ 12,900	\$ 103,585	\$ 90,685
Total Revenues	<u>12,900</u>	<u>12,900</u>	<u>103,585</u>	<u>90,685</u>
EXPENDITURES				
Bellflower capital outlay	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Total Expenditures	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(107,100)</u>	<u>(107,100)</u>	<u>103,585</u>	<u>210,685</u>
OTHER FINANCING SOURCES/(USES)				
Transfers in	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Total other financing sources/(uses)	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Net change in fund balance	592,900	592,900	803,585	210,685
FUND BALANCE - BEGINNING	<u>2,583,382</u>	<u>2,576,482</u>	<u>2,576,482</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 3,176,282</u>	<u>\$ 3,169,382</u>	<u>\$ 3,380,067</u>	<u>\$ 210,685</u>

Statistical Section



Statistical Section

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

<u>Content</u>	<u>Tables & Charts</u>	<u>Pages</u>
FINANCIAL TRENDS These tables and charts contain trend information to help the reader understand how the District’s financial condition has changed over time.	A1 – A5	52-57
REVENUE CAPACITY These tables and charts contain information to help the reader assess the District’s largest revenue source.	B1 – B4	58-61
DEBT CAPACITY These tables and charts present information to help the reader assess the affordability of the District’s historical levels of outstanding debt and the District’s ability to issue debt in the future.	C1-C3	62-64
DEMOGRAPHIC & ECONOMIC INFORMATION These tables and charts offer demographic and economic indicators to help the reader understand the environment that the District’s financial activities take place within.	D1-D2	65-66
OPERATING INFORMATION These tables and charts contain service data to help the reader understand how information in the financial report relates to the services the District provides and the activities it performs.	E1	67

Table A-1 Net Position by Component

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net investment in capital assets	\$ 85,523,946	\$ 93,783,969	\$ 95,646,229	\$ 102,297,682	\$ 102,497,282	\$ 109,950,447	\$ 121,924,827	\$ 123,647,157	\$ 111,314,258	\$ 124,069,395
Restricted for:										
Emergency reserves	530,000	412,000	785,000	760,000	552,000	645,000	395,000	798,000	961,231	1,101,424
Parks and recreation	1,912,044	2,476,958	3,007,342	1,385,853	1,649,935	1,758,983	2,202,398	2,871,903	3,275,491	3,608,224
Debt service	8,152,237	625,741	4,278,172	4,740,629	5,465,482	5,457,565	-	-	-	-
Unrestricted	22,415,774	29,922,310	33,425,152	43,986,567	53,878,214	58,727,932	62,886,318	66,308,228	92,178,588	91,749,152
Total net position	\$ 118,534,001	\$ 127,220,978	\$ 137,141,895	\$ 153,170,731	\$ 164,042,913	\$ 176,539,927	\$ 187,408,543	\$ 193,625,288	\$ 207,729,568	\$ 220,528,195

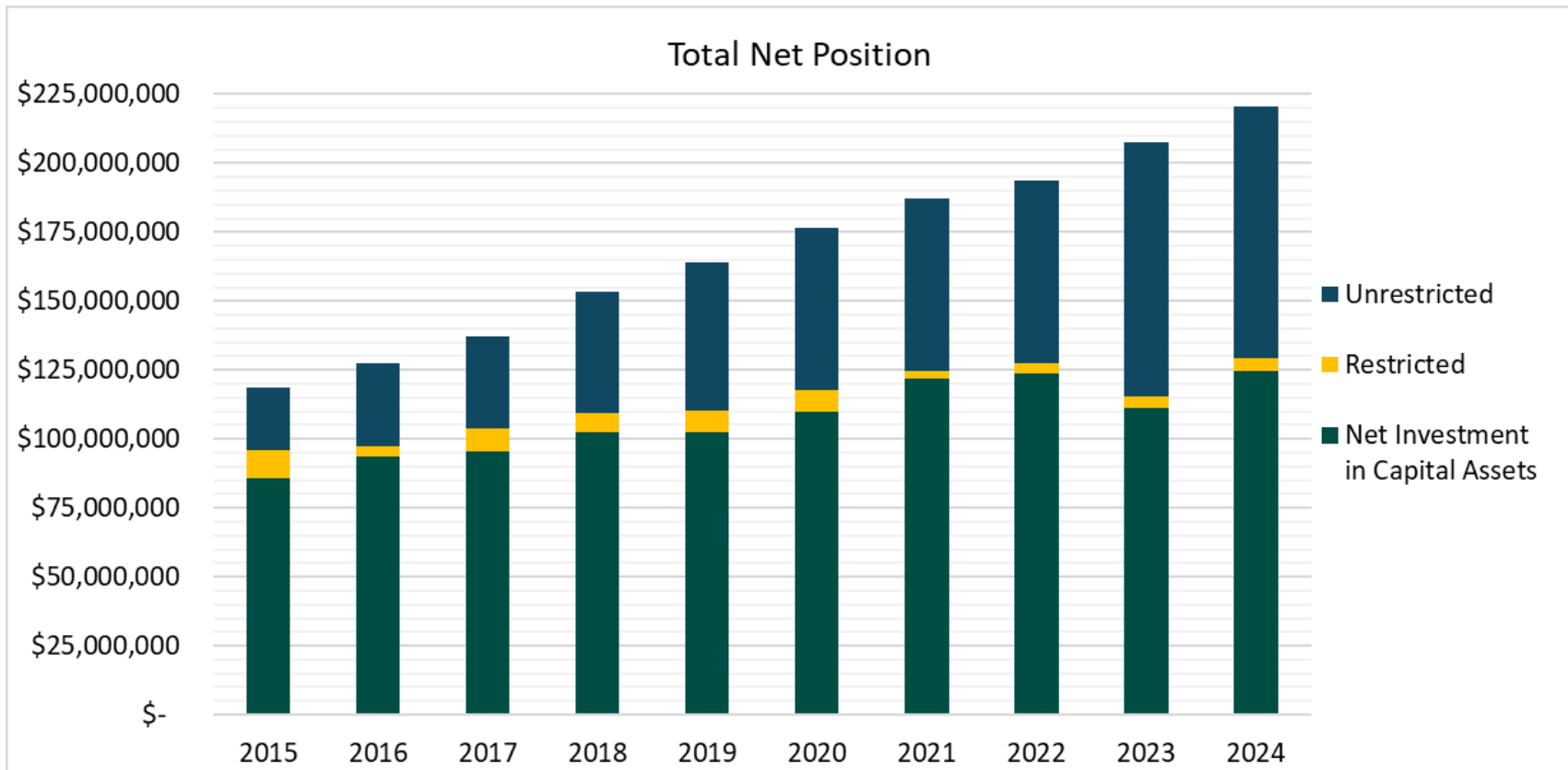
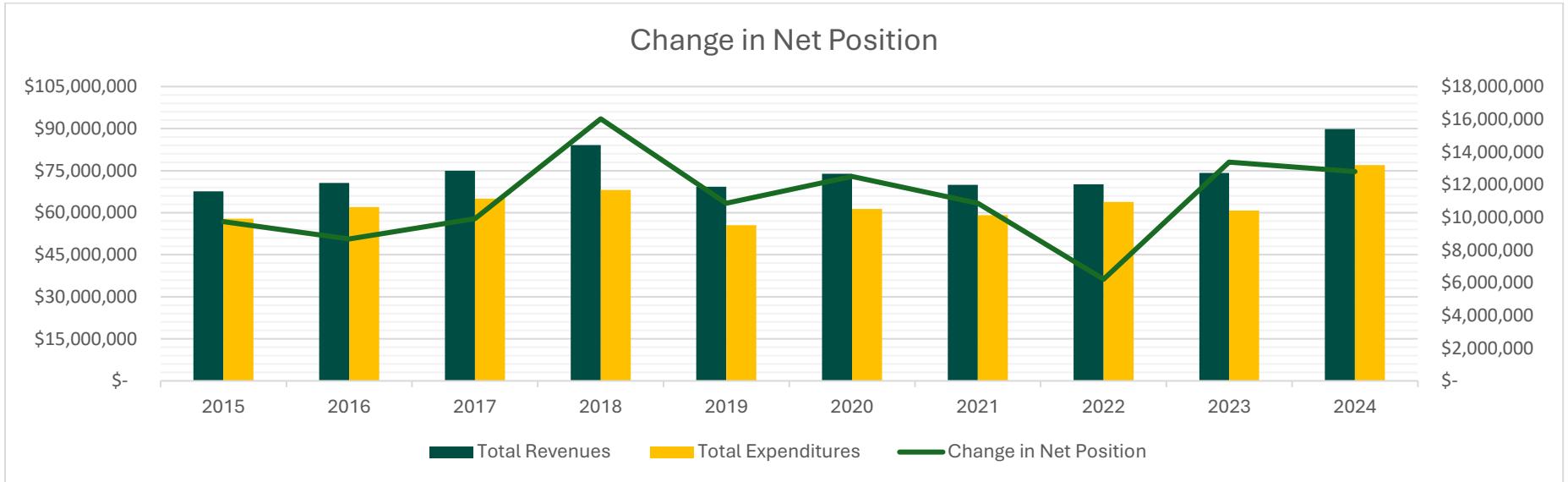


Table A-2 Change in Net Position

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
PROGRAM EXPENSES										
Governmental Activities:										
General government	\$ 2,095,072	\$ 2,150,671	\$ 2,141,593	\$ 2,424,163	\$ 2,895,769	\$ 2,749,535	\$ 1,915,136	\$ 2,834,702	\$ 2,251,163	\$ 3,039,463
Public works	780,214	754,766	811,057	841,755	886,784	971,946	843,464	836,034	1,168,684	1,410,264
Public safety	7,764,336	8,209,592	9,496,956	9,101,571	13,510	12,380	306,180	16,744	5,325	8,432
Streetlights	1,450,533	1,208,848	1,408,707	1,138,135	1,142,622	1,192,452	1,236,934	1,202,882	1,323,723	1,276,135
Parks, open space & recreation	10,466,601	10,632,651	11,230,809	13,091,021	11,695,986	11,448,873	11,254,107	12,315,761	13,141,246	17,467,532
Mansion and cultural	777,930	774,605	861,440	944,990	841,166	756,241	799,379	827,224	989,262	1,036,373
Water and wastewater operations	32,504,644	36,862,402	38,554,433	40,018,837	37,597,289	43,825,713	42,408,250	45,838,289	41,911,597	52,742,978
Interest on long term debt	2,020,179	1,385,959	521,963	536,138	481,964	416,391	345,756	-	-	7,805
Total program expenses	57,859,509	61,979,494	65,026,957	68,096,610	55,555,090	61,373,532	59,109,205	63,871,636	60,791,000	76,988,982
PROGRAM REVENUES										
Charges for services										
Water and wastewater operations	28,789,563	31,927,850	31,950,804	34,394,092	35,064,777	40,480,618	39,833,112	40,979,784	39,496,010	50,165,792
General government	586,902	539,085	777,887	694,497	735,641	713,424	665,113	589,842	452,667	728,970
Public works	1,416,999	1,370,359	1,302,630	1,556,073	2,080,755	1,914,998	2,247,852	1,716,636	2,470,652	2,346,860
Public safety	13,767	24,476	-	-	-	-	-	-	-	-
Streetlights	1,355,021	1,441,425	1,452,173	1,456,098	1,470,363	1,464,833	1,292,616	1,285,373	1,293,530	1,284,473
Parks, open space & recreation	1,692,172	1,517,055	1,508,465	3,461,651	1,775,849	1,026,098	1,284,684	1,324,733	1,492,498	1,387,865
Mansion and cultural	580,559	570,017	679,340	575,529	684,621	133,246	334,423	701,356	853,008	913,159
Capital grants and contributions										
Tap and system development fees	6,114,964	2,891,175	5,876,762	7,926,605	4,784,224	4,043,533	2,570,995	1,007,405	1,138,537	2,449,065
Conservation Trust Fund	468,436	553,043	500,312	524,645	580,820	535,673	633,903	632,204	702,531	623,500
Capital contributions	140,000	50,380	160,250	998,699	85,000	160,000	8,000	180,000	38,762	490,811
Donated assets	376,104	1,485,811	1,727,411	551,502	628,127	811,345	176,954	193,026	127,283	-
Operating grants	-	-	-	-	-	-	-	-	-	1,099,667
Total program revenues	41,534,487	42,370,676	45,936,034	52,139,391	47,890,177	51,283,768	49,047,652	48,610,359	48,065,478	61,490,162
CHANGE IN NET POSITION										
Governmental Activities	(16,325,022)	(19,608,818)	(19,090,923)	(15,957,219)	(7,664,913)	(10,089,764)	(10,061,553)	(15,261,277)	(12,725,522)	(15,498,820)
GENERAL REVENUES										
Property taxes & specific ownership	25,555,782	27,613,074	28,398,826	30,725,902	18,868,797	20,675,020	20,958,305	22,126,140	21,771,891	24,920,441
Net investment income/(loss)	285,670	512,243	472,219	1,161,434	2,265,996	1,784,896	(148,758)	(855,933)	3,939,557	3,377,005
Other	219,497	170,478	140,796	98,717	259,833	126,861	120,622	207,815	398,317	-
Total general revenues	26,060,949	28,295,795	29,011,841	31,986,053	21,394,626	22,586,777	20,930,169	21,478,022	26,109,765	28,297,446
SPECIAL ITEM										
Transfer of fire operations	-	-	-	-	(2,857,530)	-	-	-	-	-
TOTAL CHANGE IN NET POSITION	9,735,927	8,686,977	9,920,917	16,028,834	10,872,183	12,497,013	10,868,616	6,216,745	13,384,243	12,798,626
NET POSITION - BEGINNING	108,798,074	118,534,001	127,220,978	137,141,895	153,170,729	164,042,912	176,539,927	187,408,543	193,625,288	207,729,569
Net position - restatement	-	-	-	-	-	-	-	-	194,345,325	-
NET POSITION - ENDING	\$ 118,534,001	\$ 127,220,978	\$ 137,141,895	\$ 153,170,729	\$ 164,042,912	\$ 176,539,927	\$ 187,408,543	\$ 193,625,288	\$ 207,729,569	\$ 220,528,195

Charts A-2 Change in Net Position

Total Revenues and Expenditures



Program and General Revenues

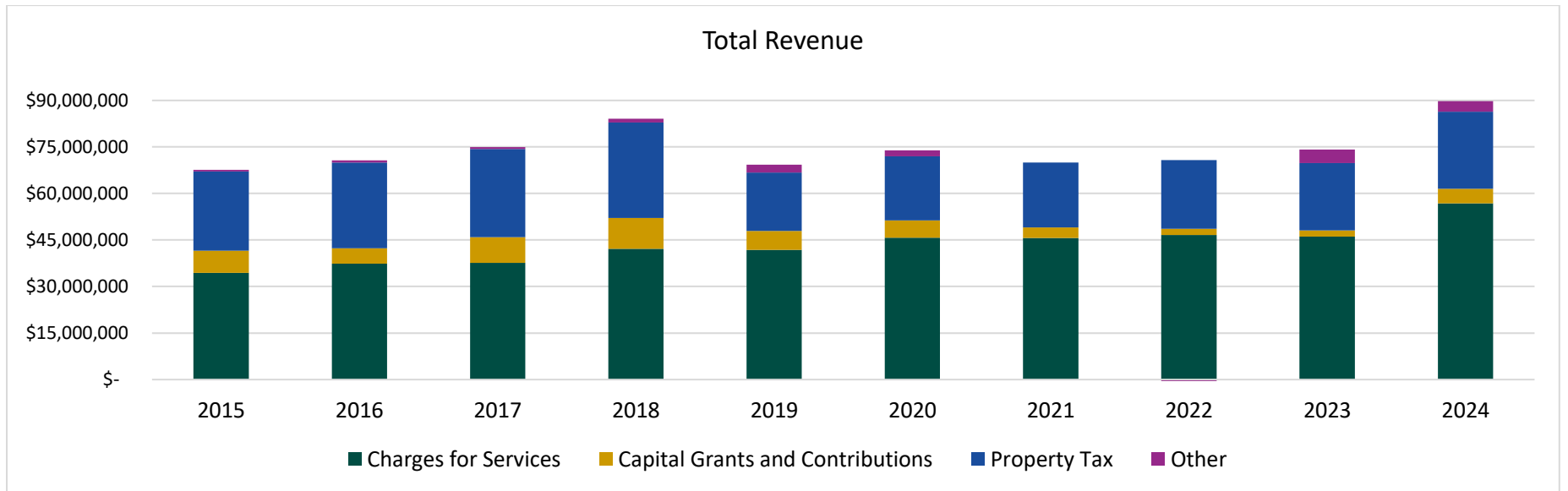


Table A-3 Fund Balances, Governmental Funds- Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Restated 2023</u>	<u>2024</u>
GENERAL FUND										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,391	\$ 9,203
Restricted	530,000	412,000	785,000	760,000	552,000	575,000	395,000	798,000	961,231	1,101,424
Committed	1,298,266	1,007,119	1,103,798	1,320,736	1,548,722	1,863,580	220,456	1,986,753	-	-
Unassigned	14,902,707	16,256,814	16,250,248	19,067,023	16,099,638	19,909,782	13,663,148	20,593,911	23,396,885	30,499,819
Total General Fund	<u>16,730,973</u>	<u>17,675,933</u>	<u>18,139,046</u>	<u>21,147,759</u>	<u>18,200,360</u>	<u>22,348,362</u>	<u>14,278,604</u>	<u>23,378,664</u>	<u>24,375,507</u>	<u>31,610,446</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	-	-	-	-	-	-	-	-	11,990	12,489
Restricted	10,162,044	3,156,715	7,329,723	6,165,565	7,149,249	7,245,019	2,202,398	2,871,903	3,275,491	3,608,224
Committed										
Utility Special Revenue Fund	5,656,723	3,878,410	2,395,844	2,230,433	4,661,583	7,630,147	7,278,259	4,682,028	1,218,764	1,262,230
Capital Projects Fund	1,337,820	636,445	3,879,466	1,690,610	1,073,308	5,381,399	1,518,630	16,751,181	11,174,319	18,004,421
Other Governmental Funds	4,840,787	4,904,274	5,172,898	4,684,000	7,389,871	4,422,253	7,202,054	6,688,196	4,480,926	13,315,128
Assigned										
Capital Projects Fund	5,766,329	13,367,737	15,037,209	25,591,453	27,076,340	28,584,483	27,026,413	10,482,920	24,399,663	-
Other Governmental Funds	2,844,945	2,362,536	2,102,732	1,961,154	8,648,486	3,658,125	4,759,657	5,478,309	7,306,610	8,525,438
Total all other governmental funds	<u>30,608,648</u>	<u>28,306,117</u>	<u>35,917,872</u>	<u>42,323,215</u>	<u>55,998,837</u>	<u>56,921,426</u>	<u>49,987,412</u>	<u>46,954,537</u>	<u>51,867,763</u>	<u>44,727,930</u>
TOTAL ALL FUNDS	<u>47,339,621</u>	<u>45,982,050</u>	<u>54,056,918</u>	<u>63,470,974</u>	<u>74,199,197</u>	<u>79,269,788</u>	<u>64,266,016</u>	<u>70,333,201</u>	<u>76,243,270</u>	<u>76,338,376</u>

Table A-4 Changes in Fund Balances Governmental Funds- Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES										
Property taxes	\$ 25,555,782	\$ 27,613,074	\$ 28,398,826	\$ 30,725,902	\$ 18,868,797	\$ 20,675,020	\$ 20,958,305	\$ 22,126,140	\$ 21,771,891	24,920,441
Tap and system development fees	6,114,964	2,891,175	5,876,761	7,926,605	4,784,224	4,043,533	2,570,995	1,007,405	1,138,537	2,449,065
Water and wastewater operations	28,789,563	31,927,850	31,950,804	34,394,092	35,064,777	40,480,618	39,833,112	40,979,784	39,496,010	50,165,792
Streetlight and stormwater fees	2,089,632	2,182,398	2,236,849	2,285,238	2,359,466	2,358,634	2,196,965	2,194,587	2,210,717	2,192,637
Colorado lottery proceeds	468,436	553,043	500,312	524,645	580,820	535,673	633,903	632,204	702,531	623,500
Leases	477,636	520,739	480,039	696,071	859,525	985,064	1,266,978	737,305	1,472,926	1,356,000
Parks, recreation, and senior services	1,330,074	1,288,500	1,373,320	1,317,191	1,382,044	731,766	1,216,413	1,267,920	1,492,498	1,387,865
Mansion Operations	555,550	548,852	646,715	551,487	663,667	130,143	332,243	696,181	853,008	913,159
Intergovernmental	771,518	614,905	815,166	2,807,354	1,093,268	956,202	741,638	659,960	692,690	1,832,517
Contributions	140,000	50,380	160,250	998,699	85,000	160,000	8,000	180,000	127,283	-
Other	597,259	416,738	212,959	163,724	623,748	168,457	146,553	223,578	186,767	49,076
Net investment income (loss)	285,670	512,243	472,219	1,161,434	2,265,996	1,784,896	(148,758)	(855,933)	3,939,557	3,377,005
Total Revenues	<u>67,176,084</u>	<u>69,119,897</u>	<u>73,124,220</u>	<u>83,552,442</u>	<u>68,631,332</u>	<u>73,010,006</u>	<u>69,756,347</u>	<u>69,849,131</u>	<u>74,084,415</u>	<u>89,267,057</u>
EXPENDITURES										
General government	2,081,299	2,134,933	2,131,317	2,401,689	2,886,609	2,706,416	2,342,272	2,471,851	2,206,276	3,011,416
Public Safety	9,051,875	9,231,499	10,704,073	9,970,298	1,156,132	1,204,832	1,341,524	1,219,626	1,329,048	1,284,567
Parks and open space	8,069,845	8,198,521	8,366,074	10,685,061	8,871,021	8,980,565	9,004,534	9,744,183	11,735,779	12,646,832
Recreation and senior services	883,744	942,020	1,523,413	1,014,693	1,142,311	917,615	983,396	1,022,582	1,282,078	1,892,092
Mansion operations	545,093	481,376	538,608	645,073	601,203	516,278	476,547	589,021	713,623	764,776
Public Works and stormwater	774,562	753,370	816,650	835,733	883,639	969,875	865,797	856,699	1,431,691	1,420,214
Water and wastewater operations	28,789,563	31,927,850	31,950,804	34,394,092	35,064,777	40,480,618	39,833,112	40,979,784	39,496,011	50,165,792
Reserved capacity	2,295,310	3,488,508	5,120,020	4,115,252	1,008,272	1,813,004	1,090,054	3,276,232	489,411	1,120,220
Debt related	11,873,320	8,513,184	536,400	3,991,400	4,014,210	4,025,490	19,535,420	-	-	22,100
Capital outlay	2,063,606	4,937,916	3,458,234	6,106,598	2,300,280	6,373,913	7,790,922	5,211,801	10,678,905	17,323,221
Total Expenditures	<u>66,428,217</u>	<u>70,609,177</u>	<u>65,145,593</u>	<u>74,159,889</u>	<u>57,928,454</u>	<u>67,988,606</u>	<u>83,263,578</u>	<u>65,371,778</u>	<u>69,362,822</u>	<u>89,651,230</u>
Excess of revenues over/(under) expenditures	<u>747,867</u>	<u>(1,489,280)</u>	<u>7,978,627</u>	<u>9,392,553</u>	<u>10,702,878</u>	<u>5,021,400</u>	<u>(13,507,230)</u>	<u>4,477,352</u>	<u>4,721,593</u>	<u>(384,173)</u>
OTHER FINANCING SOURCES (USES)										
Transfer in:	4,196,717	(3,744,627)	5,993,501	5,725,120	10,514,307	3,620,260	14,414,109	3,897,512	11,986,937	4,749,774
Transfer out:	(4,196,717)	3,744,626	(5,993,501)	(5,725,120)	(10,514,307)	(3,620,260)	(14,414,109)	(3,897,512)	(11,986,937)	(4,749,774)
Proceeds from debt and leases	-	70,946	-	-	-	-	-	-	-	449,539
Proceeds from disposal of assets	43,248	60,763	96,242	21,500	25,345	49,194	44,520	46,225	52,066	29,740
Total other financing sources (uses)	<u>43,248</u>	<u>131,708</u>	<u>96,242</u>	<u>21,500</u>	<u>25,345</u>	<u>49,194</u>	<u>44,520</u>	<u>46,225</u>	<u>52,066</u>	<u>479,279</u>
NET CHANGE IN FUND BALANCES	<u>\$ 791,115</u>	<u>\$ (1,357,572)</u>	<u>\$ 8,074,869</u>	<u>\$ 9,414,053</u>	<u>\$ 10,728,223</u>	<u>\$ 5,070,594</u>	<u>\$ (13,462,710)</u>	<u>\$ 4,523,577</u>	<u>\$ 4,773,659</u>	<u>\$ 95,106</u>

Table A-5 Tax Revenues by Source, Governmental Funds- Last Ten Years

	2015	2016	2017	2018	2019 ¹	2020	2021	2022	2023	2024
Property Tax ²	\$ 23,262,969	\$ 25,611,567	\$ 25,540,297	\$ 28,144,328	\$ 17,375,403	\$ 19,283,203	\$ 19,365,192	\$ 20,597,669	\$ 20,192,178	\$ 23,549,560
Specific Ownership Tax	2,283,942	2,372,968	2,843,395	2,988,586	1,752,667	1,668,095	1,873,506	1,826,893	1,872,283	1,709,767
Total Tax Collections	\$ 25,546,911	\$ 27,984,535	\$ 28,383,692	\$ 31,132,914	\$ 19,128,070	\$ 20,951,298	\$ 21,238,698	\$ 22,424,562	\$ 22,064,461	\$ 25,259,327

- Notes:
1. In 2019, the District transferred all fire services to South Metro Fire District, resulting in a permanent reduction in the mill levy allocated to fire services.
 2. Property tax revenue is shown as gross collections before fees charged by the Douglas County Treasurer and does not account for interest earned on money on deposit with the Douglas County treasurer.

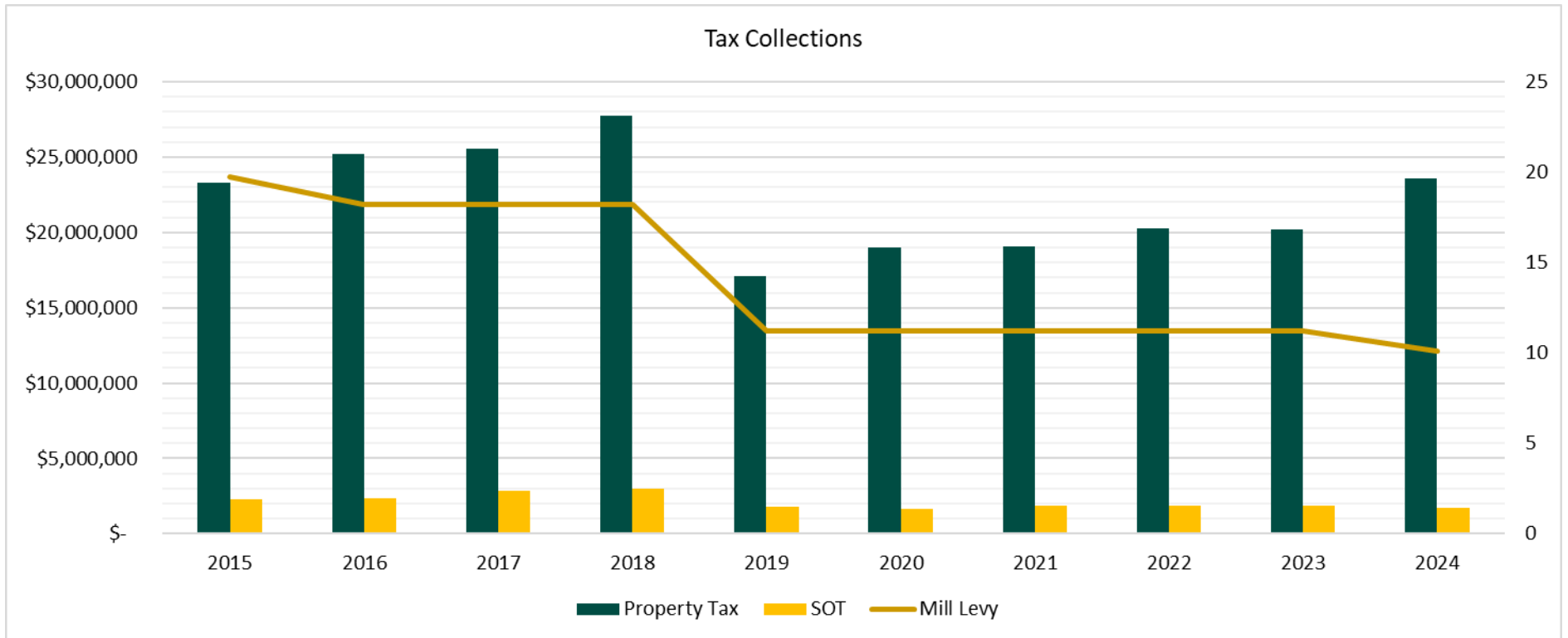


Table B-1 Assessed Value and Actual Value of Taxable Property - Last Ten Years

Assessment Year ¹	Residential	Commercial	Commercial Personal Property	Vacant Land	Other	Total Assessed Value	District Mill Levy ²	Total Actual Value	Ratio of Assessed to Actual Value	Annual Increase/ (Decrease) in Actual Value
2015	\$ 1,003,448,250	\$ 274,626,450	\$ 67,464,200	\$ 13,121,170	\$ 58,756,360	\$ 1,417,416,430	18.205	\$14,033,712,023	10.10%	19.42%
2016	1,014,925,740	273,176,560	66,442,310	12,750,670	58,510,070	1,425,805,350	18.205	14,167,343,204	10.06%	0.95%
2017	1,079,801,740	330,363,310	65,084,660	17,105,550	60,002,090	1,552,357,350	18.205	16,623,700,399	9.34%	17.34%
2018	1,091,918,930	336,748,950	67,469,600	13,899,110	49,848,840	1,559,885,430	11.205	16,775,181,850	9.30%	0.91%
2019	1,234,743,190	350,814,380	73,813,870	11,305,070	55,205,430	1,725,881,940	11.205	18,963,021,790	9.10%	13.04%
2020	1,247,475,970	349,372,680	77,036,630	4,745,200	55,148,350	1,733,778,830	11.205	19,124,112,197	9.07%	0.85%
2021	1,353,241,260	361,184,020	66,927,580	6,227,550	56,092,290	1,843,672,700	11.205	20,617,536,888	8.94%	7.81%
2022	1,315,057,480	356,058,870	65,051,440	4,681,050	61,266,760	1,802,115,600	11.205	20,631,403,774	8.73%	0.07%
2023	1,715,013,960	396,751,580	78,680,660	3,171,810	64,316,220	2,257,934,230	10.110	27,543,281,841	8.20%	33.50%
2024	1,718,704,790	395,570,680	79,324,790	2,208,020	72,345,170	2,268,153,450	11.205	27,621,778,052	8.21%	0.28%

Notes:

¹ The Assessment Year is the year that the assessed value is based upon; taxes for the assessment year are collected in the next year.

² The mill levy is the tax rate applied per \$1,000 of assessed valuation.

Assessed Value by Property Type

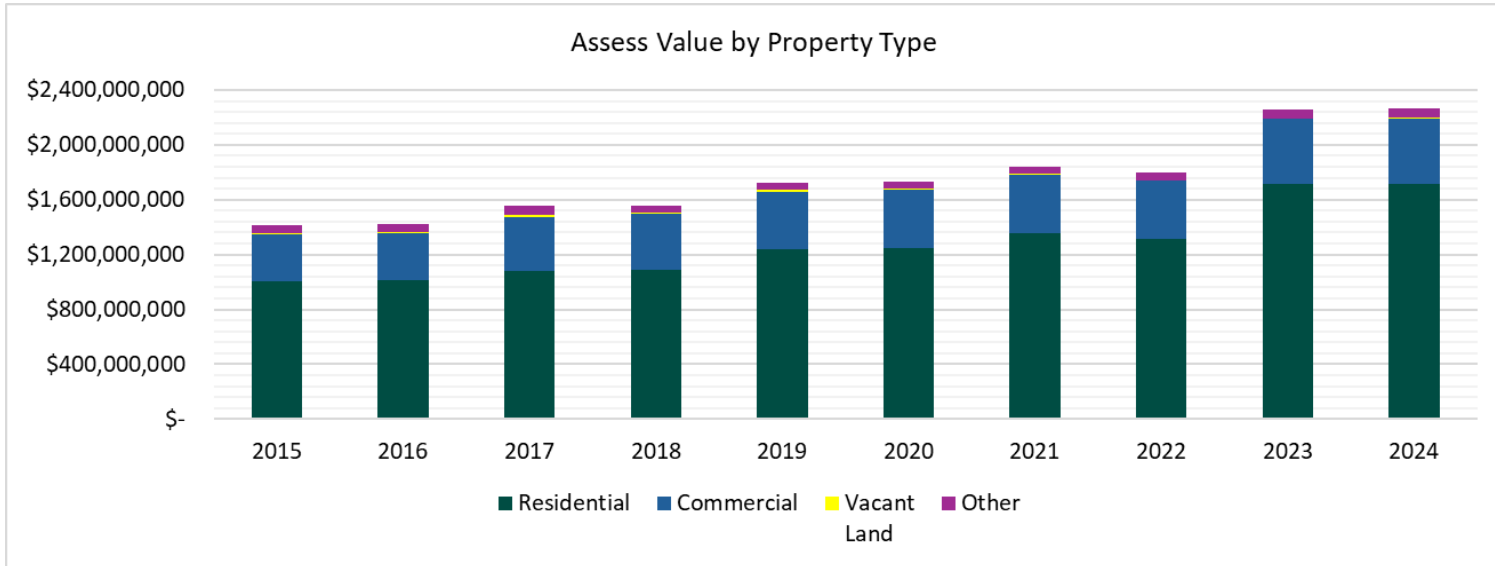


Table B-2 Property Tax Levies and Collections, Governmental Funds

Collection Year ¹	District Mill Levy ²	Assessed Valuation	Total Base Collections	Collections within the Fiscal Year of the Levy		Net Collections/ (Rebates) in Subsequent Years	Total Net Collections	
				Amount ³	% of Levy		Amount	% of Levy
2015	19.713	\$ 1,204,988,310	\$ 23,753,935	\$ 23,262,969	97.9%	\$ (19,934)	\$ 23,243,035	97.8%
2016	18.205	1,417,416,430	25,804,066	25,611,567	99.3%	(17,037)	25,594,530	99.2%
2017	18.205	1,425,805,350	25,956,786	25,540,297	98.4%	(10,886)	25,529,412	98.4%
2018	18.205	1,552,357,350	28,260,666	28,144,328	99.6%	(8,878)	28,135,450	99.6%
2019	11.205	1,559,885,430	17,478,516	17,375,403	99.4%	(8,756)	17,366,646	99.4%
2020	11.205	1,725,881,940	19,338,507	19,283,203	99.7%	(6,440)	19,276,763	99.7%
2021	11.205	1,733,778,830	19,426,992	19,365,192	99.7%	(5,186)	19,360,006	99.7%
2022	11.205	1,843,672,700	20,658,353	20,597,669	99.7%	(6,440)	20,591,229	99.7%
2023	11.205	1,802,115,600	20,192,705	20,192,178	100.0%	(6,440)	20,185,738	100.0%
2024	10.110	2,257,934,230	22,827,715	23,549,560	103.2%	N/A	23,549,560	103.2%

Notes:

¹ The mill levy is the tax rate applied per \$1,000 of assessed valuation

² Source information is from the Douglas County Assessor's Office

³ Collection year is one year subsequent to the assessment year

Table B-3 Property Tax Rates- Direct and all Overlapping Governments

Assessment Year ¹	Metro District			Overlapping						Total All	
	General Fund	Debt Service	Total	Douglas County					Total Overlapping		
				Douglas County	DC Law Enforcement	DC Library	DC School District	Urban Drainage & Flood Control	South Metro Fire Rescue		
2015	12.842	6.871	19.713	19.774	4.500	4.032	48.277	0.700	0.000	77.283	96.996
2016	12.805	5.400	18.205	19.274	4.500	4.016	41.064	0.620	0.000	69.474	87.679
2017	15.330	2.875	18.205	19.774	4.500	4.021	38.996	0.557	0.000	67.848	86.053
2018	8.600	2.605	11.205	19.774	4.500	4.008	44.950	0.820	9.250	83.302	94.507
2019	8.905	2.300	11.205	19.274	4.500	4.023	43.839	0.997	9.250	81.883	93.088
2020	8.905	2.300	11.205	19.274	4.500	4.012	43.504	1.000	9.250	81.540	92.745
2021	8.905	2.300	11.205	18.524	4.500	4.021	43.797	1.000	9.319	81.161	92.366
2022	11.205	0.000	11.205	18.524	4.500	4.008	42.836	1.000	9.288	80.156	91.361
2023	10.110	0.000	10.110	19.774	4.500	3.513	45.934	1.000	9.250	83.971	94.081
2024	11.205	0.000	11.205	18.726	4.500	4.000	45.528	1.000	9.290	83.044	94.249

Notes:

¹ Assessed valuation amounts do not include HB 1006 assessed valuation due to new growth

² The mill levy is the tax rate applied per \$1,000 of assessed valuation

Table B-4 Significant Taxpayers within the District

	Customer	Business Type	2024		2015	
			Assessed Value	% of Total Taxable Assessed Value	Assessed Value	% of Total Taxable Assessed Value
1	REDWOOD ERC LITTLETON LLC (WINDCREST)	Senior Living	\$ 16,771,790	0.74%		
2	PLAZA DRIVE PROPERTIES LLC	Offices	16,485,970	0.73%		
3	MLATL FAMILY LLP	Offices	13,410,370	0.59%		
4	VISA USA INC	Offices	13,138,670	0.58%	4 \$ 5,488,420	0.39%
5	PALOMINO (BLUE RIVER)	Apartments	10,271,100	0.45%	3 5,705,730	0.40%
6	HRTC I LLC	Retail	10,206,360	0.45%	2 8,410,000	0.59%
7	PALOMINO (GREEN RIVER)	Apartments	9,559,380	0.42%	5 5,298,180	0.37%
8	LPF LEGACY AT HIGHLANDS RANCH	Apartments	8,764,940	0.39%		
9	HIGHLANDS RANCH 1668 LLC	Retail	8,086,830	0.36%	7 4,607,000	0.33%
10	CENTRAL PARK AT HIGHLANDS RANCH	Apartments	8,057,760	0.36%		
	ALCATEL - LUCENT TECHNOLOGIES	Offices			1 19,845,080	1.40%
	SCG ATLAS HIGHLANDS RANCH LLC	Apartments			6 5,038,680	0.36%
	SHEA CENTER	Offices			8 4,542,790	0.32%
	CPF HIGHLANDS RANCH LLC	Retail			9 4,435,970	0.31%
	TARGET CORPORATION	Retail			10 4,411,960	0.31%
	SUB TOTAL		114,753,170	5.06%	67,783,810	4.78%
	ALL OTHERS		2,153,400,280	94.94%	1,349,633,260	95.22%
	TOTAL		\$2,268,153,450	100%	\$1,417,417,070	100%

Source: Douglas County Assessor

Table C-1 Ratio of Outstanding Debt per Capita

Year	General Obligation Bonds	Lease Payable	Total Debt Outstanding ⁽¹⁾	Total Outstanding Debt Per Capita	Population
2015	\$ 37,437,188	\$ -	\$ 37,437,188	\$ 401	93,291
2016	29,837,551	-	29,837,551	314	94,877
2017	29,812,670	-	29,812,670	302	98,847
2018	26,345,000	-	26,345,000	271	97,094
2019	22,805,000	-	22,805,000	228	99,810
2020	19,190,000	-	19,190,000	186	103,444
2021	-	-	-	-	103,238
2022	-	-	-	-	103,830
2023	-	-	-	-	103,195
2024	-	434,158	434,158	4	103,152

Notes:

¹ Presented net of original premium/(discount).

Source: the District

Table C-2 Ratio of General Bonded Debt to Assessed Value and Debt per Capita

Collection Year	Gross GO Bonded Debt Outstanding	Less Debt Service Fund Balance	Net GO Bonded Debt Outstanding	RATIO OF GROSS GO DEBT			RATIO OF NET GO DEBT		
				To Collection Year Assessed Value	To Collection Year Actual Value	Per Capita	To Assessed Value	To Actual Value	Per Capita
2015	36,865,000	8,252,200	28,612,800	2.60%	0.26%	398	2.02%	0.20%	309
2016	29,800,000	679,757	29,120,243	2.09%	0.21%	318	2.04%	0.21%	311
2017	29,800,000	4,322,381	25,477,619	1.92%	0.18%	305	1.64%	0.15%	260
2018	26,345,000	4,692,897	21,652,103	1.69%	0.16%	281	1.39%	0.13%	231
2019	22,805,000	3,540,000	19,265,000	1.32%	0.12%	229	1.12%	0.10%	193
2020	19,190,000	3,615,000	15,575,000	1.11%	0.10%	186	0.90%	0.08%	151
2021	-	-	-	0.00%	0.00%	-	0.00%	0.00%	-
2022	-	-	-	0.00%	0.00%	-	0.00%	0.00%	-
2023	-	-	-	0.00%	0.00%	-	0.00%	0.00%	-
2024	-	-	-	0.00%	0.00%	-	0.00%	0.00%	-

Notes:

1. Assessed value and Actual value information is found on Table B-1; collection year is one year later.
2. Population estimates are found on Table D-1.
3. Colorado Statutes require that Special District debt cannot exceed 50% of Assessed Value unless certain other requirements are met and the debt is registered with the State Securities Division.
4. Colorado Statutes require the District to appropriate funds on annual basis for capital leases therefore capital leases are not considered ratios.
5. All outstanding District debt was retired in 2021.

Table C-3 Computation of Overlapping and District Debt and Related Debt Ratios

Name of Overlapping Entity ¹	Total 2025 Assessed Valuation ³	Obligations Outstanding	Allocable to the District	
			Percentage ²	Amount
Direct Debt - Highlands Ranch Metro District				
Leases	\$ 2,268,153,450	\$ 434,158	100.00%	\$ 434,158
Total Direct Debt				
Overlapping Debt		<u>General Obligations</u>		
Douglas County School District	\$ 10,500,376,390	\$ 296,905,000	21.60%	\$ 64,133,520
Hunting Hill Metro District	12,909,460	7,000,000	100.00%	7,000,000
Total Overlapping Debt (2)				<u>71,133,520</u>
Total Overlapping and Direct Debt				<u>\$ 71,567,678</u>
ESTIMATED POPULATION				336,347
ESTIMATED CURRENT MARKET VALUATION				\$ 27,621,778,052
RATIOS				
Direct Debt to Assessed Valuation				0.00%
Direct Debt to Market Valuation				0.00%
Direct plus Overlapping Debt to Assessed Valuation				3.16%
Direct plus Overlapping Debt to Market Valuation				0.26%
Direct Debt Per Capita				1.29
Direct Plus Overlapping Debt Per Capita				<u>\$ 213</u>

Notes:

¹ The following entities also overlap the District but have no outstanding general obligation debt: Regional Transportation District, Urban Drainage and Flood Control District, Douglas County and Douglas County Law Enforcement

² The percentage of each overlapping entity's outstanding debt attributable to each District is calculated by determining the proportionate amount of that entity that overlaps that District.

³ Based upon statutory "assessed" and "actual" valuation per Douglas County Assessor as of November 2024, collected in 2025

*Source: Douglas County Assessor; Douglas County School District Audited Financials; Hunting Hill Metro District Audited Financials

Table D-1 Douglas County, Colorado - Demographic Statistics

DOUGLAS COUNTY, COLORADO

Year	Estimated Population Highlands Ranch	Estimated Population	Personal Income (\$1,000)	Personal Income Per Capita	Median Age	Average Household Size	Public School Enrollment	School Enrollment to Population	Unemployment Rate
2015	93,291	322,333	21,713,011	68,921	37.2	2.84	66,702	20.7%	2.6%
2016	94,877	328,680	22,558,704	69,879	37.6	2.76	66,896	20.4%	2.8%
2017	98,847	336,347	24,637,968	71,101	38.9	2.75	67,740	20.1%	2.6%
2018	97,094	343,780	27,021,840	76,125	38.1	2.81	67,597	19.7%	3.4%
2019	99,810	351,842	28,072,588	77,986	38.1	2.79	67,591	19.2%	2.8%
2020	103,444	360,750	39,933,420	81,637	38.5	2.52	67,305	18.7%	6.3%
2021	103,238	368,990	29,776,147	87,841	39.3	2.75	62,979	17.1%	5.2%
2022	103,830	369,286	32,412,414	90,341	39.3	2.70	63,876	17.3%	2.3%
2023	103,195	381,500	37,286,156	99,168	39.7	2.72	62,341	16.3%	3.0%
2024	103,152	383,906	39,514,603	102,928	39.8	2.7	61,409	16.0%	4.3%

Notes: The Highlands Ranch Metropolitan District is located within Douglas County. Demographic data, other than population estimates, for the District is not calculated, however the county data is generally representative of the District. Information presented at the time of issuance.

*Source: Douglas County, Colorado

Table D-2 Douglas County, Colorado - Principal Employers

2024				2015		
Employer	Rank	Employee Count	% of Total	Rank	Employee Count	% of Total
Douglas County School District	1	8,500	3.95%	1	5,563	3.37%
Charles Schwab	2	3,800	1.76%	2	2,400	1.45%
DISH Network	3	1,900	0.88%			
Douglas County Government	4	1,491	0.69%	7	1,146	0.69%
Skyridge Medical Center	5	1,300	0.60%	5	1,220	0.74%
Lockheed Martin Corporation	6	1,300	0.60%			
Kiewit	7	1,300	0.60%			
Sequoia One	8	1,000	0.46%			
Western Union	9	900	0.42%	6	1,210	0.73%
Wind Crest	10	900	0.42%			
Echostar				3	2,010	1.22%
CH2M Hill				4	1,660	1.01%
Parker Adventist Hospital				8	1,110	0.67%
Information Handling Systems				9	980	0.59%
Specialized Loan Servicing				10	940	0.57%
Total for Principal Employers		22,391	10.4%		18,239	11.1%
Total Employment in Douglas County		215,300			164,964	
Total Labor Force in Douglas County		224,147				

Source: Douglas County, Colorado 2024 Annual Comprehensive Financial Report

Table E-1 Operating Information

	Permanent FTE									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Parks and Open Space	52.00	52.00	53.00	51.00	51.00	51.00	51.00	51.00	46.00	48.00
Recreation	14.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	16.00	20.00
Mansion	4.45	4.45	4.45	4.45	4.40	4.40	4.40	4.40	5.00	5.00
Public Works	4.38	3.38	3.30	3.30	3.30	4.30	4.30	4.30	5.60	4.60
General Management	10.87	10.87	9.80	9.80	10.30	10.30	11.05	10.80	10.75	11.75
Office Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	86.70	86.70	86.55	84.55	85.00	86.00	86.75	86.50	84.35	90.35

	Capital Assets									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BUILDINGS										
Service Center	1	1	1	1	1	1	1	1	1	1
Highlands Ranch Mansion	1	1	1	1	1	1	1	1	1	1
Highlands Ranch Senior Center	0	0	0	0	0	0	0	0	0	1
Fire Stations - directly owned	2	2	2	2	N/A	N/A	N/A	N/A	N/A	N/A
Fire Stations - owned in partnership	1/3	1/3	1/3	1/3	N/A	N/A	N/A	N/A	N/A	N/A
PARKS (in acres)										
Neighborhood	114	114	114	114	114	123	123	123	123	123
Community	94	94	94	97	97	150	150	150	150	150
Playgrounds	21	21	21	21	21	21	21	21	21	21
Adult Outdoor Fitness	-	-	-	-	-	-	-	0.04	0.04	0.04
Parkway Landscape	292	292	292	292	292	285	285	285	285	285
Open space parcels	2,266	2,266	2,577	2,577	2,577	2,644	2,644	2,644	2,644	2,644
TRAILS (miles)										
Walking/biking (paved only)	39	39	40	40	40	40	40	40	40	40

	Operating Statistics									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Field Permit Hours	28,419	28,855	28,800	28,632	28,632	28,107	26,329	27,306	25,912	25,000
Shelter Reservations	1,082	1,050	1,000	1,005	1,180	657	1,398	1,052	1,091	1,050
Recreation Program Participation	13,880	12,700	12,416	11,496	10,625	4,036	9,936	8,652	9,496	7,382
Fire & Emergency Response *	4,260	4,883	5,070	4,930	N/A	N/A	N/A	N/A	N/A	N/A

*Services provided by contract

A photograph of a person riding a bicycle on a dirt path through a forest. The trees are in autumn, with leaves in shades of green and yellow. The path is paved and leads into the distance. The sky is blue. A dark green rectangular box is overlaid on the right side of the image, containing white text.

Reports Required by Uniform Guidance

**Highlands Ranch Metropolitan District
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF HOMELAND SECURITY				
<i>Federal Emergency Management Agency</i>				
Passed through from the Colorado Department of Public Safety, Division of Homeland Security and Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-08-CO-4731-PW-00176	\$ 165,649	\$ -
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-08-CO-4731-PW-00058	492,878	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-08-CO-4731-PW-00126	219,759	-
Total ALN 97.036 and Department of Homeland Security			<u>878,286</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 878,286</u>	<u>\$ -</u>

**Highlands Ranch Metropolitan District
Notes to Schedule of Expenditures of Federal Awards
December 31, 2024**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Highlands Ranch Metropolitan District (the District) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position/fund balance of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Recognition of Prior Expenditures

The District received a pass-through FEMA grant from the Colorado Department of Public Safety; Division of Homeland Security and Emergency Management for the 2023 Tornado. The amount included in the Schedule in 2024 relate to expenditures that were incurred in 2023.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Highlands Ranch Metropolitan District
Highlands Ranch, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highlands Ranch Metropolitan District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 21, 2025, which contained an emphasis of matter paragraph regarding a correction of an error in the December 31, 2023 financial statements of the major repair fund.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Denver, Colorado
August 21, 2025**

Report on Compliance for The Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Highlands Ranch Metropolitan District
Highlands Ranch, Colorado

Report on Compliance for The Major Federal Program

Opinion on The Major Federal Program

We have audited Highlands Ranch Metropolitan District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Denver, Colorado
August 21, 2025**

**Highlands Ranch Metropolitan District
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified
 Qualified
 Adverse
 Disclaimer
2. Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported
3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported
5. Type of auditor’s report issued on compliance for major federal program(s):

Unmodified
 Qualified
 Adverse
 Disclaimer
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No
7. Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.



**Highlands Ranch Metropolitan District
Summary Schedule of Prior Audit Finding
Year Ended December 31, 2024**

The Highlands Ranch Metropolitan District respectfully submits the following summary schedule of prior year audit findings for the year ended December 31, 2024.

The findings from the prior audit's schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

Prior Year Finding Number:

2023-001

Summary of Finding:

Management is responsible for establishing and maintaining effective internal controls over financial reporting. Effective internal controls are an important component of a system that helps ensure transactions are recorded timely and in the proper reporting period, thereby providing accurate financial data. Specifically, the District should have controls in place to ensure all transactions are recorded in accordance with applicable accounting standards/guidance. There were corrections noted for GASB 87, *Leases*, reporting of unearned revenues, and capital assets/assets held for transfer in addition to several entries and adjustments to the presentation of financial statements.

Status/Partial Corrective Action:

Fully Corrected.

Planned Corrective Action: N/A



HIGHLANDS RANCH METROPOLITAN DISTRICT

62 PLAZA DRIVE

HIGHLANDS RANCH, CO, 80129