

**PALISADE PARK NORTH  
METROPOLITAN DISTRICT NO. 3  
City and County of Broomfield, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
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**Independent Auditors' Report**

Board of Directors  
Palisade Park North Metropolitan District No. 3  
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. 3 (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. 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 them.

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  
September 5, 2024

## **BASIC FINANCIAL STATEMENTS**

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,818
Cash and Investments - Restricted	11,359,533
Prepaid Insurance	5,186
Due from Other Districts - PPN2	6,477
Due from Other Districts - PPN1	9,523
Due from Other Districts - PPW	21,507
Receivable from County Treasurer	332
Property Tax Receivable	4,582
Receivable from BURA	9,770
Capital Assets:	
Capital Assets Not Being Depreciated	<u>20,428,636</u>
Total Assets	<u>31,847,364</u>
<b>LIABILITIES</b>	
Accounts Payable	738,392
Retainage Payable	518,690
Due to Other Districts - PPW	3,241,738
Due to Other Districts - PMD2	2,498,071
Due to Other Districts - PPN1	1,010,134
Due to Other Districts - PPN2	1,601,884
Due to Other Entities - SunCap	14,503
Noncurrent Liabilities:	
Due in More Than One Year	<u>42,902,919</u>
Total Liabilities	<u>52,526,331</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	<u>4,582</u>
Total Deferred Inflows of Resources	<u>4,582</u>
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserve	1,800
Debt Service	(3,582)
Capital Reserve	1,772,581
Unrestricted	<u>(22,454,348)</u>
Total Net Position	<u>\$ (20,683,549)</u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Net Revenues Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 176,307	\$ -	\$ 52,966	\$ -	\$ (123,341)
Public Works	5,008,390	-	25,670	-	(4,982,720)
Interest on Long-Term Debt and Related Costs	2,257,344	-	77,298	-	(2,180,046)
Total Governmental Activities	\$ 7,442,041	\$ -	\$ 155,934	\$ -	(7,286,107)
<b>GENERAL REVENUES</b>					
Property Taxes					1,195
Specific Ownership Taxes					4,331
Interest Income					962,292
Total General Revenues and Transfers					967,818
<b>CHANGES IN NET POSITION</b>					(6,318,289)
Net Position - Beginning of Year					(14,365,260)
<b>NET POSITION - END OF YEAR</b>					<b>\$ (20,683,549)</b>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
BALANCE SHEET –  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,818	\$ -	\$ -	\$ 1,818
Cash and Investments - Restricted	1,800	692	11,357,041	11,359,533
Receivable from County Treasurer	55	277	-	332
Due from Other Districts - PPN2	6,477	-	-	6,477
Due from Other Districts - PPN1	9,523	-	-	9,523
Due from Other Districts - PPW	21,507	-	-	21,507
Due from Other Funds	-	1,810	270	2,080
Prepaid Insurance	5,186	-	-	5,186
Receivable from BURA	1,628	8,142	-	9,770
Property Tax Receivable	764	3,818	-	4,582
	<u>\$ 48,758</u>	<u>\$ 14,739</u>	<u>\$ 11,357,311</u>	<u>\$ 11,420,808</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 24,960	\$ -	\$ 713,432	\$ 738,392
Retainage Payable	-	-	518,690	518,690
Due to Other Funds	1,299	-	781	2,080
Due to Other Districts - PPW	-	-	3,241,738	3,241,738
Due to Other Districts - PMD2	-	-	2,498,071	2,498,071
Due to Other Districts - PPN1	-	-	1,010,134	1,010,134
Due to Other Districts - PPN2	-	-	1,601,884	1,601,884
Due to Other Entities - SunCap	-	14,503	-	14,503
Total Liabilities	<u>26,259</u>	<u>14,503</u>	<u>9,584,730</u>	<u>9,625,492</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax	764	3,818	-	4,582
Total Deferred Inflows of Resources	<u>764</u>	<u>3,818</u>	<u>-</u>	<u>4,582</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expense	5,186	-	-	5,186
Restricted for:				
Emergency Reserves	1,800	-	-	1,800
Debt Service	-	(3,582)	-	(3,582)
Capital Projects	-	-	1,772,581	1,772,581
Assigned to:				
Subsequent Year's Expenditures	16,129	-	-	16,129
Unassigned	(1,380)	-	-	(1,380)
Total Fund Balances	<u>21,735</u>	<u>(3,582)</u>	<u>1,772,581</u>	<u>1,790,734</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 48,758</u>	<u>\$ 14,739</u>	<u>\$ 11,357,311</u>	<u>\$ 11,420,808</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.

20,428,636

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest

(4,164,120)

Bond Payable-Series 2021

(38,562,000)

Developer Advance Payable - Operating

(168,627)

Accrued Interest - Developer Advance

(8,172)

Net Position of Governmental Activities

\$ (20,683,549)

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 199	\$ 996	\$ -	\$ 1,195
Specific Ownership Taxes	722	3,609	-	4,331
Interest Income	6,429	7,619	948,244	962,292
BURA TIF - District	15,459	77,298	-	92,757
Intergovernmental Revenues	37,507	-	25,670	63,177
Total Revenues	<u>60,316</u>	<u>89,522</u>	<u>973,914</u>	<u>1,123,752</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	38,864	-	-	38,864
Auditing	5,200	-	-	5,200
Banking Fees	249	-	-	249
County Treasurer's Fee	3	15	-	18
Property Management	8,400	-	-	8,400
Dues and Membership	316	-	-	316
Election	1,417	-	-	1,417
Electricity	1,688	-	-	1,688
Insurance	3,190	-	-	3,190
Landscaping	68,322	-	-	68,322
Legal	31,040	-	-	31,040
Snow Removal	8,311	-	-	8,311
Water	9,211	-	-	9,211
Website	96	-	-	96
Intergovernmental Expenditures - PPN1	-	-	399,942	399,942
Intergovernmental Expenditures - PPW	-	-	4,608,448	4,608,448
Debt Service:				
Bond Interest	-	320,723	-	320,723
Paying Agent Fees	-	4,000	-	4,000
Capital Projects:				
Capital Outlay	-	-	14,547,439	14,547,439
Total Expenditures	<u>176,307</u>	<u>324,738</u>	<u>19,555,829</u>	<u>20,056,874</u>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(115,991)	(235,216)	(18,581,915)	(18,933,122)
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	153,627	-	-	153,627
Total Other Financing Sources	<u>153,627</u>	<u>-</u>	<u>-</u>	<u>153,627</u>
<b>NET CHANGE IN FUND BALANCES</b>	37,636	(235,216)	(18,581,915)	(18,779,495)
Fund Balances - Beginning of Year	(15,901)	231,634	20,354,496	20,570,229
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 21,735</u>	<u>\$ (3,582)</u>	<u>\$ 1,772,581</u>	<u>\$ 1,790,734</u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
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 \$ (18,779,495)

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay 14,547,439

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.

Developer Advance (153,627)

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 - 2021 Bonds - Change in Liability (1,924,583)

Accrued Interest Payable Developer Advance - Change in Liability (8,023)

Changes in Net Position of Governmental Activities \$ (6,318,289)

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
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)
<b>REVENUES</b>			
Property Taxes	\$ 199	\$ 199	\$ -
Specific Ownership Taxes	701	722	21
Interest Income	-	6,429	6,429
BURA TIF - District	13,621	15,459	1,838
Intergovernmental Revenues	85,700	37,507	(48,193)
Total Revenues	<u>100,221</u>	<u>60,316</u>	<u>(39,905)</u>
<b>EXPENDITURES</b>			
Accounting	46,000	38,864	7,136
Auditing	6,000	5,200	800
Banking Fees	173	249	(76)
Contingency	6,863	-	6,863
County Treasurer's Fee	3	3	-
Property Management	10,000	8,400	1,600
Dues and Membership	350	316	34
Election	1,000	1,417	(417)
Electricity	2,000	1,688	312
Insurance	3,611	3,190	421
Landscaping	98,000	68,322	29,678
Legal	33,000	31,040	1,960
Repairs and Maintenance	15,000	-	15,000
Snow Removal	14,000	8,311	5,689
Graffiti Removal	5,000	-	5,000
Water	52,000	9,211	42,789
Website	-	96	(96)
Total Expenditures	<u>293,000</u>	<u>176,307</u>	<u>116,693</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(192,779)	(115,991)	76,788
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	192,779	153,627	(39,152)
Total Other Financing Sources (Uses)	<u>192,779</u>	<u>153,627</u>	<u>(39,152)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	37,636	37,636
Fund Balance - Beginning of Year	-	(15,901)	(15,901)
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 21,735</u>	<u>\$ 21,735</u>

See accompanying Notes to Basic Financial Statements.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Palisade Park North Metropolitan District No. 3 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City and County of Broomfield (the City) on November 30, 2017 as amended, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City.

The District was established to provide financing for the design, acquisition, installation, construction and financing of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

The District's service area is located in Broomfield. 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 taxes and intergovernmental revenues.

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

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**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 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 related cash flows.

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 susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

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 general obligation 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. 3**  
**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 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.

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

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

**Deferred Inflows and 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 does not have any items that qualify for reporting in this category.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows and Outflows of Resources (Continued)**

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.

**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 or business- type 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. 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.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets.

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.

**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.

**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.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

*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.

The Debt Service Fund reported a deficit in the fund financial statements as of December 31, 2023. It is anticipated that the deficit will be eliminated with the receipt of property tax revenue.

**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	\$ 1,818
Cash and Investments - Restricted	<u>11,359,533</u>
Total Cash and Investments	<u><u>\$ 11,361,351</u></u>

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

Deposits with Financial Institutions	\$ 12,780
Investments	<u>11,348,571</u>
Total Cash and Investments	<u><u>\$ 11,361,351</u></u>

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Cash Deposits**

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

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

As of December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$12,780.

**Investments**

The District has adopted an investment policy by which it 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.

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 of the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities
- \* Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 11,348,571
		<u>\$ 11,348,571</u>

**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 – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE 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. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. 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 custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE 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. 3**  
**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
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 5,881,197	\$ 14,547,439	\$ -	\$ 20,428,636
Total Capital Assets, Not Being Depreciated	<u>\$ 5,881,197</u>	<u>\$ 14,547,439</u>	<u>\$ -</u>	<u>\$ 20,428,636</u>

**NOTE 5 LONG-TERM OBLIGATIONS**

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

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
<b>Bonds Payable:</b>					
Subordinate Limited Tax Supported Revenue Bonds Series 2021	\$ 38,562,000	\$ -	\$ -	\$ 38,562,000	\$ -
Accrued Interest Series 2021	2,239,537	2,245,306	320,723	4,164,120	-
Subtotal Bonds Payable	<u>40,801,537</u>	<u>2,245,306</u>	<u>320,723</u>	<u>42,726,120</u>	<u>-</u>
<b>Other Debts:</b>					
Developer Advance - Operating	15,000	153,627	-	168,627	-
Accrued Interest on:					
Developer Advance - Operating	149	8,023	-	8,172	-
Subtotal Other Debts	<u>15,149</u>	<u>161,650</u>	<u>-</u>	<u>176,799</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 40,816,686</u>	<u>\$ 2,406,956</u>	<u>\$ 320,723</u>	<u>\$ 42,902,919</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding are as follows:

**\$38,562,000 General Obligation Limited Tax Bonds, Series 2021**

The District issued General Obligation Limited Tax Bonds Series 2021 (the Bonds) on December 1, 2021, in the par amount of \$38,562,000. Proceeds from the sale of the Bonds will be used to: (i) reimburse a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure improvements related to the Development and (ii) pay costs of issuance of the Bonds.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Bond Details**

The Bonds will bear interest at the rate of 5.500% per annum and interest is payable annually on December 1, beginning on December 1, 2022, but only to the extent of available Pledged Revenue (discussed below). The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the maturity date. Unpaid interest on the Bonds compounds annually on each December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 2, 2061 (the Termination Date), such amounts shall be extinguished and no longer due and outstanding.

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 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>—</u>
December 1, 2026 to November 30, 2027	—
December 1, 2027 to November 30, 2028	
December 1, 2028 to November 30, 2029	
December 1, 2029 and Thereafter	

**Pledged Revenue**

The Bonds are secured by and payable from moneys derived by the District from the following sources:

- (a) the Required Mill Levy, including any District TIF. 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 Required Mill Levy;
- (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy;
- (c) all Facilities Fees; which are the fees imposed by the District pursuant to the Facilities Fee Resolution (see note 8); and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Required Mill Levy**

Pursuant to the Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement after January 1, 2016) less the number of mills necessary to pay any unlimited mill levy debt. The Required Mill levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

**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 Indenture (whatever the reason for such event or condition and whether it 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 Indenture except as provided in in the Indenture and as described in this subsection.

- (a) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the 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 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 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 Bonds.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 7, 2017	Series 2021 Bonds	Authorized But Unused
Street Improvements	\$ 73,000,000	\$ 15,529,565	\$ 57,470,435
Park and Recreation	73,000,000	15,489,487	57,510,513
Water Supply	73,000,000	4,002,990	68,997,010
Storm and Sanitary Sewer	73,000,000	3,539,958	69,460,042
Transportation	73,000,000	-	73,000,000
Mosquito Control	73,000,000	-	73,000,000
Safety Protection Systems	73,000,000	-	73,000,000
Fire Protection	73,000,000	-	73,000,000
Television Relay and Translation	73,000,000	-	73,000,000
Security Services	73,000,000	-	73,000,000
Operations and Maintenance	10,000,000	-	10,000,000
Refunding	73,000,000	-	73,000,000
IGAs	73,000,000	-	73,000,000
Total	<u>\$ 886,000,000</u>	<u>\$ 38,562,000</u>	<u>\$ 847,438,000</u>

The Service Plan limits the District's Debt Authority (as defined in the Service Plan) to \$73,000,000, of which \$34,438,000 currently remains.

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; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

There are no unused lines of credit.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**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:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 1,800
Debt Service Reserve	-
Capital Projects Reserve	1,772,581
Total Restricted Net Position	\$ 1,774,381

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**

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

**Operation Funding Agreement**

On December 11, 2017, the District entered into an Operation Funding Agreement with Kevamra, (the OFA) whereby Kevamra agreed to advance funds to the District for certain operation and maintenance expenses as needed for fiscal years 2017 through 2018 up to the aggregate amount of \$50,000. 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. On October 28, 2021 the District and Kevamra entered into a First Amendment to OFA to extend the term of the OFA through 2022. On December 1, 2022, the parties entered into a Second Amendment to OFA to extend the term through 2023 and increase the shortfall amount to \$100,000. On November 30, 2023, the parties entered into a Third Amendment to OFA to extend the term through 2024 and increase the shortfall amount to \$360,000. Kevamra's current obligation to advance funds expires on March 15, 2025. The District's obligation to repay advances expires on December 31, 2061. As of December 31, 2023 there is an outstanding amount of \$176,799 with \$168,627 in principal and \$8,172 in interest under the OFA.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 RELATED PARTY (CONTINUED)**

**Facilities Funding and Acquisition Agreement**

On October 28, 2021, with an effective date of November 30, 2017, the District and Kevamra entered into a Facilities Funding and Acquisition Agreement, as amended by the First Amendment to Facilities Funding and Acquisition Agreement, dated June 29, 2023, with an effective date of November 30, 2017 (the FFAA), pursuant to which Kevamra agreed to make advances not to exceed \$785,000 to the District for the purpose of funding construction of public improvements. Kevamra agreed to make advances under the FFAA on a periodic bases as needed for fiscal years 2021 to 2024. The District agreed to repay the advances, as well as organizational expenses incurred by Kevamra, together with accrued simple interest at the rate of 8% per annum. The FFAA further provides that Kevamra may construct public improvements for subsequent acquisition and/or reimbursement by the District, subject to the conditions set forth in the FFAA, along with interest at 8% per annum. The District agreed to reimburse Kevamra, and/or to make direct payment to vendors on behalf of Kevamra, for the Verified Costs (as defined in the FFAA). The FFAA does not constitute a debt, but is an annual appropriations agreement intended to be repaid through future bond issuances or other available revenue. The District's obligation to reimburse Kevamra under the FFAA expires on December 31, 2057. As of December 31, 2023, there is no outstanding balance under this agreement.

**Reimbursement Agreement**

On October 23, 2007, Broomfield and Seven25 Metropolitan District n/k/a Palisade Park North Metropolitan District No. 1 (District No. 1) 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 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.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 RELATED PARTY (CONTINUED)**

**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. 1, District No. 2, and Palisade Park West Metropolitan District (collectively, the District, Palisade Metropolitan District Nos. 1 and 2, District No. 1, District No. 2, 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.

**NOTE 8 AGREEMENTS**

**Cooperation Agreement**

On October 23, 2007, District No 1 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 the District 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 Bonds (discussed under Note 5).

**Facilities Fee Resolution**

On October 28, 2021, the District adopted Facilities Fee Resolution No. 2021-10-05 (the Facilities Fee Resolution). Pursuant to the Facilities Fee Resolution, the District imposes a Facilities Fee of (a) \$0.50 per square foot on each Commercial Unit (as defined therein); and (b) \$1,000 on each Residential Unit (as defined therein). The Facilities Fee is due and payable on each Commercial Unit and each Residential Unit on or before the date of issuance of a building permit for the same. A written request may be made to the District for a deferral in payment to an alternative date. Any request will be considered on a case-by-case basis by the District. Notwithstanding, while any general obligation indebtedness of the District is outstanding to which the Facilities Fees are pledged, the District will not alter, defer or reduce the amount of the Facilities Fee. The Facilities Fees are pledged to the Bonds.

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2023**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Amended and Restated 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 District No. 2 shall request funds from the District in accordance with the Restated Park Costing Sharing IGA. The District 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.

**Cost Sharing and Reimbursement Agreement**

On December 20, 2021, the District, District No. 1 District No. 2, 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 Improvements in accordance with the terms of the Cost Sharing Agreement.

Pursuant to the Cost Sharing Agreement, a portion of the previously expended cost associated with the Development Area Shared Improvements were reallocated to the District in the amount of \$6,700,000 and was paid out in December of 2021. This reimbursement was allocated prorata between District No. 1, District No. 2, and Palisade Park West Metropolitan District for 32%, 32% and 36%, respectively.

	<u>Percentage of Reimbursement</u>
Palisade Park North Metro District No. 1	32%
Palisade Park North Metro District No. 2	32%
Palisade West Metro District	36%
<b>Total</b>	<b>100%</b>

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Availability of Funds and Step-In Rights Agreement**

On December 7, 2021, the District, Kevamra, and Spinnaker Way Broomfield, LLC (the Owner) entered into an Availability of Funds and Step-In Rights Agreement (the Step-In Agreement). Pursuant to the Step-In Agreement, Kevamra agrees to construct the District Improvements (as defined therein) and the District agrees to use proceeds from the Bonds to reimburse Kevamra for the construction expenses of the District Improvements in accordance with the FFAA. The Step-In Agreement sets forth the conditions upon which the Owner is permitted to step-in and manage the completion of the District Improvements and further sets forth the District's reimbursement obligation to the Owner if such rights are exercised.

**Intergovernmental Agreement for Operations Cost Sharing**

On March 31, 2022, the District, District No. 1, District No. 2, 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 the District 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 District No. 1, District No. 2, and Palisade Park West Metropolitan District to reimburse the District for the costs of the Operations Services in accordance with the agreed upon allocation.

**Declaration of Covenants Concerning Payment in Lieu of Taxes**

On December 8, 2021, Kevamra recorded in the real property records of Broomfield the Declaration of Covenants Concerning Payment in Lieu of Taxes (PILOT) for the benefit of the District. The PILOT was recorded against certain real property within the boundaries of the District. The PILOT obligates any owner of real property that is exempt from taxation, excluding the District or Broomfield, to pay the District the annual amount of revenue that would have been derived from the imposition of the District's mill levy until the Termination Date (as defined in the PILOT).

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**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 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 LIMITATION**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations 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.

On November 7, 2017, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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.

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

As of December 31, 2023, the District had unexpended construction related contract commitments of approximately \$1,751,576.

## **SUPPLEMENTARY INFORMATION**

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Budget Original	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 995	\$ 996	\$ 996	\$ -
Specific Ownership Taxes	3,507	3,609	3,609	-
Interest Income	-	7,600	7,619	19
Facilities Fees	148,845	14,500	-	(14,500)
BURA TIF - District	68,460	77,298	77,298	-
Total Revenues	<u>221,807</u>	<u>104,003</u>	<u>89,522</u>	<u>(14,481)</u>
<b>EXPENDITURES</b>				
County Treasurer's Fee	15	15	15	-
Paying Agent Fees	4,000	4,000	4,000	-
Bond Interest	217,792	320,723	320,723	-
Contingency	-	5,262	-	5,262
Total Expenditures	<u>221,807</u>	<u>330,000</u>	<u>324,738</u>	<u>5,262</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(225,997)	(235,216)	(9,219)
Fund Balance - Beginning of Year	<u>228,458</u>	<u>231,634</u>	<u>231,634</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 228,458</u>	<u>\$ 5,637</u>	<u>\$ (3,582)</u>	<u>\$ (9,219)</u>

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
CAPITAL PROJECTS FUND –  
SCHEDULE 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)
<b>REVENUES</b>			
Interest Income	\$ 40,000	\$ 948,244	\$ 908,244
Intergovernmental Revenues	-	25,670	25,670
Total Revenues	<u>40,000</u>	<u>973,914</u>	<u>933,914</u>
<b>EXPENDITURES</b>			
Capital Outlay	22,237,281	14,547,439	7,689,842
Intergovernmental Expenditures - PPN1	-	399,942	(399,942)
Intergovernmental Expenditures - PPW	-	4,608,448	(4,608,448)
Total Expenditures	<u>22,237,281</u>	<u>19,555,829</u>	<u>2,681,452</u>
<b>NET CHANGE IN FUND BALANCE</b>	(22,197,281)	(18,581,915)	3,615,366
Fund Balance - Beginning of Year	<u>22,197,281</u>	<u>20,354,496</u>	<u>(1,842,785)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 1,772,581</u>	<u>\$ 1,772,581</u>

**CONTINUING DISCLOSURE INFORMATION**

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2023**

Year Ended December 31,	Assessed Valuation	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Total	Levied	Collected	
2020	\$ 4,573	55.000	-	55.000	\$ 252	\$ 251	99.60 %
2021	24,687	55.000	-	55.000	1,358	1,360	100.15
2022	19,904	10.000	50.000	60.000	1,194	800	67.00
2023	19,904	10.001	50.008	60.009	1,194	1,195	100.08
Estimated for Year Ending December 31, 2024	\$ 73,468	10.394	51.972		\$ 4,582		

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

Schedule of Assessed and Actual Valuation of Classes of Property in the District

Property Class	Total Assessed Valuation	Percentage of Assessed Valuation	"Actual" Valuation	Percentage of "Actual" Valuation
Commercial	\$ 4,246,220	73.56%	\$ 15,219,420	73.57%
Oil and Gas - Pipeline	1,412,430	24.47%	5,062,490	24.47%
Agricultural	3,150	0.05%	7,470	0.04%
State Assessed	110,820	1.92%	397,210	1.92%
Total	<u>\$ 5,772,620</u>	<u>100.00%</u>	<u>\$ 20,686,590</u>	<u>100.00%</u>

**PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 3  
LARGEST TAXPAYERS WITHIN THE DISTRICT  
DECEMBER 31, 2023**

Taxpayer Name	Assessed Valuation	Percentage of Taxpayer / Assessed Valuation
Valuation Year - 2023		
Spinnaker Way Broomfield LLC	\$ 4,246,220	73.56 %
Elevation Midstream LLC	1,412,430	24.47
Public Service CO of Colorado	87,540	1.52
United Power Inc	23,280	0.40
UF Kevamra 725 LLC	3,150	0.05
Total	<u>\$ 5,772,620</u>	<u>100.00 %</u>