



GRANBY
GRAND COUNTY, COLORADO

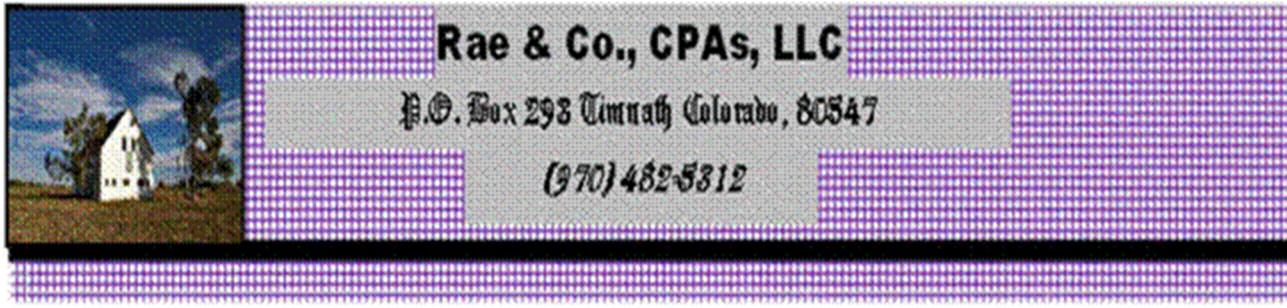


ANNUAL FINANCIAL STATEMENTS

December 31, 2024

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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors
Granby Ranch Metropolitan District
Granby, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Granby Ranch Metropolitan District (the District) as of and for the year ended December 31, 2024, 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 the Granby Ranch Metropolitan District as of December 31, 2024, 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 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 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.

Emphasis of Matter

As described in Note 11 to the financial statements, in March 2005, the Court found the District is in breach of the Exclusion Agreement but did not determine damages. The Headwater Metropolitan District is now seeking an award of \$931,895 (its claimed attorney fees and costs exclusive of any pre and post award interest), as damages for that breach. The District has contested and continues to contest the counterclaims asserted against it and has filed a Notice of Appeal in order to preserve its rights to do. It is not possible at this time to determine the final resolution of this suit and it would be inappropriate to record a liability for the year-ended December 31, 2024. Our opinion is not modified with respect to these matters.

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 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 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 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 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 are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The Debt Service Fund budget to actual schedules 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 Debt Service Fund budget to actual schedules 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 schedule of debt service requirements to maturity, summary of assessed valuation, mill levy and property taxes collected, change in total overlapping mill levy, and historical debt ratios, 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.

Rae & Co., CPAs, LLC

Timnath, Colorado

July 08, 2025

GRANBY RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2024

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 891,113 |
| Accounts receivable – specific ownership taxes | 4,618 |
| Property taxes receivable | 544,200 |
| Accounts receivable - SolVista Metro District | 85,443 |
| Prepaid expenses | 3,243 |
| Cash and investments – restricted for retirement of bonds | 3,085,423 |
| Total Assets | \$ 4,614,040 |
| LIABILITIES | |
| Accounts payable and accrued liabilities | \$ 11,055 |
| Accrued interest payable | 53,779 |
| Current portion of general obligation refunding bonds | 125,000 |
| General obligation refunding bonds | 11,315,000 |
| Total Liabilities | 11,504,834 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property tax revenue | 629,643 |
| NET POSITION (DEFICIT) | |
| Restricted: | |
| Emergency reserves | 6,100 |
| Debt service | 3,087,630 |
| Non-spendable | 3,243 |
| Unassigned: | (10,617,410) |
| Net Position (Deficit) | \$ (7,520,437) |

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, 2024**

| Functions/Programs | Program Revenue | | | Net (Expense) Revenue and Changes in Net Position | |
|--|---------------------|-------------------------|---------------------------------------|--|-------------------------------------|
| | Expenses | Charges For Services | Operating Grants and Contributions | | Capital Grants and Contributions |
| Primary Government: | | | | | |
| Government Activities: | | | | | |
| General government activities | \$ (175,966) | \$ 1,410 | \$ - | \$ 160,551 | \$ (14,005) |
| Interest and related costs on long-term debt | (669,722) | - | - | - | (669,722) |
| | <u>\$ (845,688)</u> | <u>\$ 1,410</u> | <u>\$ -</u> | <u>\$ 160,551</u> | <u>(683,727)</u> |
| General Revenues | | | | | |
| Property taxes | | | | | 1,414,378 |
| Specific ownership taxes | | | | | 67,855 |
| Net investment income | | | | | 197,270 |
| | | | | | <u>1,679,503</u> |
| | | | | | 995,776 |
| | | | | | <u>(8,516,213)</u> |
| | | | | | <u>\$ (7,520,437)</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, 2024**

| | General Fund | Debt Service Fund | Total Government Funds |
|---|-------------------|---------------------|------------------------|
| ASSETS | | | |
| Cash and investments | \$ 891,113 | \$ - | \$ 891,113 |
| Accounts receivable – spec ownership taxes | 2,411 | 2,207 | 4,618 |
| Property taxes receivable | 70,800 | 473,400 | 544,200 |
| Accounts receivable - due from SolVista MD | - | 85,443 | 85,443 |
| Prepaid expenses | 3,243 | - | 3,243 |
| Cash and investments - restricted for retirement of bonds | - | 3,085,423 | 3,085,423 |
| TOTAL ASSETS | 967,567 | 3,646,473 | 4,614,040 |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 11,055 | - | 11,055 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property tax revenue | 70,800 | 558,843 | 629,643 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 81,855 | 558,843 | 640,698 |
| FUND BALANCES | | | |
| Restricted: | | | |
| Emergencies (TABOR) | 6,100 | - | 6,100 |
| Debt service | | 3,087,630 | 3,087,630 |
| Non-spendable | 3,243 | - | 3,243 |
| Assigned | 12,100 | - | 12,100 |
| Unassigned | 864,269 | | 864,269 |
| Total Fund Balances | 885,712 | 3,087,630 | 3,973,342 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 967,567 | \$ 3,646,473 | |

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

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 | (11,440,000) |
| Accrued interest payable | (53,779) |
| Net position of governmental activities | \$ (7,520,437) |

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, 2024

| | General Fund | Debt Service Fund | Total Government Funds |
|---|-------------------|---------------------|------------------------|
| REVENUES | | | |
| Property taxes | \$ 742,655 | \$ 671,723 | \$ 1,414,378 |
| Specific ownership taxes | 33,782 | 34,073 | 67,855 |
| Net investment income | 60,628 | 136,642 | 197,270 |
| Reimb expenses - other costs | 1,410 | - | 1,410 |
| Sol Vista Metro contribution | - | 85,491 | 85,491 |
| Capital facility fees | - | 75,060 | 75,060 |
| Total Revenues | 838,475 | 1,002,989 | 1,841,464 |
| EXPENDITURES | | | |
| General and administrative costs | 175,966 | - | 175,966 |
| Direct and indirect collection costs | - | 37,791 | 37,791 |
| Debt service | | | |
| Bond interest | - | 631,931 | 631,931 |
| Bond principal | - | 115,000 | 115,000 |
| Total Expenditures | 175,966 | 784,722 | 960,688 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 662,509 | 218,267 | 880,776 |
| OTHER FINANCING SOURCES (USES) | | | |
| Fund Transfers In / (Out) | (394,065) | 394,065 | - |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES | 268,444 | 612,332 | 880,776 |
| FUND BALANCES – BEGINNING | 617,268 | 2,475,298 | 3,092,566 |
| FUND BALANCES – END OF YEAR | \$ 885,712 | \$ 3,087,630 | \$ 3,973,342 |

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, 2024**

| Amounts reported for governmental activities in the statement of activities are different because: | | |
|--|-----------|----------------|
| Net change in fund balances – Total government funds | \$ | 880,776 |
| <p>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.</p> | | |
| Principal payment on bonds | | 115,000 |
| <p>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.</p> | | |
| Decrease in accrued bond interest payable | | - |
| Changes in net position of governmental activities | \$ | 995,776 |

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, 2024**

| | Original Budget | Actual Amounts | Positive / (Negative) Variance with Original Budget |
|--|-------------------|-------------------|---|
| REVENUES | | | |
| Property taxes | \$ 732,300 | \$ 742,655 | \$ 10,355 |
| Specific ownership taxes | 45,400 | 33,782 | (11,618) |
| Capital contributions | - | - | - |
| Reimb expenses - other costs | 2,000 | 1,410 | (590) |
| Net investment income | 2,000 | 60,628 | 58,628 |
| Total Revenues | 781,700 | 838,475 | 56,775 |
| EXPENDITURES | | | |
| General and administration | 126,135 | 105,830 | 20,305 |
| Litigation expenses | 100,000 | 70,136 | 29,864 |
| Total Expenditures | 226,135 | 175,966 | 50,169 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 555,565 | 662,509 | 106,944 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | (394,065) | (394,065) | - |
| Total Other Financing Sources (Uses) | (394,065) | (394,065) | - |
| EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 161,500 | 268,444 | 106,944 |
| FUND BALANCE – BEGINNING OF YEAR | 659,800 | 617,268 | (42,532) |
| FUND BALANCE – END OF YEAR | \$ 821,300 | \$ 885,712 | \$ 64,412 |

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, 2024**

| | Original Budget | Actual Amounts | Positive / (Negative) Variance with Original Budget |
|---|-------------------|-------------------|---|
| GENERAL AND ADMINISTRATION | | | |
| District management and accounting fees | \$ 40,600 | \$ 40,596 | \$ 4 |
| Administrative costs | 3,000 | 4,365 | (1,365) |
| Audit fees | 7,200 | 7,025 | 175 |
| Collection fees – County Treasurer | 36,600 | 37,221 | (621) |
| Board of Directors’ fees | - | - | - |
| Election services | - | 1,027 | (1,027) |
| Insurance | 3,500 | 3,169 | 331 |
| General legal fees | 23,000 | 12,427 | 10,573 |
| Newsletter publication costs | 2,200 | - | 2,200 |
| Miscellaneous admin expenses | 10,035 | - | 10,035 |
| Total General and Administration | \$ 126,135 | \$ 105,830 | \$ 20,305 |

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, 2024

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.

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.

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 18, 2023, the Board adopted the District's 2024 budget.

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 Combined Mill Levy: The District's Service Plan establishes a Maximum Combined 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 Combined 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 2024 was 6.765%, which caused the District's Maximum Combined Mill Levy for 2024 to be 70.599.

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 2024 was 6.765%, which caused the District's Maximum General Mill Levy for 2024 to be 58.832.

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 2024 was 6.765%, which caused the District's Maximum Debt Mill Levy for 2024 to be 58.832.

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, 2024, 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 2024, specific ownership taxes was equal to approximately 4.5% 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 Capital 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 Capital Facility Fee. As of December 31, 2024, a perpetual lien exists on 299 undeveloped Lots that have not yet paid the Capital Facility Fee to the District.

| | Lots | Total Capital Facility Fees |
|--|-------------|------------------------------------|
| Lots originally subject to Capital Facility Fees | 720 | \$ 4,503,600 |
| Capital Facility Fees collected through Dec. 31, 2024 | (421) | (2,633,355) |
| Undeveloped Lots on which the Capital Facility Fee Lien has not yet been released | 299 | \$ 1,870,245 |

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.

On November 10, 2023, the District's Board adopted a resolution requiring all Capital Facility Fees collected in and subsequent to May 2018 be pledged to the repayment of the District's 2018 bonds and any refundings thereof. If any Capital Facility Fees remain uncollected after the District's existing debt has been repaid, such Capital Facility Fees are pledged to a Special Revenue Fund for the purpose of funding costs related to public infrastructure projects that benefit the District.

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 within 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 Inflows of Resources and Deferred Outflows 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, 2024 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

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 fund 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, 2024 are classified in the accompanying financial statements as follows:

| | |
|-------------------------------------|---------------------|
| Statement of net position: | |
| Cash and investments – unrestricted | \$ 891,113 |
| Cash and investments – restricted | 3,085,423 |
| Total cash and investments | \$ 3,976,536 |

Cash and investments as of December 31, 2024 consist of the following:

| | |
|--------------------------------------|---------------------|
| Deposits with financial institutions | \$ 69,785 |
| Investments | 3,906,751 |
| Total cash and investments | \$ 3,976,536 |

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, 2024, the District's cash deposits had a bank balance of \$38,510 and carrying balance of \$69,785. All deposits with financial institutions are covered by FDIC insurance.

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, 2024, the District’s investments were comprised of the following:

| Investment | Maturity | Amortized Cost |
|---|-----------------------------------|----------------|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted Average Under 60 Days | \$ 3,906,751 |

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, 2024:

| | <u>Balance at Dec. 31, 2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at Dec. 31, 2024</u> | <u>Due within one year</u> |
|--|-------------------------------------|--------------------------|----------------------------|-------------------------------------|--------------------------------|
| Series 2018 G.O. Bonds | \$ 11,555,000 | \$ - | (\$ 115,000) | \$ 11,440,000 | \$ 125,000 |
| Accrued Interest – Series 2018 G.O. Bonds | 53,779 | 631,931 | (631,931) | 53,779 | - |
| Total | <u>\$ 11,608,779</u> | <u>\$ 631,931</u> | <u>(\$ 746,931)</u> | <u>\$ 11,493,779</u> | <u>\$ 125,000</u> |

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 1st and December 1st.

The Series 2018 Bonds are secured by and payable solely from Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all property tax revenues generated by the imposition of the Required Debt Mill Levy;
- b) SolVista Metro District’s property tax revenue generated from a 25-mill levy less a \$12,500 operations allowance;
- c) all specific ownership taxes attributable to the Required Debt Mill Levy;
- d) any other legally available amounts that the District determines, in its sole discretion, to credit to the Series 2018 Bonds.

The Required Mill Levy is defined in the Series 2018 Bond Indenture of Trust as a rate that is sufficient to pay the principal of and interest on the Series 2018 Bonds, but such rate cannot exceed the Maximum Mill Levy as established in the District’s Service Plan.

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:

| <u>Dates</u> | <u>Premium</u> |
|--|----------------|
| 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:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|------------------|-----------------|--------------|
| 2025 | \$ 125,000 | \$ 626,325 | \$ 751,325 |
| 2026 | 140,000 | 620,231 | 760,231 |

| | | | |
|--------------|----------------------|----------------------|----------------------|
| 2027 | 120,000 | 613,406 | 733,406 |
| 2028 | 140,000 | 607,556 | 747,556 |
| 2029 | 145,000 | 600,325 | 745,325 |
| 2030 – 2034 | 990,000 | 2,861,925 | 3,851,925 |
| 2035 – 2039 | 1,470,000 | 2,539,625 | 4,009,625 |
| 2040 – 2044 | 2,125,000 | 2,068,000 | 4,193,000 |
| 2045 – 2049 | 2,970,000 | 1,395,350 | 4,365,350 |
| 2050 – 2052 | 3,215,000 | 408,650 | 3,623,650 |
| Total | \$ 11,440,000 | \$ 12,342,393 | \$ 23,781,393 |

Events of Default – Series 2018 Bonds

The following events are considered events of default under the bond indenture of trust: (1) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust, (2) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners or (3) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Series 2018 Bonds when due shall not, of itself, constitute an Event of Default if the District has levied the Required Mill Levy, complied with all covenants and conditions of the Indenture of Trust and remitted all Pledged Revenues to the Trustee. Available remedies for an Event of Default are (1) placing the district in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization

The District's Service Plan limits the District's borrowing authority to \$40 million – regardless of whether voter-authorized borrowing powers of the District are greater than this amount. Changes to the Service Plan's borrowing limit requires approval of the Town.

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 \$80 million to fund infrastructure improvements, \$40 million to fund the District's operations and maintenance costs and \$40 million to refund debt at a net cost increase to taxpayers. On November 2, 2004, the District's electors authorized the issuance of indebtedness at a net effective interest rate not to exceed 10% per annum in an amount not to exceed \$24 million to fund infrastructure improvements and \$24 million to refund debt at a net cost increase to taxpayers.

On November 05, 2024, 1,863 of the District's electors voted in an election approving by a margin of 87% to forever eliminate all remaining, unused borrowing power granted by the District's eligible electors to the District in all past elections.

NOTE 5 – NET POSITION (DEFICIT)

Restricted Net Position

The District's restricted net position as of December 31, 2024 in the general fund and debt service fund totaled \$6,100 and \$3,087,630, 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, 2024 in the general fund and debt service fund totaled \$3,243 and \$0, respectively. These balances were created due to the District prepaying certain 2025 expenses in 2024.

Assigned Net Position

The District's assigned net position as of December 31, 2024 in the general fund and debt service fund totaled \$12,100 and \$0, respectively. These balances were created due to the District budgeting expenditures for 2025 in excess of budgeted revenues.

Unassigned Net Position

The District's unassigned net position as of December 31, 2024 totaled (\$10,617,410). 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 2024 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 within 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

Lease Purchase Agreement Litigation

On February 23, 2021, the District through its then-attorneys Norton & Smith, P.C., filed a complaint (as amended on various dates) in the District Court for Grand County, Colorado, against (as later amended) Headwaters Metropolitan District (“HMD”), GP Granby Holdings (now Gray Jay Ventures, LLC (“Gray Jay”)), Redwood Capital Finance Co. LLC (“Redwood”), and Granby Prentice, LLC (together, with GR Terra, LLC, “Defendants”) in Granby Ranch Metropolitan District v. Headwaters Metropolitan District, et al., Grand County District Court Case No. 2021CV30008 (the “2021 Lawsuit”). As alleged in the District’s various complaints, the 2021 Lawsuit concerns claims relating to 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, LLC, as a defendant to the 2021 Lawsuit through its Second Amended Complaint filed July 6, 2021.

Broadly stated, the District asserted claims in the 2021 Lawsuit regarding 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 which the District asserted were to be owned by a public entity that would manage them on behalf of the residents of the District and the Town of Granby. In the 2021 Lawsuit, the District sought damages asserted to be at least the \$6 million in public funds that the District paid to HMD under the LPA and sought a declaratory judgment reinstating the LPA, which the District asserted requires that the publicly funded ski resort facilities be owned and operated by a public entity. Defendants contested the District’s claims and certain Defendants filed counterclaims against the District.

On July 30, 2023, the District Court entered orders that, stated generally, dismissed the District’s claims without prejudice, concluded that the 2012 LPA was terminated, concluded that any restrictive covenants contained in the LPA were terminated, and entered a decree quieting title in favor of GR Terra, LLC. On September 15, 2023, the District filed an appeal with the Colorado Court of Appeals. The Court of Appeals determined that it was not clear

that all claims pending before the District Court had been resolved in a final judgment, and therefore it dismissed the appeal without prejudice, meaning that it may be refiled in the future.

Subsequently, the parties agreed to narrow the pending claims before the District Court and entered into a stipulation that was approved by the District Court on December 10, 2023, that dismissed certain counterclaims asserted against the District. Following entry of this Court-approved stipulation, two of HMD's counterclaims (including a breach of contract claim asserting damages (including for attorney's fees and costs)) and one of GR Terra, LLC's counterclaims, remained pending before the District Court.

On June 4, 2024, the District Court allowed the parties to file dispositive motions. On July 11, 2024, the District filed a motion for partial summary judgment (seeking a determination that there is no basis to enter a monetary award against the District). Also on July 11, 2024, HMD and GR Terra, LLC filed a motion for summary judgment on Counts I and IV of HMD's Counterclaims (alleging a breach of the Exclusion Agreement and the District's Service Plan, and seeking an award of attorney's fees and costs against the District) and Count IV of GR Terra, LLC's Counterclaim (alleging a breach of the District's Service Plan).

Assessing and predicting the outcome of this matter involves substantial uncertainties. 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.

Capital Facility Fee Litigation

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. After District Court's dismissal of four of GRCO's nine claims on February 26, 2024, GRCO, LLC's remaining complaint demands (1) declaratory and injunctive relief regarding the District's alleged violation of the 2006 Facilities Fee Resolution, (2) declaratory and injunctive relief regarding the District's alleged violation of CRS 32-1-1001(1)(j) by levying Capital Facilities Fees for the purpose of repaying the District's debt, the proceeds of which GRCO claims funded public infrastructure that did not benefit GRCO's lots, (3) 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, (4) damages for the District's alleged Due Process violations under the United States and Colorado Constitutions and damages under 42 U.S.C. § 1983, (5) declaratory and injunctive relief for the District's alleged continuing Due Process violations of the United States and Colorado Constitutions and attorneys' fees under 42 U.S.C. § 1983 and (6) declaratory and injunctive relief for the District's alleged violation of C.R.S. § 32-1-503 and the 2006 Facilities Fee Resolution by collecting capital facility fees on lots located outside of the District's service boundaries (but still subject to the District's 2018 Bond debt lien). GRCO, LLC is seeking relief including a return of \$125,100 in Capital Facility Fees it has already paid to the District.

The District believes this case is defensible and 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. 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's current belief, material differences in actual outcomes or changes in the District'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 – LITIGATION – SUBSEQUENT EVENTS

Lease Purchase Agreement Litigation

On March 3, 2025, the District Court ruled on the parties' motions. In brief, it denied the District's motion for partial summary judgment, denied GR Terra, LLC's motion for summary judgment, and denied HMD's motion for summary judgment on its Count IV. As to HMD's motion regarding its Count I, the District Court partially granted the motion, meaning that the District Court found as a matter of law that the District had breached the Exclusion Agreement and that the Exclusion Agreement provided for an award of damages measured by attorney's fees and costs. The parties stipulated to dismiss all other pending claims and the District Court set a briefing schedule on HMD's request for damages. On May 12, 2025, HMD filed its motion for an award of damages in the amount of its attorney's fees and costs. In its motion, HMD seeks \$931,894.62 in damages. The motion is not yet fully briefed and the District Court has not yet entered an order on the motion.

The District filed a May 15, 2025, Notice of Appeal with the Colorado Court of Appeals, seeking review of the District Court's March 3, 2025, order. This appeal has not yet been briefed.

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, 2024

| | Original Budget | Actual Amounts | Positive / (Negative) Variance with Original Budget |
|--|---------------------|---------------------|--|
| REVENUES | | | |
| Property taxes | \$ 669,800 | \$ 671,723 | \$ 1,923 |
| Specific ownership taxes | 41,500 | 34,073 | (7,427) |
| Net investment income | 120,090 | 136,642 | 16,552 |
| Capital contributions | 118,845 | 75,060 | (43,785) |
| Sol Vista Metro contribution | 65,000 | 85,491 | 20,491 |
| Total Revenues | 1,015,235 | 1,002,989 | (12,246) |
| EXPENDITURES | | | |
| Direct and indirect collection costs | 42,000 | 37,791 | 4,209 |
| Debt service | | | |
| Bond interest | 632,000 | 631,931 | 69 |
| Bond principal | 115,000 | 115,000 | - |
| Total Expenditures | 789,000 | 784,722 | 4,278 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 226,235 | 218,267 | (7,968) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | 394,065 | 394,065 | - |
| Total Other Financing Sources (Uses) | 394,065 | 394,065 | - |
| EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 620,300 | 612,332 | (7,968) |
| FUND BALANCE – BEGINNING | 2,447,000 | 2,475,298 | 28,298 |
| FUND BALANCE – END OF YEAR | \$ 3,067,300 | \$ 3,087,630 | \$ 20,330 |

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, 2024**

| | Original Budget | Actual Amounts | Positive / (Negative) Variance with Original Budget |
|---|--------------------|-------------------|--|
| DIRECT AND INDIRECT COLLECTION COSTS | | | |
| Administrative costs | \$ 5,000 | \$ 633 | \$ 4,367 |
| Collection fees – County Treasurer | 33,500 | 33,658 | (158) |
| Bond paying agent fees | 3,500 | 3,500 | - |
| Total Direct and Indirect Collection Costs | \$ 42,000 | \$ 37,791 | \$ 4,209 |

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, 2024

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

| Year Ended December 31, | Principal | Interest | Interest Rate | Total |
|----------------------------|----------------------|----------------------|------------------|----------------------|
| 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 |
| | \$ 11,440,000 | \$ 12,341,393 | | \$ 23,781,393 |

GRANBY RANCH METROPOLITAN DISTRICT
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2024

| 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) | |
| 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 | 1,059,561 | 100.18% |
| 2024 | 33,286,500 | 37,210,310 | 22.000 | 18.000 | 1,402,100 | 1,412,653 | 100.75% |
| 2025 | 35,390,320 | 39,451,000 | 2.000 | 12.000 | 544,200 | [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, 2024

| | 2023 Mill Levy* | 2024 Mill Levy ** | Change |
|--|--------------------|----------------------|------------------|
| Colorado River Water Conservation | 0.500 | 0.501 | 0.001 |
| East Grand School | 20.526 | 20.812 | 0.286 |
| Granby, Town of | 7.218 | 7.218 | - |
| Grand County | 16.905 | 16.905 | - |
| Grand Fire | 10.570 | 10.573 | 0.003 |
| Middle Park Water Conservancy | 0.034 | 0.034 | - |
| Grand County Library District | 3.363 | 3.362 | (0.001) |
| Granby Ranch Metro | 22.000 | 2.000 | (20.000) |
| Granby Ranch Metro Bond | 18.000 | 12.000 | (6.000) |
| Fraser River Valley Housing Partnership | 2.000 | 2.000 | - |
| Total Mill Levy | 101.116 | 75.405 | (25.711) |

* -- For property tax collections in 2024

** -- For property tax collections in 2025

GRANBY RANCH METROPOLITAN DISTRICT
HISTORICAL DEBT RATIOS
 December 31, 2024

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------------|---------------|---------------|---------------|---------------|
| General Obligation Bonds | \$ 11,830,000 | \$ 11,750,000 | \$ 11,655,000 | \$ 11,555,000 | \$ 11,440,000 |
| Accrued, unpaid interest - Bonds | 53,779 | 53,779 | 53,779 | 53,779 | 53,779 |
| Restricted cash | (1,493,864) | (1,690,560) | (2,086,980) | (2,420,103) | (3,085,423) |
| Combined assessed property values within the District | 18,673,850 | 21,758,830 | 21,507,890 | 37,210,310 | 39,451,000 |
| Ratio of debt to assessed property values | 55.6% | 46.5% | 44.7% | 24.7% | 21.3% |