

INTERPARK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

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## Independent Auditor's Report

Board of Directors  
Interpark Metropolitan District  
Broomfield County, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Interpark Metropolitan District (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

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 Interpark Metropolitan District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

## Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United State 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.

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 supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates 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 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,



Wipfli LLP  
Lakewood, Colorado

September 30, 2021

## Interpark Metropolitan District

### BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash and investments - restricted	\$ -	\$ 520,659	\$ 990,184	\$ 1,510,843	\$ -	\$ 1,510,843
Receivable - County Treasurer	163	1,169	-	1,332	-	1,332
Property taxes receivable	1,722	28,693	-	30,415	-	30,415
Developer receivable	8,040	321	-	8,361	(8,361)	-
Prepaid expenses	2,024	-	-	2,024	-	2,024
Capitalized interest	-	132,154	-	132,154	-	132,154
Sales tax receivable	-	3,332	-	3,332	-	3,332
Capital assets not being depreciated	-	-	-	-	4,948,964	4,948,964
<b>Total Assets</b>	<b><u>\$ 11,949</u></b>	<b><u>\$ 686,328</u></b>	<b><u>\$ 990,184</u></b>	<b><u>\$ 1,688,461</u></b>	<b><u>4,940,603</u></b>	<b><u>6,629,064</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ 10,227	\$ -	\$ -	\$ 10,227	-	10,227
Accrued interest	-	-	-	-	29,654	29,654
Long-term liabilities:						
Due within one year	-	-	-	-	130,000	130,000
Due in more than one year	-	-	-	-	7,183,511	7,183,511
<b>Total Liabilities</b>	<b><u>10,227</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>10,227</u></b>	<b><u>7,343,165</u></b>	<b><u>7,353,392</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	1,722	28,693	-	30,415	-	30,415
<b>Total Deferred Inflows of Resources</b>	<b><u>1,722</u></b>	<b><u>28,693</u></b>	<b><u>-</u></b>	<b><u>30,415</u></b>	<b><u>-</u></b>	<b><u>30,415</u></b>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Nonspendable:						
Prepays	2,024	-	-	2,024	(2,024)	-
Restricted:						
Emergencies	1,500	-	-	1,500	(1,500)	-
Debt service	-	657,635	-	657,635	(657,635)	-
Capital projects	-	-	990,184	990,184	(990,184)	-
Unassigned	(3,524)	-	-	(3,524)	3,524	-
<b>Total Fund Balances</b>	<b><u>-</u></b>	<b><u>657,635</u></b>	<b><u>990,184</u></b>	<b><u>1,647,819</u></b>	<b><u>(1,647,819)</u></b>	<b><u>-</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 11,949</u></b>	<b><u>\$ 686,328</u></b>	<b><u>\$ 990,184</u></b>	<b><u>\$ 1,688,461</u></b>		
Net Position:						
Restricted for:						
Emergencies					1,500	1,500
Debt service					627,981	627,981
Capital projects					990,184	990,184
Unrestricted					(935,160)	(935,160)
<b>Total Net Position</b>					<b><u>\$ (754,743)</u></b>	<b><u>\$ (754,743)</u></b>

The notes to the financial statements are an integral part of these statements.

**Interpark Metropolitan District**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES</b>						
Accounting and audit	\$ 9,864	\$ -	\$ -	\$ 9,864	\$ -	\$ 9,864
Insurance	3,060	-	-	3,060	-	3,060
Legal	11,448	-	-	11,448	-	11,448
Miscellaneous expenses	249	-	-	249	-	249
Treasurer's fees	26	425	-	451	-	451
Bond interest expense	-	355,850	-	355,850	-	355,850
Interest on developer advances	-	-	-	-	56,380	56,380
<b>Total Expenditures</b>	<u>24,647</u>	<u>356,275</u>	<u>-</u>	<u>380,922</u>	<u>56,380</u>	<u>437,302</u>
<b>GENERAL REVENUES</b>						
Property taxes	1,703	28,388	-	30,091	-	30,091
TIF passthrough	15,127	361,458	-	376,585	-	376,585
Specific ownership taxes	938	15,637	-	16,575	-	16,575
Interest income	849	3,301	6,472	10,622	-	10,622
Sales tax revenue	-	21,369	-	21,369	-	21,369
<b>Total General Revenues</b>	<u>18,617</u>	<u>430,153</u>	<u>6,472</u>	<u>455,242</u>	<u>-</u>	<u>455,242</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,030)</b>	<b>73,878</b>	<b>6,472</b>	<b>74,320</b>	<b>(56,380)</b>	<b>17,940</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Developer advances	<u>6,030</u>	<u>-</u>	<u>-</u>	<u>6,030</u>	<u>(6,030)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>6,030</u>	<u>-</u>	<u>-</u>	<u>6,030</u>	<u>(6,030)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>73,878</b>	<b>6,472</b>	<b>80,350</b>	<b>(80,350)</b>	
<b>CHANGE IN NET POSITION</b>					<b>17,940</b>	<b>17,940</b>
<b>FUND BALANCES/NET POSITION:</b>						
BEGINNING OF YEAR	<u>-</u>	<u>583,757</u>	<u>983,712</u>	<u>1,567,469</u>	<u>(2,340,152)</u>	<u>(772,683)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 657,635</u>	<u>990,184</u>	<u>\$ 1,647,819</u>	<u>\$ (2,402,562)</u>	<u>\$ (754,743)</u>

The notes to the financial statements are an integral part of these statements.

## Interpark Metropolitan District

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2020

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 613	\$ 1,703	\$ 1,090
TIF passthrough	16,234	15,127	(1,107)
Specific ownership taxes	43	938	895
Interest income	<u>892</u>	<u>849</u>	<u>(43)</u>
Total Revenues	<u>17,782</u>	<u>18,617</u>	<u>835</u>
<b>EXPENDITURES</b>			
Accounting and audit	6,500	9,864	(3,364)
Election expense	1,000	-	1,000
Insurance	3,000	3,060	(60)
Legal	12,000	11,448	552
Miscellaneous expenses	800	249	551
Treasurer's fees	9	26	(17)
Contingency	1,000	-	1,000
Emergency reserve	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Expenditures	<u>25,809</u>	<u>24,647</u>	<u>1,162</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(8,027)</b>	<b>(6,030)</b>	<b>1,997</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer advances	<u>7,991</u>	<u>6,030</u>	<u>(1,961)</u>
Total Other Financing Sources (Uses)	<u>7,991</u>	<u>6,030</u>	<u>(1,961)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(36)</b>	<b>-</b>	<b>36</b>
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>36</u>	<u>-</u>	<u>(36)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

# INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Interpark Metropolitan District (“District”), located in the City and County of Broomfield, Colorado, (the “City”), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on November 20, 2017, as a quasi-municipal organization established under the State of Colorado Special District Act. The District operates pursuant to a service plan approved by the City on June 13, 2017 (the “Service Plan”). The District was established to provide certain essential public-purpose services and facilities serving the needs of a commercial and flex industrial development located in the City. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

# INTERPARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2020

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

## INTERPARK METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

#### Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

#### Assets, Liabilities and Net Position

##### Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

##### Deposits and Investments

The District's cash and short-term investments with maturities of three months or less from the date of acquisition considered to be cash on hand. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

# INTERPARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2020

### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method.

Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

## INTERPARK METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

#### 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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

#### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

#### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

#### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund relates to prepaid insurance.

#### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,500 of the General Fund balance has been reserved in compliance with this requirement.

# INTERPARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2020

The restricted fund balance in the Debt Service Fund in the amount of \$657,635 is restricted for the payment of the debt service costs associated with the Series 2018 Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$990,184 is restricted for the payment of the costs for capital improvements within the District.

### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund and all funds can report negative amounts.

### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

Note 2: Cash and Investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments - restricted	\$ <u>1,510,843</u>
Total	\$ <u>1,510,843</u>

Cash and investments as of December 31, 2020, consist of the following:

Deposits with financial institutions	\$ 1,593
COLOTRUST	<u>1,509,250</u>
Total	\$ <u>1,510,843</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

# INTERPARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2020

### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

### Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

As of December 31, 2020, the District had the following investment:

### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$1,509,250 invested in COLOTRUST.

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020, follows:

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$4,948,964	\$ -	\$ -	\$ 4,948,964
Total capital assets not being depreciated	<u>4,948,964</u>	<u>-</u>	<u>-</u>	<u>4,948,964</u>
Government type assets, net	<u>\$4,948,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,948,964</u>

Upon completion and acceptance, all capital assets will be conveyed by the District to the City except for storm water improvements. The District will not be responsible for maintenance of those fixed assets conveyed to other entities.

Note 4: Long-Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

On July 19, 2018, the District issued \$6,470,000 Limited Tax (Convertible to Unlimited Tax) General Obligation and Revenue Bonds, Series 2018 (“Series 2018 Bonds”), for the purpose of paying for a portion of the costs of acquiring, constructing and installing certain public improvements and paying the cost of issuance of the Bonds, funding a reserve fund and funding capitalized interest. The Series 2018 Bonds bear interest at the rate of 5.50%, payable semiannually on each June 1 and December 1, commencing on December 1, 2018. The Series 2018 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2021 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2023, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2018 Bonds are subject to mandatory redemption on December 1, 2021 to the extent of any monies remaining on deposit in the Restricted Account of the Project Fund at a redemption price of 100% plus accrued interest.

The Series 2018 Bonds are secured by the Required Mill Levy, the District Tax Increment Financing Revenue (“TIF”), the Broomfield Urban Renewal Authority (“BURA”) Agreement Revenue, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill Levy, and any other legally available moneys as determined by the District. The Series 2018 Bonds are also secured by the Senior Reserve Fund.

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2018 Bonds.

	Principal	Interest	Total
2021	\$ 130,000	\$ 355,850	\$ 485,850
2022	145,000	348,700	493,700
2023	155,000	340,725	495,725
2024	175,000	332,200	507,200
2025	185,000	322,575	507,575
2026-2030	980,000	1,443,475	2,423,475
2031-2035	675,000	1,224,575	1,899,575
2036-2040	990,000	1,006,225	1,996,225
2041-2045	1,405,000	690,800	2,095,800
2046-2048	1,630,000	210,925	1,840,925
	\$ 6,470,000	\$ 6,276,050	\$ 12,746,050

The following is an analysis of changes in long-term debt for the year ending December 31, 2020:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
<b><u>General Obligation Bonds</u></b>					
General Obligation Limited Tax Bonds					
Series 2018	\$6,470,000	\$ -	\$ -	\$ 6,470,000	\$ 130,000
	6,470,000	-	-	6,470,000	130,000
<b><u>Other</u></b>					
Developer advance	702,821	497	-	703,318	-
Developer advance interest	83,813	56,380	-	140,193	-
	786,634	56,877	-	843,511	-
Total	\$7,256,634	\$ 56,877	\$ -	\$ 7,313,511	\$ 130,000

**Debt Authorization**

A majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed \$110,000,000 for public improvements. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$10,000,000. As of December 31, 2020, the District had \$3,530,000 remaining authority under the Service Plan. The District did not budget to issue any additional debt for 2021.

## INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

### Note 5: Other Agreements

#### Cooperation Agreement

The District, the City and BURA entered into a Cooperation Agreement on June 13, 2017 (the “Cooperation Agreement”) whereby the City has agreed to deposit into a reimbursement account established by BURA under the BURA Agreement that portion of the Available Sales Tax Revenue collected by the City, as well as certain Available Use Tax Revenue not described herein. The Cooperation Agreement has the same term as that described above with respect to the BURA Agreement.

#### Redevelopment and Reimbursement Agreement

On June 13, 2017 BURA and United Properties Development LLC, a Minnesota limited liability company (the “Commercial Developer”) entered into a certain Redevelopment and Reimbursement Agreement (“RRA”) whereby BURA agreed to reimburse Commercial Developer for certain eligible costs paid or advanced by the Commercial Developer. Specifically, BURA agreed to reimburse the Commercial Developer for amounts paid or advanced by the Commercial Developer to the District, advances to the District for engineering, design and construction of eligible public improvements, pursuant to a separate agreement between the District and the Commercial Developer, and certain Pre-financing costs. The RRA sets forth a maximum net reimbursement amount of \$1,792,456 and a maximum gross reimbursement to the Developer of \$4,301,894 and to the District of \$4,839,631.

#### Assignment and Assumption Agreement

On June 29, 2018, the Commercial Developer and the District entered into that certain Assignment and Assumption Agreement, (collectively with the Redevelopment and Reimbursement Agreement the “BURA Agreement”), whereby the Commercial Developer assigned all rights, interests and obligations under the RAA related to the receipt of prior Pledged Revenue attributable to the reimbursable costs of certain Public Improvements to the District.

#### Operation Funding Agreement

On December 11, 2017, the District entered into an Operation Funding Agreement with Commercial Developer (as amended on December 10, 2018 and December 9, 2019, the “Operation Funding Agreement”). The Operation Funding Agreement sets forth the terms upon which the Commercial Developer is to advance moneys to the District for its respective operations and maintenance expenses to the extent that the District does not have sufficient moneys available for such costs (the “Operations Shortfall Amount”). The Commercial Developer agreed to advance funds necessary to fund the District’s operations and maintenance expenses on a periodic basis as needed for fiscal years 2017 through 2019, up to the Operations Shortfall Amount of \$80,000. If the District requires additional advances above the Operations Shortfall Amount from the Commercial Developer in order to meet their respective operation and maintenance expenses, the District is to request such additional funds in writing.

## INTERPARK METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

Interest accrues on the Operation Shortfall Amount from the date of each advance until repayment at a rate not to exceed 8% per annum. The District is to make payment to the Commercial Developer to the extent it has funds available after payment of its annual debt service obligations and annual operations and maintenance expenses which repayment is subject to annual appropriation. The Operation Funding Agreement does not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor does it constitute a multiple fiscal year financial obligation, and the making of any reimbursement thereunder is at all times subject to annual appropriation by the District. Payments to reimburse the Commercial Developer are to be made on December 2 of each year and applied first to the accrued and unpaid interest and then to the principal amount due pursuant to the Operation Funding Agreement.

The term of the Operation Funding Agreement expires on December 31, 2060, unless terminated earlier by mutual agreement of the parties thereto. The Commercial Developer's obligation to advance funds to the District in accordance with the Operation Funding Agreement expires on March 15, 2021. Any obligation of the District to reimburse the Commercial Developer for such advances expires on December 31, 2060. In the event the District has not reimbursed the Commercial Developer for any advance on or before December 31, 2060, any amount of principal and accrued interest outstanding on such date is deemed to be forever discharged and satisfied in full. At December 31, 2020, there was nothing outstanding under this agreement.

#### Facilities Funding and Acquisition Agreement

On December 11, 2017, (effective November 20, 2017) the District entered into a Facilities Funding and Acquisition Agreement with the Commercial Developer, which agreement was amended on June 29, 2018, (as amended, the "FFAA"). The parties acknowledge that the Commercial Developer has or will design, construct (or cause to have constructed by a contractor), and complete certain Public Improvements. The District has agreed to reimburse the Commercial Developer for advances for construction of such Public Improvements and/or acquire the completed Public Improvements from the Commercial Developer in accordance with the provisions of the FFAA. The Commercial Developer has agreed to make advances ("Developer Advances") to the District necessary to fund the Construction Related Expenses on a periodic basis as needed for the fiscal years 2017 through 2021. The total estimated cost to complete construction of the Public Improvements is \$10,000,000. The Commercial Developer agrees that prior to requesting that the District acquire any Public Improvements, the Developer will obtain a certification of an independent engineer that the Construction Related Expenses are reasonable and comparable for similar projects as constructed in the Denver metropolitan area, as well as verification from the District's accountant that the Construction Related Expenses are reimbursable (the "Verified Costs").

## INTERPARK METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2020

Pursuant to the FFAA, the District agrees to make payment to the Commercial Developer for all Organization Expenses, Developer Advances and/or Verified Costs for the District, together with interest thereon. Simple interest accrues on Organization Expenses and Construction Related Expenses at a rate not to exceed 8% per annum until paid. For Organization Expenses, simple interest shall accrue from November 20, 2017 (the "Organization Date"). For Construction Related Expenses, simple interest accrues as follows: (a) From the date the Developer Advance is documented and certified in accordance with the procedures set forth in Exhibit E of the BURA Agreement, until earlier of the date of District Bonds, as defined in the BURA Agreement, are issued or May 30, 2019, interest shall accrue on such unreimbursed Developer Advances at the current LIBOR rate at the time of such borrowing plus 2% (not to exceed 8%); (b) If District Bonds are issued, interest shall accrue on any remaining unreimbursed Developer Advances at the rate of interest equal to the average rate of interest payable on the District Bonds beginning on the date of issuance of the District Bonds; (c) If no District Bonds have been issued by May 30, 2019, to the 20-year BBB Municipal Market Data – General Obligation Index plus 200 basis points (not to exceed 6%). Payments by the District to the Developer shall credit first against accrued and unpaid interest and then to the principal amount due. At December 31, 2020, the District owed \$843,511 under this agreement which consisted of \$703,318 of principal and \$140,193 of interest.

No payment is required of the District unless and until the District issues bonds in an amount sufficient to reimburse the Commercial Developer for all or a portion of the Organization Expenses, Developer Advances and/or Verified Costs. The District agrees to utilize any available moneys not otherwise pledged to payment of bonds, used for operation and maintenance expenses, or otherwise encumbered, to reimburse the Commercial Developer. The FFAA does not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor does it constitute a multiple fiscal year financial obligation, and the making of any reimbursement thereunder is at all times subject to annual appropriation by the applicable District. By acceptance of the FFAA, the Commercial Developer agrees and consents to all of the limitations in respect of the payment of the principal and interest due thereunder and in the Service Plan.

#### Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights ("TABOR"), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

# INTERPARK METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2020

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.

On November 7, 2017, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

### Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

### Note 8: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the Commercial Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2020

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and,
- 2) long-term liabilities such as bonds payable, developer advances payable and accrued interest on bonds and developer advances are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the statement of activities; and,
- 3) governmental funds report developer advances and/or bond proceeds as revenue and report interest as expenditures; however, these are reported as changes to long-term liabilities on the government-wide financial statements.

SUPPLEMENTAL INFORMATION

## Interpark Metropolitan District

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2020

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 10,219	\$ 28,388	\$ 18,169
TIF property taxes	100,000	-	(100,000)
TIF passthrough	270,571	361,458	90,887
Specific ownership taxes	818	15,637	14,819
Interest income	-	3,301	3,301
Sales tax revenue	<u>21,434</u>	<u>21,369</u>	<u>(65)</u>
Total Revenues	<u>403,042</u>	<u>430,153</u>	<u>27,111</u>
<b>EXPENDITURES</b>			
Bond interest expense	355,850	355,850	-
Trustee fees	5,000	-	5,000
Treasurer's fees	<u>1,653</u>	<u>425</u>	<u>1,228</u>
Total Expenditures	<u>362,503</u>	<u>356,275</u>	<u>6,228</u>
<b>NET CHANGE IN FUND BALANCE</b>	40,539	73,878	33,339
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR - RESTATED	<u>506,601</u>	<u>583,757</u>	<u>77,156</u>
END OF YEAR	<u>\$ 547,140</u>	<u>\$ 657,635</u>	<u>\$ 110,495</u>

The notes to the financial statements are an integral part of these statements.

## Interpark Metropolitan District

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2020

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Interest income	\$ 32,000	\$ 6,472	\$ (25,528)
Total Revenues	32,000	6,472	(25,528)
<b>EXPENDITURES</b>			
Capital improvements	1,027,377	-	1,027,377
Total Expenditures	1,027,377	-	1,027,377
NET CHANGE IN FUND BALANCE	(995,377)	6,472	1,001,849
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	995,377	983,712	(11,665)
END OF YEAR	\$ -	\$ 990,184	\$ 990,184

The notes to the financial statements are an integral part of these statements.