

**PALISADE PARK WEST  
METROPOLITAN DISTRICT  
City and County of Broomfield, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**PALISADE PARK WEST METROPOLITAN DISTRICT  
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Board of Directors  
Palisade Park West Metropolitan District  
Broomfield County, Colorado

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Palisade Park West Metropolitan 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 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 West 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 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 West Metropolitan District'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 & Whelan P.C.*

Englewood, CO  
July 8, 2021

## **BASIC FINANCIAL STATEMENTS**

**PALISADE PARK WEST METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,699
Cash and Investments - Restricted	3,792,971
Due from Other Districts	11,974
Accounts Receivable	45,000
Accounts Receivable - County Treasurer	50,230
Property Taxes Receivable	886
Capital Assets, not Being Depreciated	
Construction in Progress	4,097,507
Total Assets	<u>8,000,267</u>
<b>LIABILITIES</b>	
Accounts Payable	202,884
Retainage Payable	55,050
Accrued Interest Payable	31,540
Due to Other Governments	364,856
Noncurrent Liabilities:	
Due in More Than One Year	8,646,894
Total Liabilities	<u>9,301,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	886
Total Deferred Inflows of Resources	<u>886</u>
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	100
Debt Service	217,433
Capital Projects	1,862,078
Unrestricted	<u>(3,381,454)</u>
Total Net Position	<u><u>\$ (1,301,843)</u></u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government:					
Government Activities:					
General Government	\$ 54,051	\$ -	\$ 180	\$ -	\$ (53,871)
Public Works	364,856	-	-	-	(364,856)
Interest and Related Costs on Long-Term Debt	<u>473,451</u>	<u>-</u>	<u>178,042</u>	<u>45,000</u>	<u>(250,409)</u>
Total Governmental Activities	<u>\$ 892,358</u>	<u>\$ -</u>	<u>\$ 178,222</u>	<u>\$ 45,000</u>	<u>\$ (669,136)</u>
 <b>GENERAL REVENUES</b>					
					19
Property Taxes					61
Specific Ownership Taxes					28,272
Net Investment Income					<u>28,352</u>
Total General Revenues					<u>28,352</u>
 <b>CHANGE IN NET POSITION</b>					
					(640,784)
Net Position - Beginning of Year					<u>(661,059)</u>
 <b>NET POSITION - END OF YEAR</b>					
					<u>\$ (1,301,843)</u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,699	\$ -	\$ -	\$ 1,699
Cash and Investments - Restricted	100	1,320,441	2,472,430	3,792,971
Due From Other Districts - Palisade Park North Metro District No. 3	11,974	-	-	11,974
Accounts Receivable	-	45,000	-	45,000
Accounts Receivable - BURA TIF	180	900	-	1,080
Accounts Receivable - County Treasurer	1	4	-	5
Accounts Receivable - Use and SEF Tax	-	49,145	-	49,145
Property Tax Receivable	148	738	-	886
Total Assets	<u>\$ 14,102</u>	<u>\$ 1,416,228</u>	<u>\$ 2,472,430</u>	<u>\$ 3,902,760</u>
<b>LIABILITIES AND FUND BALANCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 12,438	\$ -	\$ 190,446	\$ 202,884
Retainage Payable	-	-	55,050	55,050
Due to Other Districts - Palisade Metro District No. 2	-	-	364,856	364,856
Total Liabilities	<u>12,438</u>	<u>-</u>	<u>610,352</u>	<u>622,790</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	148	738	-	886
Total Deferred Inflows of Resources	<u>148</u>	<u>738</u>	<u>-</u>	<u>886</u>
<b>NET CHANGE IN FUND BALANCES</b>				
Restricted for:				
Emergencies (TABOR)	100			100
Debt Service	-	1,415,490	-	1,415,490
Capital Projects	-	-	1,862,078	1,862,078
Assigned to:				
Subsequent Years Expenditures	1,416	-	-	1,416
Total Fund Balances	<u>1,516</u>	<u>1,415,490</u>	<u>1,862,078</u>	<u>3,279,084</u>
Total Liabilities and Fund Balances	<u>\$ 14,102</u>	<u>\$ 1,416,228</u>	<u>\$ 2,472,430</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets are reported as assets on the statement of net position, but are recorded as expenditures in the funds.				
Capital Assets, not Being Depreciated				4,097,507
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds.				
Bonds Payable				(8,427,000)
Accrued Interest Payable - Bonds				(160,404)
Developer Advances Payable				(85,809)
Accrued Interest - Developer Advances				<u>(5,221)</u>
Net Position of Governmental Activities				<u>\$ (1,301,843)</u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
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	\$ 3	\$ 16	\$ -	\$ 19
Specific Ownership Tax	10	51	-	61
Facilities Fees	-	45,000	-	45,000
BURA TIF	180	900	-	1,080
Use Tax	-	127,628	-	127,628
SEF Tax	-	49,514	-	49,514
Net Investment Income	2	9,601	18,669	28,272
Total Revenues	<u>195</u>	<u>232,710</u>	<u>18,669</u>	<u>251,574</u>
<b>EXPENDITURES</b>				
General:				
Accounting	26,783	-	-	26,783
Auditing	5,000	-	-	5,000
Dues and Licenses	310	-	-	310
Insurance and Bonds	2,910	-	-	2,910
Legal Services	16,531	-	-	16,531
Banking Fees	192	-	-	192
Election Expense	1,199	-	-	1,199
Debt Service:				
Banking Fees	-	1,126	-	1,126
Trustee Fees	-	7,000	-	7,000
Bond Interest	-	378,481	-	378,481
Capital Projects:				
Capital Outlay	-	-	674,621	674,621
Intergovernmental Expenditures	-	-	364,856	364,856
Total Expenditures	<u>52,925</u>	<u>386,607</u>	<u>1,039,477</u>	<u>1,479,009</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(52,730)	(153,897)	(1,020,808)	(1,227,435)
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	35,809	7,000	-	42,809
Total Other Financing Sources (Uses)	<u>35,809</u>	<u>7,000</u>	<u>-</u>	<u>42,809</u>
<b>NET CHANGE IN FUND BALANCES</b>	(16,921)	(146,897)	(1,020,808)	(1,184,626)
Fund Balances - Beginning of Year	<u>18,437</u>	<u>1,562,387</u>	<u>2,882,886</u>	<u>4,463,710</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,516</u>	<u>\$ 1,415,490</u>	<u>\$ 1,862,078</u>	<u>\$ 3,279,084</u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
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 - Total Governmental Funds \$ (1,184,626)

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 lives of the asset. During the current period there were no depreciable assets. Therefore, this is the amount of capital outlay in the current period.

Construction in Progress 674,621

The issuance of long-term debt (e.g., bonds, receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Developer Advance (42,809)

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 (83,858)  
Accrued interest on Developer Advances - Change in Liability (4,112)

Change in Net Position of Governmental Activities \$ (640,784)

**PALISADE PARK WEST METROPOLITAN DISTRICT  
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	\$ 3	\$ 3	\$ -
Specific Ownership Taxes	500	10	(490)
BURA TIF	-	180	180
Net Investment Income	-	2	2
Total Revenues	<u>\$ 503</u>	<u>\$ 195</u>	<u>\$ (308)</u>
<b>EXPENDITURES</b>			
Accounting	16,000	26,783	(10,783)
Auditing	6,000	5,000	1,000
Dues and Licenses	-	310	(310)
Insurance and Bonds	5,000	2,910	2,090
Legal Services	20,000	16,531	3,469
Banking Fees	-	192	(192)
Election Expense	2,000	1,199	801
Irrigation	2,000	-	2,000
Electrical	2,000	-	2,000
Miscellaneous Maintenance	1,000	-	1,000
Office Supplies	600	-	600
Contingency	2,000	-	2,000
Total Expenditures	<u>56,600</u>	<u>52,925</u>	<u>3,675</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(56,097)	(52,730)	3,367
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	<u>20,000</u>	<u>35,809</u>	<u>15,809</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>35,809</u>	<u>15,809</u>
<b>NET CHANGE IN FUND BALANCE</b>	(36,097)	(16,921)	19,176
Fund Balance - Beginning of Year	<u>43,300</u>	<u>18,437</u>	<u>(24,863)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 7,203</u></u>	<u><u>\$ 1,516</u></u>	<u><u>\$ (5,687)</u></u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Palisade Park West Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court of the city and county of Broomfield (the City) on January 24, 2019, and recorded on February 4, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized to provide for the design, acquisition, construction, installation, financing, and operation and maintenance of certain water, sanitation, street, safety protection, park and recreation, transportation, television relay and translator, mosquito control, and limited fire protection improvements and services, within and without the boundaries of the District. The District is managed 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**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 WEST METROPOLITAN DISTRICT  
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 related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

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 general obligation 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 WEST METROPOLITAN DISTRICT  
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 annual 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 taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year 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 WEST METROPOLITAN DISTRICT  
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 WEST METROPOLITAN DISTRICT  
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.

**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	\$ 1,699
Cash and Investments - Restricted	<u>3,792,971</u>
Total Cash and Investments	<u><u>\$ 3,794,670</u></u>

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

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

Deposits with Financial Institutions	\$ 106,593
Investments	<u>3,688,077</u>
Total Cash and Investments	<u><u>\$ 3,794,670</u></u>

**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 had a bank balance of \$106,593 and a carrying balance of \$106,593.

**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.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Investments (Continued)**

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 3,688,077
		<u>\$ 3,688,077</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. treasury securities, repurchase agreements collateralized by U.S. treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 CAPITAL ASSETS**

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

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 3,422,886	\$ 674,621	\$ -	\$ 4,097,507
Total Capital Assets, Not Being Depreciated	<u>\$ 3,422,886</u>	<u>\$ 674,621</u>	<u>\$ -</u>	<u>\$ 4,097,507</u>

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Series 2019A G.O. Bonds	\$ 7,385,000	\$ -	\$ -	\$ 7,385,000	\$ -
Series 2019B Subordinate G.O. Bonds	1,042,000	-	-	1,042,000	-
Accrued and Unpaid Interest Series 2019B Subordinate G.O. Bonds	45,006	83,858	-	128,864	-
Total Bonds Payable	<u>8,472,006</u>	<u>83,858</u>	<u>-</u>	<u>8,555,864</u>	<u>-</u>
Other Long-Term Obligations:					
Developer Advances - Opr	43,000	35,809	-	78,809	-
Developer Advances - DS	-	7,000	-	7,000	-
Accrued Interest:					
Developer Advances - Opr	1,109	3,940	-	5,049	-
Developer Advances - DS	-	172	-	172	-
Total Other Long-Term Obligations	<u>44,109</u>	<u>46,921</u>	<u>-</u>	<u>91,030</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 8,516,115</u>	<u>\$ 130,779</u>	<u>\$ -</u>	<u>\$ 8,646,894</u>	<u>\$ -</u>

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**\$7,385,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A**

On June 11, 2019, the District issued General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A in the amount of \$7,385,000 (the Senior Bonds) maturing December 1, 2049. The Senior Bonds bear interest at the rate of 5.125% per annum and are payable semi-annually on June 1 and December 1, beginning on December 1, 2019. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Senior Bonds are also subject to redemption prior to maturity at the option of the District beginning June 1, 2024, and any date thereafter, upon payment of par, accrued interest and a redemption premium that ranges between 0% and 3%. The Senior Bonds are limited tax (convertible to unlimited tax) general obligations of the District secured by and payable from and to the extent of the Pledged Revenue. The proceeds from the sale of the Senior Bonds were used for the purposes of: (a) paying or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to the development; (b) funding a portion of the interest to accrue on the Senior Bonds; (c) funding the Reserve Fund; and (d) paying costs incurred in connection with the issuance of the Senior Bonds and the Subordinate Bonds (defined below).

The Senior Bonds are secured by amounts on deposit in the Reserve Fund to be funded up to the amount of \$588,281 (the "Reserve Requirement"). The Senior Bonds are also secured by amounts, if any, accumulated in the Surplus Fund. Available Pledged Revenue, if any, is to be accumulated in the Surplus Fund, prior to the Conversion Date, in accordance with the Senior Indenture, up to the Maximum Surplus Amount of \$738,500.

Pledged Revenue consists of the following, net of any costs of collection: (a) the Property Tax Revenues (which generally means the ad valorem property taxes derived from the imposition of the Required Mill Levy, including any District Property TIF received by BURA and remitted to the District pursuant to the Cooperation Agreement (discussed below)); (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Senior Required Mill Levy; (c) the Capital Fees (which include the facilities fee described herein); and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Pursuant to the Senior Indenture, prior to the Conversion Date, the District has covenanted to levy an ad valorem mill levy upon all taxable property of the District each year in an amount sufficient to fund the Senior Bond Fund for the relevant Senior Bond Year and pay the Senior Bonds as they come due and, if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Reserve Requirement, but (i) not in excess of 50.000 mills (subject to adjustment), and (ii) for so long as the Surplus Fund is required to be maintained under the Senior Indenture and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 50.000 mills (subject to adjustment), or such lesser mill levy which will fund the Senior Bond Fund for the relevant Senior Bond Year and pay the Senior Bonds as they come due, will replenish the Reserve Fund to the amount of the Reserve Requirement and, for so long as the Surplus Fund is required to be maintained under the Senior Indenture, will fund the Surplus Fund to the Maximum Surplus Amount (generally, the Required Mill Levy).

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**\$7,385,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A (Continued)**

On and after the Conversion Date, the Required Mill Levy is a levy sufficient to pay the principal of, premium if any, and interest on the Senior Bonds as the same become due and payable and, if necessary, to replenish the Reserve fund to the Reserve Requirement, without limitation of rate and in amounts sufficient to make such payments and replenishments when due.

The Conversion Date is defined in the Senior Indenture to mean the date on which the (a) Senior Debt to Assessed Ratio is at or below 50%; (b) no amounts of principal or interest on the Senior Bonds are due but unpaid; and (c) the amount of the Reserve Fund is not less than the Reserve Requirement.

**\$1,042,000 Subordinate Limited Tax General Obligation Bonds, Series 2019B**

On June 11, 2019, the District issued Subordinate Limited Tax General Obligation Bonds, Series 2019B in the amount of \$1,042,000 (the Subordinate Bonds) maturing December 15, 2049. The Subordinate Bonds bear interest at the rate of 7.75% per annum and are payable annually on December 15, beginning on December 15, 2019. The Subordinate Bonds are structured as cash flow bonds, meaning there are no scheduled payment of principal prior to the final maturity date. The Subordinate Bonds are subject to mandatory 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 June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and redemption premium that ranges between 0% and 3%. The Subordinate Bonds are limited tax general obligations of the District secured by and payable from and to the extent of the Subordinate Pledged Revenue. The proceeds from the sale of the Subordinate Bonds were used for the purpose of paying or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development.

Subordinate Pledged Revenue consists of the following, net of any costs of collection: (a) the Subordinate Property Tax Revenues (which generally means the ad valorem property taxes derived from the imposition of the Subordinate Required Mill Levy, including any District Property TIF received by BURA and remitted to the District pursuant to the Cooperation Agreement (discussed below)); (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; (c) the Subordinate Capital Fee Revenue (which includes facilities fees remaining after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of the Senior Bonds); (d) the amounts, if any, in the Surplus Fund after the termination of such fund pursuant to the Senior Indenture; and (e) 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 WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**\$1,042,000 Subordinate Limited Tax General Obligation Bonds, Series 2019B  
(Continued)**

Pursuant to the Subordinate Indenture, the District has covenanted to levy an ad valorem mill levy upon all taxable property of the District each year in the amount of 50.000 mills less the amount of the Senior Bond Mill Levy (subject to adjustment), or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of, premium, if any, and interest on the Subordinate Bonds in full.

The District's Senior Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 378,481	\$ 378,481
2022	-	378,481	378,481
2023	-	378,481	378,481
2024	50,000	378,481	428,481
2025	90,000	375,919	465,919
2026- 2030	615,000	1,798,619	2,413,619
2031- 2035	915,000	1,612,325	2,527,325
2036 - 2040	1,325,000	1,338,138	2,663,138
2041 - 2045	1,845,000	947,870	2,792,870
2046 - 2049	2,545,000	378,481	2,923,481
Total	<u>\$ 7,385,000</u>	<u>\$ 7,965,276</u>	<u>\$ 15,350,276</u>

No long-term obligations are included for the Subordinate Bonds as payments are made solely on available cash flow.

**Events of Default**

The occurrence of any one or more of the following events or conditions shall constitute an Event of Default:

- (a) the District fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Subordinate Indenture;
- (b) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Subordinate Indenture or the Bond Resolution, other than as described in the paragraph (a) above, and fails to remedy the same after notice thereof pursuant to the Subordinate Indenture; or
- (c) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2019B Subordinate Bonds.

**Amount of Unused Lines of Credit**

The District also has no unused line of credit.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

**Authorized Debt**

On November 6, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$260,000,000 at an interest rate not to exceed 15% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 6, 2018	Authorization Used by Series 2019A Bonds	Authorization Used by Series 2019B Bonds	Authorized But Unissued as of December 31, 2019
Street	\$ 20,000,000	\$ 3,692,500	\$ 521,000	\$ 15,786,500
Parks and Recreation	20,000,000	3,692,500	521,000	15,786,500
Water	20,000,000	-	-	20,000,000
Sanitation/Storm Sewer	20,000,000	-	-	20,000,000
Public Transportation	20,000,000	-	-	20,000,000
Mosquito Control	20,000,000	-	-	20,000,000
Safety Protection	20,000,000	-	-	20,000,000
Fire Protection	20,000,000	-	-	20,000,000
Television Relay and Translation	20,000,000	-	-	20,000,000
Security Services	20,000,000	-	-	20,000,000
Refunding	20,000,000	-	-	20,000,000
Operations and Maintenance	20,000,000	-	-	20,000,000
Intergovernmental Agreements	20,000,000	-	-	20,000,000
Total	<u>\$ 260,000,000</u>	<u>\$ 7,385,000</u>	<u>\$ 1,042,000</u>	<u>\$ 251,573,000</u>

The District's Service Plan limits the aggregate debt issuance of the District to \$20,000,000, with a maximum debt mill levy of 50.000 mills, as may be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation.

**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	\$ 100
Debt Service	217,433
Capital Projects	1,862,078
Total Restricted Net Position	<u>\$ 2,079,611</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of bond issuance and related costs.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Urban Frontier, LLC, acting on behalf of JPB Holdings, LLC (JPB). Certain members of the board of directors are officers of, employees of, or associated with the Developer and/or JPB and may have conflicts of interest in dealing with the District.

**Developer Operation Funding Agreement**

On March 7, 2019, the District entered into an Operation Funding Agreement with JPB, as amended October 30, 2019 and November 18, 2020 (the OFA). The OFA sets forth the terms upon which JPB has agreed to advance funds necessary to fund the District's operations and maintenance expenses incurred for fiscal year 2019 and 2021, up to the aggregate amount of \$140,000. Simple interest will accrue on such advances from the date of deposit into the District's account or from the date of direct payment by JPB, until paid, at the rate of eight percent (8%) per annum. The District agrees to reimburse JPB for amounts advanced subject to annual appropriations. The obligation of the District to reimburse JPB expires on December 31, 2061. Any amounts of principal and interest not reimbursed on or before December 31, 2061, will be deemed to be forever discharged and satisfied in full. As of December 31, 2020, \$83,858 is outstanding under the OFA, with \$78,809 in principal and \$5,049 in accrued interest.

**Developer FFA Agreement**

The District and JPB entered into a Facilities Funding and Acquisition Agreement, dated as of March 7, 2019 (the FFA Agreement), setting forth the rights, obligations and procedures for the District's acquisition of public improvement from JPB and for the reimbursement by the District to JPB for costs related to organizational expenses and construct costs of the Public Improvements funded directly by JPB or advanced to the District for such purpose. JPB has agreed to make advances to the District on a periodic basis as needed for the fiscal years 2019 through 2020 in an amount up to \$8,000,000. Simple interest will accrue on the advances pursuant to the terms of the FFA Agreement at a rate of eight percent (8%) per annum. The FFA Agreement does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances. In the event the District has not reimbursed JPB for any amounts advanced under the FFA Agreement by December 31, 2059, any amount of principal and accrued interest outstanding on such date will be deemed to be forever discharged and satisfied in full. As of December 31, 2020, there are no amounts outstanding under the FFA Agreement.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 INTERGOVERNMENTAL AGREEMENTS**

**BURA Agreement**

The District and Broomfield Urban Renewal Authority (BURA) entered into a Cooperation Agreement, dated as of May 21, 2019 pursuant to which BURA agreed to deposit all property tax increment revenues received by BURA as a result of the imposition of the District's debt service mill levy and the District's operations and maintenance mill levy (collectively, District Property TIF) into a special fund to be used, in part, by the District to pay for debt service on bonds issued to pay for public improvements, including the Senior Bonds and Subordinate Bonds. The obligation by BURA to deposit that portion of the District Property TIF produced by the District's debt service mill levy shall expire either after payment or defeasance in full of the Bonds or twenty-five (25) years after the end of the fiscal year in which the Plan was approved. The District Property TIF produced by the District's operations and maintenance mill levy obligation shall expire December 31, 2029

**Facilities Fee Resolution**

On March 7, 2019, the District adopted Facilities Fee Resolution No. 2019-03-10 (the Fee Resolution). Pursuant to the Fee Resolution, the District imposed a Facilities Fee of \$1,000 on each residential lot within the boundaries of the District. The Facilities Fee is due and payable for each residential lot on or before the date of issuance of a building permit for such residential lot. 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 Senior Bonds and Subordinate Bonds are outstanding, the District agrees to not alter, defer or reduce the amount of the Facilities Fees.

**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 (Kevamra), Palisade Park North Metropolitan District Nos. 1 through 3, and Palisade Metropolitan District Nos. 1 and 2 (collectively, the District, Palisade Park North Metropolitan District Nos. 1 through 3, and Palisade Metropolitan District Nos. 1 and 2, 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 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. In lieu of the Surety, the Supplemental Agreement provides that the respective Palisade District and Kevamra 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.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

**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 the 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 to reimburse the Palisade Metropolitan District No. 2 for such costs in accordance with an agreed-upon cost-sharing allocation.

**Cost Sharing and Reimbursement Agreement**

The District and Palisade Park North Metropolitan District Nos. 1 through 3 (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 District as determined therein; (iii) acknowledges and sets for 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 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.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

On November 6, 2018, the District's voters authorized the District to increase property taxes \$20,000,000 annually, for general operations and maintenance. The election also allows the District to collect, spend, and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR).

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 WEST METROPOLITAN DISTRICT  
DEBT SERVICE FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 17	\$ 17	\$ 16	\$ (1)
Specific Ownership Tax	2,000	2,000	51	(1,949)
Facilities Fees	70,000	70,000	45,000	(25,000)
BURA TIF	-	-	900	900
Use Tax	-	-	127,628	127,628
SEF Tax	-	-	49,514	49,514
Interest Income	800	800	9,601	8,801
Total Revenues	<u>72,817</u>	<u>72,817</u>	<u>232,710</u>	<u>159,893</u>
<b>EXPENDITURES</b>				
County Treasurer's Fee	550	550	-	550
Banking Fees	-	-	1,126	(1,126)
Trustee Fees	4,000	8,000	7,000	1,000
Bond Interest	379,000	379,000	378,481	519
Total Expenditures	<u>383,550</u>	<u>387,550</u>	<u>386,607</u>	<u>943</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(310,733)	(314,733)	(153,897)	160,836
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	-	-	7,000	7,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>7,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(310,733)	(314,733)	(146,897)	167,836
Fund Balance - Beginning of Year	<u>1,547,725</u>	<u>1,562,387</u>	<u>1,562,387</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,236,992</u>	<u>\$ 1,247,654</u>	<u>\$ 1,415,490</u>	<u>\$ 167,836</u>

**PALISADE PARK WEST METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2020**

	<u>Budget Original</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment Income	\$ 15,000	\$ 18,669	\$ 3,669
Total Revenues	<u>15,000</u>	<u>18,669</u>	<u>3,669</u>
<b>EXPENDITURES</b>			
Capital Outlay	2,500,000	674,621	1,825,379
Intergovernmental Expenditures	-	364,856	(364,856)
Total Expenditures	<u>2,500,000</u>	<u>1,039,477</u>	<u>1,460,523</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,485,000)	(1,020,808)	1,464,192
<b>NET CHANGE IN FUND BALANCE</b>	(2,485,000)	(1,020,808)	1,464,192
Fund Balance - Beginning of Year	<u>3,423,275</u>	<u>2,882,886</u>	<u>(540,389)</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 938,275</u>	<u>\$ 1,862,078</u>	<u>\$ 923,803</u>

**PALISADE PARK WEST METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2020**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
			\$7,385,000
			General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds - Series 2019A Dated June 11, 2019 Principal Due December 1 Interest Rate 5.125% Payable June 1 and December 1
2021	\$ -	\$ 378,481	\$ 378,481
2022	-	378,481	378,481
2023	-	378,481	378,481
2024	50,000	378,481	428,481
2025	90,000	375,919	465,919
2026	105,000	371,306	476,306
2027	110,000	365,925	475,925
2028	125,000	360,288	485,288
2029	130,000	353,881	483,881
2030	145,000	347,219	492,219
2031	155,000	339,788	494,788
2032	170,000	331,844	501,844
2033	180,000	323,131	503,131
2034	200,000	313,906	513,906
2035	210,000	303,656	513,656
2036	230,000	292,894	522,894
2037	245,000	281,106	526,106
2038	265,000	268,550	533,550
2039	280,000	254,969	534,969
2040	305,000	240,619	545,619
2041	320,000	224,988	544,988
2042	350,000	208,588	558,588
2043	365,000	190,650	555,650
2044	395,000	171,944	566,944
2045	415,000	151,700	566,700
2046	450,000	130,431	580,431
2047	470,000	107,369	577,369
2048	505,000	83,281	588,281
2049	1,120,000	57,400	1,177,400
Total	\$ 7,385,000	\$ 7,965,276	\$ 15,350,276

No long-term obligations are included for the Subordinate Bonds as payments are made solely on available cash flow.

**PALISADE PARK WEST METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2020**

Year Ended <u>December 31,</u>	Prior Year Net Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt	Levied	Collected	
		2019	\$ -	-	0.000	
2020	331	10.000	50.000	20	19	95.00%

Estimated for  
the Year Ending  
December 31, 2021      \$      13,265              11.132              55.664      \$      886

**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 assessments.

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION**

**PALISADE PARK WEST METROPOLITAN DISTRICT  
HISTORY OF URBAN RENEWAL AREA ASSESSED VALUATION AND ASSESSED VALUATION  
AND ACTUAL VALUATION CLASSES OF PROPERTY IN THE DISTRICT  
DECEMBER 31, 2020**

**History of the Urban Renewal Area Assessed Valuation**

<u>Levy/Collection Year</u>	<u>Base Assessed Value</u>	<u>Tax Increment Valuation</u>	<u>Gross Assessed Valuation</u>	<u>Percent Change</u>
2017/2018	\$ 549,472	\$ 19,766,868	\$ 20,316,340	58.17%
2018/2019	573,171	26,108,137	26,681,308	31.33%
2019/2020	642,729	34,976,282	35,619,011	33.50%
2020/2021	665,849	41,210,840	40,544,991	13.83%

**History of District's Assessed Valuation**

<u>Levy/Collection Year</u>	<u>Based Assessed Valuation</u>	<u>Tax Increment Valuation</u>	<u>Gross Assessed Valuation</u>	<u>Percent Change</u>
2019/2020	\$ 331	\$ 18,019	\$ 18,350	-
2020/2021	13,265	807,805	821,070	4374%

**2020 Assessed and "Actual" valuation of Classes of Property in the District**

<u>Class</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>	<u>"Actual Valuation"</u>	<u>Percent of "Actual" Valuation</u>
Residential	\$ 4,450	0.54%	\$ 62,230	2.16%
Agricultural Property	150	0.02%	500	0.02%
Vacant Land	816,470	99.44%	2,818,450	97.82%
<b>Total</b>	<b>\$ 821,070</b>	<b>100%</b>	<b>\$ 2,881,180</b>	<b>100%</b>