

Granary Metropolitan District No. 4

**Annual Financial Report and
Independent Auditor's Report**

December 31, 2022



Table of Contents

	Page
INDEPENDENT AUDITOR’S REPORT	I-III
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position	3
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenues, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—General Fund	6
NOTES TO THE FINANCIAL STATEMENTS.....	7-18
SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Debt Service Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Capital Projects Fund.....	20

Independent Auditor's Report

To the Board of Directors
Granary Metropolitan District No. 4

Opinion

We have audited the accompanying financial statements of the governmental activities and the major funds of Granary Metropolitan District No. 4 (the "District") as of and for the year ended December 31, 2022, 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, 2022, and the respective changes in financial position and the 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 Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Granary Metropolitan District No. 4 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Granary Metropolitan District No. 4'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Granary Metropolitan District No. 4'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 Granary Metropolitan District No. 4'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.

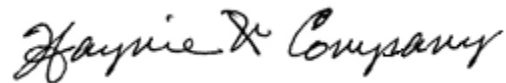
Required Supplementary Information

Management has omitted management 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents 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. Such 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 the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado
September 26, 2023

BASIC FINANCIAL STATEMENTS

Granary Metropolitan District No. 4
Statement of Net Position
December 31, 2022

Assets	Governmental Activities
Cash and investments	\$ 9,073,748
Capital assets, net of depreciation	<u>10,739,039</u>
Total assets	<u><u>\$ 19,812,787</u></u>
Liabilities	
Accounts payable	\$ 1,070,871
Retainage payable	439,406
Accrued interest payable	957,222
Non-current liabilities:	
Bonds payable	<u>18,768,000</u>
Total liabilities	<u><u>21,235,499</u></u>
Net Position	
Net investment in capital assets	(8,028,961)
Restricted for:	
Capital projects	7,563,471
Emergency	-
Unrestricted	<u>(957,222)</u>
Total Net Position (Deficit)	<u>(1,422,712)</u>
Total Liabilities, Net Position (Deficit) and Deferred Inflows of Resources	<u><u>\$ 19,812,787</u></u>

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

Granary Metropolitan District No. 4
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
			Primary Government
		Charges for Services and other fees	Governmental Activities
Primary government:			
Governmental activities:			
General government	\$ -	\$ -	\$ -
Interest and related costs on long term debt	1,661,651	-	(1,661,651)
	1,661,651	-	(1,661,651)
			Interest and other income
			\$ 238,939
			Total general revenues
			238,939
			Change in net position
			(1,422,712)
			Net position (deficit) - beginning of
			-
			Net position (deficit) - end of year
			(1,422,712)

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

Granary Metropolitan District No. 4
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2022

Assets	Capital Projects Fund	Total Governmental Funds
Cash and investments	\$ 9,073,748	\$ 9,073,748
Total assets	\$ 9,073,748	\$ 9,073,748
Liabilities		
Accounts payable	\$ 1,070,871	\$ 1,070,871
Retainage payable	439,406	439,406
Total liabilities	1,510,277	1,510,277
Fund Balances		
Restricted:		
Capital projects	7,563,471	7,563,471
Emergency reserves	-	-
Unassigned	-	-
Total Fund Balances	7,563,471	7,563,471
Total Liabilities, Fund Balance and Deferred Inflows of Resources	\$ 9,073,748	\$ 9,073,748

Total governmental fund balance per above \$ 7,563,471

Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (as 10,739,039

Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:

Bonds payable	(18,768,000)
Accrued interest	(957,222)
Net position (deficit) of governmental activities	\$ (1,422,712)

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

Granary Metropolitan District No. 4
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2022

	Capital Projects	Total Governmental Funds
Revenues		
Interest/Other income	\$ 238,939	\$ 238,939
Total General Revenues	238,939	238,939
Expenditures		
Capital outlay	10,739,039	10,739,039
Cost of Issuance	704,429	704,429
Total Expenditures	11,443,468	11,443,468
Excess revenues over (under) expenditures	(11,204,529)	(11,204,529)
Other financing sources (uses)		
Bond Proceeds	18,768,000	18,768,000
Total other financing sources (uses)	18,768,000	18,768,000
Net change in fund balances	7,563,471	7,563,471
Fund balances:		
Beginning of year	-	-
End of year	\$ 7,563,471	\$ 7,563,471

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

Granary Metropolitan District No. 4
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, 2022

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

Net change in fund balance—total governmental funds	7,563,471
In the statement of activities, capital outlay is not reported as an expenditure:	
Capital asset additions	10,739,039
Long-term debt 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. Also, governmental funds do not report new long-term commitments until paid, while the commitment expense is recorded as a change in net position.	
Bond proceeds	(18,768,000)
Accrued interest - change in liability	<u>(957,222)</u>
Change in net position of governmental activities	<u>(1,422,712)</u>

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

Granary Metropolitan District No. 4
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ -	\$ -	\$ -
Investment income	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Contingency	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Granary Metropolitan District No. 4

Notes to Financial Statements

December 31, 2022

1. Definition of Reporting Entity

Granary Metropolitan District No. 4 (the District), was organized on January 6, 2022, pursuant to the Colorado Special District Act (Title 32) and the Consolidated Service Plan (the “Service Plan”) for Granary Metropolitan District Nos. 1-9 (the “Granary Districts”) approved by the Town Council of the Town of Johnstown (the “Town”) on September 20, 2021. The District’s service area is located in Johnstown, Weld County, Colorado. The District is a quasi-municipal governmental entity governed by an elected Board of Directors with the power to impose property taxes and other fees and charges for services and facilities within its service area and is an independent unit of local government, separate and distinct from the Town, established to provide for the planning, design, acquisition, construction, installation and financing of the Public Improvements (as defined in the Service Plan and herein) from the proceeds of Debt that may be issued by the District and to provide for the ownership, operation and maintenance of any Public Improvement not otherwise accepted for ownership, operation or maintenance by the Town or another governmental entity.

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

The District 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.

2. Summary of Significant Accounting Policies

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

Granary Metropolitan District No. 4

Notes to Financial Statements (continued)

December 31, 2022

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

2. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct 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 the governmental funds. Major individual governmental funds are reported as separate columns in the 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 government 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. 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 Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Granary Metropolitan District No. 4

Notes to Financial Statements (continued)

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) 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.

When both restricted and unrestricted resources are available for use, it is the District's policy 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 the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund presented on the modified accrual basis of accounting unless otherwise indicated.

Property Taxes

Property taxes are levied by the District 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 for 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 revenue in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is available or collected.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Granary Metropolitan District No. 4

Notes to Financial Statements (continued)

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities' column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000. Such assets are recorded in historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets, which are anticipated to be conveyed to other governmental entities, are recorded as construction in progress and are not included in the calculation of invested in capital assets, net of related debt component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Bond Issuance Costs

In the government-wide and fund financial statements, bond issuance costs are recognized as expenses during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

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: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Granary Metropolitan District No. 4

Notes to Financial Statements (continued)

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

- *Committed fund balance* - The portion of 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 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 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.

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 8).

The restricted fund balance in the Capital Projects Fund is to be used exclusively for the acquisition and construction of capital equipment and facilities.

3. Cash and Investments

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

Statement of net position:

Cash and investments	<u>\$ 9,073,748</u>
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Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	<u>\$ 9,073,748</u>
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Granary Metropolitan District No. 4

Notes to Financial Statements (continued)

December 31, 2022

3. Cash and Investments (continued)

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 equal to 102% of the aggregate uninsured deposits.

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

As of December 31, 2022, the District's cash deposits had a carrying balance of \$1,001 and bank balance of \$1,001, of which all was FDIC insured.

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 noted with an asterisk (*) 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 or 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. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

Granary Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2022

3. Cash and Investments (continued)

- . Obligations of the United States, certain U.S. government agency securities and securities of 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 repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- Local government investment pools

Investment Maturity Fair Value

Colorado Local Government Liquid Asset Trust
(COLOTRUST) Weighted average under 60 days \$ 9,072,747

COLOTRUST

The District had invested \$9,072,747 in Colorado Government Liquid Asset Trust (COLOTRUST) as of December 31, 2022. The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

Granary Metropolitan District No. 4

Notes to Financial Statements (continued)

December 31, 2022

3. Cash and Investments (continued)

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

4. Capital Assets

An analysis of the changes in net capital assets for the year ended December 31, 2022 follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$10,739,039	\$ -	\$ 10,739,039
Total Capital Assets, Not Being Depreciated	-	10,739,039	-	10,739,039
Total Capital Assets, Net	\$ -	\$10,739,039	\$ -	\$ 10,739,039

5. Long-Term Liabilities

\$18,768,000 Limited Tax General Obligation Bonds, Series 2022(3)

On March 31, 2022, the District issued \$18,768,000 (original issue amount) Limited Tax General Obligation Bonds, Series 2022(3). The bonds, maturing December 1, 2051, bear an interest rate of 6.750% per annum, calculated on a basis of a 360-day year of twelve 30-day months, payable semi-annually on each June 1 and December 1, commencing June 1, 2022, until the principal amount is paid.

Granary Metropolitan District No. 4

Notes to Financial Statements (continued)

December 31, 2022

5. Long-Term Liabilities (continued)

Any principal or interest remaining due, but not paid on December 1, 2051, shall be discharged and the Bond shall be deemed paid in full on such date in accordance with the Bond Resolution.

As of December 31, 2022, the District has accrued and unpaid interest related to the Series 2022 bonds in the amount of \$975,222.

Events of default are as follows:

- The District refuses to impose the required mill levy or apply pledged revenue, as required
- The District defaults on the performance or observance or other applicable covenants, agreements or conditions, and fails to remedy after notice
- The District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the bond obligation

Remedies for default include the potential for receivership scenario, a suit for judgment or some other suit or action available under law.

The following is an analysis of changes in the District's long-term debt for the year ended December 31, 2022:

	Balance December 31, 2021	Additions	Payments	Balance December 31, 2022	Amounts Due Within One Year
<u>Governmental Activities</u>					
Series 2022					
Limited Tax General Obligation	\$ -	\$18,768,000	\$ -	\$ 18,768,000	\$ -
Total Bonds	\$ -	\$18,768,000	\$ -	\$ 18,768,000	\$ -

Granary Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2022

5. Long-Term Liabilities (continued)

Below is a summary of the future maturities of the Limited Tax General Obligation Bonds, Series 2022:

GO Series 2022 Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ -	\$ -
2024	402,000	100,000	502,000
2025	1,341,000	2,065,414	3,406,414
2026	1,625,000	1,239,705	2,864,705
2027	1,971,000	1,239,705	3,210,705
2028-2032	2,084,000	5,735,550	7,819,550
2033-2037	1,013,000	3,765,084	4,778,084
2038-2042	2,290,000	3,219,309	5,509,309
2043-2047	4,122,000	2,218,118	6,340,118
2048-2051	3,920,000	568,823	4,488,823
	<u>\$ 18,768,000</u>	<u>\$ 20,151,708</u>	<u>\$ 38,919,708</u>

Pursuant to the electoral authorization secured through the November 2, 2021 election, the District is authorized to issue debt up to \$1,846,000,000; however, the District Service Plan limits the issuance of debt by the Granary Districts to \$49,000,000. All long-term debt is expected to be repaid by limited taxes imposed and collected for no longer than the maximum debt mill levy imposition term of residential properties and at a mill levy no higher than 50 mills, as adjusted for commercial district, or 40 mills for a residential district, subject to adjustment if, on or after January 1, 2021, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement. As of December 31, 2022, the District had \$30,232,000 remaining authorized under the Service Plan but unissued debt.

The District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. However, the amount and timing of any debt issuances, if any, are not determinable.

Granary Metropolitan District No. 4

Notes to Financial Statements (continued)

December 31, 2022

6. Net Position

The District has net position consisting of two components –restricted and unrestricted.

Restricted assets include the net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2022 as follows:

Restricted net position:	
Capital projects	\$ 7,563,471

The District’s unrestricted net position as of December 31, 2022 is a deficit of \$(957,222).

8. Risk Management

The District is 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) as of December 31, 2022. 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 and public officials’ liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

9. Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the

Granary Metropolitan District No. 4
Notes to Financial Statements (continued)
December 31, 2022

State of Colorado and all local governments.

9. Tax, Spending and Debt Limitations (continued)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Supplementary Information

Granary Metropolitan District No. 4
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Interest Income/Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Debt service				
Trustee fees	7,500	107,500	-	107,500
Total Expenditures	<u>7,500</u>	<u>107,500</u>	<u>-</u>	<u>107,500</u>
Excess revenues over (under) expenditures	<u>(7,500)</u>	<u>(107,500)</u>	<u>-</u>	<u>107,500</u>
Other financing sources (uses)				
Transfer from District No. 1	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(7,500)</u>	<u>(107,500)</u>	<u>-</u>	<u>107,500</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of year	<u><u>\$ (7,500)</u></u>	<u><u>\$ (107,500)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 107,500</u></u>

Granary Metropolitan District No. 4
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest & Other	\$ -	\$ 238,939	\$ 238,939
Contingency	-	-	-
Total Revenues	<u>-</u>	<u>238,939</u>	<u>238,939</u>
Expenditures			
Capital improvements	-	10,739,039	(10,739,039)
Total Expenditures	<u>-</u>	<u>10,739,039</u>	<u>(10,739,039)</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>(10,500,100)</u>	<u>(10,500,100)</u>
Other financing sources (uses)			
Bond Proceeds	19,000,000	18,768,000	232,000
Bond Issuance Costs	(750,000)	(704,429)	(45,571)
Transfer to District No. 1	(18,250,000)	-	18,250,000
Total other financing sources (uses)	<u>-</u>	<u>18,063,571</u>	<u>18,436,429</u>
Net change in fund balances	<u>-</u>	<u>7,563,471</u>	<u>7,936,329</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of year	<u>\$ -</u>	<u>\$ 7,563,471</u>	<u>\$ 7,936,329</u>