

**GRAND AVENUE METROPOLITAN DISTRICT**  
**Arapahoe County, Colorado**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2023**

# GRAND AVENUE METROPOLITAN DISTRICT

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## **INDEPENDENT AUDITORS' REPORT**



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## Independent Auditors' Report

Members of the Board of Directors  
Grand Avenue Metropolitan District  
Severance, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Grand Avenue Metropolitan District as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Grand Avenue Metropolitan District, as of December 31, 2023 and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Avenue Metropolitan District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Grand Avenue Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements is not affected by this missing information.

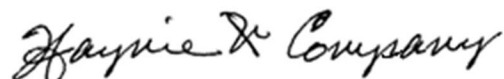
### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Grand Avenue Metropolitan District's financial statements as a whole. The supplemental information section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Information**

Management is responsible for the other information as listed in the table of contents. 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.



Littleton, Colorado  
September 27, 2024

## **BASIC FINANCIAL STATEMENTS**

**GRAND AVENUE METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments - restricted	\$ 1,027,262
Property taxes receivable	66,034
Total assets	1,093,296
 <b>LIABILITIES</b>	
Accrued interest payable on bonds	91,665
Non-current liabilities:	
Due in more than one year	1,277,000
Total liabilities	1,368,665
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred property tax revenue	66,034
Total deferred inflows of resources	66,034
 <b>NET POSITION</b>	
Restricted for:	
Unrestricted	(341,403)
Total net position (deficit)	\$ (341,403)

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

**GRAND AVENUE METROPOLITAN DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2023**

<b>Functions/Programs</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
Primary government:				
Governmental activities:				
General government	\$ 22,436	\$ -	\$ -	\$ (22,436)
Interest and expenses on long-term debt	358,395	-	-	(358,395)
	<b>\$ 380,831</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(380,831)</b>
General revenue:				
Interest				39,428
Total general revenue				39,428
Change in net position				(341,403)
Net position (deficit) - beginning				-
Net position (deficit) - ending				\$ (341,403)

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

**GRAND AVENUE METROPOLITAN DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2023**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments - restricted	\$ -	\$ 3,527	\$ 1,023,735	\$ 1,027,262
Property taxes receivable	11,005	55,029	-	66,034
Total assets	11,005	58,556	1,023,735	1,093,296
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred property tax revenue	11,005	55,029	-	66,034
Total deferred inflows of resources	11,005	55,029	-	66,034
<b>FUND BALANCES</b>				
Restricted for:				
Debt service	-	3,527	1,023,735	1,027,262
Total fund balances	-	3,527	1,023,735	1,027,262
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
	\$ 11,005	\$ 58,556	\$ 1,023,735	

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

Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:

Bond payable	(1,277,000)
Accrued interest on bonds payable	(91,665)
Net position (deficit) of governmental activities	\$ (341,403)

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

**GRAND AVENUE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Interest	\$ -	\$ 171	\$ 39,257	\$ 39,428
Total Revenues	<u>-</u>	<u>171</u>	<u>39,257</u>	<u>39,428</u>
<b>EXPENDITURES</b>				
Capital/Organizational	-	-	22,436	22,436
Debt Service				
Bond interest	-	3,038	-	3,038
Trustee fees	-	4,000	-	4,000
Bond issuance costs	-	-	259,692	259,692
Total Expenditures	<u>-</u>	<u>7,038</u>	<u>282,128</u>	<u>289,166</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(6,867)</u>	<u>(242,871)</u>	<u>(249,738)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds - Series 2023	-	-	1,277,000	1,277,000
Developer advance	-	-	22,436	22,436
Transfer from (to) other funds	-	10,394	(10,394)	-
Developer advance reimbursement	-	-	(22,436)	(22,436)
Total other financing sources	<u>-</u>	<u>10,394</u>	<u>1,266,606</u>	<u>1,277,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>3,527</u>	<u>1,023,735</u>	<u>1,027,262</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 3,527</u>	<u>\$ 1,023,735</u>	<u>\$ 1,027,262</u>

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

**GRAND AVENUE METROPOLITAN DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2023**

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

Net change in fund balances - Total governmental funds	\$	1,027,262
<p style="margin-left: 40px;">Some expenses reported in the Statement of Activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Issuance of debt		(1,277,000)
Net change in accrued interest on bonds payable		<u>(91,665)</u>
Change in net position of governmental activities	\$	<u><u>(341,403)</u></u>

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

**GRAND AVENUE METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended December 31, 2023**

	<u>Budgeted Amount Original</u>	<u>YTD Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Developer Advance	\$ 49,966	\$ -	\$ (49,966)
Total Revenues	<u>49,966</u>	<u>-</u>	<u>(49,966)</u>
<b>EXPENDITURES</b>			
Accounting	9,000	-	9,000
Audit	500	-	500
Dues and subscriptions	540	-	540
Election	2,000	-	2,000
Insurance and bonds	2,500	-	2,500
Legal	20,000	-	20,000
Miscellaneous/Contingency	15,426	-	15,426
Total Expenditures	<u>49,966</u>	<u>-</u>	<u>49,966</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# GRAND AVENUE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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### 1. DEFINITION OF REPORTING ENTITY

Grand Avenue Metropolitan District (the "District") is a quasi-municipal political subdivision of the State of Colorado organized on July 1, 2022. The District was organized to provide for the construction and financing of street, safety control, non-potable water and landscaping improvements. The District's service area is located entirely within the City of Aurora in Arapahoe County, Colorado.

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

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

The District has no employees and all operations and administrative functions are contracted.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Government-Wide and Fund Financial Statements** — The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Eliminations have been made to minimize the double counting of internal activities. These statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues. The statement of net position reports all of the financial and capital resources of the District. The difference between the assets and the liabilities and deferred inflows of resources is reported as net position.

The statement of activities demonstrates the degree to which 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) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Separate financials are provided for governmental funds.

# GRAND AVENUE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2023 (continued)**

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**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 the related cash flow.

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 period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes and are recognized as revenue by the District. All other revenue items, including developer advances, are considered to be measurable and available only when cash is received by the District.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The District reports the following major governmental funds:

*General Fund* – The General Fund is the government's general operating fund. It is used to account for all financial resources not accounted for and reported in another fund.

*Debt Service Fund* – The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest and related expenses on the long-term general obligation debt.

*Capital Projects Fund* - The capital projects fund accounts for the financial resources to be used for the acquisition and construction of capital infrastructure

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

**Budget Information** — In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. Budget amounts are as originally adopted or amended. Overall, the District was under budget for expenditures. However, the expenditures exceed the budget by \$7,038 in the Debt Service Fund, this was due to the District paying Trustee fees and a Bond interest payment. This may be a violation of State statutes.

**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

# GRAND AVENUE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2023 (continued)**

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

**Cash and Investments** — The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. The District's investments are reported at net asset value (NAV).

The use of certain cash and investments of the District is restricted. These cash and investment items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

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

**Fund Balance Classification** — The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classification of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Non-spendable* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expenses) or is legally or contractually required to be maintained intact.

*Restricted* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

*Committed* – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned* – The portion of fund balance that is constrained by the government's intent to be

# GRAND AVENUE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2023 (continued)**

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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* – The residual portion of fund balance that does not meet any of the above criteria.

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

**Estimates** — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### 3. CASH AND INVESTMENTS

The District's cash and investments are classified in the accompanying financial statements as follows as of December 31, 2023:

Statement of net position:	
Cash and investments-restricted	<u>\$ 1,027,262</u>
Total cash and investments	<u>\$ 1,027,262</u>

Cash and investments as of December 31, 2023 consist of the following:

Investments - COLOTRUST	<u>\$ 1,027,262</u>
Total cash and investments	<u>\$ 1,027,262</u>

**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. As of December 31, 2023, the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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

The District had no cash deposits as of December 31, 2023.

**Investments** – The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments.

# GRAND AVENUE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2023 (continued)

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The District generally limits its investments to those which are believed to have 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 credit risk 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 and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools
- Certain certificates of participation
- Certain securities lending agreements

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$1,027,262

### COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust currently offers three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE. COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust’s portfolios

# GRAND AVENUE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### DECEMBER 31, 2023 (continued)

pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

#### 4. LONG-TERM LIABILITIES

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022		Additions	Reductions	Balance at December 31, 2023		Due Within One Year
Limited tax general obligation bonds - Series 2023	\$	-	\$ 1,299,436	\$ 22,436	\$ 1,277,000	\$	-
	\$	-	\$ 1,299,436	\$ 22,436	\$ 1,277,000	\$	-
Developer advances payable - Developer advance	\$	-	\$ 22,436	\$ 22,436	\$ -	\$	-
	\$	-	\$ 22,436	\$ 22,436	\$ -	\$	-
Long-term liabilities	\$	-	\$ 1,321,872	\$ -	\$ 1,277,000	\$	-

**\$1,277,000 Limited Tax General Obligation Bonds, Series 2023** — On February 2, 2023, the District issued \$1,277,000 in limited tax general obligation bonds. The 2023 bonds bear an interest rate of 8.125%. Interest payments are due on December 1 of each year, commencing on December 1, 2023. \$1,277,000 of the bonds mature on December 1, 2052.

The bonds constitute limited tax general obligations of the District payable from Pledged Revenue. Pledged revenue includes all Property Tax Revenues, all Specific Ownership Tax Revenues, and any other legally available moneys which the District determines, in its absolute discretion to credit to the Bond Fund.

The following are considered to be events of default under the bond agreement:

- (a) The issuer fails or refuses to impose the applicable Senior Required Mill Levy or to apply Senior Pledged Revenue as required by the Senior Indenture, or any other Taxing District fails or refuses to impose the Senior Required Mill Levy or to apply the revenues resulting therefore as required by the Senior Pledge Agreement.
- (b) The Issuer defaults in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in the Senior Indenture or the Bond Resolution and fails to remedy the same after notice thereof pursuant to the Senior Indenture, or any other Taxing District defaults in the performance or observance of any other of the covenants, agreements or conditions on the part of such Taxing District in the Senior Pledge Agreement and fails to

# GRAND AVENUE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 (continued)

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- remedy the same after notice thereof pursuant to the Senior Indenture.
- (c) The Issuer files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bond.

The long-term debt will mature as follows:

	Series 2023		
	Limited Tax General Obligation Bonds		
	Principal	Interest	Total
2024	\$ -	\$ 29,436	29,436
2025	-	68,808	68,808
2026	-	115,822	115,822
2027	-	128,027	128,027
2028	-	130,657	130,657
2029-2033	-	669,491	669,491
2034-2038	29,000	676,614	705,614
2039-2043	273,000	467,269	740,269
2044-2048	452,000	329,550	781,550
2049-2052	523,000	108,714	631,714
	<u>\$ 1,277,000</u>	<u>\$ 2,724,385</u>	<u>\$ 4,001,385</u>

### 5. DEBT AUTHORIZATION

On May 3, 2022, the electors of the District, authorized the issuance of indebtedness in an amount not to exceed \$3,600,000 for improvements, pursuant to the terms of the Service Plan. As of December 31, 2023, the District had \$2,323,000 remaining authority under the Service Plan.

### 6. AGREEMENTS

**Advance and Reimbursement Agreement** — On February 2, 2023, the District entered into a Continuing Disclosure Agreement with 1400 Akron Developers, LP (the “Developer”). Under the terms of the agreement, the Developer agreed to advance to the District amounts not to exceed \$3,600,000 in installments available to the Districts through December 1, 2023. The funds advanced under the agreement shall be applied to capital costs of the District as established in the Districts’ annual budgets. Amounts advanced under the terms of the agreement shall bear an interest rate of 8%.

### 7. NET POSITION

The District’s net position includes two components: restricted and unrestricted. Restricted assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District does not report any restricted net position as of December 21, 2023.

# GRAND AVENUE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2023 (continued)**

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Unrestricted net position consists of the net amount of assets, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District utilizes unrestricted net position before using restricted net position. As of December 31, 2023, the District had unrestricted net position of (\$341,403).

This deficit is due to the effects of the District's bond indebtedness, which is an obligation of the District. The proceeds will be used to reimburse the developer for the construction of capital assets that will be conveyed to other governmental entities. The deficit will be reduced through payment of the bond obligation as pledged tax revenues are received.

### **8. RELATED PARTY**

The Developer of the property which constitutes the District is 1400 Akron Developers, LP. The members of the Board of Directors are employees, owners or are otherwise associated with the Developer and its affiliates and may have conflicts of interest dealing with the District.

### **9. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District became a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by an intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation insurance to its members.

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

### **10. 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). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

# GRAND AVENUE METROPOLITAN DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2023 (continued)**

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On May 3, 2022, a majority of District electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District for 2023 and any year thereafter, without regard to limitations under TABOR.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

### **11. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through September 30, 2024, the date which the financial statements were issued.

This information is an integral part of the accompanying financial statements.

## **SUPPLEMENTAL INFORMATION**

**GRAND AVENUE METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**Year Ended December 31, 2023**

	<u>Budgeted Amounts Original</u>	<u>YTD Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Interest	\$ -	\$ 171	\$ 171
Total Revenues	<u>-</u>	<u>171</u>	<u>171</u>
<b>EXPENDITURES</b>			
<u>Debt Service</u>			
Trustee/Paying Agent fees	-	4,000	(4,000)
Bond interest	-	3,038	(3,038)
Total Expenditures	<u>-</u>	<u>7,038</u>	<u>(7,038)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(6,867)</u>	<u>(6,867)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from Capital Projects Fund	-	10,394	10,394
Total other financing sources (uses)	<u>-</u>	<u>10,394</u>	<u>10,394</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>3,527</u>	<u>3,527</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 3,527</u>	<u>\$ 3,527</u>

**GRAND AVENUE METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**Year Ended December 31, 2023**

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>YTD Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Developer advance	\$ -	\$ 1,300,000	\$ 22,436	\$ (1,277,564)
Interest	-	-	39,257	39,257
Total Revenues	<u>-</u>	<u>1,300,000</u>	<u>61,693</u>	<u>(1,238,307)</u>
<b>EXPENDITURES</b>				
<u>Capital/Organizational</u>	-	1,300,000	22,436	1,277,564
<u>Debt Service</u>				
Trustee fees	-	4,000	-	4,000
Bond issuance costs	-	266,000	259,692	6,308
Total Expenditures	<u>-</u>	<u>1,570,000</u>	<u>282,128</u>	<u>1,287,872</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(270,000)</u>	<u>(220,435)</u>	<u>49,565</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds - Series 2023	-	1,277,000	1,277,000	-
Transfer to Debt Service Fund	-	-	(10,394)	(10,394)
Developer advance reimbursement	-	-	(22,436)	(22,436)
Total other financing sources (uses)	<u>-</u>	<u>1,277,000</u>	<u>1,244,170</u>	<u>(32,830)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>1,007,000</u>	<u>1,023,735</u>	<u>16,735</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 1,007,000</u>	<u>\$ 1,023,735</u>	<u>\$ 16,735</u>

## **OTHER INFORMATION**

**GRAND AVENUE METROPOLITAN DISTRICT**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2023**

**\$1,277,000 Series 2023**  
**Limited Tax General Obligation Bonds**  
**Dated February 2, 2023**  
**Interest Rate of 8.125%**  
**Interest and Principal Due on December 1**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 29,436	\$ 29,436
2025	-	68,808	68,808
2026	-	115,822	115,822
2027	-	128,027	128,027
2028	-	130,657	130,657
2029	-	130,657	130,657
2030	-	133,340	133,340
2031	-	133,340	133,340
2032	-	136,077	136,077
2033	-	136,077	136,077
2034	-	138,867	138,867
2035	-	138,867	138,867
2036	-	141,717	141,717
2037	-	141,717	141,717
2038	29,000	115,446	144,446
2039	43,000	101,400	144,400
2040	50,000	97,906	147,906
2041	53,000	93,844	146,844
2042	61,000	89,538	150,538
2043	66,000	84,581	150,581
2044	75,000	79,219	154,219
2045	80,000	73,125	153,125
2046	91,000	66,625	157,625
2047	97,000	59,231	156,231
2048	109,000	51,350	160,350
2049	117,000	42,494	159,494
2050	131,000	32,988	163,988
2051	141,000	22,344	163,344
2052	134,000	10,888	144,888
	<u>\$ 1,277,000</u>	<u>\$ 2,724,385</u>	<u>\$ 4,001,385</u>