

**PARKWAY CIRCLE
METROPOLITAN DISTRICT**
City and County of Broomfield, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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SCHILLING & COMPANY, INC.

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Independent Auditor's Report

Board of Directors
Parkway Circle Metropolitan District
City and County of Broomfield, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Parkway Circle Metropolitan District (District) as of and for the year ended December 31, 2023, 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 the Parkway Circle Metropolitan District, as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Subdistrict Special Revenue 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. 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.

Responsibility of Management for the Financial Statements

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

Supplementary 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is listed in the table of contents and does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
September 30, 2024

BASIC FINANCIAL STATEMENTS

**PARKWAY CIRCLE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2023**

ASSETS

Cash deposits	\$ 49,836
Due from City and County - property taxes	5,463
Due from City and County - sales and use taxes	51,728
Property tax receivable	1,555,250
Total assets	1,662,277

LIABILITIES

Accounts payable	658
Accrued current interest payable	130,671
Due in more than one year:	
Bonds:	
Principal	11,547,795
Unpaid accrued interest	9,649,943
Total liabilities	21,329,067

DEFERRED INFLOWS OF RESOURCES

Deferred property tax revenue	1,555,250
Total deferred inflows of resources	1,555,250

NET POSITION

Restricted for emergencies	750
Unrestricted	(21,222,790)
Total net position	\$ (21,222,040)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 46,988	\$ -	\$ -	\$ -	\$ (46,988)
Interest and fiscal charges	1,606,490	-	-	-	(1,606,490)
	<u>\$ 1,653,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,653,478)</u>

General revenues:

Property tax revenue	1,383,949
Specific ownership tax revenue	71,253
Sales and use tax revenue	390,912
Net investment income	37,475
Total general revenues	<u>1,883,589</u>

Change in net position	230,111
Net position - Beginning	(21,452,151)
Net position - Ending	<u>\$ (21,222,040)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	General	Subdistrict Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash deposits	\$ 23,124	\$ -	\$ 26,712	\$ -	\$ 49,836
Due from other fund	-	-	1,170	-	1,170
Due from City and County - property taxes	-	1,170	4,293	-	5,463
Due from City and County - sales and use taxes	-	-	51,728	-	51,728
Property taxes receivable	-	340,409	1,214,841	-	1,555,250
TOTAL ASSETS	\$ 23,124	\$ 341,579	\$ 1,298,744	\$ -	\$ 1,663,447
LIABILITIES					
Accounts payable	\$ 658	\$ -	\$ -	\$ -	\$ 658
Due to other fund	-	1,170	-	-	1,170
Total liabilities	658	1,170	-	-	1,828
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue	-	340,409	1,214,841	-	1,555,250
Total deferred inflows of resources	-	340,409	1,214,841	-	1,555,250
FUND BALANCES					
Restricted:					
Emergencies	750	-	-	-	750
Debt Service	-	-	83,903	-	83,903
Assigned for subsequent year's expenditures	7,800	-	-	-	7,800
Unassigned	13,916	-	-	-	13,916
Total fund balances	22,466	-	83,903	-	106,369
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 23,124	\$ 341,579	\$ 1,298,744	\$ -	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Accrued interest payable	(130,671)
Bonds payable	(11,547,795)
Unpaid accrued interest payable - bonds	(9,649,943)
	<u>(21,328,409)</u>
Net position of governmental activities	<u>\$ (21,222,040)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2023**

	General	Subdistrict Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property tax revenue	\$ -	\$ 296,148	\$ 1,087,801	\$ -	\$ 1,383,949
Specific ownership tax revenue	-	15,257	55,996	-	71,253
Sales and use tax revenue	-	-	390,912	-	390,912
Net investment income	-	-	37,475	-	37,475
Total revenues	<u>-</u>	<u>311,405</u>	<u>1,572,184</u>	<u>-</u>	<u>1,883,589</u>
EXPENDITURES					
Current					
Legal	15,665	-	-	-	15,665
Accounting	2,200	-	-	-	2,200
Audit	5,500	-	-	-	5,500
Insurance	2,571	-	-	-	2,571
Dues and subscriptions	290	-	-	-	290
County Treasurer's fees	-	4,442	16,320	-	20,762
Debt service					
Bond interest	-	-	1,850,000	-	1,850,000
Total expenditures	<u>26,226</u>	<u>4,442</u>	<u>1,866,320</u>	<u>-</u>	<u>1,896,988</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(26,226)</u>	<u>306,963</u>	<u>(294,136)</u>	<u>-</u>	<u>(13,399)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	<u>25,000</u>	<u>(306,963)</u>	<u>281,963</u>	<u>-</u>	<u>-</u>
Total other financing sources(uses)	<u>25,000</u>	<u>(306,963)</u>	<u>281,963</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,226)	-	(12,173)	-	(13,399)
FUND BALANCES - BEGINNING OF YEAR	23,692	-	96,076	-	119,768
FUND BALANCES - END OF YEAR	<u>\$ 22,466</u>	<u>\$ -</u>	<u>\$ 83,903</u>	<u>\$ -</u>	<u>\$ 106,369</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ (13,399)</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in current accrued interest payable - bond	1,492
Change in long-term unpaid accrued interest payable - bond	<u>242,018</u>
	<u>243,510</u>
Change in net position - Governmental activities	<u><u>\$ 230,111</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Transfer from other fund	\$ 25,000	\$ 25,000	\$ -
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>-</u>
EXPENDITURES			
Current			
Legal	25,000	15,665	9,335
Accounting	2,500	2,200	300
Audit	5,300	5,500	(200)
Insurance	3,000	2,571	429
Dues and subscriptions	1,500	290	1,210
Miscellaneous	1,000	-	1,000
Contingency	5,000	-	5,000
Total Expenditures	<u>43,300</u>	<u>26,226</u>	<u>17,074</u>
NET CHANGE IN FUND BALANCE	(18,300)	(1,226)	17,074
FUND BALANCE - BEGINNING OF YEAR	<u>20,992</u>	<u>23,692</u>	<u>2,700</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,692</u>	<u>\$ 22,466</u>	<u>\$ 19,774</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SUBDISTRICT SPECIAL REVENUE FUND
Year Ended December 31, 2023**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Property tax revenue	\$ 296,586	\$ 296,148	\$ (438)
Specific ownership tax revenue	20,000	15,257	(4,743)
Net investment income	-	-	-
Total revenues	<u>316,586</u>	<u>311,405</u>	<u>(5,181)</u>
EXPENDITURES			
County Treasurer's fees	4,449	4,442	7
Transfer to other fund	312,137	306,963	5,174
Total expenditures	<u>316,586</u>	<u>311,405</u>	<u>5,181</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Parkway Circle Metropolitan District (District) was organized on June 2, 2002 as a quasi-municipal corporation and political subdivision of the State of Colorado and is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in the City and County of Broomfield, Colorado. The District was established to finance public improvements, including streets and traffic safety controls, water, sanitary and storm sewer, television relay, park and recreation, transportation and mosquito control facilities for the use and benefit of all of its residents, taxpayers and owners of real property of the District. Certain facilities and improvements constructed by the District have been conveyed to the City and County of Broomfield (City) for perpetual ownership and maintenance.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Blended Component Unit

Parkway Circle Metropolitan District Subdistrict (Subdistrict) was established in 2008 pursuant to the provisions of § 32-1-1101(f) of the Colorado Revised Statutes. The area of the Subdistrict is located entirely within the District boundaries and consists of only commercial and retail property. The Subdistrict was formed for the purpose of retail development, financing and constructing parking garages for the commercial and retail property within the District. The Subdistrict assesses a levy against all real property within its boundaries for the costs associated with the development of retail and of the parking garages. The Subdistrict transfers the collected taxes to the District to assist in the payment of the District's outstanding bonds which were issued for capital improvements. The Subdistrict is included as a blended component unit of the District because the District's board members are the same, the District provides substantial support to the Subdistrict, and the improvements within the Subdistrict ultimately benefit the District as a whole. Separate financial statements are not prepared for the Subdistrict.

The District is not a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all the activities of the District. For the

**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District; the difference between the assets, and liabilities and deferred inflows of resources of the District being reported as net position.

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 related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes and use taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The Subdistrict Special Revenue Fund is included as a blended component unit of the District. This fund is used to account for retail development and the financing and construction of certain parking garages located in the District.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

The Debt Service Fund accounts for the sales and use taxes accumulated and payments made for principal and interest on the District's outstanding long-term obligations.

The Capital Projects Fund accounts for the financing and construction of public infrastructure within the District.

Budgets

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

Pooled Cash and Investments

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

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Certain District capital improvements (primarily roads, water lines, and sewer lines), constructed by either the District or the Developer on the District's behalf, are to be conveyed to the City and County of Broomfield (City) upon completion and acceptance by the City. Additionally for certain other capital improvements (primarily landscape and storm water improvements), the responsibility for operation, maintenance and replacement remains with the property owner upon which the improvements were constructed. The District considers these capital improvements transferred at the same time the City accepts the other improvements associated

**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

with the respective development. Until completed and accepted, the District reports the capital improvements as construction progress and therefore no depreciation expense is calculated on the capital assets.

Deferred Inflows/Outflows of Resources

In addition to liabilities, the statement of net position and fund balance sheet 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Fund Balances

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH DEPOSITS

Cash deposits as of December 31, 2023, are classified in the accompanying financial statements as follows:

Cash deposits	<u>\$ 49,836</u>
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**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Cash Deposits

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

As of December 31, 2023, the District's cash deposits had a bank balance and carrying balance of \$49,836.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of and for the year ending December 31, 2023, the District had no investments.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District’s long-term obligations for the year ended December 31, 2023:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Due Within One Year
Direct Placement Bonds:					
Refunding Limited Tax General Obligation/Sales and Use Tax Revenue Obligations Bonds Series 2018					
Principal	\$ 11,547,795	\$ -	\$ -	\$ 11,547,795	\$ -
Unpaid accrued interest	9,891,961	-	(242,018)	9,649,943	-
	<u>\$ 21,439,756</u>	<u>\$ -</u>	<u>\$ (242,018)</u>	<u>\$ 21,197,738</u>	<u>\$ -</u>

Refunding Limited Tax General Obligation/Sales and Use Tax Revenue Obligations Bonds Series 2018

The District issued \$10,226,650 of Refunding Limited Tax General Obligation/Sales and Use Tax Revenue Obligations Bonds, Series 2018 (2018 Bonds), on May 22, 2018 to current refund and exchange the outstanding Limited Tax General Obligation/Sales and Use Tax Revenue Bonds Series 2015 (2015 Bonds) and the outstanding Developer advance principal to a bond payable for the 2018 Bonds. As of the time of issuance in 2018, the Developer was the bond owner of the 2018 bonds and was the bond owner of the 2015 Bonds and the Developer advances that were made pursuant to the Amended and Restated Development and Reimbursement Agreement and the Advance and Reimbursement Agreement (see below Note 4). The bonds bear interest at 7.5% rate and mature no later than June 30, 2058. The interest is being calculated on an annual compounding basis. Interest is payable annually December 1. Principal is due on each December 1. The bonds are not subject to redemption prior to maturity except with the consent of the bond holder.

On December 1, 2020, the District issued additional Refunding Limited Tax General Obligation/Sales and Use Tax Revenue Obligations Bonds, Series 2018 in the amount of \$777,128 to convert Developer advances recognized as of December 2, 2020 for capital improvements to additional 2018 Bonds.

Effective October 13, 2021, the District issued additional Refunding Limited Tax General Obligation/Sales and Use Tax Revenue Obligations Bonds, Series 2018 in the amount of \$544,017 to reimburse the Developer for capital improvements recognized during 2021.

As of December 31, 2023, the Developer owned 8.6% and one Board of Directors Member owned 37.7%, respectively of the 2018 bonds. As of December 31, 2023, the one Board of Directors Member was owed 40.0% of the unpaid accrued interest on the 2018 Bonds.

The bonds are limited tax general obligation/sales and use tax revenue obligations of the District, payable from pledged revenue, which includes the District’s covenant to levy the required mill levy on and all taxable property of the District and sales and use tax revenues

**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
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received from the City and County of Broomfield (City) as described in the Development and Reimbursement Agreement. The amount pledged is 50% of the City's 3.5% sales tax on sales and other transactions described in the Development and Reimbursement Agreement (See Note 5) and 50% of the City's 3.5% use tax that occur as a result of new private improvements on property described in the Development and Reimbursement Agreement. The pledge of sales and use taxes expires in 2038. The District is required to impose a limited mill levy sufficient to pay principal and interest on the bonds as they become due in an amount not to exceed 30 mills for the District and 50 mills for the Subdistrict. The pledge of the limited mill levy expires in 2058.

To the extent principal of any bonds is not paid when due, such principal shall cease on June 30, 2058 for the limited tax general obligation portion of the bonds, and on June 30, 2038 for the sales and use tax revenue obligation portion of the bonds. To the extent interest on any bonds is not paid when due, such interest shall compound annually on December 1 at the rate then borne by the bonds; provided however, that notwithstanding anything in the bond resolution to the contrary, the District shall not be obligated to pay more than the amount permitted by law and, the amounts contained in the Advance and Reimbursement Agreement and the Development Reimbursement Agreement, and any amounts after the aforementioned maturity dates.

Upon an event of default on the bonds, including: A) failure to impose the limited mill levy and utilize available revenue for the limited tax portion of the bonds, or failure to collect available revenues for the sales and use tax portion of the bonds, and apply the proceeds of the limited mill levy and sales and use taxes as required by the bond resolution, B) the District fails to perform any other covenants as required by the bond resolution and the default continues for sixty days after written notice, or C) the District files a petition under the federal bankruptcy or other applicable bankruptcy laws; the owner of the bonds may proceed to protect and enforce the rights of any owner under the bond resolution by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction. All such proceedings shall be instituted, and maintained for the equal benefit of all owners of the bonds then outstanding. However due to the limited nature of the available revenue, the failure to pay principal of or interest on the bonds, including any mandatory redemption payment, when due shall not, of itself, constitute an event of default hereunder. In no event shall acceleration of the bonds be a remedy available in an event of default.

The District's Refunding Limited Tax General Obligation/Sales and Use Tax Revenue Obligations Bonds do not have scheduled debt service payments other than to pay interest on December 1 of each year to the extent that pledged revenues are available. The principal of the bonds will mature no later than June 30, 2058 to the extent that they are still outstanding. Therefore no five year summary of debt service to maturity has been provided.

Advance and Reimbursement Agreement

The District entered into an Advance and Reimbursement Agreement with NJD, Ltd. (NJD) on November 13, 2002. On March 10, 2015, the NJD assigned its rights to payment under the Advance and Reimbursement Agreement to MI Development Corporation-Texas (Developer). The agreement shall continue until all advances are repaid in full, with interest or until terminated by mutual agreement. According to the terms of the agreement, the District shall reimburse the Developer for any funding provided by the developer for the benefit of the District. Interest accrues starting on the date each advance is recognized by the District at an annual

**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
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rate of 7.5%. The interest is being calculated on a monthly compounding basis as agreed to by the Developer, the District and the City and County of Broomfield. The District shall make payment for the advances from bond proceeds, supplemental revenues and subject to annual discretionary determinations of the Board of Directors as recorded in the approved and appropriated annual budget.

Debt Authorization

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$25,025,000 exclusive of debt refunding. Mill Levy requirements and restrictions are discussed earlier in this note in the section titled "General Obligation Bonds".

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area. As of the date of this report (as noted on the Independent Auditor's Report on page I), the amount and timing of any debt issuance is not determinable.

As of December 31, 2023, the District had authorized but unissued indebtedness in the following amount allocated for the following purposes:

	Authorized November 1, 2005 Election	Authorization Used in 2015	Authorization Used in 2018	Authorization Used in 2020	Authorization Used in 2021	Remaining December 31, 2023
		*	*	*	*	
Streets	\$ 15,457,300	\$ (8,886,936)	\$ (1,339,714)	\$ (777,128)	\$ (19,899)	\$ 4,433,623
Water	1,233,000	-	-	-	(185,298)	1,047,702
Sanitation	2,445,200	-	-	-	(338,820)	2,106,380
Transportation	5,864,500	-	-	-	-	5,864,500
Oper. & maint.	25,000	-	-	-	-	25,000
Refunding	25,000,000	-	-	-	-	25,000,000
	<u>\$ 50,025,000</u>	<u>\$ (8,886,936)</u>	<u>\$ (1,339,714)</u>	<u>\$ (777,128)</u>	<u>\$ (544,017)</u>	<u>\$ 38,477,205</u>

* The District will allocate the authorization used to the appropriate functions upon completion of the project.

NOTE 5 – AGREEMENTS

Development and Reimbursement Agreement

The Developer and the City and County of Broomfield (City) entered into a Development and Reimbursement Agreement on April 23, 2002, as amended on June 14, 2005, January 13, 2009, May 14, 2013 and May 26, 2015. The City acknowledged that the developer intended to form a metropolitan district and to assign certain of its obligations under the Development and Reimbursement Agreement to the District.

The Development and Reimbursement Agreement contemplates that the developer shall construct public improvements within the City's boundaries. The Developer is to finance and construct the public improvements. In turn, the City has pledged 50% of the City's available sales tax revenues and use tax revenues, collected within the District's boundaries, to reimburse the Developer for the costs of the public improvements plus interest of 7.5% per year,

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NOTES TO FINANCIAL STATEMENTS
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(see Note 4). As of December 31, 2023, there were no amounts outstanding under this Development and Reimbursement Agreement.

NOTE 6 – FUND EQUITY

As of December 31, 2023, the District reported the following classifications of fund equity.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$750 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

The restricted fund balance in the Debt Service Fund in the amount of \$83,903 is to be used exclusively for debt service requirements (see Note 4).

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$7,800 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

NOTE 7 - NET POSITION

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

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed through constitutional provisions or enabling legislation. The District had restricted net position of \$750 as of December 31, 2023, as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 10).

The District's unrestricted net position deficit as of December 31, 2023, totaled (\$21,222,790). This deficit amount is a result of the District being responsible for repayment of a bonds issued for public improvements conveyed to other governmental entities.

NOTE 8 – RELATED PARTIES

As of December 31, 2023, one Board of Directors member was an owner of a combined 37.7% of the District's outstanding Refunding Limited Tax General Obligation/Sales and Use Tax Revenue Obligations Bonds, Series 2018 and was owed 50% of unpaid accrued interest on those bonds. The outstanding bonds payable are discussed in Note 4.

NOTE 9 - RISK MANAGEMENT

Except as provided by the Colorado Governmental Immunity Act, Section 24-10-101, et seq., C.R.S., as may be amended from time to time, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that 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 has not established emergency reserves as all revenue received is debt related.

On May 2, 2002, the District's electors authorized the District to increase taxes \$25,000 annually for the payment of the District's operations, maintenance and other expenses: such taxes to consist of an ad valorem mill levy which is sufficient to pay such costs and expenses on an annual basis including reserves at a rate not to exceed 5.000 mills or such lesser amount as may be necessary to produce such taxes, and authorized that the revenue from such taxes and investment income thereon, be approved as an amended levy under Section 29-1-302, Colorado Revised Statutes, and also approved as a voter-authorized revenue change to be collected and spent by the District without regard to any other spending, revenue raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or any other law and without limiting in any year the amount of other revenues that may be collected and spent by the District.

On May 2, 2002, the District's electors authorized the District to collect, retain, and spend any and all amounts annually from any revenue sources whatsoever other than ad valorem taxes including but not limited to tap fees, facility fees, service charges, inspection charges, administrative charges, grants, or any other fee, rate toll, penalty, income, or charge imposed, collected or authorized by law to be imposed or collected by the District, and shall such revenues be collected and spent by the District as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or any other law and without limiting in any year the amount of other revenues that may be collected and spent by the District.

**PARKWAY CIRCLE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

On November 1, 2005, the District's electors authorized the District to increase taxes \$100,000 annually or by such lesser amount as may be necessary to pay the District's operations, maintenance and other expenses; such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the Board, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used for the purpose of paying the District's operations, maintenance and other expenses; and shall the proceeds of such taxes and investment income thereon be collected and spent by the District as a voter-approved revenue change in 2005 and in each year thereafter, without regard to any other spending, revenue-raising or other limitation contained within Article X, Section 20 of the Colorado Constitution or section 29-1-301, Colorado Revised Statutes, in any year the amount of other revenues that may be collected and spent by the District.

On November 1, 2005, the District's electors authorized the District to collect, retain, and spend any and all amounts annually from any revenue sources whatsoever other than ad valorem taxes including by not limited to tap fees, facility fees, service charges, inspection charges, administrative charges, grants, or any other fee, rate toll, penalty, income, or charge imposed, collected or authorized by law to be imposed or collected by the District, and shall such revenues be collected and spent by the District as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or any other law and without limiting in any year the amount of other venues that may be collected and spent by the District.

On November 4, 2008, the Subdistrict's electors authorized the Subdistrict to increase taxes \$1,000,000 annually or by a lesser annual amount as may be necessary to pay the Subdistrict's operations and maintenance and other expenses without limitation of rate or amount or any other condition to pay such expenses and that the proceeds of such taxes and any investment income thereon be collected, retained and spent by the Subdistrict in fiscal year 2008 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S in any year, or any other law which purports to limit the Subdistrict's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District.

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**PARKWAY CIRCLE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2023**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Property tax revenue	\$ 1,088,501	\$ 1,087,801	\$ (700)
Specific ownership tax revenue	80,000	55,996	(24,004)
Sales and use tax revenue	400,000	390,912	(9,088)
Net investment income	10,000	37,475	27,475
Transfers from other funds	287,137	281,963	(5,174)
Total revenues	<u>1,865,638</u>	<u>1,854,147</u>	<u>(11,491)</u>
EXPENDITURES			
County Treasurer's fees	16,328	16,320	8
Bond interest	1,850,000	1,850,000	-
Contingency	50,000	-	50,000
Total Expenditures	<u>1,916,328</u>	<u>1,866,320</u>	<u>50,008</u>
NET CHANGE IN FUND BALANCE	(50,690)	(12,173)	38,517
FUND BALANCE - BEGINNING OF YEAR	<u>95,373</u>	<u>96,076</u>	<u>703</u>
FUND BALANCE - END OF YEAR	<u>\$ 44,683</u>	<u>\$ 83,903</u>	<u>\$ 39,220</u>

**PARKWAY CIRCLE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2023**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Bond issue proceeds	\$ 378,855	\$ -	\$ (378,855)
Total revenues	<u>378,855</u>	<u>-</u>	<u>(378,855)</u>
EXPENDITURES			
Capital improvements	378,855	-	378,855
Total Expenditures	<u>378,855</u>	<u>-</u>	<u>378,855</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

**PARKWAY CIRCLE METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Property Taxes		Percentage Collected to Levied
		General	Debt	Total	Levied	Collected	
Parkway Circle Metropolitan District							
2015	\$ 13,248,321	30.000	0.000	30.000	\$ 397,450	\$ 397,450	100.0%
2016	\$ 15,190,680	0.000	30.000	30.000	\$ 455,720	\$ 455,720	100.0%
2017	\$ 15,582,650	0.000	30.000	30.000	\$ 467,480	\$ 458,685	98.1%
2018	\$ 17,995,840	0.000	33.655	33.655	\$ 605,650	\$ 605,649	100.0%
2019	\$ 25,137,863	0.000	33.167	33.167	\$ 833,748	\$ 833,857	100.0%
2020	\$ 31,346,238	0.000	33.399	33.399	\$ 1,046,933	\$ 1,046,690	100.0%
2021	\$ 31,390,270	0.000	33.399	33.399	\$ 1,048,404	\$ 1,048,325	100.0%
2022	\$ 34,709,730	0.000	33.399	33.399	\$ 1,159,270	\$ 1,159,270	100.0%
2023	\$ 34,007,140	0.000	32.008	32.008	\$ 1,088,501	\$ 1,087,801	99.9%
Estimated for year ending December 31, 2024	\$ 36,803,340	0.000	33.009	33.009	\$ 1,214,841		
Parkway Circle Metropolitan District Subdistrict							
2015	\$ 300	10.000	0.000	10.000	\$ 3	\$ -	0.0%
2016	\$ 336,370	20.000	0.000	20.000	\$ 6,727	\$ 6,727	100.0%
2017	\$ 799,110	20.000	0.000	20.000	\$ 15,982	\$ 15,982	100.0%
2018	\$ 1,692,590	20.000	0.000	20.000	\$ 33,852	\$ 33,852	100.0%
2019	\$ 8,894,540	20.000	0.000	20.000	\$ 177,891	\$ 177,891	100.0%
2020	\$ 12,377,270	20.000	0.000	20.000	\$ 247,545	\$ 247,545	100.0%
2021	\$ 12,457,070	20.000	0.000	20.000	\$ 249,141	\$ 249,141	100.0%
2022	\$ 14,832,240	20.000	0.000	20.000	\$ 296,645	\$ 296,645	100.0%
2023	\$ 14,829,290	20.000	0.000	20.000	\$ 296,586	\$ 296,148	99.9%
Estimated for year ending December 31, 2024	\$ 16,374,480	20.789	0.000	20.789	\$ 340,409		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.