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Accountant's Compilation Report

Board of Directors
Granby Ranch Metropolitan District
Grand County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Granby Ranch Metropolitan District for the year ending December 31, 2017, including the estimate of comparative information for the year ending December 31, 2016, and the actual comparative information for the year ending December 31, 2015, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Granby Ranch Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 13, 2017

**GRANBY RANCH METROPOLITAN DISTRICT
SUMMARY
2017 BUDGET AS ADOPTED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

1/13/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 3,701,641	\$ 3,309,389	\$ 1,414,478
REVENUES			
1 Property taxes	659,910	730,193	813,105
2 Specific ownership taxes	40,896	39,500	40,600
3 Net investment income	8,630	12,000	11,500
4 Other income	-	3,000	-
5 Bond issuance	-	11,680,000	-
6 Payment in lieu of taxes	54,746	-	-
7 Capital facilities fees	25,020	287,500	-
8 Contribution from Sol Vista MD	29,772	29,958	29,958
9 Bond premium	-	100,438	-
10 Contribution from Headwaters MD	-	75,000	-
11 Note issuance - Series 2017	-	-	100,000
Total revenues	<u>818,974</u>	<u>12,957,589</u>	<u>995,163</u>
Total funds available	<u>4,520,615</u>	<u>16,266,978</u>	<u>2,409,641</u>
EXPENDITURES			
General and administration			
12 Accounting	-	17,500	13,000
13 Audit	-	-	4,500
14 Contingency	-	3,000	1,265
15 County Treasurer's fees	-	-	12,614
16 District management	-	34,000	18,000
17 Insurance	-	-	3,500
18 Legal	-	18,000	18,000
19 Miscellaneous	-	-	-
Operations and maintenance			
20 Accounting and legal (5% of costs)	-	-	8,642
21 Crack seal	-	-	13,446
22 Facilities management fees (5% of costs)	-	-	8,642
23 Mosquito control	-	-	9,860
24 Note Principal - Series 2017	-	-	100,000
25 Snow removal	-	-	113,676
26 Storm drainage maintenance	-	-	13,446
27 Street sweeping	-	-	17,927
28 Streetscaping	-	-	-
29 Utilities	-	-	4,482
Debt service			
30 Bond interest - Series 2006	927,788	877,110	-
31 Bond interest - Series 2010	-	-	-
32 Bond interest - Series 2017	-	-	606,711
33 Bond issue costs	22,894	340,539	-
34 Bond principal - Series 2006	225,000	13,520,000	-
35 Bond principal - Series 2017	-	-	-
36 Contingency	-	3,341	4,748
37 County Treasurer's fees	33,244	36,510	28,041
38 Paying agent fees	2,300	2,500	2,500
Total expenditures	<u>1,211,226</u>	<u>14,852,500</u>	<u>1,003,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,211,226</u>	<u>14,852,500</u>	<u>1,003,000</u>
ENDING FUND BALANCES	<u>\$ 3,309,389</u>	<u>\$ 1,414,478</u>	<u>\$ 1,406,641</u>
EMERGENCY RESERVE	\$ -	\$ 2,300	\$ 7,900
Debt Service Surplus Fund	2,074,976	200,000	200,000
Reserve Fund - 2006 Bonds	1,234,413	-	-
Debt Service Reserve Fund	-	926,750	926,750
TOTAL RESERVE	<u>\$ 3,309,389</u>	<u>\$ 1,129,050</u>	<u>\$ 1,134,650</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

GRANBY RANCH METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

1/13/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
ASSESSED VALUATION - GRAND COUNTY			
Residential	\$ 8,562,370	\$ 9,603,360	\$ 10,224,850
Commercial	382,340	315,390	305,110
Agricultural	360	370	370
Vacant Land	1,807,360	2,069,470	1,995,920
State Assessed	90,260	90,590	87,870
Other	-	-	40
	<u>10,842,690</u>	<u>12,079,180</u>	<u>12,614,160</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 10,842,690</u>	<u>\$ 12,079,180</u>	<u>\$ 12,614,160</u>
MILL LEVY			
General Fund	-	-	20.000
Refunds and Abatements	-	-	-
Total mill levy	<u>-</u>	<u>-</u>	<u>20.000</u>
PROPERTY TAXES			
General Fund	\$ -	\$ -	\$ 252,282
Refunds and Abatements	-	-	-
Levied property taxes	-	-	252,282
Adjustments to actual	-	-	-
Budgeted property taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,282</u>
ASSESSED VALUATION - GRAND COUNTY - DEBT ONLY			
Residential	\$ 8,562,370	\$ 9,603,360	\$ 10,224,850
Commercial	1,150,430	1,119,750	1,426,850
Agricultural	1,930	1,980	1,980
Vacant Land	2,131,270	2,352,580	2,279,030
State Assessed	90,260	90,590	87,870
Other	-	-	-
	<u>11,936,260</u>	<u>13,168,260</u>	<u>14,020,580</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 11,936,260</u>	<u>\$ 13,168,260</u>	<u>\$ 14,020,580</u>
MILL LEVY			
Debt Service Fund	55.451	55.451	40.000
Refunds and Abatements	-	-	-
Total mill levy	<u>55.451</u>	<u>55.451</u>	<u>40.000</u>
PROPERTY TAXES			
Debt Service Fund	\$ 661,878	\$ 730,193	\$ 560,823
Refunds and Abatements	-	-	-
Levied property taxes	661,878	730,193	560,823
Adjustments to actual	(1,968)	-	-
Budgeted property taxes	<u>\$ 659,910</u>	<u>\$ 730,193</u>	<u>\$ 560,823</u>
BUDGETED PROPERTY TAXES			
General Fund	\$ -	\$ -	\$ 252,282
Debt Service Fund	659,910	730,193	560,823
	<u>\$ 659,910</u>	<u>\$ 730,193</u>	<u>\$ 813,105</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**GRANBY RANCH METROPOLITAN DISTRICT
GENERAL FUND
2017 BUDGET AS ADOPTED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

1/13/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 5,500
REVENUES			
1 Property taxes	-	-	252,282
2 Specific ownership taxes	-	-	12,600
3 Other income	-	3,000	-
4 Contribution from Headwaters MD	-	75,000	-
5 Note issuance - Series 2017	-	-	100,000
Total revenues	-	78,000	364,882
Total funds available	-	78,000	370,382
EXPENDITURES			
General and administration			
6 Accounting	-	17,500	13,000
7 Audit	-	-	4,500
8 Contingency	-	3,000	1,265
9 County Treasurer's fees	-	-	12,614
10 District management	-	34,000	18,000
11 Insurance	-	-	3,500
12 Legal	-	18,000	18,000
13 Miscellaneous	-	-	-
Operations and maintenance			
14 Accounting and legal (5% of costs)	-	-	8,642
15 Crack seal	-	-	13,446
16 Facilities management fees (5% of costs)	-	-	8,642
17 Mosquito control	-	-	9,860
18 Note Principal - Series 2017	-	-	100,000
19 Snow removal	-	-	113,676
20 Storm drainage maintenance	-	-	13,446
21 Street sweeping	-	-	17,927
22 Streetscaping	-	-	-
23 Utilities	-	-	4,482
Total expenditures	-	72,500	361,000
Total expenditures and transfers out requiring appropriation	-	72,500	361,000
ENDING FUND BALANCES	\$ -	\$ 5,500	\$ 9,382
EMERGENCY RESERVE	-	2,300	7,900
TOTAL RESERVE	\$ -	\$ 2,300	\$ 7,900

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

GRANBY RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
2017 BUDGET AS ADOPTED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,

1/13/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 3,701,641	\$ 3,309,389	\$ 1,408,978
REVENUES			
1 Property taxes	659,910	730,193	560,823
2 Specific ownership taxes	40,896	39,500	28,000
3 Net investment income	8,630	12,000	11,500
4 Bond issuance	-	11,680,000	-
5 Payment in lieu of taxes	54,746	-	-
6 Capital facilities fees	25,020	287,500	-
7 Contribution from Sol Vista MD	29,772	29,958	29,958
8 Bond premium	-	100,438	-
Total revenues	<u>818,974</u>	<u>12,879,589</u>	<u>630,281</u>
Total funds available	<u>4,520,615</u>	<u>16,188,978</u>	<u>2,039,259</u>
EXPENDITURES			
Debt service			
9 Bond interest - Series 2006	927,788	877,110	-
10 Bond interest - Series 2010	-	-	-
11 Bond interest - Series 2017	-	-	606,711
12 Bond issue costs	22,894	340,539	-
13 Bond principal - Series 2006	225,000	13,520,000	-
14 Bond principal - Series 2017	-	-	-
15 Contingency	-	3,341	4,748
16 County Treasurer's fees	33,244	36,510	28,041
17 Paying agent fees	2,300	2,500	2,500
Total expenditures	<u>1,211,226</u>	<u>14,780,000</u>	<u>642,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,211,226</u>	<u>14,780,000</u>	<u>642,000</u>
ENDING FUND BALANCES	<u>\$ 3,309,389</u>	<u>\$ 1,408,978</u>	<u>\$ 1,397,259</u>
Debt Service Surplus Fund	\$ 2,074,976	\$ 200,000	\$ 200,000
Reserve Fund - 2006 Bonds	1,234,413	-	-
Debt Service Reserve Fund	-	926,750	926,750
TOTAL RESERVE	<u>\$ 3,309,389</u>	<u>\$ 1,126,750</u>	<u>\$ 1,126,750</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**GRANBY RANCH METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Granby Ranch Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was established 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 was part of the Sol Vista Golf and Ski Ranch development and overlapped with SolVista Metropolitan District No. 1 which was established in 1999 as Silver Creek Metropolitan District and changed its name on September 6, 2001. On October 23, 2004, the name of the District became Granby Ranch Metropolitan District. The District was formed contemporaneously with Sol Vista Metropolitan District No.1, which on October 23, 2004, became Headwaters Metropolitan District. The Districts were organized to provide services, programs and facilities, including the financing of construction, completion, maintenance and operation of public infrastructure within the Districts' boundaries. Pursuant to the Service Plan, which was approved on July 22, 2003, the District serves as the "Taxing District" while Headwaters Metropolitan District serves as the "Service District". Granby Ranch Metropolitan Districts Nos. 2 through 8 were established on September 25, 2007 as additional taxing districts.

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 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. The District has no employees and contracts for all of its management and professional services.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

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.

The calculation of the taxes levied for collection in 2017 is displayed on page 3 of the budget at the adopted total mill levy of 60.000 mills which includes 20.000 mills for the General Fund and 40.000 mills for the Debt Service Fund.

**GRANBY RANCH METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 5% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.50%.

Contribution 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 the date on which the 2006 bonds were issued by The District. During 2015, SVMD paid \$29,772, to the District bond trustee, pursuant to the agreement.

Capital Facilities Fees

One-time Capital Facilities Fee was established for all property within the boundaries of The District, commencing June 1, 2005, at the rate of (a) \$6,255.00 per residential dwelling unit (including, without limitation, condominiums, townhouses, apartments and any other attached dwelling units and detached single-family dwelling units; and (b) with respect to property utilized for commercial, office or industrial uses, \$6,255.00 per single-family equivalent; provided, however, that said Capital Facilities Fees are subject to increase as the Districts may determine necessary to fund the actual costs of the Improvements, but not in excess of a cumulative increase of 10% per year; and

The Capital Facilities Fee are due and owing on the date which is the earlier of: (i) the date a building permit is issued for any individual lot; or (ii) the date specified in any prepayment contract.

It is anticipated that in 2016 the Developer will prepay Capital Facilities Fee for 40 out of 46 units, totaling \$250,200.

Expenditures

County Treasurer's Fee

County Treasurer's collection fees have been computed at 5% of property taxes.

**GRANBY RANCH METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt Service

Principal and interests payments in 2017 are provided based on the debt amortization schedule from the Limited Tax General Obligation Refunding Bonds, Series 2017 and 2006 Limited Tax General Obligation Bonds as detailed on pages 10 and 11.

General Government

General government expenditures included the estimated services necessary to maintain the District's administrative viability, such as legal, management, accounting and insurance.

Operations

Facilities that are constructed by the District are either turned over to a third party for maintenance or maintained by the District (i.e. streets). The budget reflects the District's operational expenditures in order to maintain those assets not conveyed to other entities.

Streetscaping

Streetscaping is expected to be paid by the Homeowner Association.

Debt and Leases

2006 Limited Tax General Obligation Bonds

On July 5, 2006, the District issued Limited Tax General Obligation Bonds (the Series 2006 Bonds) in the amount of \$14,725,000, to partially finance the District's obligations under various intergovernmental agreements. These obligations are primarily related to construction of infrastructure and other various improvements on behalf of, and for the benefit of, residents of the District by other governmental entities. Additionally, proceeds of the Series 2006 Bonds were also used to fund debt service reserves and to finance costs associated with their issuance. The Series 2006 Bonds bear interest at the rate of 6.75% payable semiannually on June 1 and December 1. The Series 2006 Bonds are subject to mandatory sinking fund redemption beginning annually on December 1, 2010 through 2036.

The Series 2006 Bonds are subject to redemption prior to maturity at the option of the District on and after December 1, 2015, at a redemption price equal to their principal amount plus interest accrued thereon to the date of redemption. The District is required to pledge a mill levy of up to 50 mills as adjusted for changes in assessment ratios, the revenues from SolVista Metropolitan District, capital facilities fees collected, and specific ownership taxes attributable to the mill levy towards the payment of the bonds.

Limited Tax General Obligation Refunding Bonds, Series 2016

The District anticipates issuing debt to refinance their 2006 Limited Tax General Obligation Bonds prior to year end.

Debt amortization schedules for 2016 Limited Tax General Obligation Bonds and 2006 Limited Tax General Obligation Bonds are attached below.

The District has no operating or capital leases.

**GRANBY RANCH METROPOLITAN DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

2017 Note

2017 Note in the principal amount of up to \$100,000, payable from the Operating Mill Levy, is expected to be issued on January 1 2017 with maturity date of September 30, 2017. The 2017 Note will bear no interest rate before the maturity date and thereafter Wall Street Journal Prime rate.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2017, as defined under TABOR.

This information is an integral part of the accompanying budget.