

PARKSIDE METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2021

with

Independent Auditor's Report

PARKSIDE METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2021

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# HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Parkside Metropolitan District  
Larimer County, Colorado

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Parkside 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinion.

### **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, 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

#### **Required Supplementary Information**

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 the missing information.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

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

*Hiratsuka & Associates, LLP*

July 18, 2022  
Wheat Ridge, Colorado

**Parkside Metropolitan District**

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

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash	\$ 3,702	\$ -	\$ -	\$ 3,702	\$ -	\$ 3,702
Cash and investments - restricted	3,607	300	-	3,907	-	3,907
Receivable - County Treasurer	68	-	-	68	-	68
Receivable - Developer	2,880	-	-	2,880	(2,880)	-
Property taxes receivable	43,853	-	146,186	190,039	-	190,039
Capital improvements, net depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,011,455</u>	<u>1,011,455</u>
Total Assets	<u>\$ 54,110</u>	<u>\$ 300</u>	<u>\$ 146,186</u>	<u>\$ 200,596</u>	<u>1,008,575</u>	<u>1,209,171</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 5,343	\$ -	\$ -	\$ 5,343	-	5,343
Interest payable bonds	-	-	-	-	10,925	10,925
Long-term liabilities:						
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,670,895</u>	<u>5,670,895</u>
Total Liabilities	<u>5,343</u>	<u>-</u>	<u>-</u>	<u>5,343</u>	<u>5,681,820</u>	<u>5,687,163</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	<u>43,853</u>	<u>-</u>	<u>146,186</u>	<u>190,039</u>	<u>-</u>	<u>190,039</u>
Total Deferred Inflows of Resources	<u>43,853</u>	<u>-</u>	<u>146,186</u>	<u>190,039</u>	<u>-</u>	<u>190,039</u>
<b>FUND BALANCES/NET POSITION</b>						
Fund Balances:						
Restricted:						
Emergencies	3,607	-	-	3,607	(3,607)	-
Debt service	-	-	-	-	-	-
Capital projects	-	300	-	300	(300)	-
Unassigned	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>1,307</u>	<u>(1,307)</u>	<u>-</u>
Total Fund Balances	<u>4,914</u>	<u>300</u>	<u>-</u>	<u>5,214</u>	<u>(5,214)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 54,110</u>	<u>\$ 300</u>	<u>\$ 146,186</u>	<u>\$ 200,596</u>		
Net Position:						
Restricted for:						
Emergencies					3,607	3,607
Capital projects					300	300
Unrestricted					<u>(4,671,938)</u>	<u>(4,671,938)</u>
Total Net Position					<u>\$ (4,668,031)</u>	<u>\$ (4,668,031)</u>

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

**Parkside 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>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Management & Accounting	\$ 16,310	\$ -	\$ -	\$ 16,310	\$ -	\$ 16,310
Design Review	900	-	-	900	-	900
Legal	13,263	-	-	13,263	-	13,263
Insurance	3,127	-	-	3,127	-	3,127
Treasurer's Fees	268	-	-	268	-	268
Office	289	-	-	289	-	289
Dues and Compliance	313	-	-	313	-	313
Electric	335	-	-	335	-	335
Water	15,713	-	-	15,713	-	15,713
Landscape & Grounds	7,352	-	-	7,352	-	7,352
Landscape Contracts	3,820	-	-	3,820	-	3,820
Landscape Repairs	840	-	-	840	-	840
Snow Removal	375	-	-	375	-	375
Sprinklers	8,522	-	-	8,522	-	8,522
Bond issuance costs	-	187,087	-	187,087	-	187,087
Capital expenditures:						
Landscaping	-	1,061,980	-	1,061,980	(1,061,980)	-
Streets and Sidewalks	-	2,600,885	-	2,600,885	(2,600,885)	-
Water and Sewer	-	1,694,748	-	1,694,748	(1,694,748)	-
Depreciation	-	-	-	-	10,942	10,942
Conveyance of fixed assets	-	-	-	-	4,919,912	4,919,912
Debt Service:						
Developer advance repayment	-	5,250,000	-	5,250,000	(5,250,000)	-
Interest	-	-	-	-	17,265	17,265
Total Expenditures	<u>71,427</u>	<u>10,794,700</u>	<u>-</u>	<u>10,866,127</u>	<u>(5,659,494)</u>	<u>5,206,633</u>
GENERAL REVENUES						
Property taxes	13,403	-	-	13,403	-	13,403
Specific ownership taxes	1,019	-	-	1,019	-	1,019
Interest income	28	-	-	28	-	28
Other income	950	-	-	950	-	950
Total General Revenues	<u>15,400</u>	<u>-</u>	<u>-</u>	<u>15,400</u>	<u>-</u>	<u>15,400</u>
EXCESS (DEFICIENCY) OF REVENUES OVER						
EXPENDITURES	(56,027)	(10,794,700)	-	(10,850,727)	10,850,727	(5,191,233)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	5,520,000	-	5,520,000	(5,520,000)	-
Developer advances	55,853	5,275,000	-	5,330,853	(5,330,853)	-
Developer contributions	-	-	-	-	584,696	584,696
Total Other Financing Sources (Uses)	<u>55,853</u>	<u>10,795,000</u>	<u>-</u>	<u>10,850,853</u>	<u>(10,266,157)</u>	<u>584,696</u>
NET CHANGES IN FUND BALANCES	(174)	300	-	126	(126)	
CHANGE IN NET POSITION					(4,606,537)	(4,606,537)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	5,088	-	-	5,088	(66,582)	(61,494)
END OF YEAR	<u>\$ 4,914</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 5,214</u>	<u>\$ (4,673,245)</u>	<u>\$ (4,668,031)</u>

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

**Parkside Metropolitan District**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND  
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 13,403	\$ 13,403	\$ 13,403	\$ -
Specific ownership taxes	670	1,027	1,019	(8)
Interest income	-	28	28	-
Other income	-	1,000	950	(50)
Developer advance	<u>48,447</u>	<u>57,000</u>	<u>55,853</u>	<u>(1,147)</u>
	<u>62,520</u>	<u>72,458</u>	<u>71,253</u>	<u>(1,205)</u>
EXPENDITURES				
Management & Accounting	14,400	16,310	16,310	-
Design Review	-	1,000	900	100
Legal	15,000	13,263	13,263	-
Insurance	2,702	3,127	3,127	-
Treasurer's Fees	268	268	268	-
Office	600	290	289	1
Dues and Compliance	330	312	313	(1)
Electric	500	350	335	15
Water	13,000	15,713	15,713	-
Mowing	-	6,727	7,352	(625)
Landscape Contracts	6,720	3,820	3,820	-
Landscape Repairs	3,000	840	840	-
Snow Removal	4,000	375	375	-
Sprinklers	1,000	8,522	8,522	-
Weed Mitigation	-	250	-	250
Contingency	<u>1,000</u>	<u>375</u>	<u>-</u>	<u>375</u>
Total Expenditures	<u>62,520</u>	<u>71,542</u>	<u>71,427</u>	<u>115</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	916	(174)	(1,090)
FUND BALANCE:				
BEGINNING OF YEAR	<u>4,464</u>	<u>5,086</u>	<u>5,088</u>	<u>2</u>
END OF YEAR	<u>\$ 4,464</u>	<u>\$ 6,002</u>	<u>\$ 4,914</u>	<u>\$ (1,088)</u>

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

# PARKSIDE METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Parkside Metropolitan District (“District”), located in Larimer County, Colorado, 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 23, 2018 as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to plan for, design, acquire, construct, install, relocate, redevelop, provide and finance public improvements and related operation and maintenance services within the boundaries of the District. The District's primary revenues in the current year are bond proceeds, and will shift to property taxes in the future. 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.

# PARKSIDE METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### Basis of Presentation

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

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. 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. The District had no *Program revenues* to report as of December 31, 2021. 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.

## PARKSIDE METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2021

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.

Debt Service Fund - The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt 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

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. Subsequent to year end, the budget was amended to increase expenditures in the General Fund, Debt Service Fund and Capital Projects Fund primarily due to expenses related to the 2021 bond issuance.

Expenses in the Capital Projects Fund exceeded budgeted amounts during the year ended December 31, 2021 which may be in violation of State of Colorado budget laws.

#### Assets, Liabilities and Net Position Fair Value of Financial Instruments

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

#### Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

## PARKSIDE 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 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 items that qualify for reporting in this category.

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

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 fixed assets, as applicable using the straight-line method. Land is not depreciated. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. The District landscaping is being depreciated on a straight-line basis over a 20 year period.

#### 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 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 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.

# PARKSIDE METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2021

### 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 Balance

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 District has no amounts to report as Nonspendable Fund Balance as of December 31, 2021.

### 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 \$3,607 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Capital Projects Fund in the amount of \$300 is restricted for capital improvements.

### 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. The District has no amounts to report as Committed Fund Balance as of December 31, 2021.

### 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. The District has no amounts to report as Assigned Fund Balance as of December 31, 2021.

### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose.

PARKSIDE METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2021

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.

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 balance of deferred outflows or resources related to those assets. At December 31, 2021 the District did not have any amounts to report in this category.

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

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

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

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	\$	3,702
Cash and investments - Restricted		<u>3,907</u>
Total	\$	<u>7,609</u>

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

Deposits with financial institutions	\$	<u>7,609</u>
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## PARKSIDE METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2021

#### 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.

##### Credit Risk

The District’s investment policy requires that the District follow state statutes for 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.

##### Interest Rate Risk

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

PARKSIDE METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2021

Note 3: Capital Assets

A description of the District's capital assets as of December 31, 2021, is as follows:

	Balance 1/1/2021	Additions	Conveyances	Balance 12/31/2021
Land	\$ -	\$ 584,696	\$ -	\$ 584,696
Landscaping & Public improvements	-	5,357,613	4,919,912	437,701
Accumulated depreciation	-	(10,942)	-	(10,942)
	<u>\$ -</u>	<u>\$ 5,931,367</u>	<u>\$ 4,919,912</u>	<u>\$ 1,011,455</u>

The District's land was contributed by the developer during the year ended December 31, 2021. The District also accepted completed infrastructure during the year ended December 31, 2021 and conveyed the majority of it to the City of Loveland. The remaining landscaping which the District will maintain is being depreciated on a straight line basis over a 20 year life.

Note 4: Long Term Debt

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

On December 15, 2021, the District issued General Obligation Limited Tax Bonds, Series 2021 in the aggregate principal amount of \$5,520,000 (the "Bonds"). The Bonds were issued to reimburse Front Range Securities, LLC, an affiliate of Boedecker Lake Partners, LLC ("the Company") for public improvement costs. The Bonds bear interest at the rate of 4.75% per annum. Interest is calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available on each December 1, commencing December 1, 2022. Any amount of principal and interest outstanding on the Bonds at December 1, 2061 shall be deemed to be paid, satisfied and discharged.

The Bonds constitute a limited tax obligation of the District payable from pledged revenue as defined in the bond resolution as monies derived from 1) the required tax levy each year in the amount of 55.278 mills, or such lesser mill levy which will fund the Bond Fund in an amount sufficient to pay all of the principal and interest on the Bonds in full, imposed on all taxable property within the District subject to adjustment due to any change in calculation of assessed values since May 1, 2018, presently at 55.664 mills for collection in 2022, 2) the portion of the Specific Ownership Tax collected as a result of the imposition of the Required Mill Levy and 3) any other legally available moneys which the Board determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. The Bonds 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, upon payment of par plus accrued interest on or after December 1, 2026 with redemption premium, and on or after December 1, 2029 with no redemption premium.

PARKSIDE METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2021

Note 4: Long Term Debt (continued)

Events of Default as defined in the Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other or the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgement, and 3) other suits. Acceleration of the Bonds is not an available remedy for an Event of Default.

The Bonds constitute ‘cash flow’ bonds and have no scheduled principal payments prior to maturity.

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

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Bonds, Series 2021	\$ -	\$ 5,520,000	\$ -	\$ 5,520,000
Developer Advances – operations	64,086	52,973	-	117,059
Developer Advances - capital	-	5,275,000	5,250,000	25,000
Developer Interest Accrued	2,496	6,340	-	8,836
	<u>\$ 66,582</u>	<u>\$ 10,854,313</u>	<u>\$ 5,250,000</u>	<u>\$ 5,670,895</u>

Debt Authorization

As of December 31, 2021, the District has voted debt authorization of approximately \$186,480,000. At December 31, 2021 only \$280,000 of this total debt authorization is available under the District’s Service Plan. The District has not budgeted to issue any new debt during 2022.

Note 5: Related Parties

All members of the Board of Directors of the District at December 31, 2021 are employees of or are otherwise related to the developer. As and when required by law, and on advice of counsel, the Board members file written disclosures of any conflicts with the District and the Colorado Secretary of State.

## PARKSIDE METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2021

#### Note 6: Agreements

##### Operating and Reimbursement Agreement

The District has entered into an Operating and Reimbursement Agreement with Boedecker Lake Partners, LLC (the “Company”) pursuant to which, the Company agreed, in its sole discretion, to advance funds to the District for operating, maintenance, and/or administrative expenses. The District in turn agrees to reimburse the Company for the costs of the advances if and to the extent the District has legally available revenue which is not otherwise appropriated, obligated, pledged or reserve together with simple interest thereon at the prime rate plus 3%, not to exceed 8.5%, commencing as of the date of each Operating Advance. The term of this agreement ends on the date that the Operating Reimbursement Amount has been paid in full or 40 years after the agreement date, whichever occurs first. Any portion of the Operating Reimbursement Amount not paid on January 11, 2059 shall be deemed discharged, paid and canceled. At December 31, 2021, the District owed the Company \$117,059 plus accrued interest of \$7,907 related to this agreement.

##### Advance, Acquisition and Reimbursement Agreement

The District has entered into an Advance, Acquisition and Reimbursement Agreement with Boedecker Lake Partners, LLC (the “Company”) pursuant to which, the Company agreed, in its sole discretion, to either advance funds to the District for construction of Public Improvements or to construct and complete Public Improvements and then transfer these improvements to the District or the City. The District in turn agrees to reimburse the Company or its assignee for the costs of the Public Improvements and the costs of organizing the District and for Capital Advances when financially feasible through issuance of the District’s bonds and any other legally available funds. The District accepted \$5,250,000 of public improvement costs during the year, which were reimbursed through bond issuance to an affiliate of the Company. At December 31, 2021, the District owed the Company \$25,000 plus accrued interest of \$929 related to this agreement.

##### Management, Administrative and Accounting Services Agreement

The District has entered into an agreement dated January 1, 2021 with Centennial Consulting Group for management, administrative and accounting services that shall automatically renew at January 1 each subsequent year. The District is billed a set fee per month, as well as additional district related fees which may be reimbursed to the District by the homeowner. These fees include items such as Closing Site Visits, Printing, Insurance Administration, Audit Fees, Debt Issuance Fees and Transfer Fees. Any fee reimbursements which the District collects from homeowners are included in Other income on the attached financial statements.

## PARKSIDE METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2021

#### Note 7: 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 18, 2018, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

#### Note 8: 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.

PARKSIDE METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2021

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

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

- 1) Long-term liabilities such as bonds payable and accrued bond interest payable 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 interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 2) governmental funds report long-term debt payments as expenditures; however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

**Parkside Metropolitan District**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
DEBT SERVICE FUND  
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Interest and other income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Cost of issuance	-	181,300	-	181,300
Transfer out	<u>-</u>	<u>5,618,700</u>	<u>-</u>	<u>5,618,700</u>
Total Expenditures	<u>-</u>	<u>5,800,000</u>	<u>-</u>	<u>5,800,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(5,800,000)	-	5,800,000
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	5,800,000	-	(5,800,000)
Developer advances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	5,800,000	-	(5,800,000)
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Parkside Metropolitan District**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUND  
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Interest and other income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital Projects	5,000,000	5,618,700	5,357,613	261,087
Developer advance repayments	-	-	5,250,000	(5,250,000)
Bond issuance	-	-	187,087	(187,087)
Total Expenditures	<u>5,000,000</u>	<u>5,618,700</u>	<u>10,794,700</u>	<u>(5,176,000)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,000,000)	(5,618,700)	(10,794,700)	5,176,000
OTHER FINANCING SOURCES (USES)				
Transfer in	5,000,000	5,618,700	-	(5,618,700)
Bond proceeds	-	-	5,520,000	5,520,000
Developer advances	-	-	5,275,000	5,275,000
Total Other Financing Sources (Uses)	<u>5,000,000</u>	<u>5,618,700</u>	<u>10,795,000</u>	<u>5,176,300</u>
NET CHANGES IN FUND BALANCES	-	-	300	300
FUND BALANCE:				
BEGINNING OF YEAR	-	-	-	-
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>