Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2025

Highlands Ranch Metropolitan District | 62 Plaza Drive | Highlands Ranch, CO 80129

Annual Comprehensive

Financial Report

Highlands Ranch Metropolitan District

Highlands Ranch, Colorado

Year Ended December 31, 2025

Prepared by

Department of Finance and Administration

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Introductory Section

Letter of Transmittal

July 10, 2026

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, 2025.

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, 2025. 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.

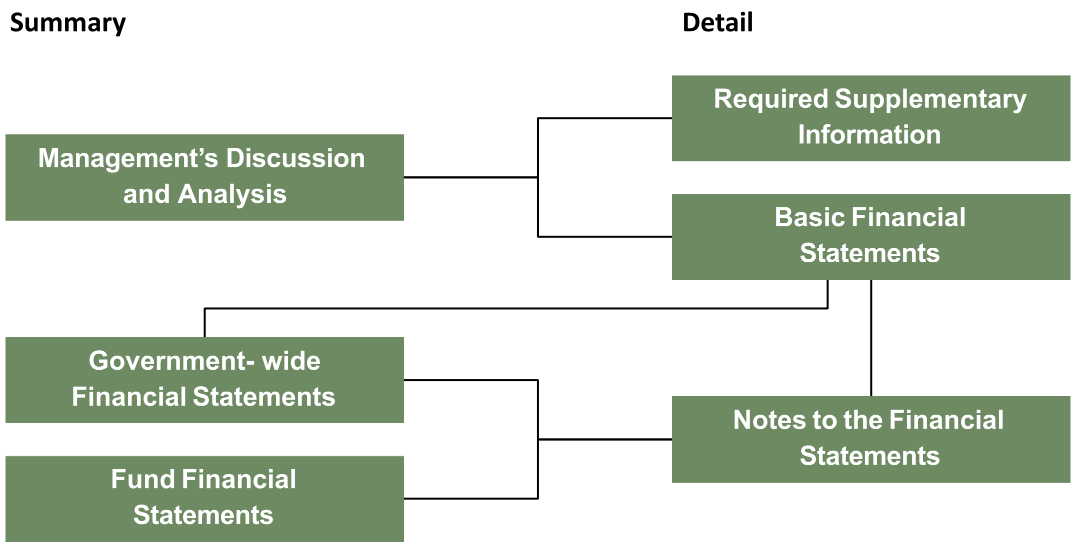
The financial statements have been audited by Forvis Mazars, LLP (“Forvis Mazars”), a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The audit involved examining on a 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, 2025, 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 third year of performing the audit of the District. 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.
- 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, fund financials and the accompanying notes to the financial statements. The Financial Section also includes the combining individual funds financial statements for the nonmajor governmental funds as supplementary information. 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 with 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 fees, 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 2024 by the Douglas County assessor, was the basis for property tax revenue collections in 2025. The 2024 property tax reassessment resulted in less than a 1% increase in assessed value from 2023.

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

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 2025 year-end fund balance is 220% of the 2026 budgeted operating expenditures, up from 182% in 2024 for 2025 actual operating expenditures. The primary reason for the increase is an increase in investment earnings and lower than anticipated expenditures.

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 stormwater fund commits fund balance for capital and major repair projects and assigns the remaining fund balance for daily operations and maintenance of stormwater system.
- The Utility Fund commits fund balance to meet the water and wastewater system reserved capacity payment to HRWSD and for operations and maintenance of streetlights while assigning fund balance for water and wastewater operations
- 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 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 was substantially completed in 2025 and opened to the public in January 2026.
- 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.

We are pleased to share the District received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting in 2024. The District will be submitting this 2025 Annual Comprehensive Financial Report for GFOA Certificate of Achievement consideration. We believe our current report conforms to the Certificate of Achievement program requirements. A Certificate of Achievement is valid for a period of one year only.

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, 2026. 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,

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**

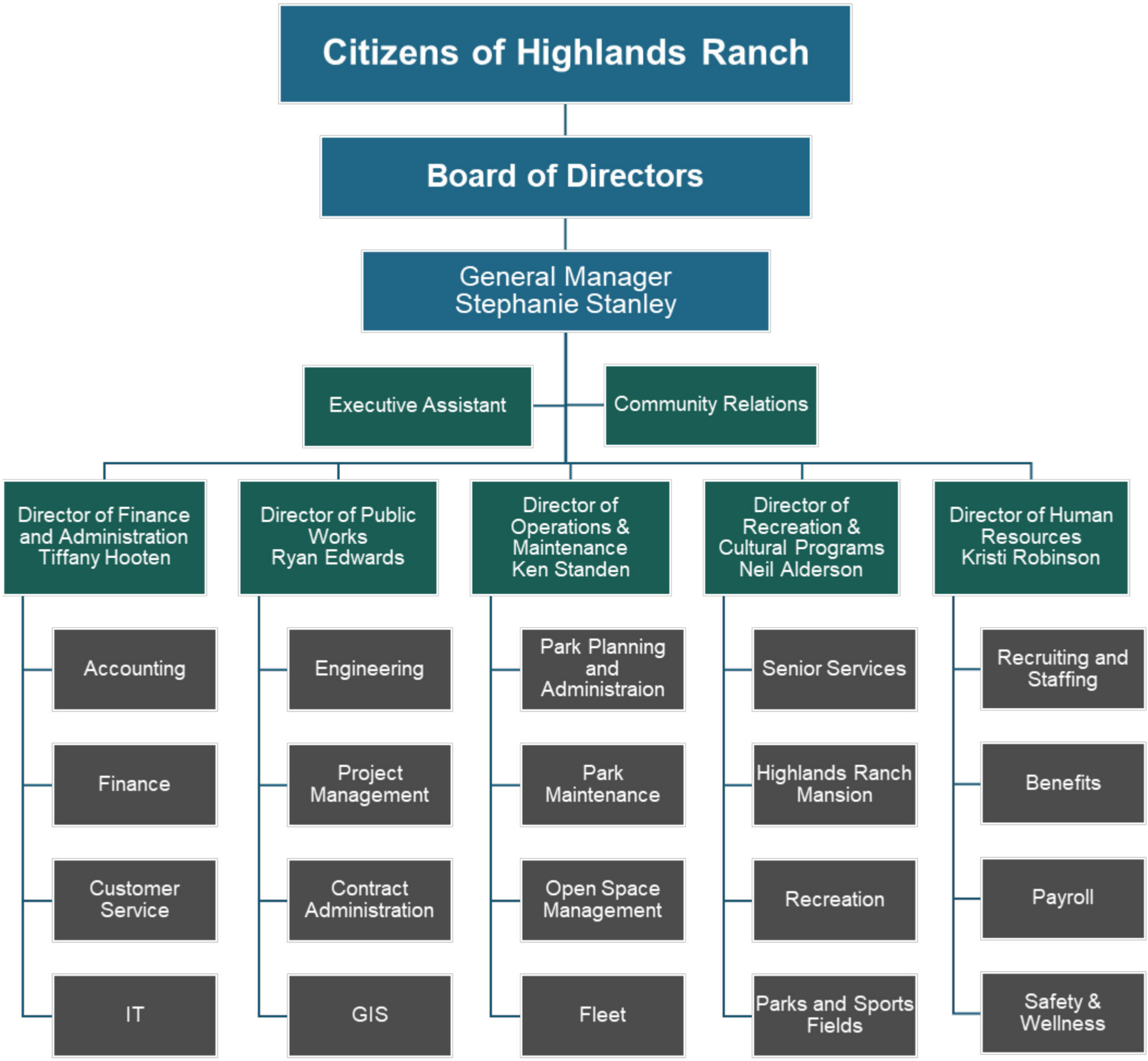
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

Organization Chart



Board of Directors and District Appointed Officials


Renee Anderson
Chair
May 2023 - May 2027


Andy Jones
Vice Chair
May 2023 - May 2027


Eric T. Rysner
Treasurer
May 2025 - May 2029


Steve Kinkaid
Director
May 2025 - May 2029


Rita Salcedo
Director
May 2025 - May 2029


Nancy Smith
Director
May 2023 - May 2027


Cali Wolf
Director
May 2025 - May 2029

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

Forvis Mazars, LLP
1801 California Street, Suite 2900
Denver, CO 80202
P 303.861.4545 | F 303.832.5705
forvismazars.us

Independent Auditor's Report

Board of Directors
Highlands Ranch Metropolitan District
Highlands Ranch, Colorado

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, 2025, 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, 2025, 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). 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.

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 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, 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 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 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 and budgetary comparison schedules – capital projects funds and nonmajor funds, 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 and budgetary comparison schedules – capital projects funds and nonmajor funds 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 information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections 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.

Forvis Mazars, LLP

Denver, Colorado
July 10, 2026

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 2025 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, 2025. 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 inflows of resources by $226,604,129 (net position), an increase of $6,075,934 or 2.8% over 2024. Of this amount, $100,132,372 is unrestricted and may be used for any purpose as approved by the Board of Directors.
- Program revenues received in 2025, excluding water and wastewater operations, totaled $8,749,063, a decrease of $183,006 or 2% less than 2024.
- Fees charged for recreation programs, senior services, and Highlands Ranch Mansion events increased by $450,084 with the opening of the senior center and programs in 2025. Fees totaled $2,751,108 in 2025 versus $2,301,024 in 2024.
- Total fund balance for all reported funds increased by $7,754,588 as compared to $95,106 in 2024. Excluding the Capital Fund and Major Repair, the increase is $11,333,607 as compared to $8,969,013 from 2024.
- At the end of 2025 fund balance in the General Fund was $41,430,428, an increase of $9,819,982 or 31.1% over 2024.

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 outflows of resources, and liabilities and deferred inflows 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 17-18).

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 19-21).

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 22 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.

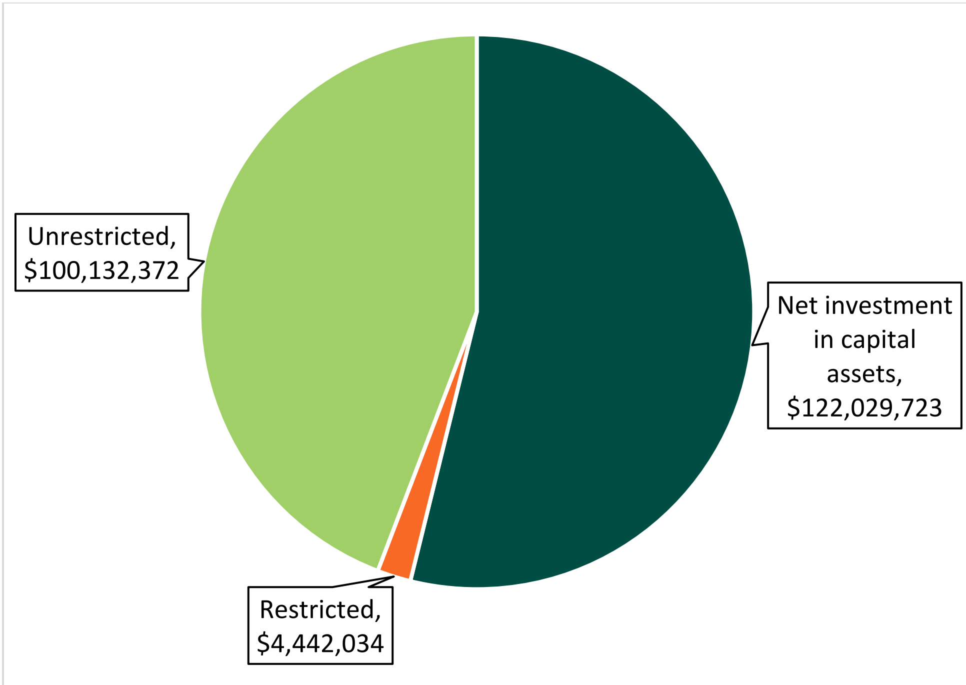
Government-wide Financials and Net Position Analysis

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 $226,64,129 at the close of the most recent fiscal year an increase of $6,075,934 over 2024.

	Governmental Activities		2025 - 2024	
	2025	**2024**	**$ Change**	**% Change**
Assets				
Current and other assets	$ 154,127,562	$ 143,358,215	$ 10,769,347	7.5%
Capital assets	124,971,780	126,718,613	(1,746,833)	-1.4%
Total Assets	279,099,342	270,076,828	9,022,514	3.3%
Liabilities				
Noncurrent liabilities	947,797	1,015,772	(67,975)	-6.7%
Other liabilities	12,011,107	10,890,041	1,121,066	10.3%
Total Liabilities	12,958,904	11,905,813	1,053,091	8.8%
Deferred inflow of resources	39,536,309	37,642,820	1,893,489	5.0%
Net Position				
Net investment in capital assets	122,029,723	124,069,395	(2,039,672)	-1.6%
Restricted	4,442,034	4,709,648	(267,614)	-5.7%
Unrestricted	100,132,372	91,749,152	8,383,220	9.1%
Total Net Position	**$ 226,604,129**	**$ 220,528,195**	**$ 6,075,934**	**2.8%**

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

- $1,144,473 is restricted for emergency reserves pursuant to the TABOR requirement of the Colorado constitution.
- $3,297,561 is restricted for park and recreation capital improvements as required by state directive; which represents unexpended funds from Colorado Lottery proceeds as reported in the Conservation Trust Fund.
- The largest portion of the District's net position, $122,029,723, 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 $100,132,372. 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 and lease asset 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 2025 net investment in capital assets and the change from 2024 is summarized as follows:

Net Investment in Capital Assets

	2025	2024	$ Change	% Change
Construction in progress	$ 1,997,957	$ 37,375,928	$ (35,377,971)	-94.7%
Land improvements	33,053,015	40,868,927	(7,815,912)	-19.1%
Buildings, net	33,866,028	9,250,316	24,615,712	266.1%
Improvements other than buildings, net	26,191,626	7,654,804	18,536,822	242.2%
Machinery and equipment, net	1,743,361	1,874,180	(130,819)	-7.0%
Water and wastewater infrastructure, net	27,807,198	29,299,697	(1,492,499)	-5.1%
Lease assets, net	312,595	394,761	(82,166)	-20.8%
Total capital assets, net	124,971,780	126,718,613	(1,746,833)	-1.4%
Less: Accounts payable for capital assets	(2,589,520)	(2,215,060)	(374,460)	16.9%
Less: Lease Payable	(352,537)	(434,158)	81,621	100.0%
Net investment in capital assets	**$ 122,029,723**	**$ 124,069,395**	**$ (2,039,672)**	**-1.6%**

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 $25,622,724, or 29.2%. This is $10,123,904 (65.3%) higher than 2024.

Revenues. Total revenues for all governmental activities were $93,894,988. This is an increase from 2024 of $4,107,380, or 4.6%.

Charges for services

Charges for services increased $3,432,065, or 6.0%.

- $52,694,315, or 87.4%, 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 annual increase to water and wastewater rates charged to Highlands Ranch residents.
- The District collected $2,212,609 from streetlight and stormwater management fees which was $19,972 higher than 2024.

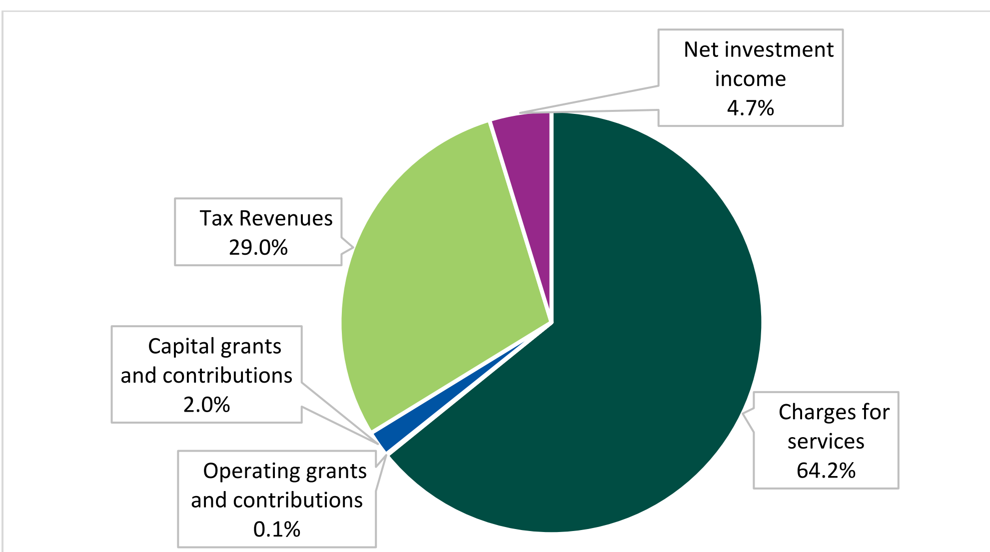
Grants and Contributions

- Operating grants and contributions were $91,670 or less than 1% of total revenues. In 2025 the district received funds for a tree replacement grant and memorial contributions from the Douglas County Community Foundation. Grants in 2024 were for one-time disaster relief reimbursement from FEMA in the amount of $1,024,667 for major repair costs arising from the 2023 tornado.
- Capital grants and contributions were $1,845,476, or 2.0% of total revenues. This was a decrease of $1,717,900, or 48.2% as compared to 2024 primarily due to a decrease in development fee collections.

General Revenues

- Property taxes increased by $2,085,566, or 9%. The increase in property tax revenues is a result of a change in the mill levy from 10.110 mills to 11.205 mills.
- Specific ownership tax and investment income were higher than 2024 by $246,373 and $1,069,273, respectively mainly due to an increase in vehicle sales/values and higher interest income.

Below is a graph of revenues by source for 2025:



Expenses. Total expenses for all governmental activities were $87,819,054, an increase of $10,830,072 (14.1%) from 2024.

General Government

- Increase of $639,009 (21.0%) is due to treasurer fees being reported as an expense as compared to being netted with revenues in prior year.

Public Works, Stormwater Management, and Public Safety

- Costs for public works related activities increased $981,958 (78.6%) from 2024 primarily due to disposal of capital assets.
- Stormwater management expenses were $6,974 higher, or 4.3% as compared to 2024.
- Public safety costs were $607 lower, or 7.2%, as compared to 2024.

Streetlights

- Streetlight costs saw an increase of $104,040, or 8.2% compared to 2024 due to higher 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 $6,625,197 or 42.5% as compared to 2024. This is primarily due to the costs related to the district's share in the cost of pickleball courts and disposal of capital assets.

Recreation and Senior Services

- The cost of recreation services was lower than 2024 by $121,608, or 8.8% as a result of a banking correction for credit card fees that occurred in 2024. 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 were $360,187 (71.3%) greater than 2024 due to the substantial increase in programs offered with the new senior center that opened in January 2025.

Mansion Event Operations

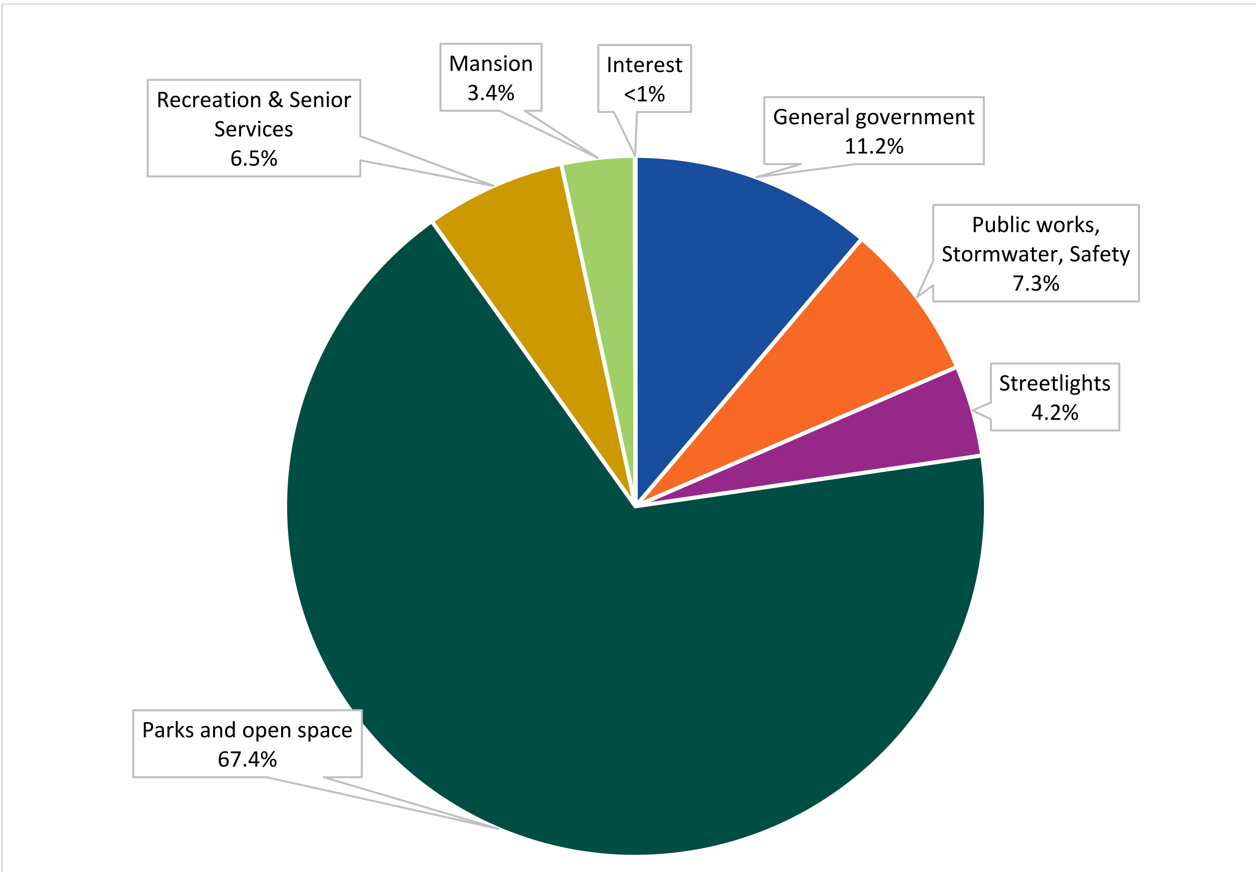
- The District operates and maintains the Highlands Ranch Mansion for both community and private events. The cost of operating the Highlands Ranch Mansion was $71,211 (6.9%) greater than 2024.

Water and Wastewater Operations

- The District recognized an expense of $54,902,775 for water and wastewater services provided to Highlands Ranch residents, an increase of $2,159,798 (4.1%) from 2024. However, this expense is offset by an equal recording of revenue to be transferred to HRWSD and therefore has no impact to net position.

- 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 2025 payment to HRWSD was $490,826, a decrease of $624,394 paid in 2024 as development continues to slow.

Water and wastewater services represent 62.5% of expenses. Below is a graph showing the allocation of expenses for all other functions for 2025:



Interest Expense

- The District entered into an office space lease in 2024. The District recognized $11,718 in interest expense for this lease.

	Statement of Activities			
	Governmental Activities		2025 - 2024	
	2025	2024	$ Change	% Change
Program Revenue:				
Charges for services	$ 60,259,184	$ 56,827,119	3,432,065	6.0%
Operating grants and contributions	91,670	1,099,667	(1,007,997)	100.0%
Capital grants and contributions	1,845,476	3,563,376	(1,717,900)	-48.2%
General Revenue:				
Tax Revenues	27,252,380	24,920,441	2,331,939	9.4%
Net investment income	4,446,278	3,377,005	1,069,273	31.7%
Total revenues	93,894,988	89,787,608	4,107,380	4.6%
Expenses:				
General government	3,678,472	3,039,463	639,009	21.0%
Public safety	7,825	8,432	(607)	-7.2%
Street lights	1,380,176	1,276,135	104,041	8.2%
Parks and open space	22,200,637	15,575,440	6,625,197	42.5%
Recreation services	1,265,319	1,386,927	(121,608)	-8.8%
Senior services	865,352	505,165	360,187	71.3%
Mansion operations	1,107,584	1,036,373	71,211	6.9%
Public works	2,230,944	1,248,986	981,958	78.6%
Stormwater management	168,252	161,278	6,974	4.3%
Water and wastewater operations	54,902,775	52,742,978	2,159,797	4.1%
Interest	11,718	7,805	3,913	100.0%
Total expenses	87,819,054	76,988,982	10,830,072	14.1%
Change in net position	6,075,934	12,798,626	(6,722,692)	-52.5%
Net position - beginning	220,528,195	207,729,569	12,798,626	6.2%
Net position - ending	**$ 226,604,129**	**$ 220,528,195**	**$ 6,075,934**	**2.8%**

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 $84,092,964, an increase of $7,754,588 from 2024.

The following table shows the categories the total fund balances are comprised of pursuant to GASB 54.

		Special Revenue					Nonmajor	Total
	General	Stormwater	Utility	Mansion	Capital	Major Repair	Funds	Funds
Nonspendable	$ 7,144	$ -	$ -	$ 11,160	$ -	$ -	$ -	$ 18,304
Restricted	1,144,473	-	-	-	-	-	3,297,561	4,442,034
Committed	-	73,449	1,233,075	5,112,696	5,886,029	134,778	22,123	12,462,150
Assigned	-	616,091	4,941,556	-	7,694,418	9,405,830	4,233,770	26,891,665
Unassigned	40,278,811	-	-	-	-	-	-	40,278,811
Total fund balance	**$ 41,430,428**	**$ 689,540**	**$ 6,174,631**	**$ 5,123,856**	**$ 13,580,447**	**$ 9,540,608**	**$ 7,553,454**	**$ 84,092,964**

- Nonspendable fund balance includes $14,966 in inventory and $3,338 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 $1,144,473.
  - 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 $3,297,561.
- Committed fund balance includes:
  - $6,116,379 for previously appropriated capital and major repair projects
  - $342,855 for water and wastewater operations
  - $890,220 for streetlight management
  - $5,112,696 for mansion operations, $4,000,000 of which is committed to the mansion in the form of an endowment
- Assigned fund balance includes $21,950,109 for previously appropriated capital and major repair projects, stormwater projects, and $4,941,556 for water and wastewater system reserved capacity.

The remaining unassigned amount of $40,278,811 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 changes in the 2025 fund balances from 2024 are summarized as follows:

		Special Revenue					Nonmajor	Total
	General	Stormwater	Utility	Mansion	Capital	Major Repair	Funds	Funds
Ending - 2025	$ 41,430,428	$ 689,540	$ 6,174,631	$ 5,123,856	$ 13,580,447	$ 9,540,608	$ 7,553,454	$ 84,092,964
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
Increase/(Decrease)	**$ 9,819,982**	**$ 300,760**	**$ 265,355**	**$ 382,347**	**$ (4,423,974)**	**$ 844,955**	**$ 565,163**	**$ 7,754,588**

Changes in fund balance are attributed to:

- General Fund increased primarily due to the increase in property tax collections and an increase in interest earnings.
- Stormwater increased because of fewer channel stabilization capital and major repair projects in 2025.
- Utility increased due to a reduction in reserved capacity payments.

- Mansion increased because of greater collections in event related revenue along with an increase in interest earnings.
- Capital decreased $4,423,974 due to the district's share in the cost of pickleball courts.
- Major Repair increased mainly due to end of year transfers from other funds to support capital projects in 2025 and beyond.
- Nonmajor funds include the Conservation Trust Fund, the Recreation Fund, and the Water/Wastewater Reserve Fund. The Fund balance for these three funds collectively increased by $565,163. Changes in the fund balances are as follows:
    - The Conservation Trust fund decreased by $310,664 due to an increase in lottery proceeds and interest earnings, coupled with a transfer from this fund of $1,099,000 to the major repair fund for projects in 2026 and minimal expenditures in 2025,
    - The Recreation fund holds a $0 fund balance because any costs in excess of revenues received a funded by a property tax transfer from the General Fund, and
    - The Water/Wastewater Reserve fund received a transfer from the General Fund of $700,000 coupled with no projects in 2025.

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 2025 budget by $281,240 (1.1%). Specific ownership was higher by $256,140 (15.1%) than budgeted. Investment earnings were $2,278,085 higher than budgeted due to the fair value of investments in interest earnings.

Overall actual expenditures were within 5.7%, or $995,906, of budgeted expenditures. The original budget anticipated an increase in fund balance of $5,730,269, with the final budget projecting an increase of $5,562,573. At the end of 2025, fund balance in the General Fund increased by $9,819,982. The difference in this increase is mainly due to investment earnings.

Capital Assets

As of December 31, 2025, the District's capital assets were valued at $124,971,780. In 2025, several large capital projects were completed such as the Senior Center, Toepfer Park, the service center improvements, annual fence replacements, and several storm drainage projects.

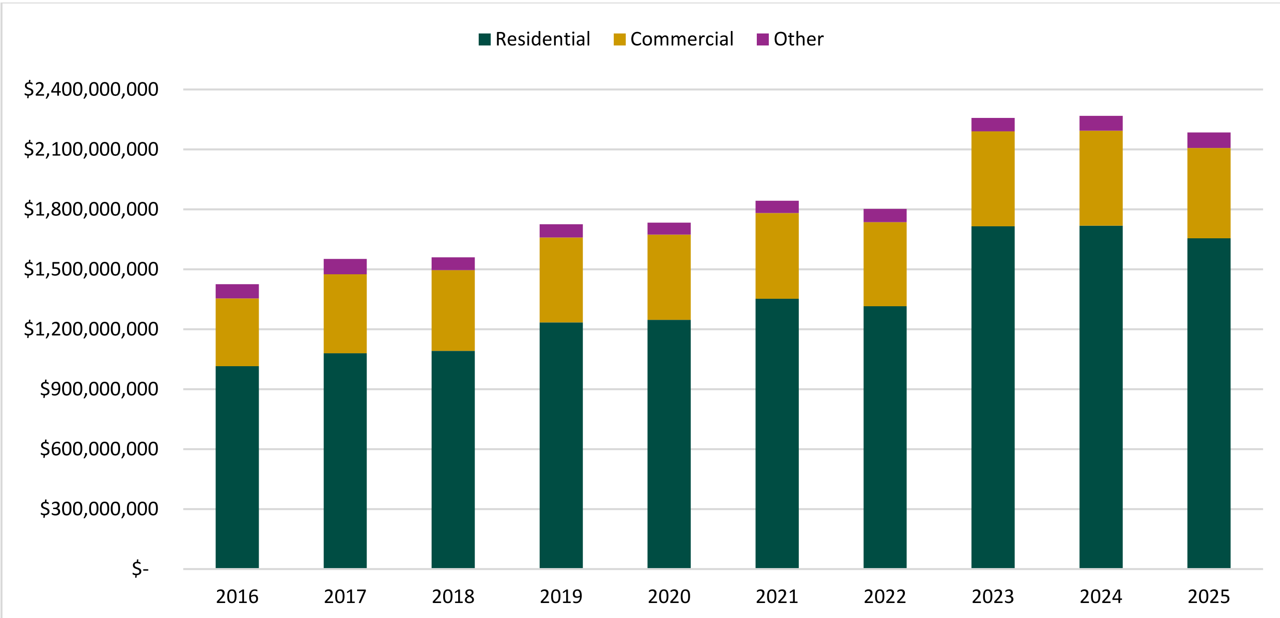
Long Term Debt

As of December 31, 2025, the District has no general obligation outstanding debt; however, it does have an office space lease of $352,537. Additional information on long-term dent can be found on page 35.

Economic Factors and Next Year's Budgets

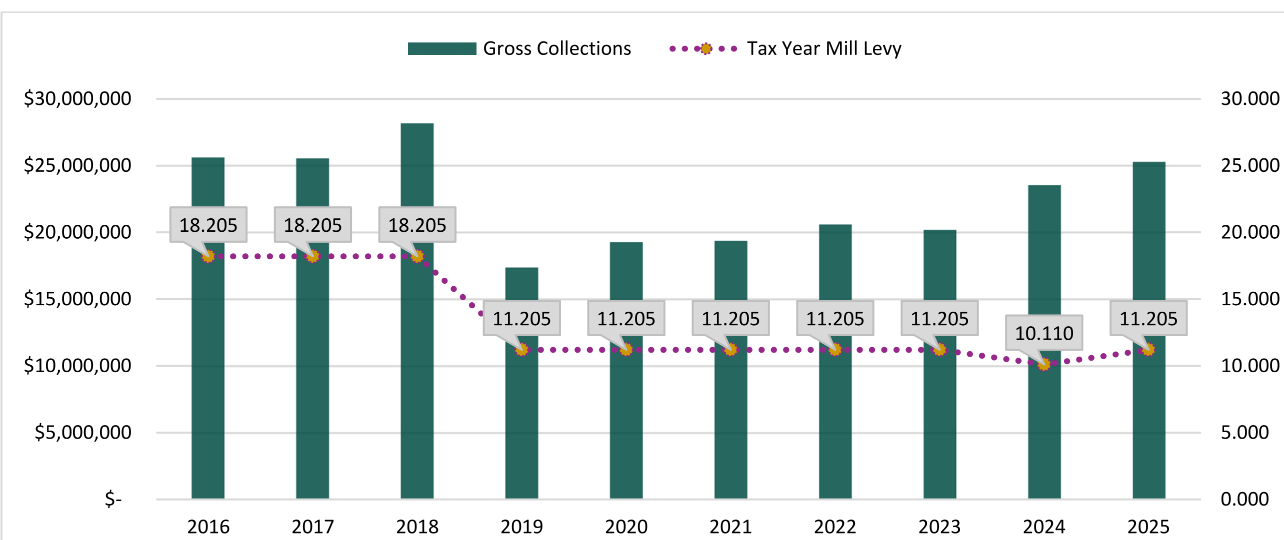
In 2026, property taxes are estimated to be 67.7% of total sources of revenue. As Highlands Ranch is nearly built-out, property taxes will increase only with an increase in assessed value and/or an increase in the mill levy. As the District is limited to revenue collections as stipulated by TABOR, changes 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. The District certified a mill levy of 12.250 for the 2026 collection year. From 2019 through 2023, the District levied a mill of 11.205 however, primarily due to TABOR, the District reduced the mill in 2024 to 10.110. With the state temporarily reducing the residential assessment rate from 7.15% to 6.25% for the 2025 property tax year, the District increased the property tax mill from 11.205 to 12.250. This allows the District to continue to provide the level of service currently providing. This increase results in a typical single-family home paying an additional $11.62 per year in property taxes to the Metro 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 2026 budget year, property tax collections of $26,940,674 account for 89.2% of General Fund revenues. For the 2026 fiscal year, the District appropriated $18,871,430 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:

- $1,734,805 to the Recreation Special Revenue Fund for costs not recovered by recreation and senior services fees
- $2,560,210 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 $560,210 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 $6,349,685.

The following mandatory fees are reviewed annually during the budget process. The changes for the 2026 budget year, if any, are noted below:

- Streetlight fee – no change for 2026. The annual fee remained at $40.20 and is to recover the cost of operations and maintenance of streetlights
- Stormwater fee – increase for 2026. The annual fee increased from $15.84 to $20.88 and is 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 2026 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.

Financial Statements

Highlands Ranch Metropolitan District
Statement of Net Position

December 31, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 81,868,164
Receivables	
Property taxes	26,778,357
Customers	7,299,076
Interest	611,383
Due from other governments	393,265
Leases	14,512,212
Other	859,096
Prepaids	3,338
Inventory	14,966
Restricted cash and investments	3,299,641
Assets held for transfer	18,488,064
Capital assets, not being depreciated	35,050,972
Capital assets, net of accumulated depreciation/amortization	89,920,808
Total assets	279,099,342
LIABILITIES	
Accounts payable and other accrued liabilities	3,911,672
Due to other governments	7,716,943
Unearned Revenue	381,610
Accrued interest payable	882
Noncurrent liabilities:	
Due within one year	133,029
Due in more than one year	814,768
Total liabilities	12,958,904
DEFERRED INFLOWS OF RESOURCES	
Property tax	26,778,357
Leases	12,757,952
Total deferred inflows of resources	39,536,309
NET POSITION	
Net investment in capital assets	122,029,723
Restricted for:	
Emergency reserves	1,144,473
Parks and recreation	3,297,561
Unrestricted	100,132,372
Total net position	$ 226,604,129

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, 2025

FUNCTIONS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
General government	$ 3,678,472	888,457	$ 47,870	$ -	$ (2,742,145)
Public safety	7,825	-	-	11,946	4,121
Street Lights	1,380,176	1,293,513	-	-	(86,663)
Parks and open space	22,200,637	-	43,800	760,252	(21,396,585)
Recreation services	1,265,319	1,352,581	-	-	87,262
Senior Services	865,352	456,582	-	-	(408,770)
Cultural	6,123	-	-	-	(6,123)
Mansion event operations	1,101,461	941,945	-	-	(159,516)
Public works	2,230,944	1,712,695	-	236,005	(282,244)
Stormwater management	168,252	919,096	-	84,321	835,165
Water and wastewater operations	54,902,775	52,694,315	-	752,952	(1,455,508)
Interest	11,718	-	-	-	(11,718)
	$ 87,819,054	$ 60,259,184	$ 91,670	$ 1,845,476	$ (25,622,724)

General revenues:	
Property taxes	25,296,240
Specific ownership tax	1,956,140
Net investment income	4,446,278
Total general revenues	31,698,658
Change in net position	6,075,934
Net position - beginning	220,528,195
Net position - ending	$ 226,604,129

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

Highlands Ranch Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2025

	General	Special Revenue: Stormwater	Special Revenue: Utility	Special Revenue: Mansion	Capital Projects	Major Repair	Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and investments	$ 41,959,009	$ 548,179	$ 6,371,013	$ 5,458,498	$ 15,867,773	$ 7,325,017	$ 4,338,675	$ 81,868,164
Receivables								
Property taxes	26,778,357	-	-	-	-	-	-	26,778,357
Customers	-	60,000	7,239,076	-	-	-	-	7,299,076
Interest	421,351	-	-	-	-	155,519	34,513	611,383
Due from other governments	196,624	81,894	114,747	-	-	-	-	393,265
Leases	-	-	-	-	-	13,620,399	891,813	14,512,212
Other	166,016	-	-	8,554	7,780	581,024	95,722	859,096
Inventory	3,806	-	-	11,160	-	-	-	14,966
Prepaid items	3,338	-	-	-	-	-	-	3,338
Restricted cash and investments	-	-	-	-	-	-	3,299,641	3,299,641
Total assets	$ 69,528,501	$ 690,073	$ 13,724,836	$ 5,478,212	$ 15,875,553	$ 21,681,959	$ 8,660,364	$ 135,639,498
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 277,769	$ -	$ 152,710	$ 6,370	$ -	$ -	$ 8,803	$ 445,652
Accrued liabilities	430,101	-	-	26,238	-	-	112,763	569,102
Contracts and retainage payable	-	533	-	-	2,295,106	293,881	-	2,589,520
Customer deposits payable	292,398	-	-	15,000	-	-	-	307,398
Unearned revenue	-	-	-	306,748	-	-	74,862	381,610
Due to other governments	319,448	-	7,397,495	-	-	-	-	7,716,943
Total liabilities	$ 1,319,716	$ 533	$ 7,550,205	$ 354,356	$ 2,295,106	$ 293,881	$ 196,428	$ 12,010,225
DEFERRED INFLOWS OF RESOURCES								
Leases	$ -	$ -	$ -	$ -	$ -	$ 11,847,470	$ 910,482	$ 12,757,952
Property taxes	26,778,357	-	-	-	-	-	-	26,778,357
Total deferred inflows of resources	$ 26,778,357	$ -	$ -	$ -	$ -	$ 11,847,470	$ 910,482	$ 39,536,309
FUND BALANCES								
Nonspendable:								
Inventory	3,806	-	-	11,160	-	-	-	14,966
Prepaid items	3,338	-	-	-	-	-	-	3,338
Restricted:								
Emergency reserves	1,144,473	-	-	-	-	-	-	1,144,473
Parks and recreation	-	-	-	-	-	-	3,297,561	3,297,561
Committed:								
Water and wastewater operations	-	-	342,855	-	-	-	-	342,855
Mansion operations	-	-	-	5,112,696	-	-	-	5,112,696
Streetlight management	-	-	890,220	-	-	-	-	890,220
Capital and major repair projects	-	73,449	-	-	5,886,029	134,778	22,123	6,116,379
Assigned								
Stormwater management	-	616,091	-	-	-	-	-	616,091
Capital and major repair projects	-	-	-	-	7,694,418	9,405,830	4,233,770	21,334,018
Utility management	-	-	4,941,556	-	-	-	-	4,941,556
Unassigned	40,278,811	-	-	-	-	-	-	40,278,811
Total fund balances	41,430,428	689,540	6,174,631	5,123,856	13,580,447	9,540,608	7,553,454	84,092,964
Total liabilities, deferred inflow of resources and fund balances	$ 69,528,501	$ 690,073	$ 13,724,836	$ 5,478,212	$ 15,875,553	$ 21,681,959	$ 8,660,364	

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	124,971,780
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 $595,260, lease payable of $352,537 and accrued interest payable of $882	(948,679)
Net position of governmental activities	$ 226,604,129

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, 2025

	General	Special Revenue Stormwater	Special Revenue Utility	Special Revenue Mansion	Capital Projects	Major Repair	Nonmajor Funds	Total Governmental Funds
REVENUES								
Taxes								
Property	$ 25,296,240	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,296,240
Specific Ownership	1,956,140	-	-	-	-	-	-	1,956,140
Stormwater management	-	919,096	-	-	-	-	-	919,096
Water and wastewater operations	-	-	52,694,315	-	-	-	-	52,694,315
Tap and system development fees	-	-	527,820	-	465,288	-	-	993,108
Streetlight management	-	-	1,293,513	-	-	-	-	1,293,513
Mansion operations	-	-	-	941,945	-	-	-	941,945
Cell site leases	-	-	-	-	-	1,676,293	-	1,676,293
Parks and recreation	-	-	-	-	-	-	1,352,581	1,352,581
Senior services	-	-	-	-	-	-	456,582	456,582
Colorado lottery proceeds	-	-	-	-	-	-	619,455	619,455
Intergovernmental	632,456	-	-	-	-	-	-	632,456
Contributions	-	-	-	-	7,780	-	-	7,780
Other	354,162	-	-	-	-	-	-	354,162
Net investment income	2,503,985	27,105	315,024	270,754	672,015	297,252	360,143	4,446,278
Total Revenues	$ 30,742,983	$ 946,201	$ 54,830,672	$ 1,212,699	$ 1,145,083	$ 1,973,545	$ 2,788,761	$ 93,639,944
EXPENDITURES								
Current:								
General government	$ 3,661,588	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,661,588
Public safety	7,825	-	1,380,176	-	-	-	-	1,388,001
Public works	1,107,924	-	-	-	-	-	-	1,107,924
Parks and open space	11,159,320	-	-	-	5,213,055	412,482	924,755	17,709,612
Recreation services	-	-	-	-	-	-	1,265,319	1,265,319
Senior services	-	-	-	-	-	-	865,352	865,352
Cultural	-	-	-	6,123	-	-	-	6,123
Mansion event operations	-	-	-	806,229	-	-	-	806,229
Stormwater management	-	168,252	-	-	-	-	-	168,252
Water and wastewater operations	-	-	52,694,315	-	-	-	-	52,694,315
Investment in reserved capacity	-	-	490,826	-	-	-	-	490,826
Lease principal	81,621	-	-	-	-	-	-	81,621
Lease interest	11,922	-	-	-	-	-	-	11,922
Capital Outlay:								
General government	-	477,189	-	-	2,633,002	-	-	3,110,191
Major repair and renovation	482,815	-	-	-	-	2,049,743	15,435	2,547,993
Total Expenditures	$ 16,513,015	$ 645,441	$ 54,565,317	$ 812,352	$ 7,846,057	$ 2,462,225	$ 3,070,861	$ 85,915,268
Excess (deficiency) of revenues over (under) expenditures	14,229,968	300,760	265,355	400,347	(6,700,974)	(488,680)	(282,100)	7,724,676
OTHER FINANCING SOURCES (USES)								
Transfers in	18,000	-	-	-	2,277,000	2,511,635	1,946,263	6,752,898
Transfers out	(4,457,898)	-	-	(18,000)	-	(1,178,000)	(1,099,000)	(6,752,898)
Proceeds on disposal of assets	29,912	-	-	-	-	-	-	29,912
Total other financing sources (uses)	(4,409,986)	-	-	(18,000)	2,277,000	1,333,635	847,263	29,912
Net change in fund balances	9,819,982	300,760	265,355	382,347	(4,423,974)	844,955	565,163	7,754,588
Fund balances - January 1	31,610,446	388,780	5,909,276	4,741,509	18,004,421	8,695,653	6,988,291	76,338,376
Fund Balances - December 31	$ 41,430,428	$ 689,540	$ 6,174,631	$ 5,123,856	$ 13,580,447	$ 9,540,608	$ 7,553,454	$ 84,092,964

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, 2025

Net change in fund balances - total governmental funds		$ 7,754,588
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	3,110,191	
Capitalized major repairs and renovations	2,547,993	
Contributed capital	225,132	
Current year depreciation/amortization	(4,462,631)	
Capital asset disposals	(3,167,518)	
		(1,746,833)
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. This amount is the net effect of the repayment of principal of long-term debt.		81,621
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Decrease in accrued interest		204
Increase in accrued compensated absences		(13,646)
Change in net position of governmental activities per Statement of Activities		$ 6,075,934

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

Notes to Financial Statements

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. 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.

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 activites 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.

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

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. 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.

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 office space at the new senior center. The District 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.

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 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.

10. Development Fees

    The District has established a System 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 and carryforward 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 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.

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 Pronouncement

    Governmental Accounting Standards Board Statement No. 102 – Issued December 2023, GASB Statement No. 102 (GASB 102), *Certain Risk Disclosures* requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. GASB 102 was implemented by the District for the year ended December 31, 2025. There are no disclosures required as a direct result of implementation.

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 2024 provide the basis for calculation of the 2025 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 2025 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, 2025 is $1,144,473.

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 Statues 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, 2025 is as follows:

Cash on hand	$	1,075
Cash deposits		1,754,244
Investments		52,123,431
Local government investment pools		31,289,055
Total cash and investments	$	85,167,805
Reconciliation to the Statement of Net Position		
Cash and investments	$	81,868,164
Restricted cash and investments		3,299,641
Total	$	85,167,805

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, 2025, the District's cash deposits had a bank balance of $2,742,788 of which $2,492,788 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.

As of December 31, 2025:

	Fair Value Measurements Using			
Investment Type	**Value**	**Level 1**	**Level 2**	**Level 3**
Money Market Fund	$ 87,733	$ 87,733	$ -	$ -
Asset-Backed Securities	8,279,035	-	8,279,035	-
Corporate Bonds	5,225,442	-	5,225,442	-
Municipal Bonds	1,430,840	-	1,430,840	-
Supranational	1,891,506	-	1,891,506	-
US Agency Securities	1,005,530	-	1,005,530	-
US Treasury Securities	34,203,345	34,203,345	-	-
Total	$ 52,123,431	$ 34,291,078	$ 17,832,353	$ -
Investments measured at the net asset value (NAV)				
CSIP	31,263,903			
ColoTrust	25,152			
Total	$ 83,412,486			

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, 2025, the District had invested $31,263,903 in CSIP and $25,152 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
- 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, 2025, investment credit ratings consisted of the following:

Investment Type	Value	S&P	Moody's
Money Market Fund	$ 87,733	AAAm	Aaa-mf
Asset-Backed Securities	8,279,035	AAA	Aaa
Corporate Bonds	5,225,442	A to AA	A1 to AA2
Municipal Bonds	1,430,840	AA- to AAA	Aa2 to Aa1
Supranational	1,891,506	AAA	Aaa
US Agency Securities	1,005,530	AA+	Aa1
US Treasury Securities	34,203,345	AA+	Aa1

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. The District has $7,703,810, or 14.8% of investments in varying structures of Freddie Mac investments as of December 31, 2025.

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 Maturities (in years)		
Investment Type	**Value**	**Less than 1**	**1-5**
Money Market Fund	$ 87,733	$ 87,733	$ -
Asset-Backed Securities	8,279,035	1,408,646	6,870,389
Corporate Bonds	5,225,442	-	5,225,442
Municipal Bonds	1,430,840	704,377	726,463
Supranational	1,891,506	-	1,891,506
US Agency Securities	1,005,530	-	1,005,530
US Treasury Securities	34,203,345	-	34,203,345
Total	$ 52,123,431	$ 2,200,756	$ 49,922,675

NOTE B – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

	Balance at January 1, 2025	Increases	Decreases/ Reclasses	Transfers	Balance at December 31, 2025
Capital assets not being depreciated:					
Construction in progress	37,375,928	4,497,534	(2,498,124)	(37,377,381)	1,997,957
Land improvements	40,868,927	-	-	(7,815,912)	33,053,015
Total capital assets not being depreciated	78,244,855	4,497,534	(2,498,124)	(45,193,293)	35,050,972
Capital assets being depreciated/amortized:					
Buildings	14,412,616	73,155	(165,256)	26,493,050	40,813,565
Improvements other than buildings	31,103,591	528,705	(492,489)	18,700,243	49,840,050
Machinery and equipment	6,058,848	558,787	(133,915)	-	6,483,720
Water and wastewater infrastructure	68,132,643	225,135	-	-	68,357,778
Lease assets	449,539	-	-	-	449,539
Total capital assets being depreciated/amortized	120,157,237	1,385,782	(791,660)	45,193,293	165,944,652
Less accumulated depreciation/amortization for:					
Buildings	(5,162,300)	(1,785,237)	-	-	(6,947,537)
Improvements other than buildings	(23,448,787)	(199,637)	-	-	(23,648,424)
Machinery and equipment	(4,184,668)	(677,957)	122,266	-	(4,740,359)
Water and wastewater infrastructure	(38,832,946)	(1,717,634)	-	-	(40,550,580)
Lease assets	(54,778)	(82,166)	-	-	(136,944)
Total accumulated depreciation/amortization	(71,683,479)	(4,462,631)	122,266	-	(76,023,844)
Total capital assets being depreciated/amortized, net	48,473,758	(3,076,849)	(669,394)	45,193,293	89,920,808
Capital assets, net	126,718,613	1,420,685	(3,167,518)	-	124,971,780
Less: Accounts payable for capital assets and lease payable					(2,942,057)
Net investment in capital assets					$ 122,029,723

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

Parks, open space and other operations	$ 2,449,765
Mansion event operations	295,232
Water and wastewater operations	1,717,634
Total depreciation and amortization expense - governmental activities	$ 4,462,631

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 $70,730 for fiscal year 2025.

The following table presents minimum principal and interest lease payments for leasing activites as of December 31, 2025:

	Governmental Activities		
Year Ending December 31,	**Principal**	**Interest**	**Total**
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	$ 352,537	$ 20,991	$ 373,528

Long-term liability activity for the year ended December 31, 2025, was as follows:

	Balance at January 1, 2025	Additions	Reductions	Balance at December 31, 2025	Amount due Within One Year
Governmental Activities					
Lease Payable	$ 434,158	$ -	$ (81,621)	$ 352,537	$ 86,721
Compensated Absences	581,614	13,646 *	-	595,260	46,308
Total Governmental activity Long-term Liabilities	$ 1,015,772	$ 13,646	$ (81,621)	$ 947,797	$ 133,029

* The change in the compensated absences liability is presented as a net change.

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 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 $472,556 for the year ended December 31, 2025.

On December 31, 2025 there were 240 active plan members comprised of 135 full and part-time members employed by the District and 105 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 $428,800 for the year ended December 31, 2025.

NOTE E – COMMITMENTS

The following are the District's commitments as of December 31, 2025:

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.

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. The agreement expires on December 18, 2030.

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.

2. 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 was substantially completed in 2025 and open to the public in January 2026. 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.

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. Total revenue recognized under the lease contracts for the year ended December 31, 2025, was $1,676,293. The District leases are noted below.

1. **CELLULAR TOWERS**

   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.

2. **OFFICE SPACE**

   The District also leases office space at the new senior center. The lease term is for 15 years, with three options to extend in additional five year terms. Payments for a full 15-year term are set forth in the initial lease agreement. Interest was stated in the agreement.

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 Transfers Out				
Interfund Transfers In	General	Mansion	Major Repair	Nonmajor	Total
General	$ -	$ 18,000	$ -	$ -	$ 18,000
Capital	-	-	1,178,000	1,099,000	2,277,000
Major repair	2,511,635	-	-	-	2,511,635
Nonmajor	1,946,263	-	-	-	1,946,263
Total	$ 4,457,898	$ 18,000	$ 1,178,000	$ 1,099,000	$ 6,752,898

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, 2025, 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.

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.

NOTE I – SUBSEQUENT EVENT

In April 2010, the District took ownership of the Highlands Ranch Mansion along with land from Shea Homes as Phase 1 of an agreement to Convey and Special Warranty Deeds. Phase 2 of the agreement would convey additional land and out-buildings adjacent to the Highlands Ranch Mansion at a date in the future.

On April 30, 2026, Shea Homes conveyed approx. 196 acres of land and associated out-buildings adjacent to the Highlands Ranch Mansion to the District, known as Historic Park, as phase 2 of the agreement to Convey and Special Warranty Deeds with the intent to renovate and open it for the public benefit. The District is currently assessing the property and has begun the public input process that will help guide future capital improvements and operations. The long-term plan for the property is not known yet so a cost estimate for capital and operations cannot be determined.

Required Supplementary Information

Highlands Ranch Metropolitan District
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	2025 Budget		2025	Variance to
	Original	Revised	Actual	Revised Budget
REVENUES				
Property taxes	$ 25,015,000	$ 25,015,000	$ 25,296,240	$ 281,240
Specific ownership tax	1,700,000	1,700,000	1,956,140	256,140
Intergovernmental	731,120	731,120	632,456	(98,664)
Other	190,000	190,000	354,162	164,162
Net investment income	225,900	225,900	2,503,985	2,278,085
Total revenues	27,862,020	27,862,020	30,742,983	2,880,963
EXPENDITURES				
Operations & maintenance	12,593,190	12,760,886	11,159,320	1,601,566
Public works/safety	1,348,465	1,348,465	1,115,749	232,716
General government	2,150,560	2,150,560	2,277,055	(126,495)
Finance and administration	1,157,090	1,157,090	1,478,076	(320,986)
Capital outlay	91,920	91,920	482,815	(390,895)
Total expenditures	17,341,225	17,508,921	16,513,015	995,906
Excess (deficiency) of revenues over (under) expenditures	10,520,795	10,353,099	14,229,968	3,876,869
OTHER FINANCING SOURCES/(USES)				
Transfers in	18,000	18,000	18,000	-
Transfers out	(4,808,526)	(4,808,526)	(4,457,898)	350,628
Proceeds on disposal of assets	-	-	29,912	29,912
Total other financing sources/(uses)	(4,790,526)	(4,790,526)	(4,409,986)	380,540
Net change in fund balance	5,730,269	5,562,573	9,819,982	4,257,409
FUND BALANCE - BEGINNING	30,124,944	31,610,446	31,610,446	-
FUND BALANCE - ENDING	$ 35,855,213	$ 37,173,019	$ 41,430,428	$ 4,257,409

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, 2025

	2025 Budget		2025	Variance to
	Original	Revised	Actual	Revised Budget
REVENUES				
Charges for Services	$ 923,595	$ 923,595	$ 919,096	$ (4,499)
Capital contributions	100,000	100,000	-	(100,000)
Net investment income	4,000	4,000	27,105	23,105
Total revenues	1,027,595	1,027,595	946,201	(81,394)
EXPENDITURES				
Operations	369,830	653,468	168,252	485,216
Capital outlay	283,638	255,000	477,189	(222,189)
Total expenditures	653,468	908,468	645,441	263,027
Excess (deficiency) of revenues over (under) expenditures	374,127	119,127	300,760	181,633
OTHER FINANCING USES				
Transfers out	-	(12,000)	-	12,000
Total other financing sources uses	-	(12,000)	-	12,000
Net change in fund balance	374,127	107,127	300,760	193,633
FUND BALANCE - BEGINNING	534,709	388,780	388,780	-
FUND BALANCE - ENDING	$ 908,836	$ 495,907	$ 689,540	$ 193,633

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, 2025

	2025 Budget Original	2025 Budget Revised	2025 Actual	Variance to Revised Budget
REVENUES				
Development (tap) fees	$ 815,510	$ 815,510	$ 527,820	$ (287,690)
Water and wastewater operations	51,402,165	51,402,165	52,694,315	1,292,150
Streetlight fees	1,289,000	1,289,000	1,293,513	4,513
Net investment income	37,000	37,000	315,024	278,024
Total revenues	53,543,675	53,543,675	54,830,672	1,286,997
EXPENDITURES				
Streetlight operations	1,310,000	1,310,000	1,380,176	(70,176)
Water and wastewater operations	51,402,165	51,402,165	52,694,315	(1,292,150)
Service agreement	387,026	387,026	103,801	283,225
Investment in reserved capacity	228,360	228,360	387,025	(158,665)
Total expenditures	53,327,551	53,327,551	54,565,317	(1,237,766)
Net change in fund balance	216,124	216,124	265,355	49,231
FUND BALANCE - BEGINNING	4,102,955	5,909,276	5,909,276	-
FUND BALANCE - ENDING	$ 4,319,079	$ 6,125,400	$ 6,174,631	$ 49,231

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, 2025

	2025 Budget		2025	Variance to
	Original	Revised	Actual	Revised Budget
REVENUES				
Reservations	$ 559,655	$ 559,655	$ 654,101	$ 94,446
Programs	8,000	8,000	14,591	6,591
Cost of Sales	264,000	264,000	273,253	9,253
Net investment income	31,200	31,200	270,754	239,554
Total revenues	862,855	862,855	1,212,699	349,844
EXPENDITURES				
Operating	851,720	851,720	812,352	39,368
Total expenditures	851,720	851,720	812,352	39,368
Excess (deficiency) of revenues over (under) expenditures	11,135	11,135	400,347	389,212
OTHER FINANCING USES				
Transfers out	(18,000)	(18,000)	(18,000)	-
Total other financing uses	(18,000)	(18,000)	(18,000)	-
Net change in fund balance	(6,865)	(6,865)	382,347	389,212
FUND BALANCE - BEGINNING	4,524,086	4,741,509	4,741,509	-
FUND BALANCE - ENDING	$ 4,517,221	$ 4,734,644	$ 5,123,856	$ 389,212

See the notes to the required supplementary information

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. The Utility Special Revenue Fund is a pass through fund of water/wastewater revenues from the District to Highlands Ranch Water. Revenues exceeded projected revenues and therefore, expenditures were in excess of appropriated expenditures in 2025. This may be in violation of state statute and of the budget appropriation resolution.

Combining and Individual Fund Statements and Schedules

Highlands Ranch Metropolitan District
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2025

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Conservation Trust	Recreation	Water/Wastewater Reserves	
ASSETS				
Cash and investments	$ -	$ 82,782	$ 4,255,893	$ 4,338,675
Receivables				
Leases	-	891,813	-	891,813
Interest	-	34,513	-	34,513
Other	-	95,722	-	95,722
Restricted cash and investments	3,299,641	-	-	3,299,641
Total assets	3,299,641	1,104,830	4,255,893	8,660,364
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Accounts payable	2,080	6,723	-	8,803
Accrued liabilities	-	112,763	-	112,763
Unearned revenue	-	74,862	-	74,862
Total liabilities	2,080	194,348	-	196,428
DEFERRED INFLOWS OF RESOURCES				
Leases	-	910,482	-	910,482
Total deferred inflows of resources	-	910,482	-	910,482
FUND BALANCES				
Restricted				
Parks and recreation	3,297,561	-	-	3,297,561
Committed				
Capital and major repair projects	-	-	22,123	22,123
Assigned				
Capital and major repair projects	-	-	4,233,770	4,233,770
Total fund balances	3,297,561	-	4,255,893	7,553,454
Total liabilities, deferred inflows and fund balances	$ 3,299,641	$ 1,104,830	$ 4,255,893	$ 8,660,364

Highlands Ranch Metropolitan District
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue Funds			Total Nonmajor
	Conservation Trust	Recreation	Water/Wastewater Reserves	Governmental Funds
REVENUES				
Parks and recreation	$ -	$ 1,352,581	$ -	$ 1,352,581
Senior services	-	456,582	-	456,582
Colorado lottery proceeds	619,455	-	-	619,455
Net investment income	184,317	-	175,826	360,143
Total revenues	803,772	1,809,163	175,826	2,788,761
EXPENDITURES				
Parks and open space	-	924,755	-	924,755
Recreation services	-	1,265,319	-	1,265,319
Senior services	-	865,352	-	865,352
Capital outlay	15,435	-	-	15,435
Total expenditures	15,435	3,055,426	-	3,070,861
Excess (deficiency) of revenues over (under) expenditures	788,337	(1,246,263)	175,826	(282,100)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,246,263	700,000	1,946,263
Transfers out	(1,099,000)	-	-	(1,099,000)
Total other financing sources (uses)	(1,099,000)	1,246,263	700,000	847,263
Net change in fund balances	(310,663)	-	875,826	565,163
FUND BALANCE - BEGINNING	3,608,224	-	3,380,067	6,988,291
FUND BALANCE - ENDING	$ 3,297,561	$ -	$ 4,255,893	$ 7,553,454

Highlands Ranch Metropolitan District

Budgetary Comparison Schedule

Conservation Trust Fund

For the Year Ended December 31, 2025

	2025 Budget		2025	Variance to
	Original	Revised	Actual	Revised Budget
REVENUES				
Colorado lottery proceeds	$ 635,000	$ 635,000	$ 619,455	$ (15,545)
Net investment income	26,900	26,900	184,317	157,417
Total Revenues	661,900	661,900	803,772	141,872
EXPENDITURES				
Capital outlay	66,000	37,559	15,435	22,124
Total expenditures	66,000	37,559	15,435	22,124
Excess (deficiency) of revenues over (under) expenditures	595,900	624,341	788,337	163,996
OTHER FINANCING USES				
Transfers out	(1,575,120)	(1,099,000)	(1,099,000)	-
Total other financing uses	(1,575,120)	(1,099,000)	(1,099,000)	-
Net change in fund balance	(979,220)	(474,659)	(310,663)	163,996
FUND BALANCE - BEGINNING	3,580,627	3,608,224	3,608,224	-
FUND BALANCE - ENDING	$ 2,601,407	$ 3,133,565	$ 3,297,561	$ 163,996

Highlands Ranch Metropolitan District
Budgetary Comparison Schedule
Recreation Special Revenue Fund
For the Year Ended December 31, 2025

	2025 Budget		2025	Variance to
	Original	Revised	Actual	Revised Budget
REVENUES				
Programs, recreation and parks	$ 1,417,845	$ 1,417,845	$ 1,352,581	$ (65,264)
Senior services	219,180	219,180	456,582	237,402
Total revenues	1,637,025	1,637,025	1,809,163	172,138
EXPENDITURES				
Programs, recreation and parks	2,302,051	2,302,051	2,190,074	111,977
Senior services	972,845	972,845	865,352	107,493
Total expenditures	3,274,896	3,274,896	3,055,426	219,470
Excess (deficiency) of revenues over (under) expenditures	(1,637,871)	(1,637,871)	(1,246,263)	391,608
OTHER FINANCING SOURCES (USES)				
Transfers in	1,637,871	1,637,871	1,246,263	(391,608)
Total other financing sources/(uses)	1,637,871	1,637,871	1,246,263	(391,608)
Net change in fund balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	$ -	$ -	$ -	$ -

Highlands Ranch Metropolitan District
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended December 31, 2025

	2025 Budget		2025	Variance to
	Original	Revised	Actual	Revised Budget
REVENUES				
System development fees	$ 498,878	$ 498,878	$ 465,288	$ (33,590)
Contributions	-	-	7,780	7,780
Net investment income	157,000	157,000	672,015	515,015
Total Revenues	655,878	655,878	1,145,083	489,205
EXPENDITURES				
Street lights	6,543	6,543	-	6,543
Community enhancements	5,439,889	5,431,272	5,213,055	218,217
Capital outlay	816,216	3,093,216	2,633,002	460,214
Total Expenditures	6,262,648	8,531,031	7,846,057	684,974
Excess (deficiency) of revenues over (under) expenditures	(5,606,770)	(7,875,153)	(6,700,974)	1,174,179
OTHER FINANCING SOURCES				
Transfers in	1,708,620	1,708,620	2,277,000	568,380
Total other financing sources	1,708,620	1,708,620	2,277,000	568,380
Net change in fund balance	(3,898,150)	(6,166,533)	(4,423,974)	1,742,559
FUND BALANCE - BEGINNING	25,336,438	18,004,421	18,004,421	-
FUND BALANCE - ENDING	$ 21,438,288	$ 11,837,888	$ 13,580,447	$ 1,742,559

Highlands Ranch Metropolitan District
Budgetary Comparison Schedule
Major Repair Fund
For the Year Ended December 31, 2025

	2025 Budget Original	2025 Budget Revised	2025 Actual	Variance to Revised Budget
REVENUES				
Cell site leases	$ 1,347,800	$ 1,347,800	$ 1,676,293	$ 328,493
Net investment income	208,400	208,400	297,252	88,852
Total revenues	1,556,200	1,556,200	1,973,545	417,345
EXPENDITURES				
Major repair	482,076	2,184,521	412,482	1,772,039
Capital outlay	470,655	470,655	2,049,743	(1,579,088)
Total expenditures	952,731	2,655,176	2,462,225	192,951
Excess (deficiency) of revenues over (under) expenditures	603,469	(1,098,976)	(488,680)	610,296
OTHER FINANCING SOURCES/(USES)				
Transfers in	2,470,655	2,470,655	2,511,635	40,980
Transfers out	(133,500)	(1,178,000)	(1,178,000)	-
Total other financing sources/(uses)	2,337,155	1,292,655	1,333,635	40,980
Net change in fund balance	2,940,624	193,679	844,955	651,276
FUND BALANCE - BEGINNING	20,935,015	8,695,653	8,695,653	-
FUND BALANCE - ENDING	$ 23,875,639	$ 8,889,332	$ 9,540,608	$ 651,276

Highlands Ranch Metropolitan District
Budgetary Comparison Schedule
Water and Sewer Reserve Fund
For the Year Ended December 31, 2025

	2025 Budget		2025	Variance to
	Original	Revised	Actual	Revised Budget
REVENUES				
Net investment income	$ 24,900	$ 24,900	$ 175,826	$ 150,926
Total Revenues	24,900	24,900	175,826	150,926
EXPENDITURES				
Capital outlay	1,100,000	1,100,000	-	1,100,000
Total Expenditures	1,100,000	1,100,000	-	1,100,000
Excess (deficiency) of revenues over (under) expenditures	(1,075,100)	(1,075,100)	175,826	1,250,926
OTHER FINANCING SOURCES				
Transfers in	700,000	700,000	700,000	-
Total other financing sources	700,000	700,000	700,000	-
Net change in fund balance	(375,100)	(375,100)	875,826	1,250,926
FUND BALANCE - BEGINNING	3,315,082	3,380,067	3,380,067	-
FUND BALANCE - ENDING	$ 2,939,982	$ 3,004,967	$ 4,255,893	$ 1,250,926

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.

Table A-1 Net Position by Component

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net investment in										
capital assets	$ 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	122,029,723
Restricted for:										
Emergency reserves	412,000	785,000	760,000	552,000	645,000	395,000	798,000	961,231	1,101,424	1,144,473
Parks and recreation	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	3,297,561
Debt service	625,741	4,278,172	4,740,629	5,465,482	5,457,565	-	-	-	-	-
Unrestricted	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	100,132,372
Total net position	$ 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	$ 226,604,129

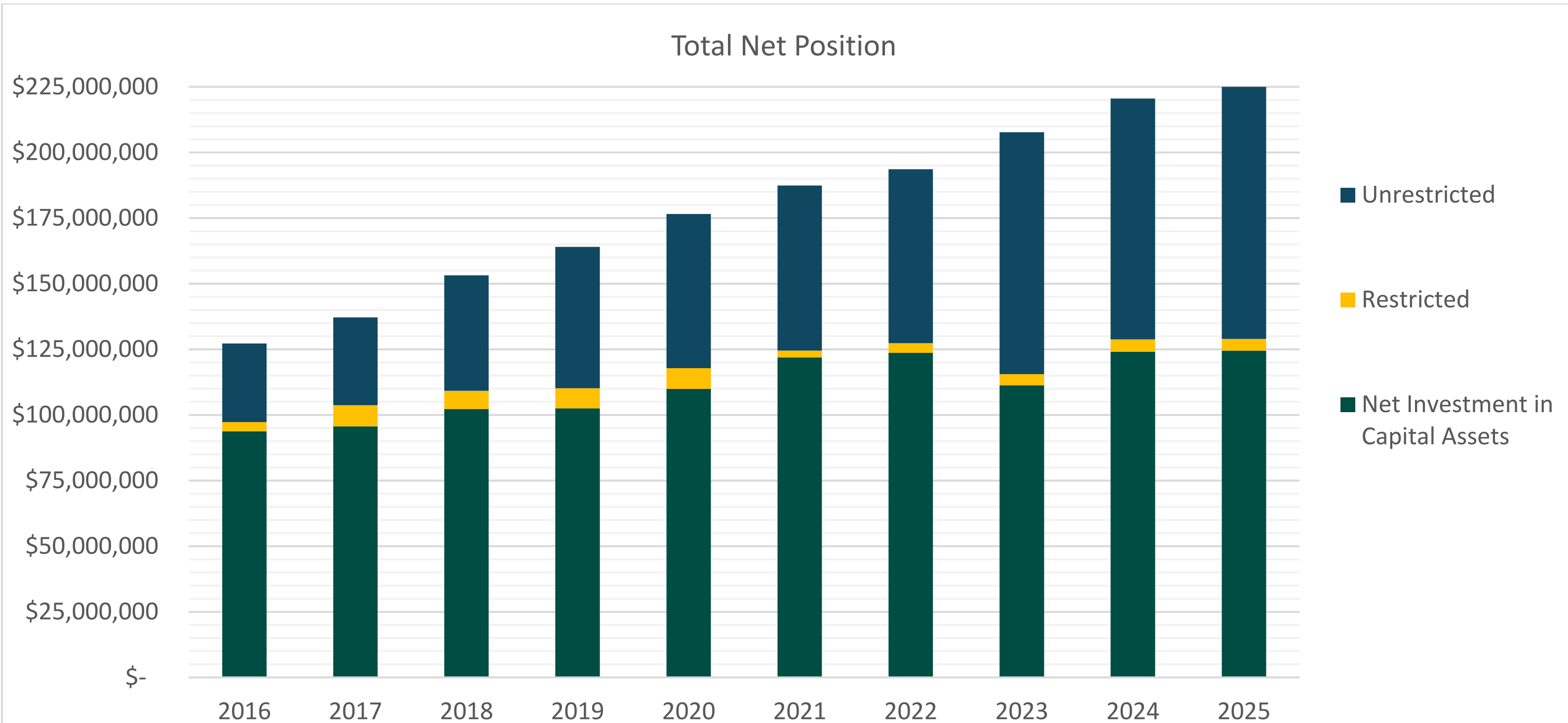
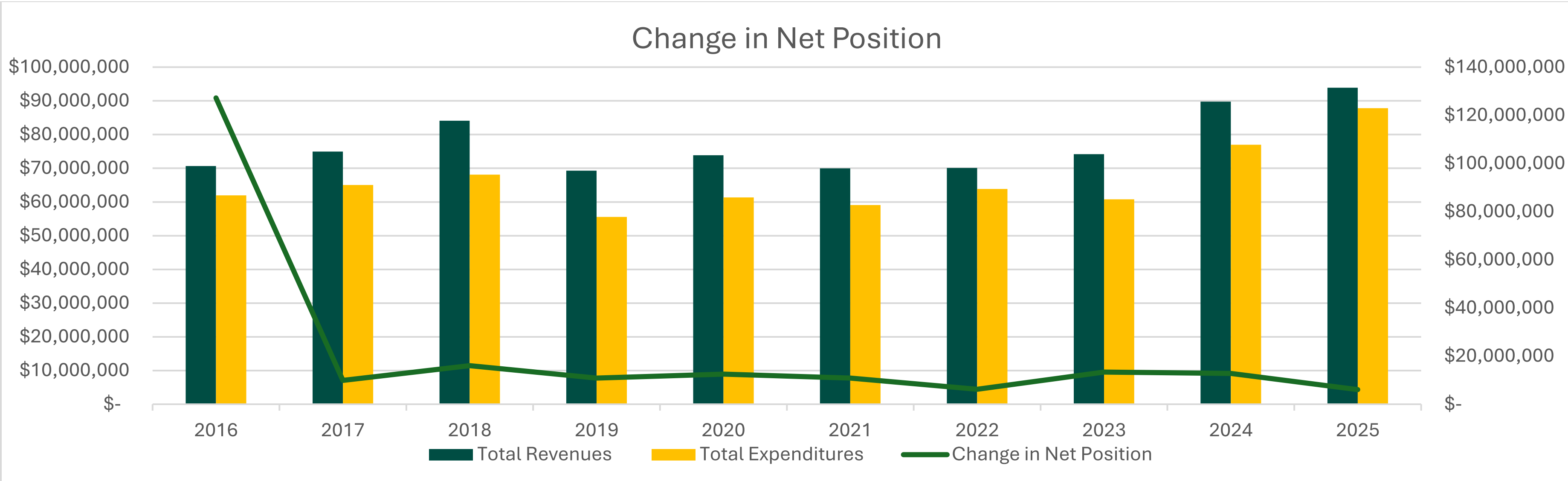


Table A-2 Change in Net Position

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PROGRAM EXPENSES										
Governmental Activities:										
General government	$ 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	3,678,472
Public works	754,766	811,057	841,755	886,784	971,946	843,464	836,034	1,168,684	1,410,264	2,399,196
Public safety	8,209,592	9,496,956	9,101,571	13,510	12,380	306,180	16,744	5,325	8,432	7,825
Streetlights	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	1,380,176
Parks, open space & recreation	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	24,331,308
Mansion and cultural	774,605	861,440	944,990	841,166	756,241	799,379	827,224	989,262	1,036,373	1,107,584
Water and wastewater operations	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	54,902,775
Interest on long term debt	1,385,959	521,963	536,138	481,964	416,391	345,756	-	-	7,805	11,718
Total program expenses	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	87,819,054
PROGRAM REVENUES										
Charges for services										
Water and wastewater operations	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	52,694,315
General government	539,085	777,887	694,497	735,641	713,424	665,113	589,842	452,667	728,970	888,457
Public works	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	2,631,791
Public safety	24,476	-	-	-	-	-	-	-	-	-
Streetlights	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	1,293,513
Parks, open space & recreation	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	1,809,163
Mansion and cultural	570,017	679,340	575,529	684,621	133,246	334,423	701,356	853,008	913,159	941,945
Capital grants and contributions										
Tap and system development fees	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	993,109
Conservation Trust Fund	553,043	500,312	524,645	580,820	535,673	633,903	632,204	702,531	623,500	619,455
Contributions	50,380	160,250	998,699	85,000	160,000	8,000	180,000	38,762	490,811	232,912
Donated assets	1,485,811	1,727,411	551,502	628,127	811,345	176,954	193,026	127,283	-	-
Operating grants	-	-	-	-	-	-	-	-	1,099,667	91,670
Total program revenues	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	62,196,330
CHANGE IN NET POSITION										
Governmental Activities	(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)	(25,622,724)
GENERAL REVENUES										
Property taxes	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	27,252,380
Net investment income/(loss)	512,243	472,219	1,161,434	2,265,996	1,784,896	(148,758)	(855,933)	3,939,557	3,377,005	4,446,278
Other	170,478	140,796	98,717	259,833	126,861	120,622	207,815	398,317	-	-
Total general revenues	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	31,698,658
SPECIAL ITEM										
Transfer of fire operations	-	-	-	(2,857,530)	-	-	-	-	-	-
TOTAL CHANGE IN NET POSITION	127,220,978	9,920,917	16,028,834	10,872,183	12,497,013	10,868,616	6,216,745	13,384,243	12,798,626	6,075,934
NET POSITION - BEGINNING	-	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
Net position - restatement	-	-	-	-	-	-	-	194,345,325	-	-
NET POSITION - ENDING	$ 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	226,604,129

Charts A-2 Change in Net Position

Total Revenues and Expenditures



Program and General Revenues

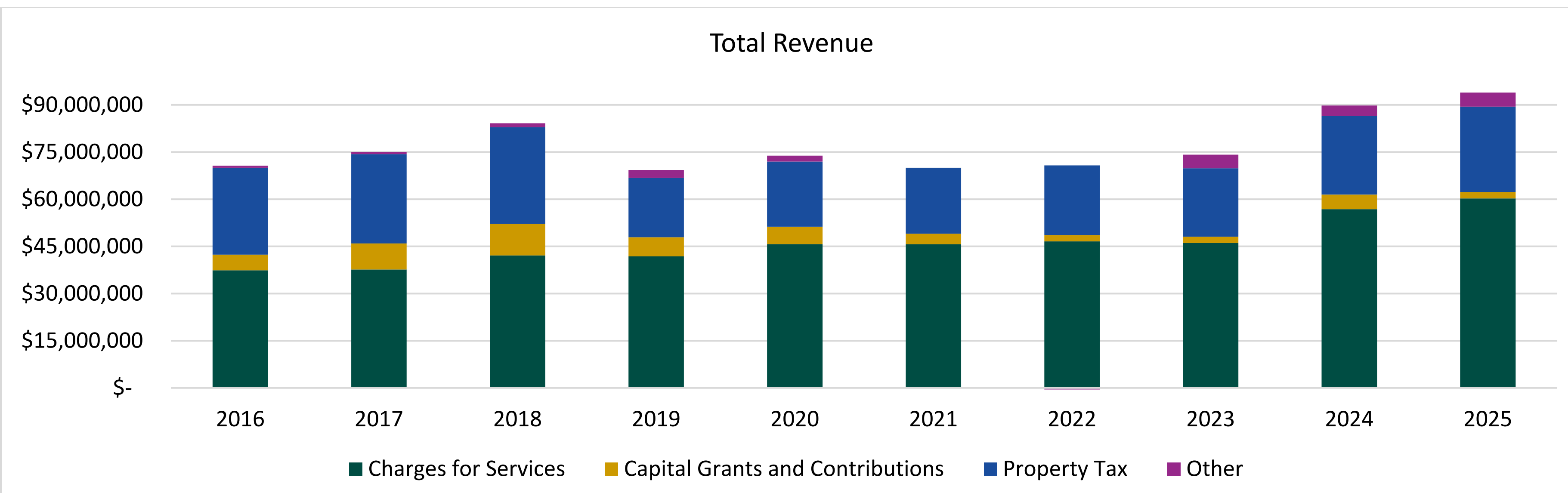


Table A-3 Fund Balances, Governmental Funds – Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GENERAL FUND										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 17,391	$ 9,203	$ 7,144
Restricted	412,000	785,000	760,000	552,000	575,000	395,000	798,000	961,231	1,101,424	1,144,473
Committed	1,007,119	1,103,798	1,320,736	1,548,722	1,863,580	220,456	1,986,753	-	-	-
Unassigned	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	40,278,811
Total General Fund	17,675,933	18,139,046	21,147,759	18,200,360	22,348,362	14,278,604	23,378,664	24,375,507	31,610,446	41,430,428
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	-	-	-	-	-	-	-	11,990	12,489	11,160
Restricted	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	3,297,561
Committed										
Utility Special Revenue Fund	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	1,233,075
Capital Projects Fund	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	5,886,029
Other Governmental Funds	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	5,343,046
Assigned										
Capital Projects Fund	13,367,737	15,037,209	25,591,453	27,076,340	28,584,483	27,026,413	10,482,920	24,399,663	-	7,694,418
Other Governmental Funds	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	19,197,247
Total all other governmental funds	28,306,117	35,917,872	42,323,215	55,998,837	56,921,426	49,987,412	46,954,537	51,867,763	44,727,930	42,662,536
TOTAL ALL FUNDS	45,982,050	54,056,918	63,470,974	74,199,197	79,269,788	64,266,016	70,333,201	76,243,270	76,338,376	84,092,964

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Property taxes	$ 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	27,252,380
Tap and system development fees	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	993,108
Water and wastewater operations	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	52,694,315
Streetlight and stormwater fees	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	2,212,609
Colorado lottery proceeds	553,043	500,312	524,645	580,820	535,673	633,903	632,204	702,531	623,500	619,455
Leases	520,739	480,039	696,071	859,525	985,064	1,266,978	737,305	1,472,926	1,356,000	1,676,293
Parks, recreation, and senior services	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	1,809,163
Mansion Operations	548,852	646,715	551,487	663,667	130,143	332,243	696,181	853,008	913,159	941,945
Intergovernmental	614,905	815,166	2,807,354	1,093,268	956,202	741,638	659,960	692,690	1,832,517	632,456
Contributions	50,380	160,250	998,699	85,000	160,000	8,000	180,000	127,283	-	7,780
Other	416,738	212,959	163,724	623,748	168,457	146,553	223,578	186,767	49,076	354,162
Net investment income (loss)	512,243	472,219	1,161,434	2,265,996	1,784,896	(148,758)	(855,933)	3,939,557	3,377,005	4,446,278
Total Revenues	69,119,897	73,124,220	83,552,442	68,631,332	73,010,006	69,756,347	69,849,131	74,084,415	89,267,057	93,639,944
EXPENDITURES										
General government	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	3,661,588
Public Safety	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	1,388,001
Parks and open space	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	17,709,612
Recreation and senior services	942,020	1,523,413	1,014,693	1,142,311	917,615	983,396	1,022,582	1,282,078	1,892,092	2,130,671
Mansion operations	481,376	538,608	645,073	601,203	516,278	476,547	589,021	713,623	764,776	812,352
Public Works and stormwater	753,370	816,650	835,733	883,639	969,875	865,797	856,699	1,431,691	1,420,214	1,276,176
Water and wastewater operations	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	52,694,315
Reserved capacity	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	490,826
Debt related	8,513,184	536,400	3,991,400	4,014,210	4,025,490	19,535,420	-	-	22,100	93,543
Capital outlay & leases	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	5,658,184
Total Expenditures	70,609,177	65,145,593	74,159,889	57,928,454	67,988,606	83,263,578	65,371,778	69,362,822	89,651,230	85,915,268
Excess of revenues over/(under) expenditures	(1,489,280)	7,978,627	9,392,553	10,702,878	5,021,400	(13,507,230)	4,477,352	4,721,593	(384,173)	7,724,676
OTHER FINANCING SOURCES (USES)										
Debt Related	70,946	-	-	-	-	-	-	-	449,539	-
Proceeds from disposal of assets	60,763	96,242	21,500	25,345	49,194	44,520	46,225	52,066	29,740	29,912
Total other financing sources (uses)	131,708	96,242	21,500	25,345	49,194	44,520	46,225	52,066	479,279	29,912
NET CHANGE IN FUND BALANCES	$ (1,357,572)	$ 8,074,869	$ 9,414,053	$ 10,728,223	$ 5,070,594	$ (13,462,710)	$ 4,523,577	$ 4,773,659	$ 95,106	$ 7,754,588

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 permananent 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.

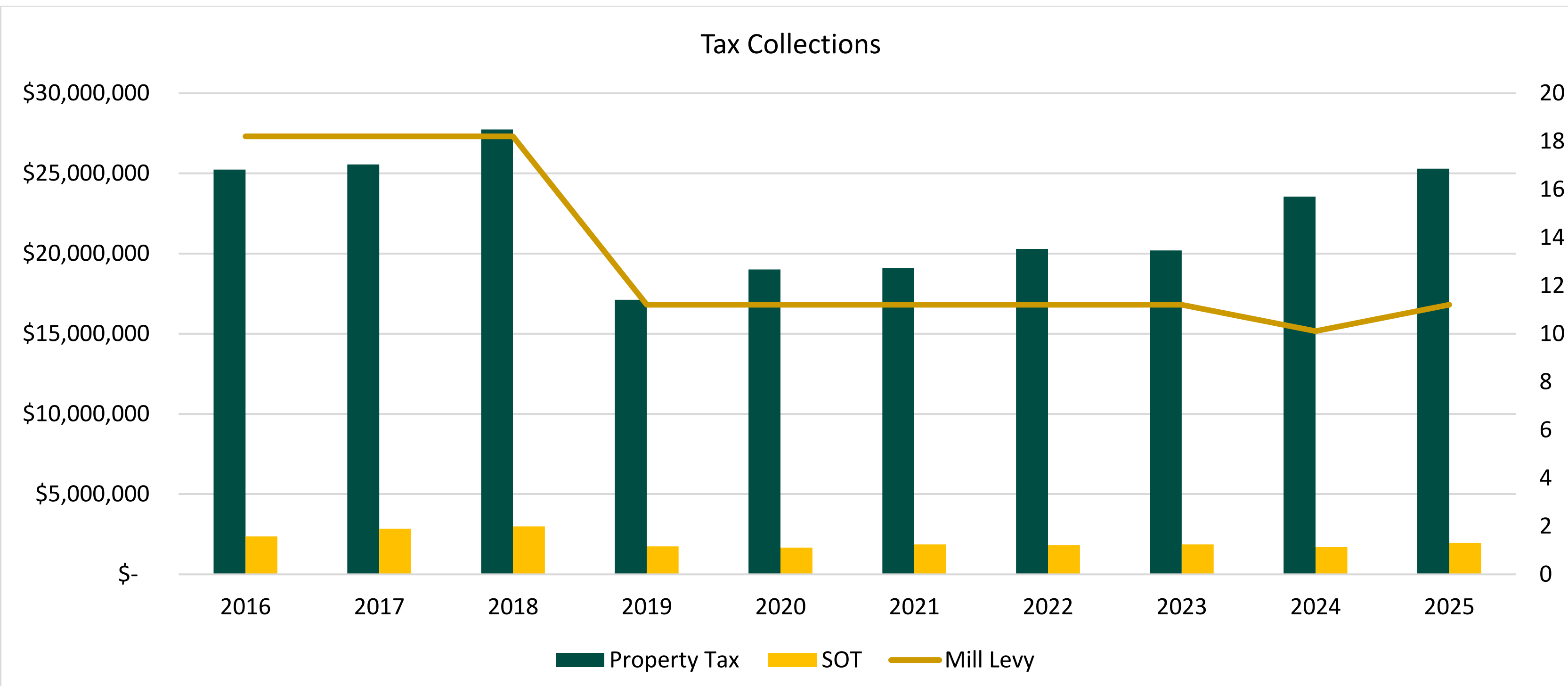


Table B-1 Assessed Value and Actual Value of Taxable Property – Last Ten Years

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
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%
2025	1,655,226,120	380,933,270	70,952,570	3,630,570	74,007,840	2,184,750,370	12.250	28,444,697,430	7.68%	2.98%

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

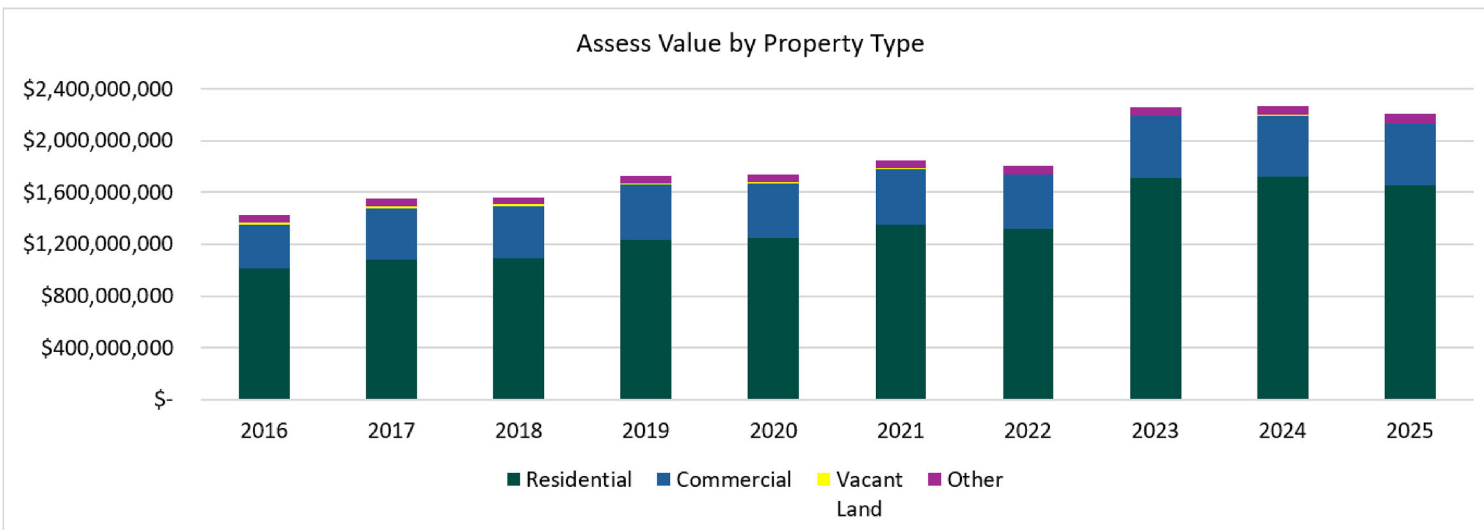


Table B-2 Property Tax Levies and Collections, Governmental Funds

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
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%	(4,940)	20,592,729	99.7%
2023	11.205	1,802,115,600	20,192,705	20,192,178	100.0%	(8,535)	20,183,643	100.0%
2024	10.110	2,257,934,230	22,827,715	23,549,560	103.2%	(15,165)	23,549,560	103.2%
2025	11.205	2,268,153,450	25,414,659	25,296,240	99.5%	N/A	25,296,240	99.5%

Notes:

[1]The collection year is one year subsequent to the assessment year.

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

[3]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-3 Property Tax Rates – Direct and all Overlapping Governments

	Metro District			Overlapping							
				Douglas County							
Assessment Year[1]	General Fund	Debt Service	Total	Douglas County	DC Law Enforcement	DC Library	DC School District	Urban Drainage & Flood Control	South Metro Fire Rescue	Total Overlapping	Total All
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
2025	12.250	0.000	12.250	19.774	4.500	3.519	45.528	0.900	12.250	86.471	98.721

[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.

Source: Douglas County Assessor

Table B-4 Significant Taxpayers within the District

	Customer	Business Type	2025 Assessed Value	2025 % of Total Taxable Assessed Value	2016 Rank	2016 Assessed Value	2016 % of Total Taxable Assessed Value
1	REDWOOD ERC LITTLETON LLC (WINDCREST)	Senior Living	$ 16,722,940	0.77%	3	$ 6,416,960	0.45%
2	PLAZA DRIVE PROPERTIES LLC	Offices	15,117,100	0.69%			
3	MLATL FAMILY LLP	Offices	12,877,260	0.59%			
4	VISA USA INC	Offices	10,589,290	0.48%	5	5,488,420	0.38%
5	PALOMINO (BLUE RIDGE)	Apartments	10,548,310	0.48%	4	5,705,730	0.40%
6	HRTC I LLC	Retail	10,264,970	0.47%	2	8,410,000	0.59%
7	PALOMINO (GREEN RIVER)	Apartments	9,816,360	0.45%	6	5,298,180	0.37%
8	CENTRAL PARK AT HIGHLANDS RANCH	Apartments	8,189,690	0.37%			
9	LPF LEGACY AT HIGHLANDS RANCH	Apartments	8,176,250	0.37%			
10	HIGHLANDS RANCH 1668 LLC	Retail	7,666,060	0.35%	8	4,607,000	0.32%
	ALCATEL - LUCENT TECHNOLOGIES	Offices			1	19,845,080	1.39%
	SCG ATLAS HIGHLANDS RANCH LLC	Apartments			7	5,038,680	0.35%
	SHEA CENTER	Offices					
	CPF HIGHLANDS RANCH LLC	Retail			9	4,435,970	0.31%
	TARGET CORPORATION	Retail			10	4,411,960	0.31%
		SUB TOTAL	109,968,230	5.03%		69,657,980	4.89%
		ALL OTHERS	2,074,782,140	94.97%		1,356,148,000	95.11%
		TOTAL	$2,184,750,370	100%		$1,425,805,980	100%

Table C-1 Ratio of Outstanding Debt per Capita

Ratio of Outstanding Debt by Type

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
2025	-	352,537	352,537	4	99,561

Notes:

[1] Presented net of original premium/(discount).

The Highlands Ranch Metropolitan District is located within Douglas County. Demographic data, other than population estimates, for the District is not calculated; therefore, percentage of total personal income is not reported.

Source: the District

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

				RATIO OF GROSS GO DEBT			RATIO OF NET GO DEBT		
Collection Year	Gross GO Bonded Debt Outstanding	Less Debt Service Fund Balance	Net GO Bonded Debt Outstanding	To Collection Year Assessed Value	To Collection Year Actual Value	Per Capita	To Assessed Value	To Actual Value	Per Capita
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%	-
2025	-	-	-	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 2026 Assessed Valuation[3]	Obligations Outstanding	Allocable to the District: Percentage[2]	Allocable to the District: Amount
Direct Debt - Highlands Ranch Metro District				
Leases	$ 2,184,750,370	$ 352,537	100.00%	$ 352,537
Total Direct Debt				352,537
Overlapping Debt		General Obligations		
Douglas County School District	$ 11,395,745,610	$ 527,325,000	19.17%	$ 101,096,807
Hunting Hill Metro District	17,090,250	6,100,000	100.00%	6,100,000
Total Overlapping Debt[2]				107,196,807
Total Overlapping and Direct Debt				$ 107,549,344
ESTIMATED POPULATION				99,561
ESTIMATED CURRENT MARKET VALUATION				$ 28,444,697,430
RATIOS				
Direct Debt to Assessed Valuation				0.02%
Direct Debt to Market Valuation				0.00%
Direct plus Overlapping Debt to Assessed Valuation				4.92%
Direct plus Overlapping Debt to Market Valuation				0.38%
Direct Debt Per Capita				3.54
Direct Plus Overlapping Debt Per Capita				$ 1,080

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 2025, collected in 2026

*Source: Douglas County Assessor; Douglas County School District Audited Financials; Hunting Hill Metro District 2026 Budget

Table D-1 Douglas County, Colorado – Demographic Statistics

Year	Estimated Population Highlands Ranch	DOUGLAS COUNTY, COLORADO							
		Estimated Population	Personal Income ($1,000)	Personal Income Per Capita	Median Age	Average Household Size	Public School Enrollment	School Enrollment to Population	Unemployment Rate
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	2.70	61,409	16.0%	4.3%
2025	99,561	393,995	42,238,032	107,204	39.8	2.69	61,535	15.6%	3.9%

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

	2025			2016		
Employer	Rank	Employee Count	% of Total	Rank	Employee Count	% of Total
Douglas County School District	1	8,150	3.78%	1	7,790	6.90%
Charles Schwab	2	4,200	1.95%	2	3,500	3.10%
Echostar Communications	3	2,700	1.25%			
Lockheed Martin Corporation	4	2,250	1.04%			
AdventHealth	5	1,600	0.74%			
HCA HealthONE Sky Ridge Medical Center	6	1,600	0.74%	7	1,185	1.05%
Douglas County Government	7	1,491	0.69%	6	1,220	1.08%
Kiewit Companies	8	1,400	0.65%			
VISA Debit Processing Services	9	1,300	0.60%			
Wind Crest	10	900	0.42%			
				3	2,800	2.48%
Jacobs Engineering (formerly CH2M Hill)				4	1,510	1.34%
Western Union				5	1,310	1.16%
Sprint				8	1,030	0.91%
Computershare				9	950	0.84%
IHS Markit (formerly Information Handling Systems)				10	945	0.84%
Total for Principal Employers		25,591	11.9%		22,240	19.7%
Total Employment in Douglas County		215,400			112,883	
Total Labor Force in Douglas County		224,200				

Source: Source: Douglas County Economic Development Largest Employer List - Private Non-Retail, Colorado Department of Education

Table E-1 Operating Information

Permanent FTE	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Parks and Open Space	52.00	53.00	51.00	51.00	51.00	51.00	51.00	46.00	48.00	49.00
Recreation	15.00	15.00	15.00	15.00	15.00	15.00	15.00	16.00	20.00	20.00
Mansion	4.45	4.45	4.45	4.40	4.40	4.40	4.40	5.00	5.00	5.00
Public Works	3.38	3.30	3.30	3.30	4.30	4.30	4.30	5.60	4.60	4.60
General Management	10.87	9.80	9.80	10.30	10.30	11.05	10.80	10.75	11.75	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	86.55	84.55	85.00	86.00	86.75	86.50	84.35	90.35	91.35

Capital Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	1	1
Fire Stations - directly owned	2	2	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Stations - owned in partnership	1/3	1/3	1/3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PARKS (in acres)										
Neighborhood	114	114	114	114	123	123	123	123	123	127
Community	94	94	97	97	150	150	150	150	150	150
Playgrounds	21	21	21	21	21	21	21	21	21	21
Adult Outdoor Fitness	-	-	-	-	-	-	0	0.04	0.04	0.04
Parkway Landscape	292	292	292	292	285	285	285	285	285	285
Open space parcels	2,266	2,577	2,577	2,577	2,644	2,644	2,644	2,644	2,644	2,638
TRAILS (miles)										
Walking/biking (paved only)	39	40	40	40	40	40	40	40	40	58

Operating Statistics	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Field Permit Hours	28,855	28,800	28,632	28,632	28,107	26,329	27,306	25,912	25,000	26,000
Shelter Reservations	1,050	1,000	1,005	1,180	657	1,398	1,052	1,091	1,050	1,150
Recreation Program Participation	12,700	12,416	11,496	10,625	4,036	9,936	8,652	9,496	7,382	6,978
Fire & Emergency Response *	4,883	5,070	4,930	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: District records

*Services provided by contract