

Research Update:

Douglas County, CO 'AAA' Issuer Credit Rating Affirmed

August 19, 2025

Overview

- S&P Global Ratings affirmed its 'AAA' issuer credit rating on [Douglas County](#), Colo.
- The outlook is stable.
- The rating is based on the application of our "[Methodology For Rating U.S. Governments](#)," Sept. 9, 2024.

Rationale

Security

The issuer credit rating is equivalent to our view of Douglas County's general creditworthiness and represents our assessment of its capacity and willingness to meet financial commitments as they come due, without regard to the terms of a specific debt instrument.

Credit highlights

The 'AAA' rating is supported by Douglas County's steady and growing tax base and prudent financial and capital planning, which has enabled the county to cash-fund a large portion of capital-related expenditures with excess revenue while maintain reserves in accordance with its 10-20% formal reserve policy. Offsetting these strengthens is the county's lower available reserve balance compared with state and national peers; however, we believe the county retains significant financial flexibility given its history of cash-funding capital spending and taxpayer rebates and its lack of public debt and pension liabilities. In addition, the county maintains reserves outside of its general fund in its law enforcement and road and bridge funds, which in our view provide additional operating flexibility and represents two areas the county is experiencing the most expenditure growth given its growing population. We believe the county's ability to use long-term financial and capital planning to identify potential long-term pressures, such as reductions in key revenue streams and growth-related needs are the keys to maintaining credit quality.

Primary Contact

Treasure D Walker

Englewood
303-721-4531
treasure.walker
@spglobal.com

Secondary Contact

Alyssa B Farrell

Englewood
1-303-721-4184
alyssa.farrell
@spglobal.com

The rating also reflects our view of the county's:

- Growing local economy in the Denver metropolitan area that supports income metrics and measures of economic output that are above the national average, which we expect to continue given continued commercial and residential development.
- Operating results that have fluctuated the past four years and will likely continue given the county's practice of cash funding capital projects, with reserves that we expect will remain in accordance with the county's formal reserve policy of 10%-20% of annually budgeted operating general fund.
- Maintenance of policies and practices that are comparable with those of similarly rated median peers, in our view.
- Low debt and liabilities profile given that the county doesn't have any outstanding public debt or pension liabilities.
- For more information on our institutional framework assessment for Colorado counties, see "[Institutional Framework Assessment: Colorado Local Governments](#)," Sept. 11, 2024.

Environmental, social, and governance

In our view, the county is exposed to natural capital risks from water-supply stress and long-term physical risks such as wildfires, which could negatively affect property values, demand, or local demographic trends. Partially offsetting these risks are the county's maintenance of hazard mitigation plans and continued mitigation efforts. Although it is not a water provider, the county spent the majority of its one-time federal stimulus funding on improving wastewater and stormwater infrastructure in partnership with water and sanitation districts that service the county, which included well treatment, replacing water lines, increasing storage, and improving drainage along highway 85 corridor. In addition, the county is in the process of creating a 2050 Comprehensive Water Plan that will inform long-term strategic water planning. Wildfire risks are partially mitigated by conducting land use reviews and the maintenance of a fire operating plan, which guides its response and preparedness efforts. The county's wildfire mitigation efforts include aerial support, which is used as a suppression tool. Given that the county is currently the only local government in the Colorado with aerial wildfire support, the county routinely assists with wildfire mitigation efforts throughout the Front Range corridor.

We view social and governance factors as neutral.

Rating above the sovereign

Our issuer credit rating is equivalent to our view of Douglas County's general creditworthiness and is eligible to be rated above the sovereign because we believe the county can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria "[Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And Assumptions](#)," Nov. 19, 2013, we view Douglas County as exhibiting relatively low funding interdependency with the federal government, as local taxes represent the majority of total governmental funds revenue, and the county has independent taxing authority and treasury management from the federal government.

Outlook

The stable outlook reflects our view that the county will continue to experience steady tax base growth, and that its financial performance, flexibility, and reserve position will remain stable. In addition, we expect the county will continue to adjust its budget to maintain at least balanced operations as a result of state tax structure changes that are expected to result in a reduction in property tax revenues within the outlook horizon. We do not expect to change the rating during our two-year outlook horizon.

Downside scenario

If the county experiences a reduction in financial flexibility stemming from rising fixed costs, elevated capital spending or debt, or a meaningful reduction in reserve levels, we could lower the rating.

Credit Opinion

Economy

Douglas County is one of the fastest-growing counties in the state of Colorado and is routinely ranked as among the top ten wealthiest counties in the United States. It is located approximately 20 miles south of Denver on Interstate Highway 25. The county is strategically located between Denver and Colorado Springs, which are the two main employment centers within the front range urban corridor. Residents have access to employment opportunities both locally and throughout the Denver and Colorado Springs metropolitan statistical areas. The local economy includes employers in retail, healthcare, and financial services, and utilities. The county's top two taxpayers as of 2024 are Park Meadows Mall and HCA Health One, which accounts for 1.46% of total assessed value. As of August 2025, the county's building permits were down about 18% compared to calendar 2024. Although building permits have declined as of the start of calendar year 2025 partially due to elevated interest rates and inflation, management anticipates continued growth in the county's tax base in the near term as a result of ongoing economic development throughout the county. We expect the county's tax base to continue to grow but at a slower rate in the medium term given elevated interest rates and most of the residential development taking place within the county cost more on average compared to surrounding communities.

Financial performance, reserves, and liquidity

The county has finished the past four audited fiscal years with mixed operating results primarily as a result of one-time capital outlay expenditures and the receipt of one-time federal stimulus funding. The county received \$68.2 million in American Rescue Plan Acting funding which were used mostly for water and wastewater projects. In 2024, it finished the year with a surplus of \$8.3 million, or nearly 4% of general fund revenues, primarily as a result of an increase in revenues related to licenses and permits and charges for services. In fiscal 2023, the county finished the year with a deficit of \$5.1 million or 3% of general fund revenues as a result of one-time capital projects. In fiscal 2022, the county experienced a large deficit of \$17.6 million or 13% of general fund revenues primarily as a result of construction related to US Highway 85 improvements. In addition, we note the county implemented temporary property tax relief the past couple of years that reduced general fund collections by about \$10 million in fiscal years 2022 and 2023. The county returned \$37.8 million to property owners in fiscal year 2024. The county implemented

temporary property tax relief due to recently large increases in in property valuations partially stemming from the appeal of the Gallagher Amendment. The county’s largest revenue sources include property taxes (43%), sales and use taxes (21%), and intergovernmental revenues (15%).

For fiscal 2025, the county has adopted a deficit of \$108, 684 or less than 1% of general fund revenues as a result an increase in personnel costs and capital outlay. We expect the county to finish the year as budgeted and long term we expect the county’s financial performance to fluctuate between 0-3% of operating revenue given its practice of cash funding capital projects. Based on the county’s five-year financial forecast, the county is expected to finish fiscal 2026 and fiscal 2027 with positive operating results.

We note starting in 2026, the county is expected to experience a \$11 million reduction annually in property tax revenues as a result of recent state tax legislation, which the county has included in its financial forecasting. Management officials report that no layoffs will be needed as a result of the loss in revenue, and the county plans to offset revenue reductions by making improvement to its technology infrastructure and processes.

Management

The county maintains policies and practices that are comparable to those of similarly rated peers, in our view. Its budgets are realistic and regularly monitored, incorporate the county’s five-year financial model and five-year capital improvement plan (CIP), with funding sources identified, and its formal reserve policies, which include significant integration of longer-term planning, are credit strengths, in our view. While the county maintains formal debt and investment policies that reflect state mandates, we believe its financial and capital planning have resulted in a low debt and liabilities profile and sufficient liquidity. The fund balance policy calls for the maintenance of emergency reserves of 10-20% of annually budgeted operating general fund. In addition, the county maintains reserve policies for its road and bridge and law enforcement authority funds.

Debt and liabilities

The county's direct debt burden is lower than that of median peers given its practice to cash fund capital projects, which we view as a credit strength. The county has no outstanding public debt and doesn’t have pension and other postemployment liabilities. The county participates in an employer defined contribution plan. We do not view pension and other postemployment benefit liabilities as a credit pressure because county employees participate an either a defined contribution pension or deferred compensation plan which do not represent a liability to the county with contributions accounting for a modest portion of the overall budget. We note the county has no concrete plans to issue debt within the next two years. In addition, the county has confirmed that it doesn’t have any private placement debt.

Douglas County, Colorado--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.73
Economy	1.0
Financial performance	3
Reserves and liquidity	2
Management	1.65
Debt and liabilities	1.00

Douglas County, Colorado--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	94	--	94	95
County PCPI % of U.S.	148	--	148	147
Market value (\$000s)	123,934,387	123,934,387	120,935,510	88,616,624
Market value per capita (\$)	314,234	314,234	318,730	240,577
Top 10 taxpayers % of taxable value	3.1	3.1	3.2	3.7
County unemployment rate (%)	4.3	3.9	2.9	2.5
Local median household EBI % of U.S.	168	168	169	167
Local per capita EBI % of U.S.	156	156	156	155
Local population	394,402	394,402	379,429	368,351
Financial performance				
Operating fund revenues (\$000s)	--	219,444	154,392	132,941
Operating fund expenditures (\$000s)	--	232,237	185,318	171,145
Net transfers and other adjustments (\$000s)	--	21,123	25,826	20,514
Operating result (\$000s)	--	8,330	(5,100)	(17,690)
Operating result % of revenues	--	3.8	(3.3)	(13.3)
Operating result three-year average %	--	(4.3)	(3.0)	1.5
Reserves and liquidity				
Available reserves % of operating revenues	--	15.1	12.8	25.6
Available reserves (\$000s)	--	33,222	19,838	34,049
Debt and liabilities				
Debt service cost % of revenues	--	1.1	1.2	0.9
Net direct debt per capita (\$)	51	51	60	19
Net direct debt (\$000s)	20,061	20,058	22,588	7,180
Direct debt 10-year amortization (%)	71	71	--	--
Pension and OPEB cost % of revenues	--	--	--	--
NPLs per capita (\$)	--	--	--	--
Combined NPLs (\$000s)	--	--	--	--

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

Ratings Affirmed

Local Government

Douglas Cnty, CO Unlimited Tax General Obligation	AAA/Stable
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The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have

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different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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