



**GRANBY**  
**GRAND COUNTY, COLORADO**



## **ANNUAL FINANCIAL STATEMENTS**

**December 31, 2022**

## Table of Contents

STATEMENT OF NET POSITION .....	1
STATEMENT OF ACTIVITIES.....	2
BALANCE SHEET – GOVERNMENTAL FUNDS .....	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES .....	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES .....	5
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL.....	6
NOTES TO FINANCIAL STATEMENTS .....	8
SUPPLEMENTARY INFORMATION .....	21
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –BUDGET AND ACTUAL.....	22
DEBT FUND – COLLECTION COST DETAILS – BUDGET AND ACTUAL.....	23
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY.....	24
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED.....	25
OTHER SUPPLEMENTARY INFORMATION .....	26
CHANGE IN TOTAL OVERLAPPING MILL LEVY .....	27
HISTORICAL DEBT RATIOS .....	28

## INDEPENDENT AUDITOR'S REPORT

### To the Board of Granby Ranch Metro District

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Granby Ranch Metro District as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Granby Ranch Metro 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Granby Ranch Metro District as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Granby Ranch Metro District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Granby Ranch Metro 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.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Granby Ranch Metro District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Granby Ranch Metro 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 the 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 opinions on the financial statements that collectively comprise the Granby Ranch Metro District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

BF Borgers CPA PC

BF Borgers CPA PC

Lakewood, Colorado

July 10, 2023

**GRANBY RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 601,424
Cash and investments – restricted	2,086,980
Accounts receivable – specific ownership taxes	5,228
Property taxes receivable	1,057,700
Prepaid expenses	6,155
<b>Total Assets</b>	<b>\$ 3,757,487</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 19,937
Accrued interest payable	53,779
Current portion of general obligation refunding bonds	100,000
General obligation refunding bonds	11,555,000
<b>Total Liabilities</b>	<b>11,728,716</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	1,057,700
<b>NET POSITION (DEFICIT)</b>	
Restricted:	
Emergency reserves	7,900
Debt service	2,091,599
Non-spendable	6,155
Unassigned:	(11,134,585)
<b>Net Position (Deficit)</b>	<b>\$ (9,028,931)</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the 12-Month Period Ended  
December 31, 2022

Functions/Programs	Charges For			Program Revenue		Net (Expense) Revenue and Changes in Net Position
	Expenses	Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Primary Government:</b>						
Government Activities:						
General government activities	\$ (243,894)	\$ -	\$ 52,642	\$ 125,100	\$	(66,152)
Interest and related costs on long-term debt	(696,185)	-	-	-	-	(696,185)
Capital project activities	-	-	-	-	-	-
	<u>\$ (940,079)</u>	<u>\$ -</u>	<u>\$ 52,642</u>	<u>\$ 125,100</u>		<u>(762,337)</u>
<b>General Revenues</b>						
Property taxes						1,158,118
Specific ownership taxes						71,667
Net investment income						50,305
<b>Total general revenue</b>						<u>1,280,090</u>
Change in net position						517,753
<b>Net Position (Deficit) – Beginning of Year</b>						(9,546,684)
<b>Net Position (Deficit) – End of Year</b>						<u>\$ (9,028,931)</u>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
December 31, 2022**

	General Fund	Debt Service Fund	Total Government Funds
<b>ASSETS</b>			
Cash and investments	\$ 601,424	\$ -	\$ 601,424
Cash and investments - Restricted	-	2,086,980	2,086,980
Accounts receivable – spec ownership taxes	609	4,619	5,228
Property taxes receivable	132,900	924,800	1,057,700
Prepaid expenses	6,155	-	6,155
<b>TOTAL ASSETS</b>	<b>741,088</b>	<b>3,016,399</b>	<b>3,757,487</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	19,937	-	19,937
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenue	132,900	924,800	1,057,700
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>152,837</b>	<b>924,800</b>	<b>1,077,637</b>
<b>FUND BALANCES</b>			
Restricted:			
Emergencies (TABOR)	7,900	-	7,900
Debt service	-	2,091,599	2,091,599
Non-spendable	6,155	-	6,155
Unrestricted	574,196	-	574,196
<b>Total Fund Balances</b>	<b>588,251</b>	<b>2,091,599</b>	<b>2,679,850</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 741,088</b>	<b>\$ 3,016,399</b>	
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>			
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:			
Bonds payable			(11,655,000)
Accrued interest payable			(53,779)
<b>Net position of governmental activities</b>			<b>\$ (9,028,929)</b>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**12-Month Period Ended**  
**December 31, 2022**

	General Fund	Debt Service Fund	Total Government Funds
<b>REVENUES</b>			
Property taxes	\$ 133,617	\$ 1,024,501	\$ 1,158,118
Specific ownership taxes	8,342	63,325	71,667
Net investment income	4,156	46,149	50,305
Sol Vista Metro District contribution	-	52,642	52,642
Capital facility fees	125,100	-	125,100
<b>Total Revenues</b>	<b>271,215</b>	<b>1,186,617</b>	<b>1,457,832</b>
<b>EXPENDITURES</b>			
General and administrative costs	243,894	-	243,894
Direct and indirect collection costs	-	54,747	54,747
Debt service			
Bond interest	-	641,438	641,438
Bond principal	-	95,000	95,000
<b>Total Expenditures</b>	<b>243,894</b>	<b>791,185</b>	<b>1,035,079</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>27,321</b>	<b>395,432</b>	<b>422,753</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Fund Transfers In / (Out)	-	-	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES</b>	<b>27,321</b>	<b>395,432</b>	<b>422,753</b>
<b>FIND BALANCES – BEGINNING</b>	<b>560,930</b>	<b>1,696,167</b>	<b>2,257,097</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ 588,251</b>	<b>\$ 2,091,599</b>	<b>\$ 2,679,850</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
12-Month Period Ended  
December 31, 2022**

---

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

---

Net change in fund balances – Total government funds	\$	422,753
--	----	---------

---

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

Principal payment on bonds		95,000
----------------------------	--	--------

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

Decrease in accrued bond interest payable		-
<b>Changes in net position of governmental activities</b>	<b>\$</b>	<b>517,753</b>

---

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2022**

	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amended Budget
<b>REVENUES</b>			
Property taxes	\$ 134,800	\$ 133,617	\$ (1,183)
Specific ownership taxes	9,700	8,342	(1,358)
Capital contributions	75,060	125,100	50,040
Net investment income	2,040	4,156	2,116
<b>Total Revenues</b>	<b>221,600</b>	<b>271,215</b>	<b>49,615</b>
<b>EXPENDITURES</b>			
General and administration	94,000	100,981	(6,981)
Litigation expenses	145,000	142,913	2,087
<b>Total Expenditures</b>	<b>239,000</b>	<b>243,894</b>	<b>(4,894)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(17,400)</b>	<b>27,321</b>	<b>44,721</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER</b>	<b>(17,400)</b>	<b>27,321</b>	<b>44,721</b>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<b>559,300</b>	<b>560,930</b>	<b>1,630</b>
<b>FUND BALANCE – END OF YEAR</b>	<b>\$ 541,900</b>	<b>\$ 588,251</b>	<b>\$ 46,351</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
EXPENDITURE DETAILS - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2022**

	Amended Budget	Actual Amounts	Positive / (Negative) Variance with Amended Budget
<b>GENERAL AND ADMINISTRATION</b>			
District management and accounting fees	\$ 40,600	\$ 40,596	\$ 4
Administrative costs	3,500	2,156	1,344
Audit fees	6,900	7,150	(250)
Collection fees – County Treasurer	6,800	6,682	118
Election services	18,000	17,720	280
Insurance	3,200	2,736	464
Legal fees	15,000	21,543	(6,543)
Collection fees - management co.	-	288	(288)
Newsletter publication costs	-	2,110	(2,110)
<b>Total General and Administration</b>	<b><u>\$ 94,000</u></b>	<b><u>\$ 100,981</u></b>	<b><u>\$ (6,981)</u></b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
12-Month Period Ended December 31, 2022

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Granby Ranch Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order of the District Court in and for Grand County on November 25, 2003, as a quasi-municipal corporation and political subdivision of the State of Colorado and is governed by an elected Board of Directors. The District was originally named SolVista Metropolitan District No. 2 and, on October 23, 2004, the name of the District was changed to Granby Ranch Metropolitan District.

The District operates under a service plan approved by the Town of Granby (Town) in May 2003 as amended with Town approval in June 2006 and November 2016. The District's service area is located in Grand County, Colorado entirely within the boundaries of the Town and is currently comprised of approximately 232.2 acres of land – a significant portion of which is developed and comprised of 362 home Lots. The District was established to provide financing for the design, acquisition, construction and installation of various public improvements within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was also created to provide certain essential public-purpose facilities and public services for the use and benefit of all anticipated residents and taxpayers of real property located within the boundaries of the District.

Approximately 754.8 acres of land is excluded from the District's service boundaries but is subject to paying the District's debt mill levy until the District's existing debt is repaid in full or otherwise defeased.

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 organizations 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 organizations 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 has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the District are 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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred inflows and the sum of liabilities and deferred outflows of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

### **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 a liability is incurred, regardless of the timing of related cash flows.

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 District 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 and specific ownership 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 is due.

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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

### **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 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. On November 12, 2021, the Board adopted the District's 2022 budget, and on August 12, 2022, the Board amended the District's 2022 budget by increasing budgeted expenditures for the General Fund by \$51,000 to \$239,000.

## **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.

Investments are carried at fair value.

## **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 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 inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Maximum Mill Levy: The District's Service Plan establishes a Maximum Mill levy the District is permitted to impose on all taxable property within the District for the purpose of funding the District's debt, operations, maintenance obligations and public services. The Maximum Mill Levy is 60 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since November 01, 2016. As of November 01, 2016, the ratio was 7.96%. The ratio for 2022 was 7.15%, which caused the District's Maximum Mill Levy for 2022 to be 66.797.

Maximum General Mill Levy: The District's Service Plan also establishes a Maximum General Mill Levy the District is permitted to impose on all taxable property within the District's service boundaries for the purpose of funding the District's operations, maintenance obligations and public services. The Maximum General Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since November 01, 2016. As of November 01, 2016, the ratio was 7.96%. The ratio for 2022 was 7.15%, which caused the District's Maximum General Mill Levy for 2022 to be 55.664.

Maximum Debt Mill Levy: The District's Service Plan also establishes a Maximum Debt Mill Levy the District is permitted to impose on all taxable property within the District's service boundaries for the purpose of funding the District's debt obligations. The Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since November 01, 2016. As of November 01, 2016, the ratio was 7.96%. The ratio for 2022 was 7.15%, which caused the District's Maximum Debt Mill Levy for 2022 to be 55.664.

The 2018 Indenture of Trust Agreement for the 2018 Bonds (2018 Bond Indenture) creates additional restrictions on the District's debt mill levy. Specifically, the 2018 Bond Indenture requires the District to levy a debt mill levy of no less than the Maximum Debt Mill Levy if the cash balance in the restricted bond reserve fund is less than \$901,950 (Required Reserve). During the 12-month period ended December 31, 2022, the District maintained the Required Reserve in the restricted bond reserve fund.

## Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the County. In 2022, the District's share of Specific ownership taxes was equal to approximately 6.2% of the property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

## Capital Facility Fees

On June 7, 2006, the District adopted an Amended and Restated Joint Resolution with Headwaters Metropolitan District establishing Capital Facility Fees on all property within the boundaries of the District. The Capital Facility Fee was established at \$6,255 per home lot and the Facility Fee is payable to the District at the time a building permit is issued on each undeveloped Lot. Generally, the purpose of the Capital Facility Fee per the joint resolution is to fund the cost of public improvements. Costs related to public improvements includes, but is not limited to, construction of public improvements, maintenance of public improvements and legal, consulting and other costs related to protecting the District's rights and ownership interests in public improvements.

There are 720 home lots within the District subject to this Facility Fee. As of December 31, 2022, a perpetual lien exists on 332 undeveloped Lots that have not yet paid the Capital Facility Fee to the District.

	<b>Lots</b>	<b>Total Capital Facility Fees</b>
Lots originally subject to Capital Facility Fees	720	\$ 4,503,600
Capital Facility Fees collected through Dec. 31, 2022	(388)	( 2,426,940)
<b>Undeveloped Lots on which the Capital Facility Fee Lien has not yet been released</b>	<b>332</b>	<b>\$ 2,076,660</b>

The Capital Facility Fees were pledged to the repayment of the District's 2006 Bonds, the proceeds of which was used to fund the construction of public improvements. When the District's 2006 bonds were refunded from the proceeds of the District's 2018 Bonds, the Capital Facility Fees were no longer pledged to the repayment of the District's debt and such Fees may now be used to fund any costs related to public improvements – including debt repayment – as determined by the District's Board.

## Contributions from Sol Vista Metropolitan District (SVMD)

On June 1, 2006, the District entered into an intergovernmental funding agreement with Solvista Metropolitan District (SVMD) whereby the District contributed \$1,212,693 of its 2006 bond proceeds to SVMD which SVMD used to repay its obligation to the Developer. In exchange, SVMD agreed to pay the District's bond Trustee all revenues generated as a result of the SVMD mill levy, with the exception of the portion of the specific ownership taxes on motor vehicles imposed by the State of Colorado and net of annual operating costs as defined by the agreement.

SVMD agreed to levy 25.000 mills on all taxable property with in SVMD through 2025 (for collection in 2026). The agreement terminates on the earlier of (i) the date of which all bonds issued by the District have been defeased or (ii) twenty years after date on which the 2006 bonds were issued by the District.

## Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2022 are comprised of property taxes due from Grand County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

## Equity

### Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

### Fund Balance

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: non-spendable, 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:

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a 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 a 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 a 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 a fund balance that does not meet any of the criteria described above.

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

### NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments – unrestricted	\$ 599,594
Cash and investments – restricted	2,086,980
<b>Total cash and investments</b>	<b>\$ 2,686,574</b>

Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	\$ 94,573
Investments	2,592,001
<b>Total cash and investments</b>	<b>\$ 2,686,574</b>

#### Deposits with Financial Institutions

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 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.

At December 31, 2022, the District's cash deposits had a bank balance of \$44,533 and carrying balance of \$94,573.

#### Investments

The District has not adopted a formal investment policy. However, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those listed below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2022, the District's investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 2,592,001

### CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. No limitations exist on the District's ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

### NOTE 4 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2022:

	Balance at Dec. 31, 2021	Additions	Retirements	Balance at Dec. 31, 2022	Due within one year
Series 2018 G.O. Bonds	\$ 11,750,000	\$ -	(\$ 95,000)	\$ 11,655,000	\$ 100,000
Accrued Interest – Series 2018 G.O. Bonds	53,779	641,438	( 641,438)	53,779	53,779
<b>Total</b>	<b>\$ 11,803,779</b>	<b>\$ 641,438</b>	<b>(\$ 736,438)</b>	<b>\$ 11,708,779</b>	<b>\$ 153,779</b>

Details regarding the District's long-term obligations are as follows:

## Series 2018 General Obligation Refunding and Improvement Bonds (Bonds)

On May 3, 2018, the District issued \$11,970,000 of Limited Tax General Obligation Refunding Bonds (the Series 2018 Bonds), to refund the outstanding balance on the 2006 Limited Tax Obligation Bonds. The 2018 Bonds have interest and maturity dates in two tranches. Tranche one consists of \$990,000 bonds that accrues interest at 4.875% per annum and matures on December 1, 2028. The second tranche consists of \$10,980,000 bonds that accrued interest at 5.50% per annum and matures on December 1, 2052. Interest is payable each year on June 1<sup>st</sup> and December 1<sup>st</sup>.

The 2018 Bonds are subject to redemption prior to maturity at the option of the District in whole, or in multiples of \$1,000 on December 1, 2023 and on any date thereafter at the following redemption price plus accrued interest to the redemption date:

Dates	Premium
December 1, 2023 through November 30, 2024	103%
December 1, 2024 through November 30, 2025	102%
December 1, 2025 through November 30, 2026	101%
December 1, 2026 and thereafter	100%

Outstanding principal and interest on the 2018 Bonds mature as follows:

	Principal	Interest	Total
2023	\$ 100,000	\$ 636,806	\$ 736,806
2024	115,000	631,931	746,931
2025	125,000	626,325	751,325
2026	140,000	620,231	760,231
2027	120,000	613,406	733,406
2028 - 2032	830,000	2,956,606	3,786,606
2033 - 2037	1,260,000	2,684,275	3,944,275
2038 - 2042	1,840,000	2,277,550	4,117,550
2043 - 2047	2,605,000	1,692,075	4,297,075
2048 - 2052	4,520,000	870,925	5,390,925
<b>Total</b>	<b>\$ 11,655,000</b>	<b>\$ 13,610,130</b>	<b>\$ 25,265,130</b>

## Debt Authorization

On November 4, 2003, the District's four electors (all of whom were qualified to vote by the owner of all land within the District at that time - SolVista Corporation) authorized the District to issue debt at a net effective interest rate not to exceed 10% per annum in an amount not to exceed \$40,000,000 to fund infrastructure improvements and \$40,000,000 to fund the District's operations and maintenance costs. On November 2, 2004, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$24,000,000 to fund infrastructure improvements at a net effective interest rate not to exceed 10% per annum.

The District's authorized but unissued indebtedness in the following amounts allocated for the following purposes is as follows:

	Authorized Nov. 2003 Election	Authorized Nov. 2004 Election	Total Voter- Authorized Debt
Street improvements	\$ 18,500,000	\$ -	\$ 18,500,000
Water	11,000,000	-	11,000,000
Sanitation	6,000,000	4,000,000	10,000,000
Park & recreation	2,500,000	20,000,000	22,500,000
Transportation	1,000,000	-	1,000,000
Traffic & safety	600,000	-	600,000
Mosquito control	400,000	-	400,000
Intergovernmental agreements	40,000,000	-	40,000,000
Operations & maintenance	40,000,000	-	40,000,000
<b>Subtotal</b>	<b>120,000,000</b>	<b>24,000,000</b>	<b>144,000,000</b>
Refunding of debt	40,000,000	24,000,000	64,000,000
<b>Total</b>	<b>\$ 160,000,000</b>	<b>\$ 48,000,000</b>	<b>\$ 208,000,000</b>

	Series 2006 Bonds	Series 2010 Bonds	Series 2018 Bonds	Authorization Remaining at Dec. 31, 2022
Street improvements	\$ 7,121,000	\$ 5,505,822	\$ -	\$ 5,873,178
Water	4,817,000	2,761,482	-	3,421,518
Sanitation	2,637,000	1,667,920	-	5,695,080
Park & recreation	150,000	913,348	-	21,436,652
Transportation	-	-	-	1,000,000
Traffic & safety	-	270,428	-	329,572
Mosquito control	-	-	-	400,000
Intergovernmental agreements	-	-	-	40,000,000
Operations & maintenance	-	-	-	40,000,000
<b>Subtotal</b>	<b>14,725,000</b>	<b>11,119,000</b>	<b>-</b>	<b>118,156,000</b>
Refunding of debt	-	-	11,970,000	52,030,000
<b>Total</b>	<b>\$ 14,725,000</b>	<b>\$ 11,119,000</b>	<b>\$ 11,970,000</b>	<b>\$ 170,186,000</b>

Per C.R.S 32-1-1101(2), the remaining, unused debt issuance authorization obtained from the District's electors will expire as follows:

- \$122,186,000 will expire in November 2023 - 20 years after the original debt authorization election
- \$48,000,000 will expire in November 2024 - 20 years after the original debt authorization election

## NOTE 5 – NET POSITION (DEFICIT)

### Restricted Net Position

The District's restricted net position as of December 31, 2022 in the general fund and debt service fund totaled \$7,900 and \$2,091,599, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 9 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the Series 2018 Bonds.

## **Non-Spendable Net Position**

The District's non-spendable net position as of December 31, 2022 in the general fund and debt service fund totaled \$6,155 and \$0, respectively. These balances were created due to the District prepaying certain 2023 expenses in 2022.

## **Unassigned Net Position**

The District's unassigned net position as of December 31, 2022 totaled (\$11,136,413). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Granby and other entities.

## **NOTE 6 – RELATED PARTIES**

None of the directors that served on the District's board in 2022 reported any conflicts of interest arising from their participation on the District's board.

## **NOTE 7 – RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, the District may be 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). 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, public officials' liability, and workers compensation 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.

## **NOTE 8 – CONTRACTUAL AGREEMENTS**

### **Amenity Fee Agreement**

On July 17, 2013, the District Granby Ranch Metropolitan District No 2 (GRMD2) and Granby Ranch Metropolitan District No 8 (BRMD8) entered into an Amended and Restated Amenity Fee Agreement with HMD to assess a one-time \$10,000 "Amenity Fee" on each Apartment Unit, Residential Unit and Lot (as further described in the Amenity Fee Agreement) within the District, GRMD2 and GRMD8 upon (1) transfer of a Residential Unit or Lot to an End User or entity other than a "Qualified Builder" or (2) issuance of a certificate of occupancy on an Apartment Unit or (3) issuance of a certificate of occupancy on a Residential Unit not otherwise transferred to an End User. This Agreement replaces a May 26, 2005 Joint Resolution Regarding Amenity Fees Amenity Fee Agreement as amended on September 06, 2006. The Amenity Fees constitute a perpetual lien on all land within the District. The Amenity Fees are to be used solely for the purpose of financing the acquisition, construction and installation of "Amenities" to be acquired by HMD including a golf course, ski area, and related improvements, trails, and other recreational improvements, facilities, appurtenances, rights-of-way and other amenities as shall from time to time be acquired, constructed and installed by

Headwaters. Payment of the Amenity Fee grants each residential dwelling unit “priority access” to such Amenities and discounted recreation facility use fees.

### **Lease Purchase Agreement**

On December 31, 2012 Granby Realty Holdings (GRH) and Headwaters Metropolitan District (HMD) entered into the Second Amended and Restated Lease Purchase Agreement (“LPA”). Per the terms of the LPA, HMD agreed to lease from GRH a parcel of land located within the Town that included a ski area and a golf course (“Leased Premises”). The lease term was fifty years and provided HMD the option to acquire the Leased Premises during or upon the expiration of the lease term. The rent paid under the LPA was limited to the Amenity Fees collected by HMD from the District and remitted to GRH. The rent payments were not fixed to any specific amount and both parties to the LPA agreed that the amount of Amenity Fees paid by HMD to GRH may fluctuate greatly from month to month and year to year.

The LPA does not allow any refund of rents paid by HMD to GRH upon termination of the LPA and the LPA provides GRH the right to terminate the LPA if HMD defaults on any HMD responsibilities listed in the LPA.

Between December 31, 2005 and December 31, 2020, Amenity Fees totaling \$6,110,000 were paid by 611 home lots within and without the District’s service boundaries to HMD, which forwarded such funds to GRH as rent payments due under the LPA. \$5,300,000 of total Amenity Fees collected by HMD was from lots located within the District and the remainder of the Amenity Fees were collected from lots located within Solvista Metropolitan District (which has a financial relationship with GRMD through an IGA – described below).

On or before May 28, 2020, GRH defaulted on a deed of trust, which was secured by the Leased Premises. GRH’s lender (GP Granby Holdings, LLC or GPGH) foreclosed on the Leased Premises between May 28 and August 31, 2020 and notified HMD that the foreclosure effectively terminated the LPA. Whether or not the foreclosure terminated certain rights of the District under the LPA and related agreements is disputed and the subject of litigation. See Note 10 (Litigation).

### **Intergovernmental Funding Agreement with SolVista Metropolitan District**

On June 1, 2006, the District entered into an intergovernmental funding agreement with Solvista Metropolitan District (SVMD) whereby the District contributed \$1,212,693 of its 2006 bond proceeds to SVMD which SVMD used to repay its obligation to the Developer. In exchange, SVMD agreed to pay the District's bond Trustee all revenues generated as a result of the SVMD mill levy, with the exception of the portion of the specific ownership taxes on motor vehicles imposed by the State of Colorado and net of annual operating costs as defined by the agreement.

SVMD agreed to levy 25.000 mills on all taxable property with in SVMD through 2025 (for collection in 2026). The agreement terminates on the earlier of (i) the date of which all bonds issued by the District have been defeased or (ii) twenty years after date on which the 2006 bonds were issued by the District.

### **NOTE 9 – TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution—referred to 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.

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). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

On May 8, 2018, District voters authorized the District to assess property taxes at no more than \$2,875,000 annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

## **NOTE 10 – LITIGATION**

On February 23, 2021, the District through its attorneys Norton & Smith, P.C., filed a complaint in the District Court for Grand County, Colorado, against Headwaters Metropolitan District (“HMD”), GP Granby Holdings (now Gray Jay Ventures, LLC (“Gray Jay”)), Redwood Capital Finance Co. LLC (“Redwood”), and Granby Prentice, LLC (the “Defendants”). (GRMD v. Headwaters’ Metropolitan District et al, case No. 2021CV30008 District Court, Grand County, Colorado, referred to as the “2021 Lawsuit”). The 2021 Lawsuit concerns the purported termination of the Second Amended and Restated Lease Purchase Agreement (“LPA”). The current developer, GR Terra, LLC, who acquired the ski resort after February 2021, requested to be added as a defendant to this litigation. The District added GR Terra as a defendant to the 2021 Lawsuit through a Second Amended Complaint on July 6, 2021.

The purpose of the 2021 Lawsuit is to protect the District's rights and the financial investment of the District’s property owners who have paid over \$6 million to HMD for the purpose of developing and/or acquiring ski, golf, and other recreational amenities to be owned by a public entity that would manage the facilities on behalf of the residents of the District and the Town of Granby.

In August 2020, GPGH foreclosed on the prior developer of the ski resort, Granby Realty Holdings (GRH) – a company in which HMD directors were affiliated or related interested parties—and assumed ownership of and privatized the amenities (and all revenue generated from such facilities). Prior to the foreclosure, GRH was receiving public funds from HMD for the purpose of developing or acquiring the amenities (which in turn received over \$6 million in funds from the \$10,000 lot amenity fees charged to District property owners).

In the 2021 Lawsuit, the District is seeking damages in an amount to be determined at trial but believed to be at least in the amount of \$6.1 million in public funds that the District has paid to HMD under the LPA. Additionally, the District is seeking a declaration of the court to reinstate the LPA between HMD and GRH, which requires the publicly funded ski resort facilities be owned and operated by a public entity.

On January 28, 2022, the District Court of Grand County granted in part the Defendants’ motions to dismiss the District’s claims and denied in part certain of the Defendants’ motions to dismiss other District claims.

On February 11, 2022, HMD and GR Terra filed certain counterclaims against the District. The counterclaims seek certain declarations and/or quiet title that the District has no rights to the amenities. The counterclaims also seek a monetary judgment against the District for certain costs and attorney fees associated with the 2021 Lawsuit.

All parties in the 2021 Lawsuit have filed dispositive motions requesting that the Court either dismiss or issue summary judgment in their respective favor on some or all claims.

On March 26, 2023, District Court vacated the trial scheduled to begin on April 24, 2023 and indicated it would issue a ruling on the pending dispositive matters in this case by the end of May 2023. As of July 10, 2023, District Court has not yet issued a ruling.

Assessing and predicting the outcome of this matter involves substantial uncertainties. The District Board currently believes that none of the Defendants are entitled to recover costs or attorney fees in the 2021 Lawsuit, and the District's monetary exposure is therefore limited because the Defendants are not presently seeking other monetary damages. It remains possible that despite the District Board's current belief, material differences in actual outcomes or changes in the Board's evaluation or predictions could arise that could have a material adverse effect on the District's financial condition, results of operations, or cash flows.

#### **NOTE 11 – SUBSEQUENT EVENTS**

On May 26, 2023, GRCO, LLC – a property owner and taxpayer within the District - filed a complaint in the United States District Court for the District of Colorado against the District captioned GRCO, LLC v. Granby Ranch Metropolitan District, Civil Action No. 23-cv-01351-RMR-STV (the "2023 Lawsuit"). The 2023 Lawsuit challenges the District's imposition of Capital Facility Fees pursuant to the 2006 Amended and Restated Amended and Restated Joint Resolution with Headwaters Metropolitan District establishing Capital Facility Fees (See NOTE 2) subsequent to the District refinancing its debt in May 2018. Specifically, GRCO, LLC's complaint demands (1) declaratory and injunctive relief regarding the District's alleged violation of the 2006 Facilities Fee Resolution and District's authority under CRS 32-1-1001(1)(j), (2) declaratory and injunctive relief regarding the District's alleged violation of CRS 29-1-803(1), (3) declaratory and injunctive relief regarding the District alleged illegal material modification of the District's service plan, (4) action for damages under 42 USC 1983 for the District's alleged violation of GRCO, LLC's rights under the Fifth Amendment to the United States Constitution, (5) declaratory and injunctive relief for the District's alleged continuing violation of 42 USC 1983 and the Fifth Amendment to the United States Constitution and (6) declaratory and injunctive relief to prevent the District's collection of Capital Facilities Fees under the alleged extinguished 2006 Facilities Fee Resolution. GRCO, LLC is seeking relief including a refund of \$125,100 in Capital Facility Fees it claims it has already paid to the District.

The District believes that the claims asserted in the 2023 Lawsuit are without merit under Colorado law that allows the District to assess and recover fees to defray the cost of public improvements. The District further believes that the claims are time-barred by the statute of limitations. The District intends to assert other defenses and to seek prompt dismissal of the action. Assessing and predicting the outcome of this matter involves substantial uncertainties. The District believes no amount is due to GRCO, LLC and denies any wrongdoing. It remains possible that despite the District Board's current belief, material differences in actual outcomes or changes in the Board's evaluation or predictions could arise that could have a material adverse effect on the District's financial condition, results of operations, or cash flows.

## **SUPPLEMENTARY INFORMATION**

**GRANBY RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2022**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>REVENUES</b>			
Property taxes	\$ 1,022,600	\$ 1,024,501	\$ 1,901
Specific ownership taxes	73,900	63,325	(10,575)
Net investment income	15,000	46,149	31,149
Sol Vista Metro contribution	40,000	52,642	12,642
<b>Total Revenues</b>	<u>1,151,500</u>	<u>1,186,617</u>	<u>35,117</u>
<b>EXPENDITURES</b>			
Direct and indirect collection costs	57,462	54,747	2,715
Debt service			
Bond interest	641,438	641,438	-
Bond principal	95,000	95,000	-
<b>Total Expenditures</b>	<u>793,900</u>	<u>791,185</u>	<u>2,715</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>357,600</u>	<u>395,432</u>	<u>37,832</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>357,600</u>	<u>395,432</u>	<u>37,832</u>
<b>FUND BALANCE – BEGINNING</b>	<u>1,673,100</u>	<u>1,696,167</u>	<u>23,067</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 2,030,700</u>	<u>\$ 2,091,599</u>	<u>\$ 60,899</u>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
COLLECTION COST DETAILS - BUDGET AND ACTUAL  
12-Month Period Ended  
December 31, 2022**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
<b>DIRECT AND INDIRECT COLLECTION COSTS</b>			
Administrative costs	\$ 2,762	\$ -	\$ 2,762
Collection fees – County Treasurer	51,200	51,247	(47)
Bond paying agent fees	3,500	3,500	-
<b>Total Direct and Indirect Collection Costs</b>	<b>\$ 57,462</b>	<b>\$ 54,747</b>	<b>\$ 2,715</b>

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
December 31, 2022

The District's repayment schedule for its Series 2018 general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2023	\$ 100,000	\$ 636,806	4.875%	\$ 736,806
2024	115,000	631,931	4.875%	746,931
2025	125,000	626,325	4.875%	751,325
2026	140,000	620,231	4.875%	760,231
2027	120,000	613,406	4.875%	733,406
2028	140,000	607,556	4.875%	747,556
2029	145,000	600,325	4.875%	745,325
2030	170,000	592,350	5.50%	762,350
2031	175,000	583,000	5.50%	758,000
2032	200,000	573,375	5.50%	773,375
2033	210,000	562,375	5.50%	772,375
2034	235,000	550,825	5.50%	785,825
2035	250,000	537,900	5.50%	787,900
2036	275,000	524,150	5.50%	799,150
2037	290,000	509,025	5.50%	799,025
2038	320,000	493,075	5.50%	813,075
2039	335,000	475,475	5.50%	810,475
2040	370,000	457,050	5.50%	827,050
2041	390,000	436,700	5.50%	826,700
2042	425,000	415,250	5.50%	840,250
2043	450,000	391,875	5.50%	841,875
2044	490,000	367,125	5.50%	857,125
2045	515,000	340,175	5.50%	855,175
2046	560,000	311,850	5.50%	871,850
2047	590,000	281,050	5.50%	871,050
2048	635,000	248,600	5.50%	883,600
2049	670,000	213,675	5.50%	883,675
2050	725,000	176,825	5.50%	901,825
2051	765,000	136,950	5.50%	901,950
2052	1,725,000	94,875	5.50%	1,819,875
	<u>\$ 11,655,000</u>	<u>\$ 13,610,130</u>		<u>\$ 25,265,130</u>

GRANBY RANCH METROPOLITAN DISTRICT  
**SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED**  
December 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year tax Levy - Operations	Prior Year Assessed Valuation for Current Year tax Levy - Debt	Mills Levied		Total Property Taxes		Percent Collected to Levied
			Operations	Debt	Levied	Collected (Note A)	
2018	\$ 12,769,180	\$ 14,185,740	0.000	63.203	\$939,139	\$ 921,490	98.12%
2019	12,910,250	14,277,530	24.534	40.000	887,841	887,695	99.98%
2020	17,279,450	18,606,290	20.000	40.000	1,090,618	1,090,334	99.99%
2021	17,443,380	19,112,030	15.000	45.000	1,101,975	1,120,998	101.70%
2022	19,259,860	21,758,830	7.000	47.000	1,157,400	1,158,118	100.06%
2023	18,978,750	21,507,890	7.000	43.000	1,057,700	[TBD]	[TBD]

**NOTE A:** Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

## **OTHER SUPPLEMENTARY INFORMATION**

GRANBY RANCH METROPOLITAN DISTRICT  
**CHANGE IN TOTAL OVERLAPPING MILL LEVY**  
 December 31, 2022

	2023 Mill Levy*	2022 Mill Levy **	Change
Colorado River Water Conservation	0.501	0.501	-
East Grand School	24.724	25.646	( 0.922)
Granby, Town of	7.218	7.218	-
Grand County	16.905	16.905	-
Grand Fire	10.211	9.755	0.456
Middle Park Water Conservancy	0.046	0.046	-
Grand County Library District	3.368	3.370	( 0.002)
Granby Ranch Metro	7.000	7.000	-
Granby Ranch Metro Bond	43.000	47.000	( 4.000)
Fraser River Valley Housing Partnership	2.000	-	2.000
<b>Total Mill Levy</b>	<b>114.973</b>	<b>117.441</b>	<b>( 2.468)</b>

\* -- For property tax collections in 2023

\*\* -- For property tax collections in 2022

GRANBY RANCH METROPOLITAN DISTRICT  
**HISTORICAL DEBT RATIOS**  
 December 31, 2022

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
General Obligation Bonds	\$ 11,945,000	\$ 11,900,000	\$ 11,830,000	\$ 11,750,000	\$ 11,655,000
Accrued, unpaid interest - Bonds	54,245	54,063	53,779	53,779	53,779
Combined assessed property values within the District	14,277,530	18,619,300	18,673,850	21,758,830	21,507,890
Ratio of debt to assessed property values	84.0%	64.2%	63.6%	54.2%	54.4%