

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Parker Automotive Metropolitan District
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Parker Automotive Metropolitan District (the 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 District as of December 31, 2023, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

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

Continuing Disclosure Annual Financial Information

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

Fiscal Focus Parnters, LLC

Arvada, Colorado
September 30, 2024

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 91,726	\$ -	\$ 91,726	\$ -	\$ 91,726
Cash and investments - restricted	1,484	160,750	162,234	-	162,234
Receivable County Treasurer	210	3,282	3,492	-	3,492
Property taxes receivable	49,941	816,836	866,777	-	866,777
Prepaid Expenses	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Total Assets	<u>\$ 143,361</u>	<u>\$ 987,368</u>	<u>\$ 1,130,729</u>	<u>-</u>	<u>1,130,729</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,307</u>	<u>284,307</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,307</u>	<u>284,307</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 143,361</u>	<u>\$ 987,368</u>	<u>\$ 1,130,729</u>		
LIABILITIES					
Accounts payable	\$ 11,504	\$ 36,000	\$ 47,504	-	47,504
Accrued interest payable	-	-	-	41,538	41,538
Long-term liabilities					
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,769,416</u>	<u>19,769,416</u>
Total Liabilities	<u>11,504</u>	<u>36,000</u>	<u>47,504</u>	<u>19,810,954</u>	<u>19,858,458</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>49,941</u>	<u>816,836</u>	<u>866,777</u>	<u>-</u>	<u>866,777</u>
Total Deferred Inflows of Resources	<u>49,941</u>	<u>816,836</u>	<u>866,777</u>	<u>-</u>	<u>866,777</u>
FUND BALANCES					
Fund Balances:					
Nonspendable:					
Prepays	-	6,500	6,500	(6,500)	-
Restricted:					
Emergencies	1,484	-	1,484	(1,484)	-
Debt service		128,032	128,032	(128,032)	-
Assigned:					
Subsequent year expenditures	<u>80,432</u>	<u>-</u>	<u>80,432</u>	<u>(80,432)</u>	<u>-</u>
Total Fund Balances	<u>81,916</u>	<u>134,532</u>	<u>216,448</u>	<u>(216,448)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 143,361</u>	<u>\$ 987,368</u>	<u>\$ 1,130,729</u>		
NET POSITION					
Restricted for:					
Emergencies				1,484	1,484
Unrestricted				<u>(19,311,683)</u>	<u>(19,311,683)</u>
Total Net Position				<u>\$ (19,310,199)</u>	<u>\$ (19,310,199)</u>

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

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Accounting and audit	\$ 12,868	\$ -	\$ 12,868	\$ -	\$ 12,868
Insurance	2,737	-	2,737	-	2,737
Legal	19,056	1,071	20,127	-	20,127
Miscellaneous expenses	912	-	912	-	912
Directors fees	700	-	700	-	700
Election expense	2,099	-	2,099	-	2,099
Treasurer's fees	525	8,216	8,741	-	8,741
Bond Principal expense - Series 2010 Sub	-	1,530,584	1,530,584	(1,530,584)	-
Bond interest expense - Series 2010 Sub	-	1,768,512	1,768,512	(1,390,696)	377,816
Bond principal - Series 2016	-	85,000	85,000	(85,000)	-
Bond interest - Series 2016	-	190,750	190,750	(15,896)	174,854
Bond interest - Series 2018	-	2,552,692	2,552,692	(1,823,937)	728,755
Loan interest - Series 2023A-1	-	-	-	8,381	8,381
Loan interest - Series 2023A-2	-	-	-	17,650	17,650
Bond interest - Series 2023B	-	-	-	11,230	11,230
Cost of Issuance	-	569,460	569,460	-	569,460
Paying agent fees/trustee fees	-	5,594	5,594	-	5,594
Total Expenditures	<u>38,897</u>	<u>6,711,879</u>	<u>6,750,776</u>	<u>(4,808,852)</u>	<u>1,941,924</u>
 Net Program Income (Expense)	 (38,897)	 (6,711,879)	 (6,750,776)	 4,808,852	 (1,941,924)
GENERAL REVENUES					
Property taxes	34,990	548,179	583,169	-	583,169
Specific ownership taxes	3,239	50,751	53,990	-	53,990
Interest and other income	4,413	28,746	33,159	-	33,159
Total General Revenues	<u>42,642</u>	<u>627,676</u>	<u>670,318</u>	<u>-</u>	<u>670,318</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,745	(6,084,203)	(6,080,458)	4,808,852	(1,271,606)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	17,505,000	17,505,000	(17,505,000)	-
Payment to refunding agent	-	(11,586,151)	(11,586,151)	11,586,151	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,918,849</u>	<u>5,918,849</u>	<u>(5,918,849)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	3,745	(165,354)	(161,609)	161,609	-
CHANGE IN NET POSITION				(1,271,606)	(1,271,606)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	78,171	299,886	378,057	(18,416,650)	(18,038,593)
END OF YEAR	<u>\$ 81,916</u>	<u>\$ 134,532</u>	<u>\$ 216,448</u>	<u>\$ (19,526,647)</u>	<u>\$ (19,310,199)</u>

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

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2023

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 34,933	\$ 34,990	\$ 57
Specific ownership taxes	2,445	3,239	794
Interest and other income	<u>202</u>	<u>4,413</u>	<u>4,211</u>
 Total Revenues	 <u>37,580</u>	 <u>42,642</u>	 <u>5,062</u>
 EXPENDITURES			
Accounting and audit	13,000	12,868	132
Insurance	3,600	2,737	863
Legal	30,000	19,056	10,944
Miscellaneous expenses	1,500	912	588
Directors fees	900	700	200
Election expense	1,500	2,099	(599)
Treasurers fees	525	525	-
Contingency	65,508	-	65,508
Emergency reserve	<u>1,531</u>	<u>-</u>	<u>1,531</u>
 Total Expenditures	 <u>118,064</u>	 <u>38,897</u>	 <u>79,167</u>
 NET CHANGE IN FUND BALANCE	 (80,484)	 3,745	 84,229
 FUND BALANCE:			
BEGINNING OF YEAR	<u>80,484</u>	<u>78,171</u>	<u>(2,313)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 81,916</u>	<u>\$ 81,916</u>

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

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Parker Automotive Metropolitan District, located in Douglas 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 June 28, 2004, as a quasi-municipal corporation and political subdivision of the State of Colorado established under the State of Colorado Special District Act. The District was established to provide water, sewer and street improvements, safety protection, and mosquito and erosion control services. By agreement, upon completion, the District will dedicate and transfer certain facilities to the Town of Parker (Town) or to Parker Water and Sanitation District, for maintenance and operation (see Note 4). When the facilities are complete and all debt issued by the District is paid or defeased, the Town may request dissolution of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

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

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

Basis of Presentation

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

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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

Budgetary Accounting

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

On November 14, 2023, the District amended its total appropriations in the Debt Service Fund from \$609,850 to \$16,969,741 due to the issuance of long-term debt. On September 24, 2024, the District further amended its total appropriation in the Debt Service Fund from \$16,969,741 to \$18,300,000 due to the issuance of Debt over the amount estimated.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023, 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 investments are considered to be cash on hand and short-term investments with maturities of six months or less from the date of acquisition.

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

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.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Loss on Refunding

Deferred Loss on Refunding from the refunding of the District's Series 2016 and Series 2018B Bonds are amortized over the lesser of the respective terms of the refunded bonds or the refunding bonds using the interest/straight-line method. Accumulated amortization of the deferred loss on refunding amounted to \$844 at December 31, 2023.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value of the donor.

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. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. During 2010 all of the District's improvements were conveyed to other entities.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Property Taxes

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

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

Long-Term Obligations

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

Fund 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 nonspendable fund balance in the Debt Service Fund in the amount of \$6,500 represent prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,484 of the General Fund balance has been restricted in compliance with this requirement.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

The restricted fund balance in the Debt Service Fund in the amount of \$134,532 is restricted for the payment of the debt service costs associated with the General Obligation debt (see Note 3).

Committed Fund Balance

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

Assigned Fund Balance

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

The assigned fund balance in the General Fund in the amount of \$80,432 represents the amount appropriated for use in the budget for the year ending December 31, 2024.

Unassigned Fund Balance

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

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

Net Position

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

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. At December 31, 2023, 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.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

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, 2023, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 91,726
Cash and investments – Restricted	<u>162,234</u>
Total	\$ <u>253,960</u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with financial institutions	\$ 157,786
Investments - COLOTRUST	86,424
Investments - CSAFE	<u>9,750</u>
	\$ <u>253,960</u>

Deposits

Custodial Credit Risk

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

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

Investments

Credit Risk

The District'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.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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.

Investment Valuation

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

As of December 31, 2023, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2023, the District had \$86,424 invested in COLOTRUST Plus+.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust (“CSAFE”), was rated AAAMmf by Fitch Ratings with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE offers shares in two portfolios, one of which is CSAFE Cash Fund. CSAFE Cash Fund may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians’ internal records identify the investments owned by CSAFE. At December 31, 2023, the District had \$9,750 invested in CSAFE Cash Fund and there are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2023, is as follows:

\$3,650,000 General Obligation Refunding Loan, Series 2023A-1 and \$9,400,000 General Obligation Refunding Loan, Series 2023A-2

On December 20, 2023, the District issued \$3,650,000 General Obligation Refunding Loan, Series 2023A-1 (“Series 2023A-1 Loan”) and \$9,400,000 General Obligation Refunding Loan, Series 2023A-2 (“Series 2023A-2 Loan”) for the purpose of refunding the District’s Series 2016 and 2018B Bonds, refunding a portion of the District’s Series 2010 Bonds, funding an initial deposit to the Series 2023A-1 and Series 2023A-2 Surplus Funds and paying the cost of issuance of the Series 2023A-1 and Series 2023A-2 Loans. The Series 2023A-1 Loan bears interest at the rate of 7.44% until the Tax-Exempt Conversion Date, at which time the Series 2023A-1 will bear interest at the rate of 5.88%. Interest on the Series 2023A-1 Loan is payable semiannually on each June 1 and December 1, commencing on June 1, 2024. The Series 2023A-1 Loan matures on December 1, 2038 and if the Series 2023A-1 Loan is not refunded, the Series 2023A-1 Loan interest rate will increase to the post maturity default rate as defined in the Series 2023A-1 Loan Agreement. The Series 2023A-2 Loan bears interest at the rate of 5.88%, payable semiannually on each June 1 and December 1, commencing on June 1, 2024. The Series 2023A-2 Loan matures on December 1, 2038 and if the Series 2023A-2 Loan is not refunded, the Series 2023A-2 Loan interest rate will increase to the post maturity default rate as defined in the Series 2023A-2 Loan Agreement. The Series 2023A-1 Loan is subject to mandatory principal payments commencing on December 1, 2027 and are subject to optional prepayment, at the option of the District, commencing on June 1,

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

2028, upon payment of par, accrued interest, and a prepayment fee that ranges between 0% and 3% and optional prepayments shall be applied first against the principal payment due on the Maturity Date and then in inverse order of maturity. The Series 2023A-2 Loan is subject to mandatory principal payments commencing on December 1, 2025 and are subject to optional prepayment, at the option of the District, commencing on June 1, 2028, upon payment of par, accrued interest, and a prepayment fee that ranges between 0% and 3% and optional prepayments shall be applied first against the principal payment due on the Maturity Date and then in inverse order of maturity. .

The Series 2023A-1 Loan is secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, any PILOT Revenue and any other legally available moneys as determined by the District. The Series 2023A-1 Loan is also secured by the Surplus Fund, up to a maximum amount of \$276,106. As of December 31, 2023, the balance in the Series 2023A-1 Surplus Fund is \$21,116. The Series 2023A-2 Loan is secured by the Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, any PILOT revenue and any other legally available moneys as determined by the District. The Series 2023A-2 Loan is also secured by the Surplus Fund, up to a maximum amount of \$709,232. As of December 31, 2023, the balance in the Series 2023A-2 Surplus Fund is \$53,898.

Events of Default as defined in the Series 2023A-1 Loan Agreement are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Series 2023A-1 Loan Agreement, 2) or after the Conversion Date, if any, the District fails to pay the principal or interest on the Series 2023A-1 Loan when due, 3) moneys in the Loan Payment Account, when combined with moneys applied from the Surplus Fund, are insufficient to pay the interest and/or principal on the Loan, or any other amount payable to the Lender, when due, 4) the District fails to observe or perform any of the material covenants, agreements, duties or conditions in the Series 2023A-1 Loan Agreement or other Financing Documents to which it is a party, and the District fails to remedy the same to the satisfaction of the Lender within 30 days after the District receives written notice from the Lender of the occurrence of such failure, 5) any representation or warranty made by the District in any Financing Document or any certificate, instrument, financial, or other statement furnished by the District to the Lender, proves to have been untrue or incomplete in any material respect when made or deemed made, 6) the pledge of the Pledged Revenue, the Collateral, or any other security interest created hereunder fails to be fully enforceable with the priority required hereunder or thereunder, 7) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$100,000 in the aggregate is rendered against the District and the District fails to vacate, bond, stay, contest (including without limitation, an appeal), pay or satisfy such judgment or court order for 30 days (until which point that such order has been vacated or satisfied), 8) a change occurs in the financial or operating conditions of the District, or the occurrence of any other even that, in the Lender's reasonable judgment, will have a materially adverse impact on the ability of the District

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Notes to Financial Statements December 31, 2023

to generate Pledged Revenue sufficient to satisfy the District's obligations under this Agreement or its other obligations, and the District fails to cure such condition within the time specified by the Lender in a written notice thereof from the Lender, 9) the District shall commence any case proceeding or other action a) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors or b) by seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors, 10) any Financing Document or any material provision hereof or thereof i) ceases to be valid and binding on the District or is declared null and void, or the validity of enforceability thereof is contested by the District or the District denies it has any or further liability under any which document to which it is a party or ii) any pledge or security interest created under the Financing Documents fails to be fully enforceable with the priority required hereunder or thereunder, 11) the District shall initiate, acquiesce or consent to any proceedings to dissolve itself or to consolidate itself with other similar entities into a single entity, or the District shall otherwise cease to exist and 12) any funds or investments on deposit it, or otherwise to the credit of, any of the funds or accounts established hereunder shall become subject to any writ, judgment, warrant, attachment, execution or similar process. Failure to pay the principal of or interest on the Series 2023A -1 Loan when due shall not, of itself, constitute an Event of Default under the Series 2023A-1 Loan Agreement. Remedies available in the Event of Default include 1) exercise any and all remedies available in the Series 2023A-1 Loan Agreement 2) apply all amounts constituting Collateral to the amounts due hereunder, in any order of priority determined by the Lender, 3) proceed by mandamus or any other suit, action or proceeding at law or in equity, to enforce all rights of the Lender and 4) take any other action or exercise any other remedy available under the Financing Documents, at law or in equity. Acceleration of the Series 2023A-1 Loan is not an available remedy for an Event of Default.

Events of Default as defined in the Series 2023A-2 Loan Agreement are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Series 2023A-2 Loan Agreement, 2) or after the Conversion Date, if any, the District fails to pay the principal or interest on the Series 2023A-2 Loan when due, 3) moneys in the Loan Payment Account, when combined with moneys applied from the Surplus Fund, are insufficient to pay the interest and/or principal on the Loan, or any other amount payable to the Lender, when due, 4) the District fails to observe or perform any of the material covenants, agreements, duties or conditions in the Series 2023A-2 Loan Agreement or other Financing Documents to which it is a party, and the District fails to remedy the same to the satisfaction of the Lender within 30 days after the District receives written notice from the Lender of the occurrence of such failure, 5) any representation or warranty made by the District in any Financing Document or any certificate, instrument, financial, or other statement furnished by the District to the Lender, proves to have been untrue or incomplete in any material respect when made or deemed made, 6) the pledge of the Pledged Revenue, the Collateral, or any other security interest created hereunder fails to be fully enforceable with the priority required hereunder or thereunder, 7) any judgment or court

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Notes to Financial Statements December 31, 2023

order for the payment of money exceeding any applicable insurance coverage by more than \$100,000 in the aggregate is rendered against the District and the District fails to vacate, bond, stay, contest (including without limitation, an appeal), pay or satisfy such judgment or court order for 30 days (until which point that such order has been vacated or satisfied), 8) a change occurs in the financial or operating conditions of the District, or the occurrence of any other even that, in the Lender's reasonable judgment, will have a materially adverse impact on the ability of the District to generate Pledged Revenue sufficient to satisfy the District's obligations under this Agreement or its other obligations, and the District fails to cure such condition within the time specified by the Lender in a written notice thereof from the Lender, 9) the District shall commence any case proceeding or other action a) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors or b) by seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or the District shall make a general assignment for the benefit of its creditors, 10) any Financing Document or any material provision hereof or thereof i) ceases to be valid and binding on the District or is declared null and void, or the validity of enforceability thereof is contested by the District or the District denies it has any or further liability under any which document to which it is a party or ii) any pledge or security interest created under the Financing Documents fails to be fully enforceable with the priority required hereunder or thereunder, 11) the District shall initiate, acquiesce or consent to any proceedings to dissolve itself or to consolidate itself with other similar entities into a single entity, or the District shall otherwise cease to exist and 12) any funds or investments on deposit it, or otherwise to the credit of, any of the funds or accounts established hereunder shall become subject to any writ, judgment, warrant, attachment, execution or similar process. Failure to pay the principal of or interest on the Series 2023A-2 Loan when due shall not, of itself, constitute an Event of Default under the Series 2023A-2 Loan Agreement. Remedies available in the Event of Default include 1) exercise any and all remedies available in the Series 2023A-2 Loan Agreement 2) apply all amounts constituting Collateral to the amounts due hereunder, in any order of priority determined by the Lender, 3) proceed by mandamus or any other suit, action or proceeding at law or in equity, to enforce all rights of the Lender and 4) take any other action or exercise any other remedy available under the Financing Documents, at law or in equity. Acceleration of the Series 2023A-2 Loan is not an available remedy for an Event of Default.

Subordinate General Obligation Limited Tax Refunding Bonds, Series 2023B

On December 20, 2023, the District issued \$4,455,000 Subordinate General Obligation Limited Tax Refunding Bonds, Series 2023B ("Series 2023B Bonds") for the purpose of refunding the District's Series 2016 and 2018B Bonds, refunding a portion of the District's Series 2010 Bonds and paying the cost of issuance of the Series 2023B Bonds. The Series 2023B Bonds bear interest at the rate of 8.25%, payable annually on December 15, commencing on December 15, 2024, to the extent that Subordinate Pledged Revenue is available. The Series 2023B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, commencing on December 15, 2028, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

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Notes to Financial Statements December 31, 2023

The Series 2023B Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinate Required Mill Levy, the amounts, if any, in the Series 2023A-1 Surplus Fund and the Series 2023A-2 Surplus Fund after the termination of such funds pursuant to the Series 2023A-1 Loan Agreement and Series 2023A-2 Loan Agreement, respectively and any other legally available moneys as determined by the District. In the event that any amount of the Series 2023B Bonds remains unpaid on December 16, 2063, the Series 2023B Bonds and the lien on the Series 2023B Bonds securing payment shall be deemed discharged. Upon such discharge the Series 2023B Bonds owners will have no recourse to the District of any amount of principal and interest remaining unpaid.

Events of Default as defined in the Series 2023B Bond Indenture are 1) the failure of the District to impose the Subordinate Required Mill levy, or to apply the Subordinate Pledged Revenue as required by the Series 2023B Indenture, 2) the default by the District in the performance or observance of any the covenants, agreements, or conditions of the Series 2023B Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Series 2023B 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 Series 2023B Bonds. Failure to pay the principal of or interest on the Series 2023B 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 judgment, and 3) other suits. Acceleration of the Series 2023B Bonds is not an available remedy for an Event of Default.

Subordinate Limited Tax General Obligation Refunding Bonds, Series 2018B

On August 16, 2018, the District issued Subordinate Limited Tax General Obligation Refunding Bonds, Series 2018B (“Series 2018B Bonds”) in the amount of \$7,571,000 to refund a portion of the District’s outstanding Series 2010 Bonds and pay the costs of issuance of the 2018B Bonds. The Series 2018B Bonds are subordinate to the District’s Series 2016 Bonds outstanding and bear interest at 8% and are payable (to the extent subordinate revenue is available) on December 15, each year, commencing December 15, 2018 and mature on December 15, 2032. The Series 2018B Bonds are limited tax obligations of the District secured by and payable from the Subordinate Pledged Revenue, generally consisting of subordinate property taxes levied by the District pursuant to the Indenture and subordinate specific ownership tax revenues. The Series 2018B Bonds are structured as cash flow bonds with no scheduled payments of principal other than at maturity. During 2023, the Series 2018B Bonds were fully refunded by the Series 2023A-1 Loan, Series 2023A-2 Loan and the Series 2023B Bonds.

General Obligation Refunding Bonds, Series 2016

On June 1, 2016, the District issued General Obligation Refunding Bonds, Series 2016 (“Series 2016 Bonds”) in the amount of \$4,275,000 to refund the District’s outstanding Series 2005 Bonds, fund the 2016 Reserve Fund in the amount of \$278,500, pay the costs of issuance of the 2016 Bonds and the costs of refunding the 2005 Bonds. The Bonds bear interest at 5% and are payable

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Notes to Financial Statements December 31, 2023

on June 1 and December 1, each year, commencing December 1, 2016 and mature on December 1, 2045. During 2023, the Series 2016 Bonds were fully refunded by the Series 2023A-1 Loan, Series 2023A-2 Loan and the Series 2023B Bonds.

The Series 2016 Bonds are payable from the ad valorem property taxes levied by the District pursuant to the Indenture, amounts on deposit in the Bond Fund and the Reserve Fund and all other moneys, securities, revenues and funds from time to time held by the Trustee under the Indenture and any other legally available moneys of the District made available for the payment of principal and interest on the Series 2016 Bonds. The Series 2016 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2016 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, commencing on December 1, 2026, upon payment of par and accrued interest, without redemption premium.

The Series 2016 Bond Indenture provides that the occurrence or existence of any one or more of the following events shall be an Event of Default thereunder: (a) the District fails to pay the principal of or interest on the Series 2016 Bonds when due; (b) the District defaults in the performance of any other of its covenants, agreements, or conditions in the Indenture or Bond Resolution, and fails to remedy the default after notice thereof and within the cure period provided pursuant to the Indenture; or (c) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the Series 2016 Bonds. Upon the occurrence and continuance of an event of default, the Trustee may proceed to protect and enforce the rights of any Series 2016 Bond 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, had, and maintained for the equal benefit of all owners of the Series 2016 Bonds then outstanding. Acceleration of the Series 2016 Bonds is not an available remedy for an Event of Default

Subordinate General Obligation Limited Tax Refunding Bonds, Series 2010

On December 30, 2010, the District issued \$10,500,000 Subordinate General Obligation Limited Tax Refunding Bonds, Series 2010 (“Series 2010 Bonds”). The Series 2010 Bonds carry a fixed coupon rate of 7.4% and pay interest and principal annually on December 15 through 2040. The Series 2010 Bonds are secured by a required mill levy of 47.00 mills. On August 15, 2018, proceeds of \$7,055,870 from the Series 2018B bonds were applied to the Series 2010 Bonds as follows: \$6,705,000 to principal and \$350,870 to interest. The remaining interest due at that date of \$5,196,847 was forgiven by the bondholder, leaving a principal balance owing on the Series 2010 Bonds of \$3,795,000 at the original interest rate of 7.4% and maturing on December 15, 2040. On December 20, 2023, proceeds of \$3,299,096 from the Series 2023A-1 Loan, Series 2023A-2 Loan and the Series 2023B Bonds were applied to the Series 2010 Bonds as follows: \$1,530,584 to principal and \$1,768,512 to interest. As of December 31, 2023, \$2,264,416 of principal is owing on the Series 2010 Bonds at the original interest rate of 7.4% and maturing on December 15, 2040. As of December 31, 2023, the unpaid accrued interest on the remaining balance of the Series 2010 Bonds was \$5,120.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

The following is an analysis of changes in long-term debt for the period ending December 31, 2023:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023	Current Portion
<i>General Obligation Bonds</i>					
Series 2016 Bonds	\$ 3,815,000	\$ -	\$ (3,815,000)	\$ -	\$ -
Series 2018B Bonds	7,571,000	-	(7,571,000)	-	-
Series 2010 Bonds	3,795,000	-	(1,530,584)	2,264,416	-
Series 2023B Bonds	-	4,455,000	-	4,455,000	-
Total	15,181,000	4,455,000	(12,916,584)	6,719,416	-
<i>Direct Borrowings</i>					
Series 2023A-1 Loan	-	3,650,000	-	3,650,000	-
Series 2023A-2 Loan	-	9,400,000	-	9,400,000	-
Total	-	13,050,000	-	13,050,000	-
	<u>\$ 15,181,000</u>	<u>\$ 17,505,000</u>	<u>\$ (12,916,584)</u>	<u>\$ 19,769,416</u>	<u>\$ -</u>

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2023A-1 and Series 2023A-2 Loans.

	Principal	Interest	Total
2024	\$ -	\$ 780,777	\$ 780,777
2025	35,000	824,280	859,280
2026	55,000	822,222	877,222
2027	115,000	762,048	877,048
2028	135,000	755,286	890,286
2029-2033	925,000	3,639,132	4,564,132
2034-2038	11,785,000	3,302,502	15,087,502
	<u>\$ 13,050,000</u>	<u>\$ 10,886,247</u>	<u>\$ 23,936,247</u>

Due to the uncertainty of the timing of payments on the Series 2010 Bonds and the Series 2023B Bonds, summaries of annual principal and interest requirements are not provided.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

As of December 31, 2023, the District had remaining voted debt authorization of \$80,420,000 for funding Public Improvements and \$20,995,000 for refunding District debt. 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. Per the District's Service Plan, debt cannot be issued in excess of \$16,500,000, of which \$670,000 of this amount remains unissued. The District did not budget any debt issuances for 2024.

Note 4: Agreements

Service Agreement

During 2004, the District and Parker Water and Sanitation District (PWSD) entered into a service agreement pursuant to which PWSD is to provide water and sanitation services to the properties within the District. The District agrees to provide necessary easements and to construct all facilities necessary for property within the District to connect to PWSD. Ownership of all water and sanitation facilities were transferred to PWSD after completion of construction.

Note 5: 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 May 4, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 6: 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 Colorado Special Districts Property and Liability Pool (the Pool) 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.

Note 7: Related Parties

During 2023, a majority of the members of the Board of Directors had contractual relations with Parker AP, LLC, the developers for the District, and may have conflicts of interest in dealing with the District. The Board of Directors believes that all potential conflicts, if any, have been disclosed.

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) Long-term liabilities such as bonds payable, accrued bond interest payable, are not due and payable in the current period and, therefore, are not in the funds.

The Statement of Governmental Fund 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;
- 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;

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

- 3) governmental funds report developer advances and loan/bond proceeds as revenue; and,
- 4) 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

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 547,277	\$ 548,179	\$ 548,179	\$ -
Specific ownership taxes	38,309	50,738	50,751	13
Interest income	<u>10,608</u>	<u>18,238</u>	<u>28,746</u>	<u>10,508</u>
Total Revenues	<u>596,194</u>	<u>617,155</u>	<u>627,676</u>	<u>10,521</u>
EXPENDITURES				
Legal	-	5,000	1,071	3,929
Bond Principal expense - Series 2010 Sub	-	1,515,000	1,530,584	(15,584)
Bond interest expense - Series 2010 Sub	-	1,785,000	1,768,512	16,488
Bond principal - Series 2016	85,000	85,000	85,000	-
Bond interest -Series 2016	190,750	190,750	190,750	-
Bond interest - Series 2018	319,868	2,560,000	2,552,692	7,308
Loan interest - Series 2023A-1	-	-	-	-
Loan interest - Series 2023A-2	-	-	-	-
Cost of Issuance	-	535,000	569,460	(34,460)
Paying agent fees/trustee fees	6,000	6,000	5,594	406
Treasurers' fees	<u>8,232</u>	<u>8,232</u>	<u>8,216</u>	<u>16</u>
Total Expenditures	<u>609,850</u>	<u>6,689,982</u>	<u>6,711,879</u>	<u>(21,897)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,656)	(6,072,827)	(6,084,203)	(11,376)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	17,505,000	17,505,000	-
Payment to refunding agent	<u>-</u>	<u>(11,610,018)</u>	<u>(11,586,151)</u>	<u>23,867</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,894,982</u>	<u>5,918,849</u>	<u>23,867</u>
NET CHANGE IN FUND BALANCE	(13,656)	(177,845)	(165,354)	12,491
FUND BALANCE:				
BEGINNING OF YEAR	<u>292,156</u>	<u>299,886</u>	<u>299,886</u>	<u>-</u>
END OF YEAR	<u>\$ 278,500</u>	<u>\$ 122,041</u>	<u>\$ 134,532</u>	<u>\$ 12,491</u>

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

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED

December 31, 2023

<u>Year Ended</u> <u>December 31,</u>	<u>Prior</u> <u>Year Assessed</u> <u>Valuation</u> <u>for Current</u> <u>Year Property</u> <u>Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent</u> <u>Collected</u> <u>to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2008	\$ 9,507,420	3.000	35.000	\$ 361,282	\$ 386,125	106.88%
2009	\$ 10,441,880	3.000	47.000	\$ 522,094	\$ 522,223	100.02%
2010	\$ 9,207,730	3.000	47.000	\$ 460,386	\$ 459,499	99.81%
2011	\$ 8,817,680	3.000	47.000	\$ 440,884	\$ 425,755	96.57%
2012	\$ 6,748,490	3.000	47.000	\$ 337,425	\$ 307,201	91.04%
2013	\$ 6,599,787	3.000	47.000	\$ 329,989	\$ 139,219	42.19%
2014	\$ 4,307,283	7.000	58.000	\$ 279,973	\$ 278,083	99.32%
2015	\$ 4,273,980	7.000	58.000	\$ 277,809	\$ 277,809	100.00%
2016	\$ 4,639,000	7.000	58.000	\$ 301,535	\$ 279,265	92.61%
2017	\$ 9,175,080	7.000	58.000	\$ 596,380	\$ 424,602	71.20%
2018	\$ 8,952,410	7.000	47.000	\$ 483,430	\$ 483,430	100.00%
2019	\$ 8,861,540	3.000	47.000	\$ 443,077	\$ 443,077	100.00%
2020	\$ 9,638,480	3.000	47.000	\$ 481,923	\$ 474,370	98.43%
2021	\$ 9,541,450	3.000	47.000	\$ 477,072	\$ 477,072	100.00%
2022	\$ 11,248,720	3.000	47.000	\$ 562,436	\$ 548,853	97.58%
2023	\$ 11,644,200	3.000	47.000	\$ 582,210	\$ 583,169	100.16%
Estimated for year ending December 31, 2024	\$ 16,647,030	3.000	49.068	\$ 866,777		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

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

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION - UNAUDITED

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

CONTINUING DISCLOSURE ANNUAL
FINANCIAL INFORMATION

December 31, 2023

(Unaudited)

History of Assessed Valuations and Mill Levies for the District

Levy Year	Collection Year	Assessed Valuation		Mill Levies		
		Amount	Percent Change	General Fund	Bond Redemption	Total Levy
2018	2019	\$8,861,540	0.00%	3.000	47.000	50.000
2019	2020	9,638,480	8.77%	3.000	47.000	50.000
2020	2021	9,541,450	-1.01%	3.000	47.000	50.000
2021	2022	11,248,720	17.89%	3.000	47.000	50.000
2022	2023	11,644,200	3.52%	3.000	47.000	50.000
2023	2024	16,647,030	42.96%	3.000	49.068	52.068

(1) Figures are through December 31, 2023

Property Tax collections in the District

Levy Year	Collection Year	Taxes Levied	Current Tax Collections	Collection Rate
2017	2018	\$ 483,430	\$ 483,430	100.00%
2018	2019	443,077	443,077	100.00%
2019	2020	481,923	474,370	98.43%
2020	2021	477,072	477,072	100.00%
2021	2022	562,436	548,853	97.58%
2022	2023	582,210	583,169	100.16%

Source: County Assessor's Office

PARKER AUTOMOTIVE METROPOLITAN DISTRICT

CONTINUING DISCLOSURE ANNUAL
FINANCIAL INFORMATION

December 31, 2023

(Unaudited)

Assessed Valuation of Classes of Property in the District

<u>Property Class</u>	2023 Assessed Valuation	Percentage of Total Assessed Valuation
Commercial	\$13,321,650	80.02%
Vacant	1,686,250	10.13%
Personal Property	1,125,030	6.76%
Residential	513,900	3.09%
State Assessed	200	0.00%
	<u>\$16,647,030</u>	<u>100.00%</u>

Source: County Assessor's Office

TEN LARGEST OWNERS OF TAXABLE PROPERTY

<u>Taxpayer Name</u>	2023 Assessed Valuation	Percentage of Total Assessed Valuation
CarMax Auto Superstores, Inc.	\$ 3,637,990	21.85%
Faris Properties LLC	1,504,850	9.04%
9700 S Parker LLC	1,355,180	8.14%
19201 E Lincoln LLC	1,234,550	7.42%
Greenwood Real Estate Investments LLC	982,240	5.90%
19185 E Lincoln Ave LLC	706,840	4.25%
Stanley Real Estate Parker LLC	597,850	3.59%
B & D 6 LLC	584,600	3.51%
736 W Castleton Road #C LLC, 18225 Ponderosa Unit 103 LLC and Parker Four Wheel Drive & Auto Repair Inc.	582,550	3.50%
Wesley Properties Inc & Property Resources Corporation East	579,160	3.48%
Total	<u>\$11,765,810</u>	<u>70.68%</u>

NOTE

Assessed Valuations were obtained from the Douglas County Assessor's Office.