

Highlands Ranch Community Association, Inc. 2025 Budget Message

The annual budget for the Highlands Ranch Community Association, Inc. (HRCA) is a financial and operational document that is designed to carry out the legal obligations of the HRCA. The annual budget also follows the policies of the Board of Directors, which reflects the requests for services and facilities by the members. The following summary of the Administrative Fund and Recreation Fund provides an overview of the budget, including revenues and expenses, capital outlay, reserve allocation and expense, and bonded debt (principal and interest).

HRCA Funds

Administrative Operating Fund. The Administrative Operating Fund is separate and distinct from the Recreation Fund. Administrative Fund expenses include items such as covenant control, community relations, finance, and portions of management expenses for HRCA activities and responsibilities. Revenues are generated through the Administrative Function Common Assessment (AFCA) which is paid by all owners of privately owned sites (commercial and residential) annexed into the HRCA, fees for certain cost-related administrative items and event revenue.

Administrative Reserve Fund. Annually, the HRCA has reserved funds for the replacement of Administrative Function assets. Typical expenditures are for computer and telephone equipment, software, and office furniture.

Recreation Operating Fund. The Recreation Operating Fund revenues include several categories. The revenues are separated based on-site specific revenues, multi-facility program revenues and the Recreation Function Common Assessment (RFCA). Expenses are categorized by operating and staff expenses at specific facilities, multi-facility program and staff expenses, and debt service. Only owners of privately owned sites that have been annexed into the Recreation Function are obligated to pay the RFCA.

Recreation Reserve Fund. Annually, the HRCA has reserved funds for replacement of major assets over a period of years. A roof is an example of an asset for which the HRCA annually sets aside a portion of the replacement cost so when the roof is in need of repair or replacement; funds are available without asking the members for special assessments to cover the expense. In January 2022, the HRCA received an updated reserve study from the independent engineering firm, Borne Consulting. The reserve study identified repairs and replacements and forecasts the time for the repair as well as the cost. HRCA will budget in future years to conduct another Reserve Study to confirm the future needs of the Recreation Reserve Fund.

Backcountry Fund. The Backcountry Fund is a sub-fund of the Recreation fund and is supported by program revenues, contributions from the Highlands Ranch Backcountry Conservation and Education Fund 501c3 and transfers from the Recreation Fund. The mission of the Backcountry Wilderness area is to “Provide visitors with unprecedented opportunities to enjoy nature near where they live, while protecting and conserving natural, cultural, archaeological, and historical resources for the enjoyment of future generations.”

Backcountry Reserve Fund. Annually, the HRCA has reserved funds for the replacement of Backcountry Function assets. Typical expenditures are for livestock, maintenance equipment and property improvements.

OSCA Fund. Funded by transaction related to the Open Space Conservation Agreement (“OSCA”) with Shea Homes Limited Partnership (“Shea Homes”). The final contributions to the OSCA fund occurred in 2018.

Debt Service and Plant Funds. Funded by transfers from the Recreation Operating Fund, the Debt Service Fund has been established to accumulate funds that are utilized to retire the bond obligations established in 1995, 1999, and 2005. The 2005 Bonds mature in December 2024 and no debt service is included in the 2025 Budget.

2025 Assessments

The HRCA has always made a committed effort to minimize Community Assessment increases. Additionally, Section 8.19 of the Community Declaration states that the Board, in budgeting and levying assessments, shall endeavor, whenever possible, to fund the Reserve Funds by regularly schedule payments, included as a part of Common Assessments, rather than by large Special Assessments. The proposed 2025 assessment amounts achieve both of these goals.

There is an overall annual increase of \$12.00 (1.8%) in total Homeowner Assessments for 2025. The total quarterly Homeowner assessment will be \$171.00. The CPI (Consumer Price Index – Denver, Aurora, Lakewood – Housing - Shelter) as of July 2024 was 3.0%.

Total Assessment Increase		
Per Month	Per Quarter	Annual
\$ 1.00	\$ 3.00	\$ 12.00

Admin Assessment Increase		
Per Month	Per Quarter	Annual
\$ 0.08	\$ 0.25	\$ 1.00

Recreation Assessment Increase		
Per Month	Per Quarter	Annual
\$ 0.92	\$ 2.75	\$ 11.00

Admin Assessments (AFCA). \$16.00/QTR or \$64.00/year, an annual increase of \$1.00.

Recreation Assessments (RFCA). \$155.00/QTR or \$620.00/year, an annual increase of \$11.00.

2025 Budget Assumptions

The HRCA budget anticipates the level of services to be provided, the costs of doing so, and the funds that will be available to provide these services. Types of services and facilities provided are determined by the Community Declaration. The Board of Directors determines the level of service with input from membership, committees, and Delegates.

Major assumptions affecting the 2025 budget are as follows:

- Assessments: no increase in property count.
- Reserve and Capital Expenditures: Total \$10,066,000 Additional information is provided in the detailed budget file.
 - Recreation Reserve Expenditures: Total of \$9,016,250, including \$6,200,000 for the renovation of the Westridge Recreation Center.
 - Recreation Capital Expenditures: \$175,000
 - Backcountry Capital (OSCA) and Reserve: \$678,000 and \$73,000 respectively. \$400,000 of capital expenditures related to planning and development of Base Camp and Wildcat Regional Park.
 - Administration Reserve and Capital Expenditures: Total \$131,800, all related to IT equipment.
- Payroll: 4% annual increases, 11 FTE increase and select wage adjustments
 - Five of the additional FTE's are program related and generate revenue. 1.5 of the additional FTE's are related to cost savings measures.
- Benefits: 3% cost increase for medical. No changes to other benefit programs.
- Insurance: 5% increase to property, liability, D&O, cyber, etc. based on September 2024 renewal.
- Utilities: 5% increase to gas; 4% increase to electricity; 3% increase to water with a reduction at Westridge due to xeriscaping project in 2024.
- Carryover \$50K for community survey from 2024 Budget.
- 150 basis point reduction in interest earnings, net interest income down \$227K
- Approximately \$400K in annual cost savings initiatives identified, both in progress and future.

**Highlands Ranch Community Association
Net Fund Balances**

Administration Fund				
	Forecast		Budget	
	2024		2025	
Administration: Operations				
<i>Min - 1 Month OpEx</i>	\$	0.26	\$	0.28
<i>Mid - 2 Months OpEx</i>	\$	0.53	\$	0.55
<i>Max - 3 Months OpEx</i>	\$	0.79	\$	0.83
Admin Ops Fund Balance	\$	3.47	\$	3.70
<i>Var. to min</i>	\$	3.20	\$	3.42
<i>Var. to mid</i>	\$	2.94	\$	3.15
<i>Var. to max</i>	\$	2.67	\$	2.87
Administration: Reserve				
<i>Min - 1 Year Expenditures</i>	\$	0.10	\$	0.16
<i>Mid - 1.5 Years Expenditures</i>	\$	0.16	\$	0.24
<i>Max - 2 Years Expenditures</i>	\$	0.21	\$	0.31
Admin Res Fund Balance	\$	0.51	\$	0.49
<i>Var. to min</i>	\$	0.41	\$	0.34
<i>Var. to mid</i>	\$	0.36	\$	0.26
<i>Var. to max</i>	\$	0.30	\$	0.18
Recreation Fund				
	Forecast		Budget	
	2024		2025	
Recreation: Operations				
<i>Min - 1 Month OpEx</i>	\$	1.76	\$	1.81
<i>Mid - 2 Months OpEx</i>	\$	3.52	\$	3.62
<i>Max - 3 Months OpEx</i>	\$	5.28	\$	5.43
Recreation Ops Fund Balance	\$	3.47	\$	1.82
<i>Var. to min</i>	\$	1.71	\$	0.01
<i>Var. to mid</i>	\$	(0.05)	\$	(1.81)
<i>Var. to max</i>	\$	(1.81)	\$	(3.62)
Recreation: Reserve				
<i>Min - 1 Year Expenditures</i>	\$	2.76	\$	4.10
<i>Mid - 1.5 Years Expenditures</i>	\$	4.13	\$	6.14
<i>Max - 2 Years Expenditures</i>	\$	5.51	\$	8.19
Recreation Res Fund Balance	\$	3.99	\$	2.03
<i>Var. to min</i>	\$	1.24	\$	(2.06)
<i>Var. to mid</i>	\$	(0.14)	\$	(4.11)
<i>Var. to max</i>	\$	(1.52)	\$	(6.16)
Backcountry Fund				
	Forecast		Budget	
	2024		2025	
Backcountry: Operations				
<i>Min - 1 Month OpEx</i>	\$	0.09	\$	0.11
<i>Mid - 2 Months OpEx</i>	\$	0.18	\$	0.21
<i>Max - 3 Months OpEx</i>	\$	0.27	\$	0.32
Backcountry Ops Fund Balance	\$	(0.07)	\$	(0.08)
<i>Var. to min</i>	\$	(0.16)	\$	(0.19)
<i>Var. to mid</i>	\$	(0.25)	\$	(0.30)
<i>Var. to max</i>	\$	(0.34)	\$	(0.40)
Backcountry: Reserve				
<i>Min - 1 Year Expenditures</i>	\$	0.03	\$	0.03
<i>Mid - 1.5 Years Expenditures</i>	\$	0.04	\$	0.05
<i>Max - 2 Years Expenditures</i>	\$	0.05	\$	0.06
Backcountry Res Fund Balance	\$	0.21	\$	0.11
<i>Var. to min</i>	\$	0.19	\$	0.08
<i>Var. to mid</i>	\$	0.17	\$	0.07
<i>Var. to max</i>	\$	0.16	\$	0.05

Highlands Ranch Community Association, Inc.
Statement of Revenues and Expenses for All Funds
2025 Budget

	ADMINISTRATIVE			RECREATION		BACKCOUNTRY		DEBT SERVICE	ELIMINATIONS	TOTAL
	OPERATING	RESERVE	OSCA	OPERATING	RESERVE	OPERATING	RESERVE	& PLANT		
Revenues										
Homeowner assessments	\$ 1,994,816	\$ -	\$ -	\$ 18,941,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,935,816
Homeowner fees	728,482	-	-	-	-	-	-	-	-	728,482
Community improvement services	183,600	-	-	-	-	-	-	-	-	183,600
Legal Revenue	24,000	-	-	-	-	-	-	-	-	24,000
Recreation programs	240,000	-	-	6,779,582	-	1,286,850	-	-	-	8,306,432
Facility operations	-	-	-	1,292,079	-	19,092	-	-	(66,000)	1,245,171
Community events	296,705	-	-	-	-	-	-	-	-	296,705
Advertising	-	-	-	-	-	-	-	-	-	-
Management Fee Revenue	-	-	-	-	-	-	-	-	-	-
Interest	165,570	17,985	202,676	194,961	33,210	-	4,800	-	-	619,202
Other revenue	275,850	-	-	45,180	-	227,880	-	-	-	548,910
Total revenues	3,909,023	17,985	202,676	27,252,803	33,210	1,533,822	4,800	-	(66,000)	32,888,319
Expenses										
Salaries	1,715,145	-	-	11,962,302	-	1,346,577	-	-	-	15,024,025
Employee benefits	457,699	-	-	3,035,287	-	336,523	-	-	-	3,829,510
Facility operations	48,027	-	-	1,252,328	-	160,950	-	-	-	1,461,305
Depreciation Expense	-	97,407	-	-	-	-	104,213	3,120,000	-	3,321,620
Professional services	338,866	-	-	208,530	-	-	-	-	-	547,396
Advertising	-	-	-	42,005	-	-	-	-	-	42,005
Office expenses	296,918	-	-	555,099	-	6,780	-	-	-	858,796
Insurance	70,739	-	-	497,160	-	43,872	-	-	-	611,771
Interest	-	-	-	-	-	-	-	-	-	-
Information Technology Expenses	212,776	-	-	705,754	-	-	-	-	-	918,530
Occupancy	68,931	-	-	1,469,372	-	-	-	-	(66,000)	1,472,303
Program	190,500	-	-	1,220,511	-	229,935	-	-	-	1,640,946
Community events	335,055	-	-	-	-	-	-	-	-	335,055
Conferences, meetings and travel	14,220	-	-	9,945	-	28,400	-	-	-	52,565
Licenses and permits	-	-	-	65,865	-	-	-	-	-	65,865
Dues, subscriptions and memberships	4,586	-	-	8,956	-	-	-	-	-	13,542
Management Fee Expense	-	-	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	-	-
Total expenses	3,753,462	97,407	-	21,033,114	-	2,153,038	104,213	3,120,000	(66,000)	30,195,234
(Gains) / Losses	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenses	155,561	(79,422)	202,676	6,219,689	33,210	(619,216)	(99,413)	(3,120,000)	-	2,693,085
Transfers to Bond Fund	-	-	-	-	-	-	-	-	-	-
Transfers to Backcountry Fund	-	-	-	(600,000)	-	600,000	-	-	-	-
Transfers for Capital Equipment	-	-	-	-	-	-	-	-	-	-
Transfers for Reserves	-	-	(671,000)	(7,265,000)	(1,926,250)	-	671,000	9,191,250	-	-
Total transfers	-	-	(671,000)	(7,865,000)	(1,926,250)	600,000	671,000	9,191,250	-	-
Net revenues (expenses)	\$ 155,561	\$ (79,422)	\$ (468,324)	\$ (1,645,311)	\$ (1,893,040)	\$ (19,216)	\$ 571,587	\$ 6,071,250	\$ -	\$ 2,693,085

2025 REC RESERVE BUDGET

NORTHRIDGE				
	Item	Reserve Study Year	Budget	Justification
1	Replace Exercise Equipment	2025	\$ 61,000	Replace exercise equipment in fitness area
2	Replace Circuit Equipment	2025	\$ 105,000	Replace Circuit Equipment- last replaced in 2004 (price rec'd- CM)
3	Replace Pool filters	2025	\$ 120,000	Replace pool filters for indoor and outdoor pools
4	Tennis Pavilion Inspection/ Annual Repairs	2025	\$ 11,000	Annual inspection/ repair of tennis structure
5	Indoor Tennis Court Re Surfacing	2024	\$ 78,000	Re surface indoor tennis courts- last re surfaced in 2018 (\$13k per court)
6	Replace Sauna Heaters	2024	\$ 6,000	Replace sauna heaters in women's- 5 year replacement cycle (remodel in 2018)
7	Replace TV's	2024	\$ 5,000	Replace TV's in Cardio area
8	Replace Fitness equipment (programs)	2025	\$ 7,000	Replace fitness programming equipment
9	Pool Furniture	2024	\$ 18,000	Pool Furniture replacement
10	Duct work repairs	0	\$ 35,000	based on Martin Martin recommendations
Annual	Parking Lot Maintenance	2025	\$ 26,150	Seal Coat and Asphalt Maintenance (IP,CS,S)
Annual	Concrete Repairs	2025	\$ 10,000	Replacement portions of concrete
Annual	Pool Equipment	2025	\$ 12,000	Vacuum, Pace clocks, Backstroke flags, chemical control pumps
Annual	Aquatic Critical Repair Parts	2025	\$ 9,000	Back up/ replacement critical repair parts to prevent shut downs (motors, seals, impellers)
Annual	Mechanical Critical Repair Parts	2025	\$ 8,000	Back up/ replacement critical repair parts for maintenance
Annual	Furniture and Furnishings	2025	\$ 7,800	Replace desk, task chairs, tables, etc...
	TOTAL:		\$ 518,950.00	

SOUTHRIDGE				
	Item	Reserve Study Year	Budget	Justification
1	Sprayground Play feature - refurbish	2025	\$ 26,000	Repaint -sprayground structure
2	Replace Exercise Equipment	2025	\$ 60,000	Replace exercise equipment in fitness area
3	Replace ADA lift	2025	\$ 9,000	Replace ADA lift
4	Resurface Tennis courts	0	\$ 65,000	Resurface outdoor tennis courts (\$13k per court)
0		0	\$ -	0
Annual	Parking Lot Maintenance	2025/2026	\$ 375,000	Mill overlay parking Lot
Annual	Concrete Repairs	2025	\$ 10,000	Replacement portions of concrete
Annual	Pool Equipment	2025	\$ 20,000	LG Stand, UV maint/parts
Annual	Aquatic Critical Repair Parts	2025	\$ 5,000	Back up/ replacement critical repair parts
Annual	Mechanical Critical Repair Parts	2025	\$ 8,000	Back up/ replacement critical repair parts for maintenance
Annual	Furniture and Furnishings	2025	\$ 14,000	Replace desk, task chairs, tables, etc..
	TOTAL:		\$ 592,000	

2025 REC RESERVE BUDGET

EASTRIDGE				
	Item	Reserve Study Year	Budget	Justification
1	Replace Volleyball lighting	2025	\$ 12,000	improve lighting for night play
2	HVAC unit replacement	2024	\$ 675,000	Replacement of 8 units
3	Indoor Water Slide Refurbish. Maint	2025	\$ 7,000	Maintenance to include waxing, safety inspections, etc...
4	Replace Indoor Aquatic Play Feature	2025	\$ 5,500	Replacement of newt (pricing?)
5	Replace Rock Climbing Flooring & Holds	2025	\$ 20,000	Replace flooring for rock wall and replace climbing wall holds (AD-\$15k floor)
6	Replace Exercise Equipment	2025	\$ 60,000	Replace exercise equipment in fitness area
7	Replace Leisure Pool Windows - Rust Abatement	2025	\$ 415,000	Replacement of leisure pool windows, rust abatement and drywall
8	Replace ODP pergola	2025	\$ 45,000	Removal of pergola from 1990 and replace with shade structure
Annual	Parking Lot Maintenance	2025	\$ 25,000	Annual Parking lot maintenance (IR, CS, S)
Annual	Concrete Repairs	2025	\$ 10,000	Replacement portions of concrete
Annual	Pool Equipment	2025	\$ 21,000	UV maint, ODP baby fish feature, pool grates, outdoor pool lights
Annual	Aquatic Critical Repair Parts	2025	\$ 6,000	Back up/ replacement critical repair parts for aquatics
Annual	Mechanical Critical Repair Parts	2025	\$ 6,000	Back up/ replacement critical repair parts for maintenance
Annual	Furniture and Furnishings	2025	\$ 10,000	Replace desk, task chairs, tables, etc..
TOTAL:			\$ 1,317,500	

WESTRIDGE				
	Item	Reserve Study Year	Budget	Justification
1	WR Remodel Project	2025-2027	\$ 6,200,000	Updated lobby, new millwork, renovate locker rooms, gym turf, etc...
2	Replace Fixed windows	2025	\$ 10,000	Replace a portion of fixed windows
3	Replace Lap Pool Boiler	2025	\$ 68,500	Replace lap pool boiler - last replaced in 200?
4	Replace Pool furniture	2025	\$ 15,000	Replace outdoor pool furniture (last time replaced?)
5	Replace Exercise equipment	2025	\$ 65,000	Replace exercise equipment in fitness area
6	Replace Race Series Trailer and Wrap	2025	\$ 20,000	Replace race series trailer and wrap, old trailer going to Backcountry
7	Upgrade security surv system	2025	\$ 10,000	Upgrade existing DVR, surveillance cameras
8	Replace Fitness Programming Equipment	2024	\$ 13,300	Replace fitness programming equipment
9	Relocate/ replace ODP slide pump		\$ 20,000	
Annual	Parking Lot Maintenance	2025	\$ 25,000	Annual Maintenance for parking lot (IR, CS, S)
Annual	Concrete Repairs	2025	\$ 8,000	Replacement portions of concrete
Annual	Pool Equipment	2025	\$ 10,000	Dive block resurfacing, dive block covers,
Annual	Aquatic Critical Repair Parts	2025	\$ 8,000	Back up/ replacement critical repair parts to prevent shut downs (motors, seals, impellers)
Annual	Mechanical Critical Repair Parts	2025	\$ 10,000	Back up/ replacement critical repair parts for maintenance
Annual	Furniture and Furnishings	2025	\$ 5,000	Replace desk, task chairs, tables, etc..
TOTAL:			\$ 6,487,800	

SUBTOTAL \$ 8,916,250

HRCA EMERGENCY RESERVES				
Priority	Item	Reserve Study Year	Budget	Justification
1	Emergency Reserves		\$ 100,000	Unplanned, emergency replacement items

2025 REC CAPITAL BUDGET

EASTRIDGE

Item	Budget	Justification
Tent- 20 x 20	\$ 10,000	Additional 20x20 tent - (reduce number of rentals)
UTV	\$ 15,000	Multi use for Facilites/ Events (reduce golf cart rentals)
Youth Wing Bathroom	\$ 125,000.00	Placeholder- conversion of kitchen to bathrooms for increased number of kids (\$30k grant \$\$)
	0 \$ -	0
	0 \$ -	0
TOTAL:	\$ 150,000.00	

WESTRIDGE

Item	Budget	Justification
	0 \$ -	0
	0 \$ -	0
	0 \$ -	0
Contingency	\$ 25,000	0
	0 \$ -	0
TOTAL:	\$ 25,000	

TOTAL: \$ 175,000

HRCA IT BUDGET - CAPITAL/RESERVE

Item	Budget	Justification
Computers	\$ 36,500	Replace computers 2020 or older - 29 in total
5x Palo Alto Firewalls Project (Parts/Labor)	\$ 24,826	5x Palo Alto Firewalls Project (Parts/Labor)
NT Server Migration Project	\$ 52,181	NT Server Migration Project
On-Prem Backup Hardware	\$ 8,000	On-Prem Backup Hardware
Emergency Fund	\$ 10,000	Emergency Fund
TOTAL:	\$ 131,507	

BACKCOUNTRY CAPITAL [PAID FROM OSCA]			
Item	Budget	Justification	Anticipated Timing
Livestock Panels	\$ 2,000.00	Increase flexibility/use of existing arenas in order to increase capacity of camps, divide corrals, etc.	1st-4th Quarter
Horse Loafing Sheds: From 2024	\$ 14,000.00	Last two loafing sheds for last two corrals/hay storage winter	
Horse Tack	\$ 5,000.00	Additional tack for horses purchased previously, and to purchase own tack rather than rent.	1st-4th Quarter
Signs	\$ 5,000.00	Security, Safety, Marketing	1st - 3rd Quarter
Preschool Furniture/Learning Materials	\$ 10,000.00	Outdoor furniture/amenities and learning materials for year around preschool	1st Qtr
1000 gallon stock tanks (from 2024)	\$ 3,000.00	Additional water sources for wildlife	2nd qtr
Base Camp Run In Sheds (from 2024)	\$ 60,000.00	Storage of UTVs, ATVs, Tractors, Mowers, Tools, Trailers, Vehicles	1st-2nd qtr
Trailer Wrap	\$ 5,000.00	Wrap old Race Series trailer	
Yurt	\$ 150,000.00	Preschool programs, winter programs. Increases capabilities for off-season programs.	1st Qtr
Horse Trailer/Buy/Sell	\$ 15,000.00	Sell used horse trailer that is too large for our needs, purchase a new or used smaller trailer for transport to vet, etc.	
Outdoor Arena Rails/Finish (from 2024)	\$ 2,000.00	Additional riding/lesson area	1st-2nd qtr
Architect/Planning/Site Plan/site improvements, etc.	\$ 400,000.00	Roll-over from 2023 and 2024. Additional Base Camp/Wildcat Site Planning, infrastructure, etc.	1st-4th quarter
TOTAL:	\$ 671,000.00		

BACKCOUNTRY RESERVE			
Item	Budget	Justification	Anticipated Timing
UTV	\$ 27,000.00	Replace main camp/program UTV purchased in 2018.	1st-4th Quarter
Stand up Mower	\$ 15,000.00	Replace 8 year old mower purchased in 2017.	1st-4th Quarter
Horses (2)	\$ 6,000.00	Replace senior horses that pass or we find a good home for.	1st-4th Quarter
Security Cameras	\$ 10,000.00	Replace some cameras originally installed in 2016 and 2015.	1st-3rd quarter
Trail Counter replacements (from 2024)	\$ 10,000.00	Replace trail counters that are malfunctioning.	1st-3rd quarter
Wildcat Parking Lot Fence Replacement (from 2024)	\$ 5,000.00	18 years old, scheduled for replacement after 20 years	2nd-3rd quarter
TOTAL:	\$ 73,000.00		