

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1

City and County of Broomfield, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT AUDITOR’S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	28
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	29
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	31
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	32

Independent Auditors' Report

Board of Directors
Palisade Park North Metropolitan District No. 1
City and County of Broomfield, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Palisade Park North Metropolitan District No. 1 (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 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 Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information listed in the table of contents 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.

Simmons & Wheeler P.C.

Englewood, CO
August 26, 2024

BASIC FINANCIAL STATEMENTS

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 26,652
Cash and Investments - Restricted	312,625
Prepaid Insurance	5,186
Prepaid Expenses	7,000
Due from Other Districts - PPN3	1,010,134
Receivable from County Treasurer	1,607
Property Tax Receivable	6,426
Capital Assets:	
Capital Assets Not Being Depreciated	10,526,722
Total Assets	11,896,352
DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding, Net	199,736
Total Deferred Outflows of Resources	199,736
LIABILITIES	
Accounts Payable	13,236
Due to Other Districts - PPN3	9,523
Due to other Districts - PMD2	341,881
Accrued Bond Interest Series 2021A	14,796
Noncurrent Liabilities:	
Due Within One Year	105,000
Due in More Than One Year	10,981,870
Total Liabilities	11,466,306
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	6,426
Total Deferred Inflows of Resources	6,426
NET POSITION	
Restricted for:	
Emergency Reserve	2,300
Debt Service	307,699
Capital Funds	672,318
Unrestricted	(358,961)
Total Net Position	\$ 623,356

See accompanying Notes to Basic Financial Statements.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 68,646	\$ -	\$ 66,957	\$ 399,942	\$ 398,253
Interest on Long-Term Debt and Related Costs	508,142	-	334,281	-	(173,861)
Total Governmental Activities	\$ 576,788	\$ -	\$ 401,238	\$ 399,942	224,392
 GENERAL REVENUES					
Property Taxes					5,780
Specific Ownership Taxes					21,441
Interest Income					26,069
Total General Revenues and Transfers					53,290
 CHANGES IN NET POSITION					
Net Position - Beginning of Year					345,674
 NET POSITION - END OF YEAR					
					\$ 623,356

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 26,652	\$ -	\$ -	\$ 26,652
Cash and Investments - Restricted	2,200	306,360	4,065	312,625
Receivable from County Treasurer	268	1,339	-	1,607
Due from Other Districts - PPN3	-	-	1,010,134	1,010,134
Prepaid Insurance	5,186	-	-	5,186
Prepaid Expenses	-	7,000	-	7,000
Property Tax Receivable	1,071	5,355	-	6,426
	<u>\$ 35,377</u>	<u>\$ 320,054</u>	<u>\$ 1,014,199</u>	<u>\$ 1,369,630</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 13,236	\$ -	\$ -	\$ 13,236
Due to Other Districts - PPN3	9,523	-	-	9,523
Due to other Districts - PMD2	-	-	341,881	341,881
Total Liabilities	<u>22,759</u>	<u>-</u>	<u>341,881</u>	<u>364,640</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	1,071	5,355	-	6,426
Total Deferred Inflows of Resources	<u>1,071</u>	<u>5,355</u>	<u>-</u>	<u>6,426</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expense	5,186	7,000	-	12,186
Restricted for:				
Emergency Reserves	2,300	-	-	2,300
Debt Service	-	307,699	-	307,699
Capital Projects	-	-	672,318	672,318
Unassigned	4,061	-	-	4,061
Total Fund Balances	<u>11,547</u>	<u>314,699</u>	<u>672,318</u>	<u>998,564</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 35,377</u>	<u>\$ 320,054</u>	<u>\$ 1,014,199</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				10,526,722
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
Cost of Refunding, Net				199,736
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bond Payable-Series 2021A G.O. Bonds				(4,830,000)
Bond Payable-Series 2021B(3) G.O. Bonds				(2,912,000)
Unamortized Bond Premium				(538,944)
Accrued Bond Interest Series 2021A				(14,796)
Accrued Bond Interest Series 2021B(3)				(181,947)
Developer Advance				(2,219,576)
Accrued Interest Payable - Developer Advance				(404,403)
Net Position of Governmental Activities				<u>\$ 623,356</u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 965	\$ 4,815	\$ -	\$ 5,780
Specific Ownership Taxes	3,578	17,863	-	21,441
Interest Income	3,280	22,788	1	26,069
BURA - District	66,957	334,281	-	401,238
Intergovernmental Revenue - PPN3	-	-	399,942	399,942
Total Revenues	74,780	379,747	399,943	854,470
EXPENDITURES				
Current:				
Accounting	25,265	-	-	25,265
Auditing	5,200	-	-	5,200
Banking Fees	173	-	-	173
County Treasurer's Fee	16	81	-	97
Dues And Membership	344	-	-	344
Election	1,657	-	-	1,657
Insurance	3,021	-	-	3,021
Legal	23,351	-	-	23,351
Miscellaneous	96	-	-	96
Intergovernmental Expenditures - PPN3	9,523	-	-	9,523
Debt Service:				
Bond Interest - 2021A	-	181,550	-	181,550
Bond Interest - 2021B	-	163,059	-	163,059
Bond Principal - 2021A	-	100,000	-	100,000
Paying Agent Fees	-	7,000	-	7,000
Total Expenditures	68,646	451,690	-	520,336
NET CHANGE IN FUND BALANCES	6,134	(71,943)	399,943	334,134
Fund Balances - Beginning of Year	5,413	386,642	272,375	664,430
FUND BALANCES - END OF YEAR	\$ 11,547	\$ 314,699	\$ 672,318	\$ 998,564

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$	334,134
--	----	---------

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

2021A Principal Payment		100,000
-------------------------	--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable - Change in Liability		1,323
Accrued Interest Payable Developer Advance - Change in Liability		(177,566)
Amortization of Bond Premium		32,443
Amortization of Cost of Bond Refunding		<u>(12,652)</u>

Changes in Net Position of Governmental Activities	\$	<u>277,682</u>
--	----	----------------

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 965	\$ 965	\$ -
Specific Ownership Taxes	3,400	3,578	178
Interest Income	10	3,280	3,270
BURA - District	66,033	66,957	924
Total Revenues	<u>70,408</u>	<u>74,780</u>	<u>4,372</u>
EXPENDITURES			
Accounting	35,000	25,265	9,735
Auditing	5,500	5,200	300
Banking Fees	500	173	327
County Treasurer's Fee	14	16	(2)
Dues And Membership	340	344	(4)
Election	2,300	1,657	643
Insurance	3,200	3,021	179
Legal	33,000	23,351	9,649
Miscellaneous	1,000	96	904
Intergovernmental Expenditures - PPN3	21,760	9,523	12,237
Total Expenditures	<u>102,614</u>	<u>68,646</u>	<u>33,968</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(32,206)	6,134	38,340
OTHER FINANCING SOURCES (USES)			
Developer Advance	4,206	-	(4,206)
Total Other Financing Sources (Uses)	<u>4,206</u>	<u>-</u>	<u>(4,206)</u>
NET CHANGE IN FUND BALANCE	(28,000)	6,134	34,134
Fund Balance - Beginning of Year	<u>28,000</u>	<u>5,413</u>	<u>(22,587)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 11,547</u>	<u>\$ 11,547</u>

See accompanying Notes to Basic Financial Statements.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Palisade Park North Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized as Seven25 Metropolitan District on August 16, 2007, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). On April 5, 2016, the Broomfield District Court issued an order granting petition for name change, whereby the name of Seven25 Metropolitan District was changed to Palisade Park North Metropolitan District No. 1. The District operates under a First Amended and Restated Service Plan (the Amended Service Plan) approved by the City and County of Broomfield, Colorado (Broomfield) on March 22, 2016. The District's service area is located in Broomfield. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 major sources of revenue subject to accrual are property taxes and interest. All other revenue items are considered to be measurable and available only when cash is received by the District. 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:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District amended its annual budget for the year ended December 31, 2023.

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the 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.

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress. Construction in progress is not being depreciated and is not included in the calculation of Net Investment in Capital Assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on property that will remain assets of the District is reported on the statement of activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2023.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred cost of refunding reported in the government-wide statement of net position. A cost of 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 net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

Long-Term Obligations

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

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

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

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 26,652
Cash and Investments - Restricted	312,625
Total Cash and Investments	\$ 339,277

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

Deposits with Financial Institutions	\$ 37,481
Investments	301,796
Total Cash and Investments	\$ 339,277

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$37,481.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 301,796

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers two portfolios – CSAF CASH FUND and CSAF CORE. CSAF CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAF may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, and any security allowed under CRS 24-75-601. CSAF CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAF CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for CSAF's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAF's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAF. CSAF CASH FUND is rated AAmmf and CSAF CORE is rated AAAf/S1 by Fitch Ratings. CSAF records its investments at amortized cost and the District records its investments in CSAF using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 10,526,722	\$ -	\$ -	\$ 10,526,722
Total Capital Assets, Not Being Depreciated	<u>\$ 10,526,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,526,722</u>

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable:					
Genreal Obligation Bonds:					
Series 2021A G.O. Bonds	\$ 4,930,000	\$ -	\$ 100,000	\$ 4,830,000	\$ 105,000
Subordinate Limited Tax Supported Revenue Bonds:					
Series 2021B(3) G.O. Bonds	2,912,000	-	-	2,912,000	-
Accrued Interest:					
Series 2021B(3) G.O. Bonds	182,937	162,069	163,059	181,947	-
Subtotal Bonds Payable	<u>8,024,937</u>	<u>162,069</u>	<u>263,059</u>	<u>7,923,947</u>	<u>105,000</u>
Other Debts:					
Developer Advance - Operating	171,592	-	-	171,592	-
Developer Advance - Capital	2,047,984	-	-	2,047,984	-
Accrued Interest on:					
Developer Advance - Operating	58,958	13,727	-	72,685	-
Developer Advance - Capital	167,879	163,839	-	331,718	-
Subtotal Other Debts	<u>2,446,413</u>	<u>177,566</u>	<u>-</u>	<u>2,623,979</u>	<u>-</u>
Bond Premium/Discount:					
Bond Premium - Series 2021A	571,387	-	32,443	538,944	-
Subtotal Bond Preimum/Discount	<u>571,387</u>	<u>-</u>	<u>32,443</u>	<u>538,944</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 11,042,737</u>	<u>\$ 339,635</u>	<u>\$ 295,502</u>	<u>\$ 11,086,870</u>	<u>\$ 105,000</u>

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$5,105,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2021A (Senior Bonds) and \$2,912,000 Subordinate General Obligation Limited Tax Bonds, Series 2021B (3) (Subordinate Bonds)

The District issued the Bonds on September 23, 2021, in the par amount of \$5,105,000 for the Senior Bonds and \$2,912,000 for the Subordinate Bonds.

Proceeds from the sale of the Senior Bonds were used to: (i) refund the District's \$4,150,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2016A (2016A Bonds) and \$1,055,000 Subordinate General Obligation Limited Tax Bonds, Series 2016B (2016B Bonds); (ii) fund a Reserve Fund and; (iii) pay the costs of issuing the Senior Bonds, including paying the cost of purchasing the bond insurance policy. Proceeds from the sale of the Subordinate Bonds will be used to: (i) reimburse a portion of certain costs of acquiring, constructing, and/or installing certain public infrastructure improvements related to the Development; and (ii) pay the costs of issuing the Subordinate Bonds.

Senior Bond Details

The Senior Bonds were issued as serial bonds and two term bonds that bear interest at rates of 3.000% and 4.000%, payable semiannually to the extent of Senior Pledged Revenue available on June 1 and December 1 (each an Interest Payment Date), beginning on December 1, 2021. Principal payments from December 1, 2021 through December 1, 2036 are serial payments. Mandatory sinking fund payments begin on December 1, 2037 for the 2041 term bond and on December 1, 2042 for the 2051 term bond. The Senior Bonds have a final maturity of December 1, 2051.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until the earlier of its payment or December 2, 2056 (the Senior Bonds Termination Date) and shall continue to bear interest at the rate then borne by the Senior Bond.

To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each Interest Payment Date at the rate then borne by the Senior Bond.

All of the Senior Bonds and interest thereon shall be deemed to be paid, satisfied and discharged on the Senior Bonds Termination Date regardless of the amount of principal and interest paid prior to the Senior Bonds Termination Date.

Senior Bonds Optional Redemption

The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2031, and on any date thereafter, upon payment of par and accrued interest, with no redemption premium.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$5,105,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2021A (Senior Bonds) and \$2,912,000 Subordinate General Obligation Limited Tax Bonds, Series 2021B (3) (Subordinate Bonds) (Continued)

Senior Pledged Revenue

The Senior Bonds are secured by and payable from the Senior Pledged Revenue, which means the moneys derived by the District from the following sources, net of any costs of collection:

- (a) the Senior Required Mill Levy, including any Senior District TIF produced as a result of imposition of the Senior Required Mill Levy;
- (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and
- (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Senior District TIF means the tax increment revenue returned to the District pursuant to the Cooperation Agreement (See Note 8) as a result of the imposition of the Senior Required Mill Levy.

Senior Required Mill Levy

Prior to the Conversion Date, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in an amount sufficient to generate revenues (after including any Projected Senior District TIF expected to be received as a result of the imposition of the Senior Required Mill Levy in the ensuing calendar year), when combined with the Senior Pledged Revenue then on deposit in the Senior Bond Fund (not including the Reserve Fund), to pay the principal of, premium if any, and interest on the Senior Bonds when due and to fund the Reserve Fund up to the Required Reserve, but not in excess of 50 mills (subject to adjustment for changes in the ratio of actual valuation to assessed valuation on or after January 1, 2016), or such lesser mill levy which, when combined with the Senior Pledged Revenue then on deposit in the Senior Bond Fund, will permit the District to fully fund the Senior Bond Fund for the next Bond Year and pay the Senior Bonds when due and to fund the Reserve Fund up to the Required Reserve.

Projected Senior District TIF means the Senior District TIF expected to be received by the District in the ensuing calendar year as a result of the imposition of the Senior Required Mill Levy, calculated using the most recent final assessed valuation of the District and the most recent Property Tax Base Amount applicable to the property within the District subject to the Senior Required Mill Levy. Property Tax Base Amount means the most recent base valuation used by the Assessor to determine the amount of Senior District TIF generated by the imposition of the Senior Required Mill Levy.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$5,105,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2021A (Senior Bonds) and \$2,912,000 Subordinate General Obligation Limited Tax Bonds, Series 2021B (3) (Subordinate Bonds) (Continued)

Senior Required Mill Levy (Continued)

Property Tax Base Amount means the most recent base valuation used by the Assessor to determine the amount of Senior District TIF generated by the imposition of the Senior Required Mill Levy.

The Conversion Date is the first date on which the Senior Debt to Assessed Ratio is 50% or less. For purposes of the forecast, the current year Senior Debt to Assessed Ratio is calculated based on the outstanding Senior Bonds as of December 2 at the end of the current year and the assessed valuation for the subsequent year.

On and after the Conversion Date, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in an amount sufficient to generate revenues (after including any Projected Senior District TIF expected to be received as a result of the imposition of the Senior Required Mill Levy in the ensuing calendar year), when combined with the Senior Pledged Revenue then on deposit in the Senior Bond Fund (not including the Reserve Fund), to pay the principal of, premium if any, and interest on the Senior Bonds when due and to fund the Reserve Fund up to the Required Reserve, without limitation of rate and in amounts sufficient to make such payments when due. On and after the Conversion Date, the definition of "Senior Required Mill Levy" shall be determined exclusively by this paragraph regardless of any subsequent increase in the Senior Debt to Assessed Ratio.

Additional Security for Senior Bonds

The Senior Bonds are also secured by the Reserve Fund which will be funded from proceeds of the Senior Bonds in the amount of the Reserve Requirement of \$284,550 and are expected to be insured by Build America Mutual Assurance Company.

Subject to the receipt of sufficient Senior Pledged Revenue, the Reserve Fund shall be maintained in the amount of the Reserve Requirement for as long as any Senior Bonds are outstanding. Amounts on deposit in the Reserve Fund may be applied to the final payment due on the Senior Bonds, whether at maturity or upon redemption.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$5,105,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2021A (Senior Bonds) and \$2,912,000 Subordinate General Obligation Limited Tax Bonds, Series 2021B (3) (Subordinate Bonds) (Continued)

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the Senior Indenture (whatever the reason for such event or condition and whether shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default under the Senior Indenture except as provided therein and as described in this subsection:

- (a) Before the Unlimited Tax Receipt Date, the District fails or refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by the Senior Indenture;
- (b) On and after the Unlimited Tax Receipt Date, the District fails to pay the principal of, premium, if any, or interest on the Senior Bonds when due;
- (c) The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Senior Indenture or the Bond Resolution, other than as described in paragraph (a) or (b) above, and fails to remedy the same after notice thereof pursuant to the Senior Indenture; or
- (d) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Senior Bonds.

Subordinate Bonds Details

The Subordinate Bonds were issued at the rate of 5.250% per annum and are structured as cash flow bonds, meaning that no regularly scheduled payments of principal are due on the Subordinate Bonds prior to their maturity date. Instead, principal is payable on each December 15 from the available Subordinate Pledged Revenue, if any, pursuant to a mandatory redemption.

Interest on the Subordinate Bonds is payable on each December 15, commencing December 15, 2021, to the extent of the Subordinate Pledged Revenue and accrued unpaid interest on the Subordinate Bonds will compound annually on each December 15 until

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$5,105,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2021A (Senior Bonds) and \$2,912,000 Subordinate General Obligation Limited Tax Bonds, Series 2021B (3) (Subordinate Bonds) (Continued)

Subordinate Bonds Details (Continued)

sufficient Subordinate Pledged Revenue is available for payment. The Subordinate Bonds have a final maturity of December 15, 2051.

In the event that any amount of principal or interest on the Subordinate Bonds remain unpaid on December 16, 2056, the Subordinate Bonds will be deemed paid, satisfied, and discharged.

Subordinate Bonds Optional Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
September 1, 2026 to August 31, 2027	3.00 %
September 1, 2027 to August 31, 2028	2.00
September 1, 2028 to August 31, 2029	1.00
September 1, 2029 and Thereafter	0.00

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, which means the moneys derived by the District from the following sources, net of any costs of collection:

- (a) the Subordinate Required Mill Levy, including any Subordinate District TIF produced as a result of the imposition of the Subordinate Required Mill Levy;
- (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and
- (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Subordinate District TIF means the tax increment revenue returned to the District pursuant to the Cooperation Agreement (see Note 8) as a result of the imposition of the Subordinate Required Mill Levy.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$5,105,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2021A (Senior Bonds) and \$2,912,000 Subordinate General Obligation Limited Tax Bonds, Series 2021B (3) (Subordinate Bonds) (Continued)

Subordinate Required Mill Levy

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy each year in the amount of (i) 50 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after January 1, 2016) less the Senior Bond Mill Levy, or (ii) such lesser mill levy which, after the deduction of the Senior Bond Mill Levy, and when combined with other Subordinate Pledged Revenue available in the Subordinate Bond Fund and any Projected Subordinate District TIF, will fully fund the Subordinate Bond Fund for the next Bond Year and pay all of the principal and interest on the Subordinate Bonds in full. Senior Bond Mill Levy means the mill levy required to be imposed for the payment of any senior bonds, including the Senior Bonds discussed herein. In any year that the Senior Bond Mill Levy equals 50 mills, as adjusted, the Subordinate Required Mill Levy for that year shall be zero.

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the Subordinate Indenture (whatever the reason for such event or condition and whether it is voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default under the Subordinate Indenture except as provided therein and as described in this subsection.

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

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$5,105,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds, Series 2021A (Senior Bonds) and \$2,912,000 Subordinate General Obligation Limited Tax Bonds, Series 2021B (3) (Subordinate Bonds) (Continued)

Bond Maturity

Following is a schedule for Senior Bonds.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 105,000	\$ 177,550	\$ 282,550
2025	110,000	173,350	283,350
2026	115,000	168,950	283,950
2027	120,000	164,350	284,350
2028	125,000	159,550	284,550
2029-2033	630,000	722,150	1,352,150
2034-2038	800,000	611,500	1,411,500
2039-2043	930,000	482,100	1,412,100
2044-2048	1,115,000	293,200	1,408,200
2049-2051	780,000	63,200	843,200
Total	<u>\$ 4,830,000</u>	<u>\$ 3,015,900</u>	<u>\$ 7,845,900</u>

Due to the uncertainty regarding the timing of cash flows, no maturity schedule for the Subordinate Bonds is presented.

Debt Authorization

As of December 31, 2023, the District had \$150,059,000 of voted but unissued debt for providing public improvements. The District's Service Plan limits its general obligation debt to \$14,500,000 of which \$6,383,000 remains available for use by the District.

There are no unused lines of credit as of December 31, 2023.

NOTE 6 NET POSITION

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

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023, as follows:

Restricted Net Position:	Governmental
Emergencies	<u>Activities</u>
Debt Service Reserve	\$ 2,300
Capital Projects Reserve	307,699
Total Restricted Net Position	<u>672,318</u>
	<u>\$ 982,317</u>

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTY

During 2023, a majority of the Board of Directors were employees, owners, consultants, or are otherwise associated with UF Kevamra 725, LLC (Kevamra), and may have had conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed by the Board.

Facilities Funding and Acquisition Agreement

On October 19, 2016, the District and Kevamra entered into a Facilities Funding and Acquisition Agreement (FFAA) whereby Kevamra agreed to make advances not to exceed \$4,000,000 to the District for the purpose of funding the organizational expenses and construction and/or acquisition of public improvements. The District agreed to repay these advances together with accrued interest at the rate of 8% per annum accruing from the date of verification. On November 16, 2017, the District and Kevamra entered into a First Amendment to Facilities Funding and Acquisition Agreement extending the term to include advances up to \$6,000,000 as necessary for fiscal years 2016 through 2020. The FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. The FFAA expires on December 31, 2050. As of December 31, 2023, there was an outstanding balance of \$2,379,702 consisting of \$2,047,984 in principal and \$331,718 in interest.

Operation Funding Agreement

On January 14, 2016, the District entered into an Operation Funding Agreement with Kevamra, as amended by that certain First Amendment to 2016 Operation Funding Agreement dated November 3, 2016 (collectively, the OFA) whereby Kevamra agreed to advance funds to the District for certain operation and maintenance expenses as needed for fiscal years 2016 through 2017. On November 16, 2017, the District and Kevamra entered into a Second Amendment to OFA extending the term of the OFA through 2020 and increasing the shortfall amount to \$200,000. On November 14, 2019, the District and Kevamra entered into a Third Amendment to OFA to increase the shortfall amount to \$220,000. On October 28, 2021, the District entered and Kevamra entered into a Fourth Amendment to OFA to extend the term of the OFA through 2022.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS

Operation Funding Agreement (Continued)

The District agreed to repay these advances, together with accrued interest at the rate of 8% per annum accruing from the date of deposit into the District's account or from the date of direct payment by Kevamra to the District's consultants. The District's repayment of the advances under the OFA does not constitute a debt and is subject to annual appropriation by the District. Kevamra's obligation to advance funds expires on March 15, 2023. No developer advances were paid to the District in 2023. The District's obligation to repay advances expires on December 31, 2052. As of December 31, 2023, there was an outstanding balance of \$171,592 in principal and \$72,685 in interest for a total of \$244,277.

Reimbursement Agreement

On October 23, 2007, Broomfield and the District entered into a Reimbursement Agreement (the Reimbursement Agreement), which set forth the terms and conditions relating to the construction and financing of certain Public Improvements (as defined in the Reimbursement Agreement) to serve the Property (as defined in the Reimbursement Agreement). On November 16, 2017, the Reimbursement Agreement was amended to include Palisade Park North Metropolitan District No. 2 (District No. 2) and the District North Metropolitan District No. 3 (District No. 3) as parties to the Reimbursement Agreement, to update the properties subject to the Reimbursement Agreement and to update the public improvements eligible for reimbursement by Broomfield pursuant to the Reimbursement Agreement. Pursuant to the Reimbursement Agreement, each District is responsible for designing, financing, constructing, owning, and maintaining certain Public Improvements until conveyance or dedication of such Public Improvements to Broomfield. Broomfield is required to design and construct to the edge of the Property and operate, at no cost to each District or any owners of property within such development, water and wastewater facilities in the capacity required to serve the Property at full build-out. The Reimbursement Agreement also provides that each District is to indemnify Broomfield, to the extent allowed by law, for all claims or suits for damages to property and injuries to persons arising from any of the District's construction activities under the Reimbursement Agreement. In exchange, Broomfield has agreed to deposit into a Special Fund the Sales Tax Revenues, Use Tax Revenues, and Service Expansion Fees to pay for certain Eligible Expenses of the District associated with the construction of such Public Improvements up to the Maximum Gross Reimbursement Obligation.

Cooperation Agreement

On October 23, 2007, the District and the Broomfield Urban Renewal Authority (BURA) entered into a Cooperation Agreement. On November 16, 2017, the parties entered into a First Amendment to the Cooperation Agreement to include District No. 2 and District No. 3 as parties to the Cooperation Agreement, to update the properties subject to the Cooperation Agreement and to update the public improvements subject to the Cooperation Agreement. Pursuant to the Cooperation Agreement, as amended, BURA agreed to deposit certain property tax increment revenues received as a result of the imposition of each Districts' debt service mill levy and each Districts' operations and maintenance mill levy (collectively, the District Property TIF) into special funds to be used, in part, by each respective District to pay for debt service on bonds issued to pay for public improvements, including the District's Senior Bonds and Subordinate Bonds.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS (CONTINUED)

Facilities Fee Resolution

On October 19, 2016, the District adopted Resolution No. 2016-10-02; Facilities Fee Resolution as recorded with the Broomfield Clerk and Recorder on November 3, 2016 (Fee Resolution). Pursuant to the Fee Resolution, the District is authorized to impose a Facilities Fee in the amount of \$1,000 per single-family residential unit within the District. The Facilities Fee is due and payable on or before the date of issuance of a building permit. A written request may be made to the District for a deferral of the payment to an alternative date. Any request will be considered on a case-by-case basis by the District.

Supplemental Agreement to the Subdivision Improvement Agreements for Palisade Park

On April 28, 2020, the District, the City and County of Broomfield (Broomfield), Kevamra, LLC, Palisade Metropolitan District Nos. 1 and 2, District No. 2, District No. 3, and Palisade Park West Metropolitan District (collectively, the District, Palisade Metropolitan District Nos. 1 and 2, District No. 2, District No. 3, and Palisade Park West Metropolitan District are referred to as the Palisade Districts and individually, each a Palisade District) entered into the Supplemental Agreement to the City and County of Broomfield Subdivision Improvement Agreements for Palisade Park (Supplemental Agreement). The purpose of the Supplemental Agreement is to provide an alternative to the requirement that Kevamra, LLC provide an irrevocable letter of credit or other performance guaranty (Surety) designating Broomfield as the beneficiary in an amount equal to the total costs of the public improvements governed by the respective Subdivision Improvement Agreements between Broomfield and Kevamra, LLC. In lieu of the Surety, the Supplemental Agreement provides that the respective Palisade District and Kevamra, LLC will provide Broomfield with a Project Application (as defined in the Supplemental Agreement) which includes the anticipated costs associated with the construction of the contemplated public improvements (Project Costs). The respective Palisade District must provide evidence of funds sufficient to pay the entirety of the Project Costs identified in the Project Application. The Supplemental Agreement further provides the process for the release of such funds for the payment of the Project Costs.

Park Cost-Sharing Intergovernmental Agreement

On September 14, 2023, the Palisade Districts entered into an Amended and Restated Park Cost Sharing Intergovernmental Agreement, effective May 7, 2020, which amended and restated the Park Cost Sharing IGA in its entirety (Restated Park Cost Sharing IGA). The Restated Park Cost Sharing IGA: (i) identifies and approves the allocation of the costs incurred relative to certain regional park, open space, and recreation improvements of a regional nature as defined therein as the Spano Park Improvements and those subsequent regional park, open space and recreational improvements of a regional nature defined therein as the Urban Park Improvements; (ii) evidences the agreement of Palisade Metropolitan District No. 2 to finance and cause the construction of the Spano Park Improvements and Urban Park Improvements; and (iii) evidences the agreement of the remaining Palisade Districts, including the District, to reimburse Palisade Metropolitan District No. 2 for such costs in accordance with an agreed-upon cost-sharing allocation. Pursuant to the Restated Park Cost Sharing IGA, to the extent Palisade Metropolitan District No. 2 does not have sufficient funds and has not received sufficient funds from the other Palisade Districts for construction of the Urban Park Improvements, Palisade Metropolitan

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS (CONTINUED)

Park Cost-Sharing Intergovernmental Agreement (Continued)

District No. 2 shall request funds from District No. 3 in accordance with the Restated Park Costing Sharing IGA. District No. 3 agrees to advance such funds to Palisade Metropolitan District No. 2 to the extent it has funds available, and any such advance will be reconciled between the Palisade Districts in accordance with the Restated Park Cost Sharing IGA.

Intergovernmental Agreement for Operations Cost-Sharing

On March 31, 2022, the District, District No. 2, District No. 3, and Palisade Park West Metropolitan District (collectively, referred to herein as the Districts) entered into the Intergovernmental Agreement for Operations Cost Sharing (Operations Cost Sharing Agreement). The Operations Cost-Sharing Agreement: (i) identifies the District Maintained Improvements (as defined in the Operations Cost-Sharing Agreement, and generally meaning those certain public improvements owned and operated, currently or in the future, by one of the Districts and providing benefit to all of the Districts); (ii) identifies the Operations Services (as defined in the Operations Cost-Sharing Agreement, and generally meaning the services needed to ensure adequate and appropriate maintenance of the District Maintained Improvements); (iii) evidences the agreement of District No. 3 to provide the Operations Services relative to the District Maintained Improvements in accordance with the Operations Cost-Sharing Agreement; (iv) identifies and approves the method of allocation of the costs for the Operations Services between the Districts; and (v) evidences the agreement of the District, District No. 2, and Palisade Park West Metropolitan District to reimburse District No. 3 for the costs of the Operations Services in accordance with the agreed upon allocation.

Cost-Sharing and Reimbursement Agreement

On December 20, 2021, the District, District No. 2, District No. 3, and Palisade Park West Metropolitan District (collectively, referred to herein as the Districts) entered into the Cost-Sharing and Reimbursement Agreement (Cost-Sharing Agreement). The Cost-Sharing Agreement: (i) identifies and approves the Development Area Improvements (as defined in the Cost-Sharing Agreement, and generally meaning those certain public improvements of a regional nature that benefit all of the Districts as constructed or to be constructed by one or more of the Districts); (ii) approves the allocation of the costs of the Development Area Improvements between the Districts based on the benefit to each of the Districts as determined therein; (iii) acknowledges and sets forth the terms by which the Development Area Improvements have been or will be constructed, financed and/or acquired; and (iv) evidences the agreement of the Districts to reconcile, finance and, where appropriate, provide reimbursement for the costs associated with Development Area Shared Improvements in accordance with the terms of the Cost-Sharing Agreement.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability 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 Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

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

On November 7, 2006, 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.

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

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

SUPPLEMENTARY INFORMATION

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,817	\$ 4,817	\$ 4,815	\$ (2)
Specific Ownership Taxes	16,975	16,975	17,863	888
Interest Income	695	19,000	22,788	3,788
BURA - District	329,670	334,690	334,281	(409)
Total Revenues	<u>352,157</u>	<u>375,482</u>	<u>379,747</u>	<u>4,265</u>
EXPENDITURES				
Banking Fees	500	-	-	-
County Treasurer's Fee	72	78	81	(3)
Paying Agent Fees	5,500	5,500	7,000	(1,500)
Bond Interest - 2021A	181,550	181,550	181,550	-
Bond Interest - 2021B	152,893	176,976	163,059	13,917
Bond Principal - 2021A	100,000	100,000	100,000	-
Bond Principal - 2021B	13,470	13,470	-	13,470
Contingency	-	2,426	-	2,426
Total Expenditures	<u>453,985</u>	<u>480,000</u>	<u>451,690</u>	<u>28,310</u>
NET CHANGE IN FUND BALANCE	(101,828)	(104,518)	(71,943)	32,575
Fund Balance - Beginning of Year	<u>386,378</u>	<u>387,442</u>	<u>386,642</u>	<u>(800)</u>
FUND BALANCE - END OF YEAR	<u>\$ 284,550</u>	<u>\$ 282,924</u>	<u>\$ 314,699</u>	<u>\$ 31,775</u>

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 1	\$ 1
Intergovernmental Revenues	-	1,587,017	-	(1,587,017)
Intergovernmental Revenue - PPN3	-	-	399,942	399,942
Total Revenues	<u>-</u>	<u>1,587,017</u>	<u>399,943</u>	<u>(1,187,074)</u>
EXPENDITURES				
Engineering	3,450	-	-	-
Capital Outlay	755,365	-	-	-
Intergovernmental Expenditures	-	1,859,392	-	1,859,392
Total Expenditures	<u>758,815</u>	<u>1,859,392</u>	<u>-</u>	<u>1,859,392</u>
NET CHANGE IN FUND BALANCE	(758,815)	(272,375)	399,943	672,318
Fund Balance - Beginning of Year	<u>758,815</u>	<u>272,375</u>	<u>272,375</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 672,318</u></u>	<u><u>\$ 672,318</u></u>

OTHER INFORMATION

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

Bonds and Interest Maturing in the Year Ending December 31,	\$5,105,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds Series 2021A Dated September 23, 2021 Interest Rate 3.00% to 4.00% Principal Due December 1 Interest Payable June 1 and December 1		
	Principal	Interest	Total
2024	\$ 105,000	\$ 177,550	\$ 282,550
2025	110,000	173,350	283,350
2026	115,000	168,950	283,950
2027	120,000	164,350	284,350
2028	125,000	159,550	284,550
2029	130,000	154,550	284,550
2030	135,000	149,350	284,350
2031	140,000	143,950	283,950
2032	80,000	138,350	218,350
2033	145,000	135,950	280,950
2034	150,000	131,600	281,600
2035	155,000	127,100	282,100
2036	160,000	122,450	282,450
2037	165,000	117,650	282,650
2038	170,000	112,700	282,700
2039	175,000	107,600	282,600
2040	180,000	102,350	282,350
2041	185,000	96,950	281,950
2042	190,000	91,400	281,400
2043	200,000	83,800	283,800
2044	205,000	75,800	280,800
2045	215,000	67,600	282,600
2046	225,000	59,000	284,000
2047	230,000	50,000	280,000
2048	240,000	40,800	280,800
2049	250,000	31,200	281,200
2050	260,000	21,200	281,200
2051	270,000	10,800	280,800
Total	\$ 4,830,000	\$ 3,015,900	\$ 7,845,900

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 1
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

Year Ended December 31,	Prior Year Assessed	Prior Year TIF Increment Assessed	Prior Year Gross Assessed	Mills Levied	Total Property Taxes		Percent Collected to Levied
	Valuation for Current Year	Valuation for Current Year	Valuation for Current Year		Levied	Collected	
	<u>Tax Levy</u>	<u>Tax Levy</u>	<u>Tax Levy</u>				
2019	\$ 1,764,636	\$ (1,726,728)	\$ 37,908	66.332	\$ 2,514	\$ 2,503	99.56 %
2020	4,323,912	(4,245,889)	78,023	66.552	5,192	5,179	99.75
2021	5,250,960	(5,166,120)	84,840	66.796	5,667	6,150	108.52
2022	6,143,450	(6,049,192)	94,258	66.796	6,296	6,254	99.33
2023	5,940,730	(5,856,443)	84,287	68.596	5,782	5,780	99.97
Estimated for Year Ending December 31,							
2024	\$ 7,092,690	\$ (7,002,421)	\$ 90,269	71.187	\$ 6,426		

Note:
Property Taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.