Granby Ranch Metropolitan District No. 2

Financial Statements

December 31, 2025

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McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Granby Ranch Metropolitan District No. 2
Grand County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Granby Ranch Metropolitan District No. 2 (the “District”), as of and for the year ended December 31, 2025, 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 District, as of December 31, 2025 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”). 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.

Responsibilities of Management for the Financial Statements

The District’s management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

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 U.S. GAAS 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 U.S. GAAS, 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 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 opinion on the basic financial statements is not affected by this missing information.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison 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 U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Granby Ranch Metropolitan District No. 2

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The individual fund budgetary comparison in Section F is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison found in Section F is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 9, 2026

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Granby Ranch Metropolitan District No. 2
Statement of Net Position
December 31, 2025

Assets:	
Cash and equivalents - Unrestricted	700
Cash and equivalents - Restricted	2,485,811
Amounts due from County	885
Property taxes receivable	198,080
Prepaid expenses	2,080
Total Assets	2,687,556
Liabilities:	
Current liabilities due in less than one year:	
Accounts payable	397,335
Accrued interest payable	42,103
Non-current liabilities due in excess of one year:	
Bonds payable	11,911,865
Developer advances	153,309
Total Liabilities	12,504,612
Deferred Inflows of Resources:	
Property tax revenue	198,080
Total Deferred Inflows of Resources	198,080
Net Position:	
Restricted for debt service	2,084,352
Restricted for emergencies	2,389
Unrestricted	(12,106,001)
Total Net Position	(10,015,136)

The accompanying notes are an integral part of these financial statements.

Granby Ranch Metropolitan District No. 2
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenue**
Functions/Programs:					
Governmental activities:					
General government	9,946,190	-	-	-	(9,946,190)
Interest on long-term debt	42,103	-	-	-	(42,103)
Total primary government	9,988,293	-	-	-	(9,988,293)
General revenues:					
Taxes:					
Property tax					889
Specific ownership tax					41
Interest income					20,339
Total General Revenues					21,269
Change in Net Position					(9,967,024)
Net Position - Beginning					(48,112)
Net Position - Ending					(10,015,136)

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Granby Ranch Metropolitan District No. 2
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets:				
Cash and equivalents - Unrestricted	700	-	-	700
Cash and equivalents - Restricted	-	2,087,082	398,729	2,485,811
Amounts due from County	885	-	-	885
Property taxes receivable	33,013	165,067	-	198,080
Prepaid expenditures	2,080	-	-	2,080
Total Assets	36,678	2,252,149	398,729	2,687,556
Liabilities:				
Accounts payable	-	2,730	394,605	397,335
Total Liabilities	-	2,730	394,605	397,335
Deferred Inflows of Resources:				
Unavailable property tax revenue	33,013	165,067	-	198,080
Total Deferred Inflows of Resources	33,013	165,067	-	198,080
Fund Balances:				
Nonspendable	2,080	-	-	2,080
Restricted for debt service	-	2,084,352	-	2,084,352
Restricted for emergencies	2,389	-	-	2,389
Unassigned	(804)	-	-	(804)
Total Fund Balances	3,665	2,084,352	4,124	2,092,141
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	36,678	2,252,149	398,729	2,687,556

The accompanying notes are an integral part of these financial statements.

Granby Ranch Metropolitan District No. 2
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2025

Governmental Funds Total Fund Balance		2,092,141
Long-term liabilities, including bonds payable and leases payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of District long-term liabilities. Details of these amounts are as follows:		
Bonds payable	(12,048,000)	
Bond issuance discount	136,135	
Developer advances	(153,309)	
Accrued interest payable	(42,103)	
		(12,107,277)
Net Position of Governmental Activities		(10,015,136)

Granby Ranch Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Property taxes	889	-	-	889
Specific ownership taxes	41	-	-	41
Interest income	29	16,185	4,125	20,339
Total Revenues	959	16,185	4,125	21,269
Expenditures:				
General government	77,604	-	419,493	497,097
Debt service				
Bond issuance costs	-	348,140	-	348,140
Capital reimbursement	-	-	9,100,953	9,100,953
Total Expenditures	77,604	348,140	9,520,446	9,946,190
Excess (Deficiency) of Revenues over Expenditures	(76,645)	(331,955)	(9,516,321)	(9,924,921)
Other Financing Sources (Uses):				
Bond proceeds	-	12,048,000	-	12,048,000
Bond discount	-	(136,135)	-	(136,135)
Developer advances	78,679	-	24,887	103,566
Transfers in	-	-	9,495,558	9,495,558
Transfers (out)	-	(9,495,558)	-	(9,495,558)
Total Other Financing Sources (Uses)	78,679	2,416,307	9,520,445	12,015,431
Net Change in Fund Balances	2,034	2,084,352	4,124	2,090,510
Fund Balances - Beginning	1,631	-	-	1,631
Fund Balances - Ending	3,665	2,084,352	4,124	2,092,141

The accompanying notes are an integral part of these financial statements.

Granby Ranch Metropolitan District No. 2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balances for total governmental funds		2,090,510
The repayment of the principal of long-term debt consumes current financial resources of governmental funds. This transaction, however, has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt repayments.		
Bond proceeds	(12,048,000)	
Bond discount	136,135	
Developer advances	(103,566)	
		(12,015,431)
The change in accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		(42,103)
Change in Net Position of Governmental Activities		(9,967,024)

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Granby Ranch Metropolitan District No. 2 (the "District") was established on December 12, 2007, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was formed to serve the public improvement needs of the development. The District has the authority to finance, design, construct and install improvements including water, storm sewer, sanitation, streets, traffic safety, security, and parks and recreation in an area of approximately 4,937 acres of land in Grand County, Colorado.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, all balances are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, 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.

The *Capital Projects Fund* accounts for revenues that are required to be used for capital projects.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at net asset value. The change in net asset value or fair value of investments is recognized as an increase or decrease to investment assets and investment income. The District's investment policy is detailed in note III.A.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. There was no allowance as of December 31, 2025.

3. Prepaid Expenses

Prepaid expenses represent costs incurred in advance for goods or services that will be consumed or utilized in future periods. These amounts are recorded as assets at the time of payment and are subsequently expensed over the period in which the related benefits are received.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items to report under this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

6. Long-term Obligations

The District’s long-term obligations consist of outstanding bonds and developer advances. These obligations are recorded in the government-wide financial statements, at their principal amounts, net of any applicable bond discounts or premiums, which are amortized over the life of the related debt using the effective interest method.

Bonds payable – represent limited tax general obligation bonds issued to finance infrastructure and capital improvements. Interest on bonds is recognized as an expense when incurred, and principal payments are made in accordance with the debt service schedule.

Developer advances - represent funds provided by developers for initial infrastructure and operational costs. These advances bear interest at rates specified in agreements between the District and developers. Repayment of advances is contingent upon the availability of certain future revenues.

Debt issuance costs, excluding prepaid bond insurance, are expensed as incurred in accordance with applicable accounting standards.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Fund Balance

The District classifies governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of targeted reserve positions and management reports the targeted amounts annually to Board of Directors.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Local Government Budget Law of Colorado. The budgets for the funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2025:

(1) A public hearing on the proposed budget and capital program was held by the Board.
(2) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
(3) For the 2025 budget, the final budget and appropriating resolution was adopted prior to December 31, 2024.
(4) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
(5) For the 2025 budget, the final budget and appropriating resolution was adopted prior to December 31, 2024.

After adoption of the budget resolution, the District may make the following changes: a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; c) it may approve emergency appropriations; and d) it may reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

The District Debt Service and Capital Projects Fund both exceeded appropriations during the year ended December 31, 2025.

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved $2,389, which is the approximate required reserve, at December 31, 2025.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

On November 6, 2007, the District's electorate approved the following:

Shall Granby Ranch Metropolitan District No. 2 is authorized to collect, retain, and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law or contract to be imposed, collected or received by the district during 2007 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent notwithstanding any district revenue or spending limitation or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the district's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, retained and spent by the district?

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

II. Stewardship, Compliance, and Accountability (continued)

C. Authorized But Unissued Debt

Pursuant to C.R.S. 32-1-1101(2) a District is only authorized to issue bonds for a period up to twenty years following the date of the election at which such bonds were authorized by the District's voters. The District has the following Authorized Debt as of December 31, 2025:

Purpose	Authorization
Debt Refunding or Reimbursement	113,750,000
Parks and Recreation	113,750,000
Water	113,750,000
Sanitation & Storm Sewer	113,750,000
Transportation	113,750,000
Mosquito Control	113,750,000
Traffic Saftey	113,750,000
Fire Protection	113,750,000
Television Relay and Translation	113,750,000
Security	113,750,000
For Reimbursement	113,750,000
General Debt	113,750,000
IGA Debt	113,750,000
Private Party Agreements	113,750,000
	1,592,500,000

At December 31, 2025, the District had $1,580,452,000 of authorized but unissued debt, however, the District Intergovernmental Agreement to Allocate Service Plan Debt Authorization limits the District's debt to $15,000,000 of which $2,952,000 unissued.

III. Detailed Notes on all Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was $0 at year end.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. District investment policy limits investments to those authorized by State statutes. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

At year end, the District had the following deposits and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Term to Maturity: Less than one year	Term to Maturity: More than one year
Deposits:				
Checking and savings	Not rated	-	-	-
Investments:				
Investment pool	AAAm	2,486,511	2,486,511	-
		2,486,511	2,486,511	-

At December 31, 2025, the District had the following recurring fair value measurements.

Investments Measured at Amortized Cost	Total
CSAFE	2,486,511
	2,486,511

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The Investment Pool represents investments in CSAFE. The net asset value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2025, the District's investments in CSAFE were 100% of the District's investment portfolio.

At December 31, 2025, District had invested $2,486,511 in CSAFE.

CSAFE CASH FUND, which operates similarly to a money market fund in which each share is equal in value to $1, offers daily liquidity. CSAFE may invest in US Treasury securities, repurchase agreements collateralized by US Treasury securities, certain money market funds, highest rated commercial paper, and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable net asset value ("NAV") local government investment pool, offers weekly liquidity and is managed to approximate a $2 transactional share price. CSAFE CORE may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities, certain obligations of US government agencies, and highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE'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 CSAFE. CSAFE is rated AAAm by Standard & Poor's. CSAFE is rated AAAf/S1 by FitchRatings. CSAFE records its investment at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

The District had the following restricted cash and equivalents as of December 31, 2025:

Project Fund	398,729
Bond Fund	1,329,533
Bond Reserve Fund	753,001
Cost of Issuance	4,548
	2,485,811

III. Detailed Notes on all Funds (continued)

B. Long-term Obligations

1. Limited Tax General Obligation Bonds, Series 2025

On October 21, 2025, the District issued the following bonds to finance (reimburse) the costs of the acquisition, construction, and installation of public infrastructure improvements within the District and/or the Service Area:

- $7,485,000 General Obligation Limited Tax Bonds, Series 2025A ("Series 2025A Senior Bonds")
- $4,563,000 Subordinate General Obligation Limited Tax Bonds, Series 2025B ("Series 2025B Subordinate Bonds")

Series 2025A Senior Bonds – The Series 2025A Senior Bonds were issued as a single term bond maturing on December 1, 2064, and bear interest at 6.75% per annum, payable semiannually on June 1 and December 1 of each year from available Senior Pledged Revenue, commencing June 1, 2026. The bonds are subject to mandatory sinking fund redemption beginning December 1, 2028, and are subject to optional redemption at the District's discretion beginning December 1, 2032, at redemption premiums declining from 3.00% to par on or after December 1, 2035. The bonds are additionally subject to mandatory "Turbo Redemption" on each December 10 following the Turbo Redemption Date, payable solely from amounts credited to the Senior Excess Revenue Fund, at par plus accrued interest without premium.

The Series 2025A Senior Bonds constitute limited tax general obligations of the District, payable solely from and to the extent of the Senior Pledged Revenue, which consists of: (i) all Senior Property Tax Revenues derived from the District's imposition of the Senior Required Mill Levy (limited to a maximum of 50 mills, subject to adjustment); (ii) the portion of Senior Specific Ownership Tax Revenues collected as a result of the imposition of the Senior Required Mill Levy; and (iii) any other legally available moneys the District, in its absolute discretion, transfers to the Trustee for application as Senior Pledged Revenue.

The Series 2025A Senior Bonds are additionally secured by: (i) capitalized interest of $1,319,231 deposited from bond proceeds, which the District anticipates will pay debt service on the Series 2025A Senior Bonds through June 1, 2028; and (ii) the Senior Reserve Fund, funded from bond proceeds in the amount of the Required Reserve ($747,165).

The Series 2025A Senior Bonds shall be deemed paid, satisfied, and discharged, and the indenture discharged, on the 2025A Termination Date of December 2, 2065, regardless of the amount of principal and interest paid prior to that date. Following discharge, holders of the Series 2025A Senior Bonds will have no recourse to the District or its property for any amounts remaining unpaid. To the extent principal or interest is not paid when due prior to the 2025A Termination Date, unpaid amounts will remain outstanding and continue to accrue interest at the stated rate, compounding on each interest payment date.

III. Detailed Notes on all Funds (continued)

B. Long-term Obligations (continued)

1. Limited Tax General Obligation Bonds, Series 2025 (continued)

Series 2025B Subordinate Bonds – The Series 2025B Subordinate Bonds were issued as a single term bond maturing on December 15, 2064, and bear interest at 7.85% per annum, payable annually on December 15 of each year from available Subordinate Pledged Revenue, commencing December 15, 2026, and were privately placed with GRCO LLC. These bonds are structured as "cash flow" bonds; accordingly, no scheduled principal payments are required prior to maturity. Instead, principal is payable on each December 15 from available Subordinate Pledged Revenue pursuant to mandatory redemption. Based on the District's Financial Forecast, Subordinate Pledged Revenue is not anticipated to be sufficient to pay principal payments until 2061, with principal repaid in 2063.

The Series 2025B Subordinate Bonds are subordinate limited tax general obligations of the District secured by and payable from the Subordinate Pledged Revenue, which consists of: (i) all Subordinate Property Tax Revenues derived from the District's imposition of the Subordinate Required Mill Levy (capped at 50 mills minus the Senior Bond Mill Levy for the same levy year); (ii) the portion of Subordinate Specific Ownership Tax Revenues collected as a result of the imposition of the Subordinate Required Mill Levy; and (iii) any other legally available moneys the District, in its absolute discretion, transfers to the Trustee for application as Subordinate Pledged Revenue.

Payment of principal and interest on the Series 2025B Subordinate Bonds is subordinate in all respects to the Series 2025A Senior Bonds and any Senior Parity Bonds. Payments on the subordinate bonds may only be made after all current-year obligations related to the Series 2025A Senior Bonds have been satisfied. The failure to pay principal or interest on the Series 2025B Subordinate Bonds when due does not, of itself, constitute an event of default under the 2025B Subordinate Indenture.

The Series 2025B Subordinate Bonds shall be deemed paid, satisfied, and discharged, and the indenture discharged, on the 2025B Termination Date of December 16, 2065, regardless of the amount of principal and interest paid prior to that date. Following discharge, holders of the Series 2025B Subordinate Bonds will have no recourse to the District or its property for any amounts remaining unpaid. To the extent interest is not paid when due, such interest accrues and compounds annually at the stated rate.

2. Developer Advances

Operating Advances - The Developer has advanced operating funds to the District under the Funding Agreement (Administrative, Operations and Maintenance), dated November 14, 2024, to fund administrative, operating, and maintenance costs of the District. Advances are limited to $48,000 per annum (the Annual Loan Cap) and were available through December 31, 2025, with the obligation period automatically extending for additional one-year terms (and the Maximum Loan Amount increasing by the Annual Loan Cap) unless terminated by either party. Repayment is due no later than 180 days following the Loan Obligation Termination Date or earlier termination of the agreement. There is no fixed amortization schedule for the developer redemption; therefore, it is not included in the following debt service schedule.

III. Detailed Notes on all Funds (continued)

B. Long-term Obligations (continued)

2. Developer Advances (continued)

Capital Advances - The Developer has advanced capital funds to the District under the Infrastructure Reimbursement Agreement, dated September 26, 2025, to fund the design, acquisition, construction, and installation of Public Infrastructure, to be repaid when the District has available resources upon 1) issuance of bonds or other Debt Instruments, 2) from available funds not otherwise required for operations, capital improvements, and debt service, or 3) issuance of Reimbursement Obligation(s), subject to annual appropriation and budget approval by the Board. The advances carry interest at eight percent (8%) per annum from the date the Costs are accepted by the District. There is no fixed amortization schedule for the developer redemption; therefore, it is not included in the following debt service schedule.

The District had the following changes in long-term obligations for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Limited Tax G.O. Bonds, Series 2025A	-	7,485,000	-	7,485,000	-
Limited Tax G.O. Bonds, Series 2025B	-	4,563,000	-	4,563,000	-
Less: discount	-	(136,135)	-	(136,135)	-
Total bonds payable:	-	11,911,865	-	11,911,865	-
Developer advances	49,743	103,566	-	153,309	-
Total	49,743	12,015,431	-	12,065,174	-

III. Detailed Notes on all Funds (continued)

B. Long-term Obligations (continued)

Annual debt service requirements to maturity for the Series 2025A Senior Bonds are as follows:

	Principal	Interest	Total
2026	-	505,238	505,238
2027	-	505,238	505,238
2028	65,000	505,238	570,238
2029	-	500,850	500,850
2030	-	500,850	500,850
2031 - 2035	45,000	2,501,550	2,546,550
2036 - 2040	210,000	2,465,775	2,675,775
2041 - 2045	435,000	2,366,213	2,801,213
2046 - 2050	765,000	2,178,225	2,943,225
2051 - 2055	1,220,000	1,863,000	3,083,000
2056 - 2060	1,870,000	1,369,913	3,239,913
2061 - 2064	2,875,000	574,763	3,449,763
Total	7,485,000	15,836,850	23,321,850

No amortization schedule is provided for the Series 2025B Subordinate Bonds as future payments are based on available cash flows.

IV. Other Information

A. Risk Management

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool (“Pool”) for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to $1,000,000, except if the claim falls within the government immunity statute, then the coverage is $150,000 per person and a $600,000 aggregate claim. The Pool is reinsured for 80% of the first $250,000 of all claims and 100% for claims in excess of $250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage. A summary of audited statutory basis financial information for the Pool can be found here: https://www.csdpool.org/financials

IV. Other Information (continued)

B. Commitments and Contingencies

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that they are not aware of any material outstanding claims against the District at December 31, 2025.

C. Related Parties

None of the members of the Board of Directors reported any conflicts of interest arising from their participation of the District’s Board.

REQUIRED SUPPLEMENTARY INFORMATION

Granby Ranch Metropolitan District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Property taxes	889	889	889	-
Specific ownership taxes	53	41	41	-
Interest income	-	29	29	-
Total Revenues	942	959	959	-
Expenditures:				
General government:				
Insurance	3,000	1,639	1,639	-
Accounting and auditing	6,665	14,686	14,686	-
Legal	20,000	44,000	19,478	24,522
Management	6,510	14,611	14,611	-
Treasurer fees	13	44	44	-
Engineering	-	-	24,000	(24,000)
Other	2,750	2,353	3,146	(793)
Total Expenditures	38,938	77,333	77,604	(271)
Excess (Deficiency) of Revenue Over Expenditures	(37,996)	(76,374)	(76,645)	(271)
Other Financing Sources:				
Developer advances	38,938	77,333	78,679	1,346
Total Other Financing Sources	38,938	77,333	78,679	1,346
Net Change in Fund Balance	942	959	2,034	1,075
Fund Balance - Beginning	-	1,631	1,631	-
Fund Balance - Ending	942	2,590	3,665	1,075

SUPPLEMNTARY INFORMATION

Granby Ranch Metropolitan District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Debt Service Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Interest income	-	16,155	16,185	30
Total Revenues	-	16,155	16,185	30
Expenditures:				
Debt service:				
Cost of issuance	-	481,545	348,140	133,405
Total Expenditures	-	481,545	348,140	133,405
Excess (Deficiency) of Revenue Over Expenditures	-	(465,390)	(331,955)	133,435
Other Financing Sources:				
Bond proceeds	-	7,485,000	12,048,000	4,563,000
Bond discount	-	-	(136,135)	(136,135)
Transfers (out)	-	(4,932,558)	(9,495,558)	(4,563,000)
Total Other Financing Sources	-	2,552,442	2,416,307	(136,135)
Net Change in Fund Balance	-	2,087,052	2,084,352	(2,700)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	-	2,087,052	2,084,352	(2,700)

Granby Ranch Metropolitan District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Capital Projects Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Interest income	-	4,125	4,125	-
Total Revenues	-	4,125	4,125	-
Expenditures:				
General government:				
Town of Granby	-	394,605	394,605	-
Engineering consultant	-	24,888	24,888	-
Debt service:				
Develper repayments	-	4,537,954	-	4,537,954
Capital reimbursement	-	9,100,954	9,100,953	1
Total Expenditures	-	14,058,401	9,520,446	4,537,955
Excess (Deficiency) of Revenue Over Expenditures	-	(14,054,276)	(9,516,321)	4,537,955
Other Financing Sources:				
Developer advances	-	9,125,842	24,887	(9,100,955)
Transfers in	-	4,932,558	9,495,558	4,563,000
Total Other Financing Sources	-	14,058,400	9,520,445	(4,537,955)
Net Change in Fund Balance	-	4,124	4,124	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	-	4,124	4,124	-