

**KEN-CARYL RANCH METROPOLITAN
DISTRICT**

Annual Financial Report

December 31, 2025



Table of Contents

	Page
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position	12-13
Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Change in Fund Balance —Actual and Budget—General Fund	16
Notes to Basic Financial Statements	17-34
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Change in Fund Balance —Actual and Budget—Conservation Trust and Grant Fund	35
Schedule of Revenue, Expenditures and Change in Fund Balance —Actual and Budget—Community Garden Fund	36
Schedule of Revenues, Expenditures and Change in Fund Balance —Actual and Budget—Veterans Monument Fund	37
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Change in Fund Balance —Actual and Budget—Debt Service Fund	38
Schedule of Revenues, Expenditures and Change in Fund Balance —Actual and Budget—PMD Settlement Capital Projects Fund	39
Schedule of Revenues, Expenditures and Change in Fund Balance —Actual and Budget—Capital Reserve Fund	40
OTHER INFORMATION	
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	41

Top Taxpayers within the District	42
Assessed Valuation of Classes of Property in the District	43



Independent Auditors' Report

To the Board of Directors
Ken-Caryl Ranch Metropolitan District
Monument, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund, of Ken-Caryl Ranch Metropolitan 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Ken-Caryl Ranch Metropolitan District, as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

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 Ken-Caryl Ranch Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information 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 an opinion on the financial statements that collectively comprise Ken-Caryl Ranch Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditors' 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.

A handwritten signature in black ink, appearing to read "Haynie", with a stylized, cursive script.

Littleton, Colorado
June 24, 2026

Ken-Caryl Ranch Metropolitan District

Management's Discussion and Analysis

December 31, 2025

As management of the Ken-Caryl Ranch Metropolitan District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplemental and other information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers 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 the District's assets, liabilities and deferred inflows of resources with the difference being 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 (i.e., uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements detail functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include administration, facilities, parks, recreation, and interest and fiscal charges.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Ken-Caryl Ranch Metropolitan District

Management's Discussion and Analysis

December 31, 2025

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 expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

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.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information consisting of a budget to actual comparisons and certain statistical information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$16,207,950 at the close of the most recent fiscal year.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets increased due to an overall positive change in net position. Capital assets increased as additions to capital assets for the year exceeded current year depreciation. Additional information on the District's capital assets and long-term debt can be found in the Capital Asset and Debt Administration section of this Management's Discussion and Analysis.

Ken-Caryl Ranch Metropolitan District

Management's Discussion and Analysis

December 31, 2025

The District's overall financial position, as measured by net position, decreased by \$6,694, during 2025.

Refer to the following table for additional details regarding these changes:

Statement of Net Position		
	2025	2024
Assets:		
Current and other assets	\$10,665,310	\$10,527,314
Capital assets, net of accumulated depreciation	10,585,400	10,441,606
Total Assets	21,250,710	20,968,920
Liabilities:		
Long-term liabilities outstanding	140,913	117,342
Other liabilities	427,655	446,525
Total Liabilities	568,568	563,867
Deferred Inflows of Resources:		
Deferred property tax revenue	4,474,192	4,190,409
Total Deferred Inflows of Resources	4,474,192	4,190,409
Net Position:		
Net investment in capital assets	10,585,400	10,441,606
Restricted	1,640,883	1,517,772
Unrestricted	3,981,667	4,255,266
Total Net Position	\$16,207,950	\$16,214,644

Ken-Caryl Ranch Metropolitan District

Management's Discussion and Analysis

December 31, 2025

Refer to the following table for additional details regarding these changes:

Statement of Activities		
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$2,179,305	\$2,092,136
Operating grants and contributions	-	71,823
Capital grants and contributions	197,409	470,581
General revenues:		
Property taxes	4,187,041	5,245,001
Specific ownership taxes	284,110	334,989
Net investment earnings	268,977	335,256
Other	53,217	806,991
Total Revenues	7,170,059	9,356,777
Expenses:		
Administration	1,338,136	1,282,776
Facilities	996,476	993,896
Parks	2,592,028	2,386,383
Recreation	2,250,113	2,113,768
Interest and fiscal charges	-	23,304
Total Expenses	7,176,753	6,800,127
Change in Net Position	(6,694)	2,556,650
Net Position - Beginning	16,214,644	13,657,994
Net Position - Ending	\$16,207,950	\$16,214,644

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's funds follows.

Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, 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 a combined ending fund balance of \$5,783,594. Of this fund balance: \$263,944 is non-spendable - meaning it is not in spendable form as it represents prepaid expenditures; \$1,640,883 is restricted - meaning it is constrained to specific purposes by providers, through constitutional provisions, or by enabling legislation; \$1,345,892 is committed - meaning it is constrained by formal action of the Board of Directors; \$358,442 is Board directed assigned operating reserve; and the remaining fund balance \$2,174,433 is unassigned.

Ken-Caryl Ranch Metropolitan District

Management's Discussion and Analysis

December 31, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget Variances

In 2025, the District operated at or near full capacity across most programs. A conservative budgeting approach continues to be applied, with revenues estimated cautiously while actively identifying opportunities to reduce costs and improve operational efficiency. Actual general fund revenues exceeded budget by \$92,713, while expenditures came in \$642,476 below budget. These favorable variances reflect the District's conservative budgeting practices.

Tax revenues decreased by \$1,057,960 in 2025 due to the expiration of the bond repayment levy in December 2024, which reduced the mill levy by 3.343 mills. Additionally, other revenues were significantly lower compared to 2024, which had unusually high one-time receipts. These included a final settlement payment from Plains Metropolitan District totaling \$652,000 and \$81,155 in insurance proceeds related to a damaged Community Center roof (\$60,812) and the total loss of Truck 39 (\$20,343).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of December 31, 2025, amounted to \$10,585,400 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and improvements, vehicles and equipment. The prior year comparison analysis of capital assets is as follows:

Capital Assets (net of depreciation)		
	<u>2025</u>	<u>2024</u>
Total	\$10,585,400	\$ 10,441,606

During 2025, the District's capital asset activity included the acquisition and completion of several significant vehicles, equipment, facility improvements, and capital projects. Additions during the year included a minibus, an F-450 dump truck, a tennis scrubber for the indoor tennis courts, a Toro Grounds master 4000-D mower, and new fitness equipment for the Community Center. Capital improvements and project activity included reroofing of the Community Center building, design and development work at Community Park, renovation of the Community Center bathroom, resurfacing of the indoor tennis courts at the Community Center, curb and gutter repairs in the Community Center parking lot, installation of an updated building security system at the Community Center, pipe lining at the Community Center, renovation of the baseball field at the Ranch House, fire mitigation work on the South Hogback Open Space, development of the South Hogback Open Space Resource Management Plan, and completion of the Community Survey.

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Obligations.

No new bonds, loans or capital leases were entered into during 2025.

Ken-Caryl Ranch Metropolitan District

Management's Discussion and Analysis

December 31, 2025

Additional information on the District's long-term obligations can be found in Note 5 of this report.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ken-Caryl Ranch Metropolitan District, 7676 South Continental Divide Road, Littleton, CO 80127, phone: (303) 979-1876.

Basic Financial Statements

Ken-Caryl Ranch Metropolitan District

Statement of Net Position

December 31, 2025

Assets	Governmental Activities
Cash and investments - Unrestricted	\$ 4,456,065
Cash and investments - Restricted	1,433,997
Receivables, net:	
Accounts receivable	36,451
Ken-Caryl Ranch Master Association	661
Property tax receivable	4,474,192
Prepaid expenses	263,944
Capital assets, not being depreciated	916,425
Capital assets, being depreciated, net of depreciation	9,668,975
Total assets	<u>\$ 21,250,710</u>
Liabilities	
Accounts payable and other accrued liabilities	\$ 218,928
Refunds and deposits payable	629
Unearned revenue	187,967
Long-term obligations:	
Due within one year	20,131
Due within more than one year	140,913
Total liabilities	<u>568,568</u>
Deferred Inflows of Resources	
Deferred property tax revenue	4,474,192
Total deferred inflows of resources	<u>4,474,192</u>
Net Position	
Investment in capital assets	10,585,400
Restricted for:	
Emergencies (TABOR)	191,700
Parks and recreation	262,955
Capital additions and improvements	1,171,042
Community garden reserve account	13,000
Veterans monument	2,186
Unrestricted	3,981,667
Total net position	<u>\$ 16,207,950</u>
Total liabilities, deferred inflow of resources and net position	<u><u>\$ 21,250,710</u></u>

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

Ken-Caryl Ranch Metropolitan District
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Net Position
		Charges for Services	Operating Grants and Contribution	Capital Grants and Contribution	
Primary government:					
Governmental activities:					
Administration	\$ 1,338,136	\$ -	\$ -	\$ -	\$ (1,338,136)
Facilities	996,476	-	-	-	(996,476)
Parks	2,592,028	2,179,305	-	-	(412,723)
Recreation	2,250,113	-	-	197,409	(2,052,704)
	<u>\$ 7,176,753</u>	<u>\$ 2,179,305</u>	<u>\$ -</u>	<u>\$ 197,409</u>	<u>\$ (4,800,039)</u>
General revenues:					
Taxes:					
Property taxes					4,187,041
Specific ownership taxes					284,110
Net investment income					268,977
Other					53,217
Total general revenues					<u>4,793,345</u>
Change in net position					(6,694)
Net position - beginning of year					16,214,644
Net position - end of year					<u>\$ 16,207,950</u>

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

Ken-Caryl Ranch Metropolitan District
Governmental Funds Balance Sheet
December 31, 2025

Assets	Special Revenue Funds				PMD Settlement		Total Governmental Funds
	General Fund	Conservation Trust and Grant Fund	Community Garden Fund	Veterans Monument Fund	Capital Projects Fund	Capital Reserve Fund	
Cash and investments - Unrestricted	\$ 4,456,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,456,065
Cash and investments - Restricted	-	262,955	-	-	1,171,042	-	1,433,997
Accounts and grants receivable	36,451	-	-	-	-	-	36,451
Due from fund	-	-	42,975	2,186	-	1,315,917	1,361,078
Due from KCRMA	661	-	-	-	-	-	661
Prepaid expenditures	263,944	-	-	-	-	-	263,944
Property taxes receivable	4,474,192	-	-	-	-	-	4,474,192
Total Assets	\$ 9,231,313	\$ 262,955	\$ 42,975	\$ 2,186	\$ 1,171,042	\$ 1,315,917	\$12,026,388
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable and other accrued liabilities	\$ 218,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,928
Due to fund	1,361,078	-	-	-	-	-	1,361,078
Refunds and deposits payable	629	-	-	-	-	-	629
Unearned revenue	187,967	-	-	-	-	-	187,967
Total liabilities	1,768,602	-	-	-	-	-	1,768,602
Deferred Inflows of Resources							
Deferred property tax revenues	4,474,192	-	-	-	-	-	4,474,192
Total deferred inflows of resources	4,474,192	-	-	-	-	-	4,474,192
Fund Balances							
Nonspendable							
Prepaid expenditures	263,944	-	-	-	-	-	263,944
Spendable:							
Restricted for:							
Emergencies (TABOR)	191,700	-	-	-	-	-	191,700
Parks and recreation	-	262,955	-	-	-	-	262,955
Capital additions and improvements	-	-	-	-	1,171,042	-	1,171,042
Community garden reserve account	-	-	13,000	-	-	-	13,000
Veterans monument	-	-	-	2,186	-	-	2,186
Committed							
Community garden	-	-	29,975	-	-	-	29,975
Capital additions and improvements	-	-	-	-	-	1,315,917	1,315,917
Assigned							
Operating reserve	358,442	-	-	-	-	-	358,442
Unassigned	2,174,433	-	-	-	-	-	2,174,433
Total fund balances	2,988,519	262,955	42,975	2,186	1,171,042	1,315,917	5,783,594
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,231,313	\$ 262,955	\$ 42,975	\$ 2,186	\$ 1,171,042	\$ 1,315,917	\$12,026,388

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

Ken-Caryl Ranch Metropolitan District
Governmental Funds Reconciliation of Fund Balances
to the Statement of Net Position
December 31, 2025

Total governmental fund balance - governmental funds	\$ 5,783,594
Amounts reported for governmental activities in the statement of net position are excluded from the governmental fund balances because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are excluded from the funds.	
Capital assets, net of accumulated depreciation	10,585,400
Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. These liabilities consist of:	
Accrued compensated absences	<u>(161,044)</u>
Net position of governmental activities	<u><u>\$16,207,950</u></u>

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

Ken-Caryl Ranch Metropolitan District

Governmental Funds Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2025

	General Fund	Special Revenue Funds			Settlement Capital Projects Fund	Capital Reserve Fund	Total Governmental Funds
		Conservation Trust and Grant Fund	Community Garden Fund	Veterans Monument Fund			
Revenues:							
Property taxes	\$ 4,187,041	\$ -	\$ -	\$ -	-	\$ -	\$ 4,187,041
Specific ownership taxes	284,110	-	-	-	-	-	284,110
Program generated revenues	2,175,975	-	3,330	-	-	-	2,179,305
Intergovernmental	-	67,326	-	-	-	-	67,326
Net investment income	219,357	-	-	-	49,620	-	268,977
Contributions	130,083	-	-	-	-	-	130,083
Other income	42,867	-	-	-	-	-	42,867
Total revenues	7,039,433	67,326	3,330	-	49,620	-	7,159,709
Expenditures:							
General government							
Administration	1,313,945	-	-	-	-	-	1,313,945
Facilities	744,815	-	-	-	-	-	744,815
Parks	2,191,356	-	440	1,618	-	-	2,193,414
Recreation	2,137,157	-	-	-	-	-	2,137,157
Capital outlay	-	-	-	-	2,917	901,360	904,277
Total expenditures	6,387,273	-	440	1,618	2,917	901,360	7,293,608
Excess (deficiency) of revenues over expenditures	652,160	67,326	2,890	(1,618)	46,703	(901,360)	(133,899)
Other financing sources (uses):							
Transfers	(500,000)	-	-	-	-	500,000	-
Sale of capital assets	-	-	-	-	-	10,350	10,350
Total other financing sources (uses)	(500,000)	-	-	-	-	510,350	10,350
Net change in fund balance	152,160	67,326	2,890	(1,618)	46,703	(391,010)	(123,549)
Fund balances:							
Beginning of the year	2,836,359	195,629	40,085	3,804	1,124,339	1,706,927	5,907,143
End of the year	\$ 2,988,519	\$ 262,955	\$ 42,975	\$ 2,186	\$ 1,171,042	\$ 1,315,917	\$ 5,783,594

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

Ken-Caryl Ranch Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2025

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

Net change in fund balance—total governmental funds	\$ (123,549)
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Governmental funds report capital outlays as expenditures. In the Statement of Activities, capital outlay is not reported as an expenditure; however, the Statement of Activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital outlay	904,277
Depreciation	(760,483)

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:

Change in compensated absences	(26,939)
Change in net position of governmental activities	\$ (6,694)

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

Ken-Caryl Ranch Metropolitan District
Schedule of Revenues, Expenditures and Change
in Fund Balance—Actual and Budget—General Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for 2024)

	Original and Final Adopted Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	2024 Actual
Revenues:				
Property taxes	\$ 4,179,143	\$ 4,187,041	\$ 7,898	\$ 4,303,121
Specific Ownership Taxes	310,000	284,110	(25,890)	334,989
Program generated revenues	2,071,566	2,175,975	104,409	2,088,821
Net investment income	220,000	219,357	(643)	288,820
Contributions	120,677	130,083	9,406	144,387
Grants	-	-	-	71,823
Other	45,334	42,867	(2,467)	59,951
Total revenues	6,946,720	7,039,433	92,713	7,291,912
Expenditures:				
Administration	1,565,792	1,313,945	251,847	1,240,850
Facilities:				
Ranch House	320,854	354,575	(33,721)	366,575
Dakota Lodge	39,015	38,795	220	44,892
Community Center	371,686	351,445	20,241	323,243
Parks	2,323,810	2,191,356	132,454	2,021,449
Recreation:				
Recreation management	338,595	264,757	73,838	239,627
Wellness	111,642	119,367	(7,725)	108,619
General recreation programs	28,325	34,091	(5,766)	44,381
Aquatics	512,283	457,997	54,286	392,259
Events	94,027	92,251	1,776	87,787
Tennis	507,154	414,762	92,392	417,766
School age youth programs	604,322	548,962	55,360	539,499
Preschool	212,244	204,970	7,274	188,606
Total Expenditures	7,029,749	6,387,273	642,476	6,015,553
Excess (deficiency) of revenues over expenditures	(83,029)	652,160	735,189	1,276,359
Other financing sources (uses)				
Transfers (out)	(500,000)	(500,000)	-	(2,250,000)
Net change in fund balance	(583,029)	152,160	735,189	(973,641)
Fund balance—beginning of year		2,836,359		3,810,000
Fund balance—end of year		<u>\$ 2,988,519</u>		<u>\$ 2,836,359</u>

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

Ken-Caryl Ranch Metropolitan District

Notes to Financial Statements

December 31, 2025

1. Definition of Reporting Entity

Ken-Caryl Ranch Metropolitan District (the District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Jefferson County, Colorado. The District was established to provide park (including open space), recreation, transportation and television relay and transmission services.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity. The following entities are not part of the District's defined reporting entity as each of these entities have their own elected governing boards and are independent of the District as to fiscal accountability and financial affairs:

Ken-Caryl Ranch Master Association
The Ken-Caryl Ranch Foundation
Ken-Caryl Ranch Water and Sanitation District
Plains Metropolitan District

2. Summary of Significant Accounting Policies

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

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the District, with the difference between the assets, liabilities, and deferred inflows of resources of the District being reported as net position.

Ken-Caryl Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Expenditures for redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

The District reports the following major governmental funds:

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

The *Conservation Trust and Grant Fund* is a special revenue fund used to account for State of Colorado Lottery proceeds and grant proceeds that are restricted for recreational expenditures.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District. The fund has zero balance after the debt was fully settled in 2024.

The *PMD Settlement Capital Projects Fund* is used to account for proceeds from the Stipulated Supplemental Judgement stemming from the District's litigation with the Plains Metropolitan District.

Ken-Caryl Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

The *Community Garden Fund* is a special revenue fund used to account for the District's gardener user fees, expenditures and required reserves for the District's community garden program.

The *Veterans Monument Fund* is a special revenue fund used to account for the contributions being accumulated for and the construction of a Veterans monument.

The *Capital Reserve Fund* is used to fund capital projects that the district has ongoing.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets

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

Pooled Cash and Investments

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

Receivables

Receivables are reported net of an allowance for uncollectible accounts.

Prepaid Expenditures/Expenses

Certain payments to vendors for goods or services reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Ken-Caryl Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., trails and bridges), are reported in the government-wide financial statements. Capital assets are defined by the District as assets, including equipment, with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of three years, and improvements to buildings with a cost of more than \$15,000. District capital assets include assets owned by the District, as well as capital expenditures made by the District to property owned by third parties but operated and maintained by the District, and which are considered to be leasehold improvements to such assets. This category includes assets operated, maintained and improved by the District which are owned by the Ken-Caryl Ranch Master Association and Jefferson County.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Land and land improvements	10 – 15 years
Lease and leasehold improvements	5 – 40 years
Buildings and improvements	40 years
Vehicles and equipment	3 – 10 years

Ken-Caryl Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The revenue continues to be recognized when earned in the government-wide statements. The District has one item that qualifies reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund Balances – Governmental Funds

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Ken-Caryl Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

Intergovernmental Revenue

Intergovernmental revenue represents shared revenue and grants from the State of Colorado.

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Estimates

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences

The District reports compensated absences in accordance with Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the District recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

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Ken-Caryl Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2025

3. Cash and Investments

Cash and investments are reported in the financial statements as of December 31, 2025 as follows:

Cash and investments - Unrestricted	\$ 4,456,065
Cash and investments - Restricted	<u>1,433,997</u>
	<u>\$ 5,890,062</u>

Following is the composition of the District's cash and investments as of December 31, 2025:

Deposits with financial institutions	\$ 638,049
Investments	<u>5,252,013</u>
	<u>\$ 5,890,062</u>

The restricted cash and investments of \$1,433,997 as of December 31, 2025 is comprised of the following: \$262,955 of unspent Conservation Trust Fund (Colorado Lottery) proceeds which are restricted for parks and recreation purposes, and \$1,171,042 of legal settlement proceeds restricted for capital additions and improvements.

Cash Deposits

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

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

Credit Risk

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

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers acceptances of certain banks
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities

Ken-Caryl Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2025

3. Cash and Investments (continued)

- Guaranteed investment contracts
- Local government investment pools

The District has formally adopted this investment policy. The District's investment policy states that the composition of the portfolio will vary according to market opportunities at the discretion of District management and the District Treasurer. However, at no time may the total investment in Commercial Paper exceed 25% of the overall District investment portfolio.

The District has invested in a local government investment pool, the Colorado Local Government Liquid Asset Trust (COLOTRUST), which is rated AAAM by Standard & Poor's.

Interest Rate Risk

The District's investment policy states that the maturity of the securities shall be structured to avoid any undue concentration in any sector of the yield curve. No portion of the portfolio shall exceed five years in maturity with consideration for a laddering approach.

As of December 31, 2025, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Net Asset Value</u>
COLOTRUST PLUS+	Weighted average under 60 days	<u>\$ 5,252,013</u>

Investment Valuation

Certain investments measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

However, the District's investments are not categorized within the fair value hierarchy. The District's investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments.

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Ken-Caryl Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2025

3. Cash and Investments (continued)

The District held investments in COLOTRUST at year end, for which the investment valuations were determined as follows:

COLOTRUST

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

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

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

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Ken-Caryl Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2025

4. Capital Assets

An analysis of the changes in net capital assets during 2025 follows:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 916,425	\$ -	\$ -	\$ 916,425
Total capital assets not being depreciated	916,425	-	-	916,425
Capital assets being depreciated:				
Lease and leashold improvements	9,956,994	266,893	-	10,223,887
Land improvements	1,711,872	269,844	-	1,981,716
Equipment	2,119,234	367,540	(129,020)	2,357,754
Total capital assets being depreciated	13,788,100	904,277	(129,020)	14,563,357
Less accumulated depreciation for:				
Lease and leashold improvements	(2,703,516)	(380,686)	-	(3,084,202)
Land improvements	(498,679)	(162,632)	-	(661,311)
Equipment	(1,060,724)	(217,165)	129,020	(1,148,869)
Total accumulated depreciation	(4,262,919)	(760,483)	129,020	(4,894,382)
Net capital assets being depreciated	9,525,181	143,794	-	9,668,975
Governmental assets, net	\$ 10,441,606	\$ 143,794	\$ -	\$ 10,585,400

Depreciation expense was charged to the following functions/programs:

Administration	\$ 26,834
Facilities	257,435
Parks	394,083
Recreation	82,131
	<u>\$ 760,483</u>

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Ken-Caryl Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2025

5. Long-Term Liabilities

The following is an analysis of changes in the District's long-term obligations for the governmental activities of the District for the year ended December 31, 2025:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025	Due Within One Year
Other					
Compensated absences	\$ 134,105	\$ 26,939	\$ -	\$ 161,044	\$ 20,131
Total long-term Liabilities	<u>\$ 134,105</u>	<u>\$ 26,939</u>	<u>\$ -</u>	<u>\$ 161,044</u>	<u>\$ 20,131</u>

As of December 31, 2025, the District had no authorized but unissued debt.

Leases

The District has entered into the following lease agreements:

Community Center Lease

During December 1991, the District entered into a lease agreement with Jefferson County (County) for the operation and maintenance of the Ken-Caryl Ranch Community Center (Community Center). The initial term of the lease was 35 years with an annual rental fee of \$1 which was paid in full upon execution of the lease. The lease may be renewed for one additional 35-year term or in the absence of such renewal, shall remain in effect after the initial term on a month-to-month basis. Improvements to the Community Center will be paid for by the District. All improvements to the Community Center remain the property of the County. On June 18, 2015, the District and the County entered into an amendment to this lease agreement which extended the lease expiration date from December 12, 2026, to December 12, 2036. Additionally, the amendment modified various other terms of the lease agreement, including the addition of a provision whereby the County may deed the Community Center to the District upon satisfaction of various terms.

Maintenance Shop Lease

On January 1, 2001, the District entered into a lease agreement with the Association to rent the maintenance shop. The initial term of the lease was 1 year with an annual rental fee of \$1 which was paid in full upon execution of the lease. The lease will renew automatically for additional 1-year terms. Upon termination of the lease, any improvements, upon written request of the Association, can be removed by the District.

Land Leases

During 1993, the District entered into an agreement to lease a tract of land from the Jefferson County School District No. R-1 (School District). The initial term of the lease was one year with an annual lease fee of \$1,000 and the option to renew annually. The lease was amended in 1996 to include a second tract of land. The District is responsible for the maintenance of the land and has constructed recreational fields and equipment on one of the tracts. The School District may cancel the lease upon six months' notice if the School District intends to build a school on the site or sell it.

Ken-Caryl Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2025

5. Long-Term Liabilities (continued)

The District's obligations with respect to this land have been limited by an Agreement between the District and the North Ranch Homeowners Association. If so canceled, the School District will reimburse the District for a pro rata share of construction costs incurred, based on the remaining useful life of the facilities constructed.

Other Leases

The District has entered into other lease agreements in which the District assumes responsibility for the total management and maintenance of designated open space land. These include the following properties:

- 119 acres of open space land known as Parcel A, owned by Jefferson County and leased by the District for 25 years beginning October 1994, for \$1 per year.
- 57 acres of open space land known as the Bethel College site owned by Jefferson County and leased by the District for 25 years beginning in May 1992, for \$1 per year.

Both other leases remain in effect on a month-to-month basis, subject to termination by either party on prior written notice unless and until a mutually acceptable renewal or extension agreement is executed by both parties.

The above leases are not reported on the District's financial statements under GASB 87 as they are considered nonexchange transactions or immaterial to the financial statements as a whole.

6. Significant Agreements

Operations Agreement with Ken-Caryl Ranch Master Association

Effective January 1, 1989, the District entered into a long-term Reorganization Agreement (Agreement) with the Association to assume responsibility for the operation of certain recreational programs, the operation and maintenance of parks/recreation facilities, and the maintenance of parks, open space, and landscaping on behalf of the Association. The Agreement provides the District with a license to occupy and use Association property and facilities in order to perform these functions; however, title to the property and facilities remains with the Association. The District is responsible for all costs of operations and maintenance. The Agreement automatically renews annually unless terminated by either entity with at least 120 days' notice prior to the end of any calendar year; provided however, the Association can only give notice if the District fails to perform its obligations under the Agreement. During 2014 the District and the Association entered into the First Amendment to Reorganization Agreement modifying several sections of the original Agreement.

During 2019, the District and Association added Exhibit D "MA Property Improvements" to the First Amendment to the Reorganization Agreement. Exhibit D detailed the value of the District's bond capital projects that improved Association property. The total value of the improvements to Association property was \$5,022,433.

Ken-Caryl Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2025

6. Significant Agreements (continued)

During 2019, the District and Association added a Second Amendment to the Reorganization Agreement. The Second Amendment redistributed the obligations to pay for water service related to certain water taps.

The Association will now pay all costs arising from the water taps on Association property (“MA taps”) and half of the costs arising from water taps on shared property (“Shared taps”).

Shared Expenditures with Ken-Caryl Ranch Master Association

The District and Association incur expenditures on behalf of each other for administrative services, office supplies and other costs. The expenditure is reimbursed on a monthly basis. On December 20, 1988, the District and Association entered into a Reorganization Agreement pursuant to which the District assumed responsibility for the operation, maintenance, and associated costs and expenses, of certain Association parks and recreation services, and the Association granted the District authority to use the Association’s property as set forth and defined in the Reorganization Agreement, to accomplish the parks and recreation services. During 2025, the Association reimbursed the District \$130,083 under the agreement, included in the contributions in statement of activities.

Ken-Caryl Ranch Foundation

The Ken-Caryl Ranch Foundation (Foundation) is a Colorado non-profit corporation. Although its original articles of incorporation set forth a detailed list of the activities it was organized to perform, the IRS required the Foundation incorporators to remove this detailed list of purposes as a condition to granting the Foundation tax-exempt status. Accordingly, at this time, the Foundation is limited to the purposes permitted a tax-exempt non-profit corporation and those activities coming within the scope of the Colorado non-profit corporations act.

On February 4, 2003, the Foundation conveyed the Dakota Hogback open space to the District in exchange for open space owned by the District. The open space exchange provides the District with more contiguous, usable open space for the use and enjoyment of its citizens.

7. Fund Equity

As of December 31, 2025, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$263,944 is comprised of prepaid amounts which are not in spendable form.

Ken-Caryl Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2025

7. Fund Equity (continued)

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$191,700 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11).

The restricted fund balance in the Conservation Trust and Grant Fund in the amount of \$262,955 represents amounts restricted for parks and recreation capital and certain operating uses. The restricted fund balance in the PMD Settlement Capital Projects Fund of \$1,171,042 is to be used for capital additions and improvements in accordance with the settlement agreement. The final settlement was received in 2024.

The restricted fund balance in the Community Garden Fund the amount of \$13,000 is restricted by agreement to be used for the primary purpose of restoring the area where the community garden was constructed to the conditions existing prior to the construction of the community garden. Additionally, if there are no other funds in the Community Garden Fund, the funds may also be used for the repair of damage or vandalism to, or maintenance or repair of the community garden and/or premises.

The restricted fund balance in the Veterans Monument Fund in the amount of \$2,186 is restricted by contributors to be used for the construction and operation of the Veterans Monument.

Committed Fund Balance

The committed fund balance in the Community Garden Fund in the amount of \$29,975 represents accumulated unspent contributions and garden fees that are approved by the board for the operations of the community garden.

The committed fund balance in the Capital Reserve Fund in the amount of \$1,315,917 is to be used for capital additions and improvements as approved by the board of directors for the benefit of the district.

Assigned Fund Balance

The assigned fund balance (operating reserve) in the General Fund in the amount of \$358,442 is to reserve funds if needed in the event of a financial crisis (e.g., unforeseen events, a circumstance which was known to be possible but cannot be predicted with certainty, sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss of revenues, or uninsured losses).

8. Net Position

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

Ken-Caryl Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2025

8. Net Position (continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had investment in capital assets of \$10,585,400.

Restricted net positions include amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District had restricted net position as of December 31, 2025 as follows:

Restricted for:	
Emergencies (See Note 11)	\$ 191,700
Parks and recreation	262,955
Capital additions and improvements	1,171,042
Community garden reserve account	13,000
Veterans monument	2,186
	<u>\$ 1,640,883</u>

9. Pension Plans

Deferred Compensation Plan

The District has two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by the Mission Square Retirement. The plans allow the employees to defer a portion of their salary until future years.

One plan (Mandatory Plan) is for part-time employees who do not qualify for the 401a plan. Beginning January 1, 1999, all part-time employees of the District began contributing 6.2% of compensation to the Section 457 Deferred Compensation Plan in lieu of Social Security contributions. Under this plan, 6.2% of the employees' compensation is withheld and remitted to the plan administrator along with a matching payment of 6.2% from the District. The District and employees made the required contributions for 2025 of \$72,972.

The second plan (Voluntary Plan) is for full-time employees and part-time employees who have completed one year of service and elect to participate in the plan. The full-time and part-time employees may make elective contributions to the plan, which are not matched by the District. The employees made voluntary contributions for 2025 of \$24,033.

Effective January 1, 1997, the District amended the plan to require all amounts deferred to be held in trust for the exclusive benefit of the participating employees and not be accessible by the District or its creditors.

Ken-Caryl Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2025

9. Pension Plans (continued)

Defined Contribution Plan

The salaried employees of the District began participating in a defined contribution plan, maintained and administered by Mission Square Retirement, on October 20, 1993. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Beginning January 1, 1999, salaried employees began contributing a mandatory 10.0% of their earnings to this plan in lieu of contributions to Social Security. Participation in salaried employees is mandatory upon employment. Under this plan, 10.0% of the employees' compensation is withheld and remitted to the plan Administrator along with a matching payment of 10.0% from the District.

The District's contributions, plus earnings, become vested at a rate of 25% for each year of employment and 100% after four years of employment. District contributions for employees who leave employment before four years of participation are used to reduce future contributions of the District. There is no liability for benefits under the plan beyond the District's matching payments. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors. The District and employees made the required contributions for 2025 of \$219,367.

10. Risk Management

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2025. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

11. Tax, Spending and Debt Limitations

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

Ken-Caryl Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2025

11. Tax, Spending and Debt Limitations (continued)

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

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

On May 7, 2002, the voters of the District approved the following TABOR ballot question:

“Shall the Ken-Caryl Ranch Metropolitan District be permitted to collect, retain and expend all revenue it receives in 2002 as a voter-approved revenue change an property tax revenue change under Article X, Section 20 of the Colorado constitution, and to exceed in 2002 the 5.5% property tax revenue growth limitation contained in Section 29- 1-301, Colorado Revised Statutes and any other revenue limitation contained in the laws of the state for the purpose of: the design and renovation of median islands throughout the Ken-Caryl Ranch Metropolitan District?”

On May 6, 2008, the voters of the District approved the following TABOR ballot questions:

“Shall Ken-Caryl Ranch Metropolitan District taxes be increased \$489,385 (first full fiscal year dollar increase) annually, to be levied in year 2008 for collection in the calendar year 2009, and by such additional amounts raised annually thereafter, by increasing its existing property tax by 2.5 mills to be used by the District for capital improvements, maintenance, and general administrative/operational purposes?”

“Shall the Ken-Caryl Ranch Metropolitan District be authorized to collect, retain an spend all money collected from property taxes and all other revenue sources, effective January 1, 2008 and every year thereafter, for capital improvements, maintenance and general administrative/operational purposes as a voter approved exception to the revenue and spending limits of Article X, Section 20 of the Colorado constitution, the 5.5% property tax limitation of Section 29-1-301, Colorado Revised Statutes, and the revenue and spending limits of any other state law?”

Ken-Caryl Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2025

11. Tax, Spending and Debt Limitations (continued)

On May 6, 2014, the voters of the District approved the following TABOR ballot question:

“Shall Ken-Caryl Ranch Metropolitan District (the “District”) debt be increased \$7,900,000, with a repayment cost of \$9,700,000 or by such lesser amount as may be necessary, and shall the District’s taxes be increased \$970,000 annually or by such lesser amount as may be necessary for the payment of such debt and any refunding thereof, such debt to be general obligation bonds or other obligations of the District, including contracts or leases (the “Bonds”), all the purpose of designing, improving, constructing, relocating, installing, completing, and other providing improvements to community parks and recreation amenities and facilities within the District’s boundaries.”

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

12. Subsequent Events

Management has evaluated subsequent events through June 24, 2026, the date which the financial statements were available to be issued.

Required Supplementary Information

Ken-Caryl Ranch Metropolitan District
Schedule of Revenues, Expenditures and Changes
in Fund Balance—Actual and Budget—Conservation Trust Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for 2024)

	Original and Final Adopted Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	2024 Actual
Revenues:				
Intergovernmental	\$ 68,253	\$ 67,326	\$ (927)	\$ 68,777
Total revenues	<u>68,253</u>	<u>67,326</u>	<u>(927)</u>	<u>68,777</u>
Expenditures:				
Capital outlay	-	-	-	39,831
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,831</u>
Net change in fund balance	<u>68,253</u>	<u>67,326</u>	<u>(927)</u>	<u>28,946</u>
Fund balance—beginning of year		<u>195,629</u>		<u>166,683</u>
Fund balance—end of year		<u><u>\$ 262,955</u></u>		<u><u>\$ 195,629</u></u>

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

Ken-Caryl Ranch Metropolitan District
Schedule of Revenues, Expenditures and Change
in Fund Balance—Actual and Budget—Community Garden Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for 2024)

	Original and Final Adopted Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	2024 Actual
Revenues:				
Garden fees	\$ 3,315	\$ 3,330	\$ 15	\$ 3,315
Total revenues	3,315	3,330	15	3,315
Expenditures:				
Garden maintenance and supplies	1,000	440	560	90
Total expenditures	1,000	440	560	90
Net change in fund balance	2,315	2,890	575	3,225
Fund balance—beginning of year		40,085		36,860
Fund balance—end of year		<u>\$ 42,975</u>		<u>\$ 40,085</u>

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

Ken-Caryl Ranch Metropolitan District
Schedule of Revenues, Expenditures and Change
in Fund Balance—Actual and Budget—Veterans Monument Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for 2024)

	Original and Final Adopted Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	2024 Actual
Expenditures:				
Parks and facilities supplies	\$ 2,000	\$ 1,618	\$ 382	\$ 1,721
Total expenditures	2,000	1,618	382	1,721
Net change in fund balance	(2,000)	(1,618)	382	(1,721)
Fund balance—beginning of year		3,804		5,525
Fund balance—end of year		<u>\$ 2,186</u>		<u>\$ 3,804</u>

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

Supplementary Information

Ken-Caryl Ranch Metropolitan District
Schedule of Revenues, Expenditures and Change
in Fund Balance—Actual and Budget—Debt Service Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for 2024)

	Original and Final Adopted Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	2024 Actual
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ 941,880
Total revenues	-	-	-	941,880
Expenditures:				
Treasurer fees and other	-	-	-	14,491
Bond principal	-	-	-	864,200
Bond interest	-	-	-	52,500
Total expenditures	-	-	-	931,191
Excess (deficiency) of revenues over expenditures	-	-	-	10,689
Other financing sources (uses):				
Transfers (out)	-	-	-	(10,326)
Total other financing sources (uses)	-	-	-	(10,326)
Net change in fund balance	-	-	-	363
Fund balance—beginning of year		-		(363)
Fund balance—end of year		\$ -		\$ -

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

Ken-Caryl Ranch Metropolitan District
Schedule of Revenues, Expenditures and Change
in Fund Balance—Actual and Budget
PMD Settlement Capital Projects Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for 2024)

	Original and Final Adopted Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	2024 Actual
Revenues:				
Legal settlement proceeds	\$ -	\$ -	\$ -	\$ 652,000
Net investment income	35,380	49,620	14,240	46,436
Total revenues	35,380	49,620	14,240	698,436
Expenditures:				
Capital outlay	5,000	2,917	2,083	50,581
Total expenditures	5,000	2,917	2,083	50,581
Net change in fund balance	30,380	46,703	16,323	647,855
Fund balance—beginning of year		1,124,339		476,484
Fund balance—end of year		<u>\$1,171,042</u>		<u>\$1,124,339</u>

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

Ken-Caryl Ranch Metropolitan District
Schedule of Revenues, Expenditures and Change
in Fund Balance—Actual and Budget
Capital Reserve Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for 2024)

	Original and Final Adopted Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	2024 Actual
Revenues:				
Grants	\$ -	\$ -	\$ -	\$ 257,417
Other income	-	-	-	81,155
Total revenues	-	-	-	338,572
Expenditures:				
Capital outlay	1,126,477	901,360	225,117	1,095,215
Total Expenditures	1,126,477	901,360	225,117	1,095,215
Excess (deficiency) of revenues over expenditures	(1,126,477)	(901,360)	(225,117)	(756,643)
Other financing sources (uses):				
Transfers (in)	500,000	500,000	-	2,260,326
Sale of capital assets	-	10,350	10,350	13,885
Total other financing sources (uses)	500,000	510,350	10,350	2,274,211
Net change in fund balance	(626,477)	(391,010)	(214,767)	1,517,568
Fund balance—beginning of year		1,706,927		189,359
Fund balance—end of year		\$ 1,315,917		\$1,706,927

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

Other Information

Ken-Caryl Ranch Metropolitan District

Summary of Assessed Valuation, Mill Levy, and Property Taxes Collected For the Year Ended December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property	Mills Levied		Total Property Taxes		Percent Collected to Levied
	Tax Levy	Operations	Debt Service	Levied	Collected	
1994	\$ 97,678,070	14.950	0.000	\$ 1,460,287	\$ 1,458,485	99.88%
1995	\$ 99,959,430	14.950	0.000	\$ 1,494,393	\$ 1,489,631	99.68%
1996	\$ 105,177,210	14.950	0.000	\$ 1,572,399	\$ 1,562,599	99.38%
1997	\$ 107,624,860	14.950	0.000	\$ 1,608,992	\$ 1,597,157	99.26%
1998	\$ 112,701,760	14.950	0.000	\$ 1,684,891	\$ 1,655,886	98.28%
1999	\$ 111,458,530	14.950	0.000	\$ 1,666,305	\$ 1,663,473	99.83%
2000	\$ 121,478,580	14.950	0.000	\$ 1,816,105	\$ 1,811,055	99.72%
2001	\$ 121,881,950	14.420	0.000	\$ 1,757,538	\$ 1,759,045	100.09%
2002	\$ 148,012,010	14.420	0.000	\$ 2,134,333	\$ 2,179,870	102.13%
2003	\$ 147,078,030	14.950	0.000	\$ 2,198,817	\$ 2,153,742	97.95%
2024	\$ 147,806,287	13.360	0.000	\$ 1,974,692	\$ 1,972,930	99.91%
2005	\$ 146,490,300	14.420	0.000	\$ 2,112,390	\$ 2,105,363	99.67%
2006	\$ 154,445,800	14.420	0.000	\$ 2,227,108	\$ 2,220,206	99.69%
2007	\$ 155,245,130	14.170	0.000	\$ 2,199,823	\$ 2,210,448	100.48%
2008	\$ 186,432,440	12.710	0.000	\$ 2,369,556	\$ 2,351,652	99.24%
2009	\$ 181,810,400	15.339	0.000	\$ 2,788,789	\$ 2,785,023	99.86%
2010	\$ 182,926,380	15.228	0.000	\$ 2,785,603	\$ 2,784,186	99.95%
2011	\$ 189,705,940	15.240	0.000	\$ 2,891,119	\$ 2,887,763	99.88%
2012	\$ 174,144,901	15.242	0.000	\$ 2,654,317	\$ 2,650,780	99.87%
2013	\$ 159,481,779	15.239	0.000	\$ 2,430,343	\$ 2,431,992	100.07%
2014	\$ 157,215,944	15.227	0.000	\$ 2,393,927	\$ 2,394,032	100.00%
2015	\$ 157,047,445	15.217	6.180	\$ 3,360,344	\$ 3,362,235	100.06%
2016	\$ 178,471,735	15.214	5.440	\$ 3,686,155	\$ 3,683,444	99.93%
2017	\$ 177,947,187	15.225	5.460	\$ 3,680,838	\$ 3,683,005	100.06%
2018	\$ 191,319,473	15.225	5.460	\$ 3,957,443	\$ 3,941,451	99.60%
2019	\$ 193,370,882	15.280	4.398	\$ 3,805,152	\$ 3,805,747	100.02%
2020	\$ 213,211,049	15.216	3.968	\$ 4,090,241	\$ 4,086,791	99.92%
2021	\$ 215,656,617	15.222	3.968	\$ 4,138,450	\$ 4,094,644	98.94%
2022	\$ 234,190,989	15.364	3.968	\$ 4,527,380	\$ 4,523,394	99.91%
2023	\$ 230,856,600	15.227	3.984	\$ 4,434,986	\$ 4,425,280	99.78%
2024	\$ 277,532,908	15.273	3.343	\$ 5,166,553	\$ 5,245,001	101.52%
2025	\$ 274,780,927	15.250	0.000	\$ 4,190,409	\$ 4,187,041	99.92%

Estimated for the year
ending 12/31/2026 \$ 291,155,841 15.367 0.000 \$ 4,474,192

Note

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

Ken-Caryl Ranch Metropolitan District
Top Taxpayers Within the District
For the Year Ended December 31, 2025

Name/Business	Assessed Valuation For 2025 Taxes Levied	% of 2025 Total District Assessed Valuation
LMC PROPERTIES INC	\$ 17,109,874	5.88%
JOHNS MANVILLE	9,990,827	3.43%
PUBLIC SERVICE CO OF COLORADO	3,341,698	1.15%
JOHNS MANVILLE	2,583,518	0.89%
PAVLOVSKY LLC	1,576,854	0.54%
LOCKHEED MARTIN CORP	1,506,481	0.52%
KEN CARYL EXECUTIVE PLAZA LLC	1,349,001	0.46%
PUBLIC STORAGE EURO PARTNERSHIP VI LTD	1,258,196	0.43%
CONTINENTAL DIVIDE LLC	1,248,777	0.43%
BIZU LTD L L C	1,219,779	0.42%
	<u>\$ 41,185,005</u>	<u>14.15%</u>

Source: Jefferson County Assessor's Office

Ken-Caryl Ranch Metropolitan District
Assessed Valuation of Classes of Property in the District
For the Year Ended December 31, 2025

Name/Business	Assessed Valuation For 2025 Taxes Levied	% of 2025 Total District Assessed Valuation
Residential	\$227,765,035	78.23%
Commercial/Industrial	59,027,653	20.27%
State Assessed (Public Utilities)	3,841,153	1.32%
Vacant Land	522,000	0.18%
Total	<u>\$ 291,155,841</u>	<u>100.00%</u>