

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN         FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES,         EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE         GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>6</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>7</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>24</b>
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND     ACTUAL</b>	<b>25</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>27</b>
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY     TAXES COLLECTED</b>	<b>28</b>

Board of Directors  
Palisade Park North Metropolitan District No. 1  
City and County of Broomfield, Colorado

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Palisade Park North Metropolitan District No. 1, 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 opinions 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 of 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinions***

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 Palisade Park North Metropolitan District No. 1 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 of America.

## ***Other-Matters***

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Palisade Park North Metropolitan District No. 1's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The continuing disclosure annual financial information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Simmons & Wheeler P.C.*

Englewood, CO  
July 31, 2021

## **BASIC FINANCIAL STATEMENTS**

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 51,749
Cash and Investments - Restricted	930,519
Due from Other Districts - Palisade Metropolitan District No. 2	10,000
Accounts Receivable - County Treasurer	1,204
Property Taxes Receivable	5,667
Capital Assets, Not Being Depreciated:	
Construction in Progress	5,642,373
Total Assets	6,641,512
<b>LIABILITIES</b>	
Accounts Payable	23,981
Due to Other District - Palisade Metropolitan District No. 2	15,624
Due to County	49,165
Accrued Interest Payable	20,318
Noncurrent Liabilities:	
Due Within One Year	20,000
Due in More Than One Year	7,584,859
Total Liabilities	7,713,947
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	5,667
Total Deferred Inflows of Resources	5,667
<b>NET POSITION</b>	
Restricted For:	
Emergency Reserves	1,600
Debt Service	60,972
Unrestricted	(1,140,674)
Total Net Position	\$ (1,078,102)

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 66,216	\$ -	\$ 46,975	\$ -	\$ (19,241)
Public Works	78,178	-	62,554	-	(15,624)
Interest and Related Costs on Long-Term Debt	520,431	-	265,903	-	(254,528)
Total Governmental Activities	\$ 664,825	\$ -	\$ 375,432	\$ -	(289,393)
<b>GENERAL REVENUES</b>					
					5,179
					16,025
					5,184
					26,388
<b>CHANGE IN NET POSITION</b>					(263,005)
					(815,097)
<b>NET POSITION - END OF YEAR</b>					\$ (1,078,102)

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 51,749	\$ -	\$ -	\$ 51,749
Cash and Investments - Restricted	1,600	913,095	15,824	930,519
Accounts Receivable - County Treasurer	201	1,003	-	1,204
Due from Other Districts - Palisade Metro District No. 2	-	10,000	-	10,000
Property Taxes Receivable	944	4,723	-	5,667
 Total Assets	<b>\$ 54,494</b>	<b>\$ 928,821</b>	<b>\$ 15,824</b>	<b>\$ 999,139</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 20,231	\$ -	\$ 3,750	\$ 23,981
Due To County	-	49,165	-	49,165
Due To Other Districts - Palisade Metro District No. 2	-	-	15,624	15,624
Total Liabilities	20,231	49,165	19,374	88,770
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	944	4,723	-	5,667
Total Deferred Inflows of Resources	944	4,723	-	5,667
 <b>FUND BALANCES</b>				
Restricted For:				
Emergencies (TABOR)	1,600	-	-	1,600
Debt Service	-	874,933	-	874,933
Unassigned	31,719	-	(3,550)	28,169
Total Fund Balances	33,319	874,933	(3,550)	904,702
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<b>\$ 54,494</b>	<b>\$ 928,821</b>	<b>\$ 15,824</b>	
 Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				5,642,373
Long-term liabilities, including Developer advances payable and bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable				(5,205,000)
Developer Advance Payable				(1,781,007)
Accrued Interest Payable - Bonds				(397,943)
Accrued Interest Payable - Developer Advance				(241,227)
Net Position of Governmental Activities				<b>\$ (1,078,102)</b>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 863	\$ 4,316	\$ -	\$ 5,179
Specific Ownership Tax	2,671	13,354	-	16,025
Facilities Fees	-	10,000	-	10,000
BURA TIF Revenue	46,975	234,872	-	281,847
Use Tax	-	14,884	-	14,884
SEF Tax	-	6,147	-	6,147
Net Investment Income	16	5,168	-	5,184
Total Revenues	<u>50,525</u>	<u>288,741</u>	<u>-</u>	<u>339,266</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	33,061	-	-	33,061
Auditing	5,000	-	-	5,000
County Treasurer's Fee	13	66	-	79
Dues And Licenses	338	-	-	338
Insurance And Bonds	2,910	-	-	2,910
Legal Services	22,115	-	-	22,115
Banking Fees	320	579	-	899
Election Expense	499	-	-	499
Engineering	975	-	350	1,325
Irrigation	56	-	-	56
Repayment To The County	-	102,150	-	102,150
Debt Service:				
Bond Interest	-	243,813	-	243,813
Bond Principal	-	-	-	-
Capital Outlay	-	-	4,149	4,149
Total Expenditures	<u>65,287</u>	<u>346,608</u>	<u>4,499</u>	<u>416,394</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(14,762)	(57,867)	(4,499)	(77,128)
<b>OTHER FINANCING SOURCES (USES)</b>				
Intergovernmental Revenue	-	-	62,554	62,554
Intergovernmental Expenditures	-	-	(15,624)	(15,624)
Developer Advance Interest	-	-	(62,554)	(62,554)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(15,624)</u>	<u>(15,624)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(14,762)	(57,867)	(20,123)	(92,752)
Fund Balances - Beginning of Year, as Restated	<u>48,081</u>	<u>932,800</u>	<u>16,573</u>	<u>997,454</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 33,319</u>	<u>\$ 874,933</u>	<u>\$ (3,550)</u>	<u>\$ 904,702</u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ (92,752)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

Capital Assets Acquired 4,149

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Bonds - Change in Liability (107,117)

Accrued Interest on Developer Advance - Change in Liability (67,285)

Change in Net Position of Governmental Activities \$ (263,005)

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 865	\$ 863	\$ (2)
Specific Ownership Tax	1,000	2,671	1,671
BURA TIF Revenue	47,961	46,975	(986)
Net Investment Income	-	16	16
Total Revenues	<u>49,826</u>	<u>50,525</u>	<u>699</u>
<b>EXPENDITURES</b>			
Current:			
Accounting	20,000	33,061	(13,061)
Auditing	5,000	5,000	-
County Treasurer's Fee	13	13	-
Insurance And Bonds	3,500	338	3,162
Dues And Licenses	-	2,910	(2,910)
Legal Services	30,000	22,115	7,885
Miscellaneous	1,000	-	1,000
Banking Fees	-	320	(320)
Election Expense	5,000	499	4,501
Repairs And Maintenance	1,000	-	1,000
Engineering	-	975	(975)
Winter Watering	1,000	-	1,000
Common Area Maintenance	6,000	-	6,000
Snow Removal	2,000	-	2,000
Irrigation	3,000	56	2,944
Electrical	2,500	-	2,500
Miscellaneous Maintenance	500	-	500
Contingency	2,200	-	2,200
Total Expenditures	<u>82,713</u>	<u>65,287</u>	<u>30,487</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(32,887)	(14,762)	29,788
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	55,000	-	(55,000)
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	22,113	(14,762)	(36,875)
Fund Balance - Beginning of Year	<u>31,588</u>	<u>48,081</u>	<u>16,493</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 53,701</u>	<u>\$ 33,319</u>	<u>\$ (20,382)</u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Palisade Park North Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized as Seven25 Metropolitan District on August 16, 2007, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). On April 5, 2016, the Broomfield District Court issued an order granting petition for name change, whereby the name of Seven25 Metropolitan District was changed to Palisade Park North Metropolitan District No. 1. The District operates under a First Amended and Restated Service Plan (the Amended Service Plan) approved by the City and County of Broomfield, Colorado (Broomfield) on March 22, 2016. The District's service area is located in Broomfield. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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. The District has no component units as defined by the GASB.

**NOTE 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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 major sources of revenue subject to accrual are property taxes and interest. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The District amended its budget for the year ended December 31, 2020.

**Pooled Cash and Investments**

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

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the 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.

**Capital Assets**

Capital assets, which include infrastructure (e.g., storm drainage, streets, 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 \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress. Construction in progress is not being depreciated and is not included in the calculation of Net Investment in Capital Assets 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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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. No depreciation expense was recognized during 2020.

**Deferred Inflow/Outflow 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 does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports 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 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. Accordingly, the item, deferred property tax revenue, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

**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.

**Equity**

**Net Position**

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: 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.

*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 practice to use the most restrictive classification first.

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:

**Deficits**

The Capital Fund reported a deficit in the fund financial statements as of December 31, 2020. The deficit will be eliminated with the receipt of funds from intergovernmental revenue in 2021.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

Restatement of Beginning Net Position

The District had restated the beginning net position in the statement of activities as follows:

Net Position - December 31, 2019 as Originally Stated	\$ (708,776)
Adjustment to Reflect Revenue for Debt Service on	
Use Tax	(76,732)
SEF Tax	(29,589)
Net Position - December 31, 2019 as Restated	<u><u>\$ (815,097)</u></u>

The District had restated the beginning fund balance for the Debt Service Fund in the Statement of Revenues, Expenditures, and Changes in the Fund Balance.

Debt Service Fund Balance - December 31, 2019 as	
Originally Stated	\$ 1,039,121
Adjustment to Reflect Revenue for Debt Service on	
Use Tax	(76,732)
SEF Tax	(29,589)
Debt Service Fund Balance - December 31, 2019 as	<u><u>\$ 932,800</u></u>
Restated	

The County inadvertently paid Use tax and SEF tax to the District in 2019 that was due to another entity. Subsequently these taxes were remitted to the other entity to correct the error.

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:	
Cash and Investments	\$ 51,749
Cash and Investments - Restricted	930,519
Total Cash and Investments	<u><u>\$ 982,268</u></u>

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

Deposits with Financial Institutions	\$ 188,611
Investments - COLOTRUST	793,657
Total Cash and Investments	<u><u>\$ 982,268</u></u>

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2020, the District's cash deposits had a bank balance of \$188,611 and a carrying balance of \$188,611.

**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:

- . 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

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 793,657

**COLOTRUST**

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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. 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 is rated AAAM by Standard & Poor's. 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 and there is no redemption notice period.

**NOTE 4 CAPITAL ASSETS**

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

	Balance - January 1, 2020	Increases	Decreases	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 5,638,224	\$ 4,149	\$ -	\$ 5,642,373
Total Capital Assets Not Being Depreciated	<u>\$ 5,638,224</u>	<u>\$ 4,149</u>	<u>\$ -</u>	<u>\$ 5,642,373</u>

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS**

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

	Balance - December 31, 2019	Additions	Deletions	Balance - December 31, 2020	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable					
Series 2016A G.O. Bonds	\$ 4,150,000	\$ -	\$ -	\$ 4,150,000	\$ 20,000
Series 2016B Subordinate G.O. Bonds	1,055,000	-	-	1,055,000	-
Accrued and Unpaid					
Interest Series 2016B Subordinate G.O. Bonds	270,508	107,117	-	377,625	-
Total Bonds Payable	5,475,508	107,117	-	5,582,625	20,000
Other Long-Term Liabilities					
Developer Advance:					
Operations	161,592	-	-	161,592	-
Capital	1,553,128	66,287	-	1,619,415	-
Accrued Interest -					
Operations	20,523	12,535	-	33,058	-
Capital	150,419	120,304	62,554	208,169	-
Total Other Long-Term Liabilities	1,885,662	199,126	62,554	2,022,234	-
Total Long-Term Obligations	\$ 7,361,170	\$ 306,243	\$ 62,554	\$ 7,604,859	\$ 20,000

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

**\$4,150,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2016A and \$1,055,000 Subordinate General Obligation Limited Tax Bonds, Series 2016B**

On November 10, 2016, the District issued \$4,150,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2016A (Series 2016A Bonds) and \$1,055,000 of Subordinate General Obligation Limited Tax Bonds, Series 2016B (Series 2016B Bonds) for the purpose of funding and reimbursing a portion of the costs of certain public infrastructure, paying the costs of issuance of the Bonds, and, with respect to the Series 2016A Bonds only, funding the Senior Reserve Fund and funding a portion of interest to accrue on the Series 2016A Bonds. The Series 2016A Bonds bear interest at the rate of 5.875%, payable semiannually on each June 1 and December 1. The Series 2016B Bonds bear interest at the rate of 8.0%, payable annually on December 15, to the extent that Subordinate Pledged Revenue is available.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$4,150,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2016A and \$1,055,000 Subordinate General Obligation Limited Tax Bonds, Series 2016B (Continued)**

The Series 2016A Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2021, and are subject to optional redemption prior to maturity, commencing on December 1, 2021, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2016B Bonds are subject to a mandatory sinking fund redemption from Subordinate Pledged Revenue, if any, on deposit in the Subordinate Bond Fund, and are subject to optional redemption prior to maturity, commencing on December 15, 2021, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

The Series 2016A Bonds are secured by the (a) the Senior Required Mill Levy, including any District TIF produced as a result of the imposition of the Senior Required Mill Levy; (b) the Capital Fees, if any, which includes the Facilities Fees described herein; (c) Reimbursement Agreement Revenue (as defined in that certain Indenture of Trust, dated November 1, 2016 by and between the District and UMB Bank, n.a. relating to the Series 2016A Bonds, hereinafter referred to as the Series 2016A Indenture); (d) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Senior Required Mill Levy; and (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue. The Series 2016A Bonds are also secured by the Senior Reserve Fund and the Senior Surplus Fund.

The Series 2016B Bonds are secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collection: (i) the Subordinate Required Mill Levy, including any Subordinate District TIF produced as a result of the imposition of the Subordinate Required Mill Levy; (ii) the Subordinate Capital Fee Revenue, if any; (iii) the Reimbursement Agreement Revenue, after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Bonds, including the Series 2016A Bonds; (iv) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; (v) the amount, if any, in the Surplus Fund after the termination of such fund pursuant to the Series 2016A Indenture; and (vi) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

The following is a summary of the annual long-term debt principal and interest requirements under the Series 2016A Bonds.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 20,000	\$ 243,813	\$ 263,813
2022	45,000	242,638	287,638
2023	45,000	239,994	284,994
2024	55,000	237,350	292,350
2025	60,000	234,119	294,119
2026-2030	395,000	1,110,962	1,505,962
2031-2035	620,000	969,961	1,589,961
2036-2040	920,000	754,937	1,674,937
2041-2045	1,310,000	441,506	1,751,506
2046	680,000	39,950	719,950
Total	<u>\$ 4,150,000</u>	<u>\$ 4,515,230</u>	<u>\$ 8,665,230</u>

**Debt Authorization**

As of December 31, 2020, the District had \$152,971,000 of voted but unissued debt for providing public improvements. The District anticipates issuing additional debt in 2021. The District's Service Plan limits its general obligation debt to \$14,500,000, of which \$9,295,000 remains available for use by the District.

**NOTE 6 NET POSITION**

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

Restricted net position includes assets that are 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, 2020, as follows:

Restricted Net Position:	
Emergencies	\$ 1,600
Debt Service	60,972
Total Restricted Net Position	<u>\$ 62,572</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of developer advances related to district operations and capital improvements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7 RELATED PARTY**

All of the Board of Directors are employees, owners, consultants, or are otherwise associated with UF Kevamra 725, LLC (Kevamra), and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed by the Board.

**Facilities Funding and Acquisition Agreement**

On October 19, 2016 the District and Kevamra entered into a Facilities Funding and Acquisition Agreement (FFAA) whereby Kevamra agreed to make advances not to exceed \$4,000,000 to the District for the purpose of funding the organizational expenses and construction and/or acquisition of public improvements. The District agreed to repay these advances together with accrued interest at the rate of 8% per annum accruing from the date of verification. On November 16, 2017, the District and Kevamra entered into a First Amendment to Facilities Funding and Acquisition Agreement extending the term to include advances up to \$6,000,000 as necessary through 2020. The FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. The FFAA expires on December 31, 2050.

**Operation Funding Agreement**

On January 14, 2016, the District entered into an Operation Funding Agreement with Kevamra, as amended by that certain First Amendment to 2016 Operation Funding Agreement dated November 3, 2016 (collectively, the OFA) whereby Kevamra agreed to advance funds to the District for certain operation and maintenance expenses as needed for fiscal years 2016 through 2017. On November 16, 2017, the District and Kevamra entered into a Second Amendment to OFA extending the term of the OFA through 2020 and increasing the shortfall amount to \$200,000. On November 14, 2019, the District and Kevamra entered into a Third Amendment to OFA to increase the shortfall amount to \$220,000. The District agreed to repay these advances, together with accrued interest at the rate of 8% per annum accruing from the date of deposit into the District's account or from the date of direct payment by Kevamra to the District's consultants. The District's repayment of the advances under the OFA does not constitute a debt and is subject to annual appropriation by the District. Kevamra's obligation to advance funds expires on March 15, 2021. The District's obligation to repay advances expires on December 31, 2050.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 AGREEMENTS**

**Reimbursement Agreement**

On October 23, 2007, Broomfield and the District entered into a Reimbursement Agreement (the Reimbursement Agreement), which set forth the terms and conditions relating to the construction and financing of certain Public Improvements (as defined in the Reimbursement Agreement) to serve the Property (as defined in the Reimbursement Agreement). On November 16, 2017, the Reimbursement Agreement was amended to include Palisade Park North Metropolitan District No. 2 (District No. 2) and Palisade Park North Metropolitan District No. 3 (District No. 3) as parties to the Reimbursement Agreement, to update the properties subject to the Reimbursement Agreement and to update the public improvements eligible for reimbursement by Broomfield pursuant to the Reimbursement Agreement. Pursuant to the Reimbursement Agreement, each District is responsible for designing, financing, constructing, owning, and maintaining certain Public Improvements until conveyance or dedication of such Public Improvements to Broomfield. Broomfield is required to design and construct to the edge of the Property and operate, at no cost to each District or any owners of property within such development, water and wastewater facilities in the capacity required to serve the Property at full build-out. The Reimbursement Agreement also provides that each District is to indemnify Broomfield, to the extent allowed by law, for all claims or suits for damages to property and injuries to persons arising from any of the District's construction activities under the Reimbursement Agreement. In exchange, Broomfield has agreed to deposit into a Special Fund the Sales Tax Revenues, Use Tax Revenues, and Service Expansion Fees to pay for certain Eligible Expenses of the District associated with the construction of such Public Improvements up to the Maximum Gross Reimbursement Obligation. Certain of such proceeds received by the District are pledged to the payment of the Series 2016A Bonds and Series 2016B Bonds.

**Cooperation Agreement**

On October 23, 2007, the District and the Broomfield Urban Renewal Authority (BURA) entered into a Cooperation Agreement. On November 16, 2017, the parties entered into a First Amendment to the Cooperation Agreement to include District No. 2 and District No. 3 as parties to the Cooperation Agreement, to update the properties subject to the Cooperation Agreement and to update the public improvements subject to the Cooperation Agreement. Pursuant to the Cooperation Agreement, as amended, BURA agreed to deposit certain property tax increment revenues received as a result of the imposition of each Districts' debt service mill levy and each Districts' operations and maintenance mill levy (collectively, the District Property TIF) into special funds to be used, in part, by each respective District to pay for debt service on bonds issued to pay for public improvements, including the District's Series 2016A Bonds and Series 2016B Bonds.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Facilities Fee Resolution**

On October 19, 2016, the District adopted Resolution No. 2016-10-02; Facilities Fee Resolution as recorded with the Broomfield Clerk and Recorder on November 3, 2016 (Fee Resolution). Pursuant to the Fee Resolution, the District is authorized to impose a Facilities Fee in the amount of \$1,000 per single-family residential unit within the District. The Facilities Fee is due and payable on or before the date of issuance of a building permit. A written request may be made to the District for a deferral of the payment to an alternative date. Any request will be considered on a case-by-case basis by the District. While the Series 2016A Bonds and Series 2016B Bonds are outstanding the District agrees to not alter, defer, or reduce the amount of the Facilities Fee.

**Supplemental Agreement to the Subdivision Improvement Agreements for Palisade Park**

On April 28, 2020, the District, the City and County of Broomfield (Broomfield), Kevamra, LLC, Palisade Metropolitan District Nos. 1 and 2, District No. 2, District No. 3, and Palisade Park West Metropolitan District (collectively, the District, Palisade Metropolitan District Nos. 1 and 2, District No. 2, District No. 3, and Palisade Park West Metropolitan District are referred to as the Palisade Districts and individually, each a Palisade District) entered into the Supplemental Agreement to the City and County of Broomfield Subdivision Improvement Agreements for Palisade Park (Supplemental Agreement). The purpose of the Supplemental Agreement is to provide an alternative to the requirement that Kevamra, LLC provide an irrevocable letter of credit or other performance guaranty (Surety) designating Broomfield as the beneficiary in an amount equal to the total costs of the public improvements governed by the respective Subdivision Improvement Agreements between Broomfield and Kevamra, LLC. In lieu of the Surety, the Supplemental Agreement provides that the respective Palisade District and Kevamra, LLC will provide Broomfield with a Project Application (as defined in the Supplemental Agreement) which includes the anticipated costs associated with the construction of the contemplated public improvements (Project Costs). The respective Palisade District must provide evidence of funds sufficient to pay the entirety of the Project Costs identified in the Project Application. The Supplemental Agreement further provides the process for the release of such funds for the payment of the Project Costs.

**Spano Park Cost Sharing Intergovernmental Agreement**

The Palisade Districts entered into the Spano Park Cost Sharing Intergovernmental Agreement (Spano Agreement) effective in 2020. The Spano Agreement: (i) identifies and approves the allocation of the costs incurred relative to certain regional park, open space, and recreation improvements of a regional nature (referred to therein as the Spano Park Improvements); (ii) evidences the agreement of Palisade Metropolitan District No. 2 to finance and cause the construction of the Spano Park Improvements; and (iii) evidences the agreement of the remaining Palisade Districts, including the District, to reimburse Palisade Metropolitan District No. 2 for such costs in accordance with an agreed-upon cost-sharing allocation.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Cost Sharing and Reimbursement Agreement**

The District, District No. 2, District No. 3, and Palisade Park West Metropolitan District (collectively, referred to herein as the Districts) entered into the Cost Sharing and Reimbursement Agreement (Cost Sharing Agreement) effective in 2020. The Cost Sharing Agreement: (i) identifies and approves the Development Area Improvements (as defined in the Cost Sharing Agreement, and generally meaning those certain public improvements of a regional nature that benefit all of the Districts as constructed or to be constructed by one or more of the Districts); (ii) approves the allocation of the costs of the Development Area Improvements between the Districts based on the benefit to each of the Districts as determined therein; (iii) acknowledges and sets forth the terms by which the Development Area Improvements have been or will be constructed; and (iv) evidences the agreement of the Districts to reconcile, finance and, where appropriate, provide reimbursement for the costs associated with Development Area Shared Improvements in accordance with the terms of the Cost Sharing Agreement.

**NOTE 9 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 (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 10 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.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

On November 7, 2006, 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.

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**

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 4,327	\$ 4,316	\$ 4,316	\$ -
Specific Ownership Tax	3,000	13,354	13,354	-
Facilities Fees	70,000	10,000	10,000	-
BURA TIF Revenue	239,804	234,872	234,872	-
Use Tax	75,000	14,884	14,884	-
SEF Tax	75,000	6,147	6,147	-
Net Investment Income	1,000	5,168	5,168	-
Total Revenues	<u>468,131</u>	<u>288,741</u>	<u>288,741</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
County Treasurer's Fee	2,500	2,500	66	(2,434)
Banking Fees	-	-	579	579
Repayment to the County	-	102,150	102,150	-
Debt Service:				
Bond Interest - Series 2016 A	244,000	244,000	243,813	(187)
Bond Interest - Series 2016 B	85,000	85,000	-	(85,000)
Trustee Fees	5,500	5,500	-	(5,500)
Total Expenditures	<u>337,000</u>	<u>439,150</u>	<u>346,608</u>	<u>(90,687)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	131,131	(150,409)	(57,867)	90,687
Fund Balance - Beginning of Year, as Restated	<u>812,617</u>	<u>932,800</u>	<u>932,800</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 943,748</u>	<u>\$ 782,391</u>	<u>\$ 874,933</u>	<u>\$ 90,687</u>

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Net Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Engineering	-	350	350	-
Capital Outlay	-	4,500	4,149	(351)
Total Expenditures	<u>-</u>	<u>4,850</u>	<u>4,499</u>	<u>(351)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(4,850)	(4,499)	351
<b>OTHER FINANCING SOURCES (USES)</b>				
Intergovernmental Revenue	-	68,000	62,554	(5,446)
Repay Developer Advance - Interest	-	(62,554)	(62,554)	-
Intergovernmental Expenditures	-	(15,624)	(15,624)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,178)</u>	<u>(15,624)</u>	<u>(5,446)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	-	(15,028)	(20,123)	(5,095)
Fund Balance - Beginning of Year	<u>-</u>	<u>16,573</u>	<u>16,573</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 1,545</u>	<u>\$ (3,550)</u>	<u>\$ (5,095)</u>

## **OTHER INFORMATION**

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2020**

\$4,150,000 General Obligation (Limited Tax Convertible to Unlimited Tax)  
 Bonds Series 2016A  
 Dated November 10, 2016  
 Interest Rate 5.875%  
 Principal Due December 1  
 Interest Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 20,000	\$ 243,813	\$ 263,813
2022	45,000	242,638	287,638
2023	45,000	239,994	284,994
2024	55,000	237,350	292,350
2025	60,000	234,119	294,119
2026	65,000	230,594	295,594
2027	70,000	226,775	296,775
2028	80,000	222,662	302,662
2029	85,000	217,962	302,962
2030	95,000	212,969	307,969
2031	105,000	207,387	312,387
2032	115,000	201,219	316,219
2033	120,000	194,462	314,462
2034	135,000	187,412	322,412
2035	145,000	179,481	324,481
2036	160,000	170,962	330,962
2037	165,000	161,562	326,562
2038	185,000	151,869	336,869
2039	195,000	141,000	336,000
2040	215,000	129,544	344,544
2041	225,000	116,912	341,912
2042	245,000	103,694	348,694
2043	260,000	89,300	349,300
2044	280,000	74,025	354,025
2045	300,000	57,575	357,575
2046	680,000	39,950	719,950
Total	<u>\$ 4,150,000</u>	<u>\$ 4,515,230</u>	<u>\$ 8,665,230</u>

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Prior Year TIF Increment Assessed Valuation for Current Year Tax Levy	Prior Year Gross Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
					Levied	Collected	
2017	\$ 20,530	\$ (19,711)	\$ 819	60.000	\$ 49	\$ 48	97.96%
2018	24,030	(23,380)	650	66.332	43	43	100.00%
2019	1,764,636	(1,726,728)	37,908	66.332	2,514	2,503	99.56%
2020	4,323,912	(4,245,889)	78,023	66.552	5,192	5,179	99.75%
Estimated for the Year ending <u>December 31,</u> 2021	\$ 5,250,960	\$ (5,166,120)	\$ 84,840	66.796	\$ 5,667		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.