

INTERPARK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2021

with

Independent Auditor's Report

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Board of Directors
Interpark Metropolitan District
Broomfield County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Interpark Metropolitan District (the "District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Interpark Metropolitan District as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Other Matters

Required Supplemental information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

September 26, 2022

Interpark Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 10,127	\$ -	\$ -	\$ 10,127	\$ -	\$ 10,127
Cash and investments - restricted	1,500	616,112	990,563	1,608,175	-	1,608,175
Receivable - County Treasurer	160	1,130	-	1,290	-	1,290
Property taxes receivable	8,162	108,829	-	116,991	-	116,991
Developer receivable	11,234	-	-	11,234	(11,234)	-
Prepaid expenses	-	1,536	-	1,536	-	1,536
Sales tax receivable	-	2,221	-	2,221	-	2,221
Capital assets not being depreciated	-	-	-	-	4,948,964	4,948,964
Total Assets	<u>\$ 31,183</u>	<u>\$ 729,828</u>	<u>\$ 990,563</u>	<u>\$ 1,751,574</u>	<u>4,937,730</u>	<u>6,689,304</u>
LIABILITIES						
Accounts payable	\$ 23,021	\$ -	\$ -	\$ 23,021	-	23,021
Accrued interest	-	-	-	-	29,058	29,058
Long-term liabilities:						
Due within one year	-	-	-	-	145,000	145,000
Due in more than one year	-	-	-	-	7,097,257	7,097,257
Total Liabilities	<u>23,021</u>	<u>-</u>	<u>-</u>	<u>23,021</u>	<u>7,271,315</u>	<u>7,294,336</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	8,162	108,829	-	116,991	-	116,991
Total Deferred Inflows of Resources	<u>8,162</u>	<u>108,829</u>	<u>-</u>	<u>116,991</u>	<u>-</u>	<u>116,991</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	-	1,536	-	1,536	(1,536)	-
Restricted:						
Emergencies	1,500	-	-	1,500	(1,500)	-
Debt service	-	619,463	-	619,463	(619,463)	-
Capital projects	-	-	990,563	990,563	(990,563)	-
Unassigned	(1,500)	-	-	(1,500)	1,500	-
Total Fund Balances	<u>-</u>	<u>620,999</u>	<u>990,563</u>	<u>1,611,562</u>	<u>(1,611,562)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 31,183</u>	<u>\$ 729,828</u>	<u>\$ 990,563</u>	<u>\$ 1,751,574</u>		
Net Position:						
Restricted for:						
Emergencies					1,500	1,500
Debt service					590,405	590,405
Capital projects					990,563	990,563
Unrestricted					<u>(936,497)</u>	<u>(936,497)</u>
Total Net Position					<u>\$ (722,023)</u>	<u>\$ (722,023)</u>

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

Interpark Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 9,982	\$ -	\$ -	\$ 9,982	\$ -	\$ 9,982
Insurance	3,243	-	-	3,243	-	3,243
Legal	11,503	-	-	11,503	-	11,503
Miscellaneous expenses	10	-	-	10	-	10
Treasurer's fees	26	430	-	456	-	456
Bond principal	-	130,000	-	130,000	(130,000)	-
Bond interest expense	-	355,850	-	355,850	(596)	355,254
Trustee fees	-	5,000	-	5,000	-	5,000
Interest on developer advances	-	-	-	-	56,226	56,226
Total Expenditures	<u>24,764</u>	<u>491,280</u>	<u>-</u>	<u>516,044</u>	<u>(74,370)</u>	<u>441,674</u>
GENERAL REVENUES						
Property taxes	1,721	28,686	-	30,407	-	30,407
TIF passthrough	16,614	384,176	-	400,790	-	400,790
Specific ownership taxes	990	16,507	-	17,497	-	17,497
Interest income	46	302	379	727	-	727
Sales tax revenue	-	24,973	-	24,973	-	24,973
Total General Revenues	<u>19,371</u>	<u>454,644</u>	<u>379</u>	<u>474,394</u>	<u>-</u>	<u>474,394</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,393)	(36,636)	379	(41,650)	74,370	32,720
OTHER FINANCING SOURCES (USES)						
Developer advances	5,393	-	-	5,393	(5,393)	-
Total Other Financing Sources (Uses)	<u>5,393</u>	<u>-</u>	<u>-</u>	<u>5,393</u>	<u>(5,393)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	(36,636)	379	(36,257)	36,257	
CHANGE IN NET POSITION					32,720	32,720
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	-	657,635	990,184	1,647,819	(2,402,562)	(754,743)
END OF YEAR	<u>\$ -</u>	<u>\$ 620,999</u>	<u>\$ 990,563</u>	<u>\$ 1,611,562</u>	<u>\$ (2,333,585)</u>	<u>\$ (722,023)</u>

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

Interpark Metropolitan District

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

For the Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 1,722	\$ 1,721	\$ (1)
TIF passthrough	16,608	16,614	6
Specific ownership taxes	121	990	869
Interest income	<u>892</u>	<u>46</u>	<u>(846)</u>
Total Revenues	<u>19,343</u>	<u>19,371</u>	<u>28</u>
EXPENDITURES			
Accounting	2,500	6,187	(3,687)
Audit	4,000	3,795	
Election expense	1,000	-	1,000
Insurance	3,000	3,243	(243)
Legal	12,000	11,503	497
Miscellaneous expenses	800	10	790
Treasurer's fees	26	26	-
Contingency	1,000	-	1,000
Emergency reserve	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Expenditures	<u>25,826</u>	<u>24,764</u>	<u>857</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,483)	(5,393)	885
OTHER FINANCING SOURCES (USES)			
Developer advances	<u>7,991</u>	<u>5,393</u>	<u>(2,598)</u>
Total Other Financing Sources (Uses)	<u>7,991</u>	<u>5,393</u>	<u>(2,598)</u>
NET CHANGES IN FUND BALANCE	1,508	-	(1,713)
FUND BALANCE:			
BEGINNING OF YEAR	<u>694</u>	<u>-</u>	<u>(694)</u>
END OF YEAR	<u>\$ 2,202</u>	<u>\$ -</u>	<u>\$ (2,407)</u>

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

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

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Basis of Presentation

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

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

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

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end. On December 13, 2021, the District amended its total expenditures in the Debt Service Fund from \$492,780 to \$1,500,000 due to a mandatory redemption under the Series 2018 Bonds.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

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

Capital Assets

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

Long-Term Obligations

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

Fund Equity

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

Nonspendable Fund Balance

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

The nonspendable fund balance relates to prepaid expenses.

Restricted Fund Balance

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

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

The restricted fund balance in the Debt Service Fund in the amount of \$619,463 is restricted for the payment of the debt service costs associated with the Series 2018 Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$990,563 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance

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

Unassigned Fund Balance

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

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

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

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

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

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

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

Note 2: Cash and Investments

As of December 31, 2021, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 10,127
Cash and investments - restricted	<u>1,608,175</u>
Total	<u>\$ 1,618,302</u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with financial institutions	\$ 7,657
COLOTRUST	<u>1,610,645</u>
Total	<u>\$ 1,618,302</u>

Deposits

Custodial Credit Risk

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

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

Investments

Credit Risk

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

Custodial and Concentration of Credit Risk

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

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INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2021

Interest Rate Risk

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

Investment Valuation

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

As of December 31, 2021, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2021, the District had \$1,610,645 invested in COLOTRUST.

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2021, follows:

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$4,948,964	\$ -	\$ -	\$ 4,948,964
Total capital assets not being depreciated	<u>4,948,964</u>	<u>-</u>	<u>-</u>	<u>4,948,964</u>
Government type assets, net	<u>\$4,948,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,948,964</u>

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

Note 4: Long-Term Debt

A description of the long-term obligations as of December 31, 2021, is as follows:

On July 19, 2018, the District issued \$6,470,000 Limited Tax (Convertible to Unlimited Tax) General Obligation and Revenue Bonds, Series 2018 ("Series 2018 Bonds"), for the purpose of paying for a portion of the costs of acquiring, constructing and installing certain public improvements and paying the cost of issuance of the Bonds, funding a reserve fund and funding capitalized interest. The Series 2018 Bonds bear interest at the rate of 5.50%, payable semiannually on each June 1 and December 1, commencing on December 1, 2018. The Series 2018 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2021 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2023, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2018 Bonds are subject to mandatory redemption on December 1, 2021 to the extent of any monies remaining on deposit in the Restricted Account of the Project Fund at a redemption price of 100% plus accrued interest. On May 18, 2022, the Series 2018 Bonds were defeased by the Series 2022 Loan (see Note 10).

INTERPARK METROPOLITAN DISTRICT

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 145,000	\$ 348,700	\$ 493,700
2023	155,000	340,725	495,725
2024	175,000	332,200	507,200
2025	185,000	322,575	507,575
2026	205,000	312,400	517,400
2027-2031	885,000	1,389,575	2,274,575
2032-2036	735,000	1,187,450	1,922,450
2037-2041	1,060,000	951,775	2,011,775
2042-2046	1,510,000	613,525	2,123,525
2047-2048	1,285,000	121,275	1,406,275
	<u>\$ 6,340,000</u>	<u>\$ 5,920,200</u>	<u>\$ 12,260,200</u>

The following is an analysis of changes in long-term debt for the year ending December 31, 2021:

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Current</u> <u>Portion</u>
<u>General Obligation Bonds</u>					
General Obligation Limited Tax Bonds					
Series 2018	\$6,470,000	\$ -	\$ 130,000	\$ 6,340,000	\$ 145,000
	6,470,000	-	130,000	6,340,000	145,000
<u>Other</u>					
Developer advance	703,318	2,520	-	705,838	-
Developer advance interest	140,193	56,226	-	196,419	-
	843,511	58,746	-	902,257	-
Total	<u>\$7,313,511</u>	<u>\$ 58,746</u>	<u>\$ 130,000</u>	<u>\$ 7,242,257</u>	<u>\$ 145,000</u>

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Debt Authorization

A majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed \$110,000,000 for public improvements. Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$10,000,000. As of December 31, 2021, the District had \$3,530,000 remaining authority under the Service Plan. The District did not budget to issue any additional debt for 2022 however, the District refunded its Series 2018 Bonds by entering into a loan agreement. See note 10

Note 5: Other Agreements

Cooperation Agreement

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

Redevelopment and Reimbursement Agreement

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

Assignment and Assumption Agreement

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Operation Funding Agreement

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

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

The term of the Operation Funding Agreement expires on December 31, 2060, unless terminated earlier by mutual agreement of the parties thereto. The Commercial Developer's obligation to advance funds to the District in accordance with the Operation Funding Agreement expires on March 15, 2021. Any obligation of the District to reimburse the Commercial Developer for such advances expires on December 31, 2060. In the event the District has not reimbursed the Commercial Developer for any advance on or before December 31, 2060, any amount of principal and accrued interest outstanding on such date is deemed to be forever discharged and satisfied in full. At December 31, 2021, there was \$3,016 outstanding under this agreement.

Facilities Funding and Acquisition Agreement

On December 11, 2017, (effective November 20, 2017) the District entered into a Facilities Funding and Acquisition Agreement with the Commercial Developer, which agreement was amended on June 29, 2018, (as amended, the "FFAA"). The parties acknowledge that the Commercial Developer has or will design, construct (or cause to have constructed by a contractor), and complete certain Public Improvements. The District has agreed to reimburse the Commercial Developer for advances for construction of such Public Improvements and/or acquire the completed Public Improvements from the Commercial Developer in accordance with the provisions of the FFAA.

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

The Commercial Developer has agreed to make advances (“Developer Advances”) to the District necessary to fund the Construction Related Expenses on a periodic basis as needed for the fiscal years 2017 through 2021. The total estimated cost to complete construction of the Public Improvements is \$10,000,000. The Commercial Developer agrees that prior to requesting that the District acquire any Public Improvements, the Developer will obtain a certification of an independent engineer that the Construction Related Expenses are reasonable and comparable for similar projects as constructed in the Denver metropolitan area, as well as verification from the District’s accountant that the Construction Related Expenses are reimbursable (the “Verified Costs”).

Pursuant to the FFAA, the District agrees to make payment to the Commercial Developer for all Organization Expenses, Developer Advances and/or Verified Costs for the District, together with interest thereon. Simple interest accrues on Organization Expenses and Construction Related Expenses at a rate not to exceed 8% per annum until paid. For Organization Expenses, simple interest shall accrue from November 20, 2017 (the “Organization Date”). For Construction Related Expenses, simple interest accrues as follows: (a) From the date the Developer Advance is documented and certified in accordance with the procedures set forth in Exhibit E of the BURA Agreement, until earlier of the date of District Bonds, as defined in the BURA Agreement, are issued or May 30, 2019, interest shall accrue on such unreimbursed Developer Advances at the current LIBOR rate at the time of such borrowing plus 2% (not to exceed 8%); (b) If District Bonds are issued, interest shall accrue on any remaining unreimbursed Developer Advances at the rate of interest equal to the average rate of interest payable on the District Bonds beginning on the date of issuance of the District Bonds; (c) If no District Bonds have been issued by May 30, 2019, to the 20-year BBB Municipal Market Data – General Obligation Index plus 200 basis points (not to exceed 6%). Payments by the District to the Developer shall credit first against accrued and unpaid interest and then to the principal amount due. At December 31, 2021, the District owed \$899,240 under this agreement which consisted of \$702,822 of principal and \$196,419 of interest.

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2021

Note 6: Tax, Spending and Debt Limitations

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

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

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

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

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

Note 7: Risk Management

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

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

INTERPARK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2021

Note 8: Related Party

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

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

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

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

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

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

Note 10 Subsequent Event – Series 2022 Loan

On May 18, 2022 the District entered into a loan agreement for a \$6,680,000 Taxable (Convertible to Tax Exempt) Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Loan to advance refund and defease the Series 2018 Bonds and to finance certain costs of improvements not previously funded with the proceeds of the Series 2018 Bonds (“Series 2022 Loan”).

SUPPLEMENTAL INFORMATION

Interpark Metropolitan District

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

For the Year Ended December 31, 2021

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 28,693	\$ 28,688	\$ 28,686	\$ (2)
TIF property taxes	100,000	100,000	100,000	-
TIF passthrough	276,808	284,176	284,176	-
Specific ownership taxes	2,295	18,000	16,507	(1,493)
Interest income	-	-	302	302
Sales tax revenue	<u>21,434</u>	<u>18,400</u>	<u>24,973</u>	<u>6,573</u>
Total Revenues	<u>429,230</u>	<u>449,264</u>	<u>454,644</u>	<u>5,380</u>
EXPENDITURES				
Bond interest expense	355,850	434,570	355,850	78,720
Trustee fees	5,000	5,000	5,000	-
Bond principal	130,000	1,060,000	130,000	930,000
Treasurer's fees	430	430	430	-
Treasurer's fees	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>492,780</u>	<u>1,500,000</u>	<u>491,280</u>	<u>1,008,720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(63,550)	(1,050,736)	(36,636)	1,014,100
OTHER FINANCING SOURCES (USES)				
Transfers (to)/from other funds	<u>-</u>	<u>990,684</u>	<u>-</u>	<u>(990,684)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>990,684</u>	<u>-</u>	<u>(990,684)</u>
NET CHANGES IN FUND BALANCE				
	(63,550)	(60,052)	(36,636)	23,416
FUND BALANCE:				
BEGINNING OF YEAR	<u>657,872</u>	<u>657,635</u>	<u>657,635</u>	<u>-</u>
END OF YEAR	<u>\$ 594,322</u>	<u>\$ 597,583</u>	<u>\$ 620,999</u>	<u>\$ 23,416</u>

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

Interpark Metropolitan District

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

For the Year Ended December 31, 2021

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ 32,000	\$ 379	\$ (31,621)
Total Revenues	32,000	379	(31,621)
EXPENDITURES			
Capital improvements	1,025,711	-	1,025,711
Total Expenditures	1,025,711	-	1,025,711
NET CHANGES IN FUND BALANCE	(993,711)	379	994,090
FUND BALANCE:			
BEGINNING OF YEAR	993,711	990,184	(3,527)
END OF YEAR	\$ -	\$ 990,563	\$ 990,563

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