

Parkside at City Centre Business Improvement District

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

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Board of Directors
Parkside at City Centre Business Improvement District
Arapahoe County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Parkside at City Centre Business Improvement District (the “District”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Parkside at City Centre Business Improvement 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 (GAAP), 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.

Other Matters

Required Supplemental 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.

Supplemental 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 supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Denver, Colorado

May 23, 2024

Parkside at City Centre Business Improvement District

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

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments- restricted	\$ -	\$ 1,779,902	\$ 1,779,902	\$ -	\$ 1,779,902
Due from Parkside Metropolitan District	28,534	44,603	73,137	-	73,137
Public Improvement fee receivable	2,800	25,200	28,000	-	28,000
Property taxes receivable	5,640	21,696	27,336	-	27,336
Developer receivable	-	207,692	207,692	(207,692)	-
Prepaid expense	12,598		12,598	-	12,598
Assets Constructed for Others	-	-	-	10,768,196	10,768,196
Total Assets	<u>\$ 49,572</u>	<u>\$ 2,079,093</u>	<u>\$ 2,128,665</u>	<u>10,560,504</u>	<u>12,689,169</u>
LIABILITIES					
Accounts payable	\$ 37,521	\$ 3,701	\$ 41,222	-	41,222
Due to County	6,411	25,448	31,859	-	31,859
Accrued interest on bonds	-	-	-	71,719	71,719
Long-term liabilities					
Due within one year	-	-	-	255,000	255,000
Due in more than one year	-	-	-	15,419,410	15,419,410
Total Liabilities	<u>43,932</u>	<u>29,149</u>	<u>73,081</u>	<u>15,746,129</u>	<u>15,819,210</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	5,640	21,696	27,336	-	27,336
Total Deferred Inflows of Resources	<u>5,640</u>	<u>21,696</u>	<u>27,336</u>	<u>-</u>	<u>27,336</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepays	12,598	-	12,598	(12,598)	-
Restricted:					
Emergencies	4,233	-	4,233	(4,233)	-
Debt Service	-	2,028,248	2,028,248	(2,028,248)	-
Unassigned	(16,831)	-	(16,831)	16,831	-
Total Fund Balances	<u>-</u>	<u>2,028,248</u>	<u>2,028,248</u>	<u>(2,028,248)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances					
	<u>\$ 49,572</u>	<u>\$ 2,079,093</u>	<u>\$ 2,128,665</u>		
Net Position:					
Restricted for:					
Emergencies				4,233	4,233
Debt service				1,956,529	1,956,529
Unrestricted				<u>(5,118,139)</u>	<u>(5,118,139)</u>
Total Net Position				<u>\$ (3,157,377)</u>	<u>\$ (3,157,377)</u>

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

Parkside at City Centre Business Improvement District

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

	<u>General</u>	Debt <u>Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES					
Accounting & audit	\$ 20,171	\$ -	\$ 20,171	\$ -	\$ 20,171
Insurance	43,240	-	43,240	-	43,240
Legal	18,132	-	18,132	-	18,132
Landscaping	6,960	-	6,960	-	6,960
Snow removal	38,644	-	38,644	-	38,644
Janitorial	6,192	-	6,192	-	6,192
Maintenance	26,411	-	26,411	-	26,411
Management	15,000	-	15,000	-	15,000
Miscellaneous expenses	5,335	-	5,335	-	5,335
Security	23,896	-	23,896	-	23,896
Utilities	2,400	-	2,400	-	2,400
Treasurer's fees	78	300	378	-	378
Treasurer's fees ARI	-	6	6	-	6
Authority fee	-	28,805	28,805	-	28,805
ARI Mill levy	-	706	706	-	706
Bond principal	-	220,000	220,000	(220,000)	-
Bond interest expense	-	874,375	874,375	(1,146)	873,229
Paying agent fees	-	3,500	3,500	-	3,500
Developer advance interest expense	-	-	-	120,687	120,687
	<u>206,459</u>	<u>1,127,692</u>	<u>1,334,151</u>	<u>(100,459)</u>	<u>1,233,692</u>
GENERAL REVENUES					
Property taxes	5,180	19,925	25,105	-	25,105
Specific ownership taxes	4,058	15,608	19,666	-	19,666
Property taxes ARI	-	399	399	-	399
Specific ownership taxes ARI	-	312	312	-	312
TIF revenue	56,669	195,240	251,909	-	251,909
Transfer from Parkside Metropolitan District	33,489	-	33,489	-	33,489
Use and other income	-	368,719	368,719	-	368,719
Public improvement fee	17,771	159,943	177,714	-	177,714
Interest and other income	22,070	76,460	98,530	-	98,530
	<u>139,237</u>	<u>836,606</u>	<u>975,843</u>	<u>-</u>	<u>975,843</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(67,222)	(291,086)	(358,308)	100,459	(257,849)
OTHER FINANCING SOURCES (USES)					
Developer advance	67,222	-	67,222	(67,222)	-
	<u>67,222</u>	<u>-</u>	<u>67,222</u>	<u>(67,222)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES					
	-	(291,086)	(291,086)	291,086	
CHANGE IN NET POSITION					
				(257,849)	(257,849)
FUND BALANCES/NET ASSETS					
BEGINNING OF YEAR	<u>-</u>	<u>2,319,334</u>	<u>2,319,334</u>	<u>(5,218,862)</u>	<u>(2,899,528)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 2,028,248</u>	<u>\$ 2,028,248</u>	<u>\$ (5,185,625)</u>	<u>\$ (3,157,377)</u>

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

Parkside at City Centre Business Improvement District

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

For the Year Ended December 31, 2023

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 5,262	\$ 5,180	\$ (82)
Specific ownership taxes	4,924	4,058	(866)
TIF revenue	56,669	56,669	-
Transfer from Parkside Metropolitan District	6,079	33,489	27,410
Public improvement fee	83,903	17,771	(66,132)
Interest and other income	25	22,070	22,045
Total Revenues	156,862	139,237	(17,625)
EXPENDITURES			
Accounting & audit	20,000	20,171	(171)
Insurance	22,000	43,240	(21,240)
Legal	20,000	18,132	1,868
Lot sweeping	2,600	-	2,600
Janatorial	10,080	6,192	3,888
Landscaping	10,000	6,960	3,040
Snow removal	15,700	38,644	(22,944)
Maintenance	16,400	26,411	(10,011)
Management	12,000	15,000	(3,000)
Miscellaneous expenses	2,400	5,335	(2,935)
Security	9,000	23,896	(14,896)
Utilities	9,250	2,400	6,850
Treasurer's fees	929	78	851
Contingency	2,000	-	2,000
Emergency Reserve	4,511	-	4,511
Total Expenditures	156,870	206,459	(49,589)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(8)	(67,222)	(67,214)
OTHER FINANCING SOURCES (USES)			
Developer advance	8	67,222	67,214
Total Other Financing Sources (Uses)	8	67,222	67,214
NET CHANGES IN FUND BALANCE			
	-	-	-
FUND BALANCE - BEGINNING OF YEAR			
	-	-	-
FUND BALANCE - END OF YEAR			
	\$ -	\$ -	\$ -

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

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Parkside at City Centre Business Improvement District (the “District”) located in Aurora, Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District is a quasi-municipal corporation organized and created on October 28, 2017 which derives its revenue principally from general property taxes. The District was organized under Title 31 and all properties within the District are commercial properties. The District, referred to as the Management District was established along with Parkside at City Centre Metropolitan District (“Metro District”), referred to as the Financing District. The Financing District provides the tax base and funding needed to support ongoing operations while the Management District is responsible for managing, implementing, and coordinating the financing, construction, and operations and maintenance.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

Basis of Presentation

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Parkside at City Centre Business Improvement District

Notes to Financial Statements December 31, 2023

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

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

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end. The total expenditures in the General Fund exceeded total appropriations for the year ended December 31, 2023. This may be a violation of State Budget Law.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2023, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

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

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 has no items to report under this category.

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

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable, using the straight-line method. Depreciation on property that will remain assets of the District is reported on the statement of activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2023 as all improvements will be transferred to other entities.

Parkside at City Centre Business Improvement District

Notes to Financial Statements December 31, 2023

Property Taxes

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

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

Long-Term Obligations

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

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund represents prepaid insurance.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$4,233 of the General Fund balance has been restricted in compliance with this requirement.

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

The restricted fund balance in the Debt Service Fund in the amount of \$2,028,248 is restricted for the payment of the debt service costs associated with the Special Revenue and Tax Supported Senior Bonds Series 2019A (see Note 4).

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. The District has no amount to report in this category.

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

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

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

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments- Restricted	\$ <u>1,779,902</u>
Total	\$ <u>1,779,902</u>

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

Deposits with financial institutions	\$ 11,439
Investments – COLOTRUST	282,962
Investments – MSILF	<u>1,485,501</u>
	\$ <u>1,779,902</u>

Deposits

Custodial Credit Risk

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

The District follows state statutes for deposits.

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investing pools.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

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

Parkside at City Centre Business Improvement District

Notes to Financial Statements December 31, 2023

Investment Valuation

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

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. At December 31, 2023, the District had \$282,962 invested in COLOTRUST.

Morgan Stanley Institutional Liquidity Fund

The Morgan Stanley Institutional Liquidity Fund ("MSILF") is rated AAAM by Standard & Poor's and the maturity is weighted average under 18 days. MSILF records its investments at fair value and the District records its investment in MSILF using the net asset value method. The fund is a money market fund with each share maintaining a value of \$1.00. The money market fund invests in high quality debt securities issued by the U.S. Government. At December 31, 2023 the District had \$1,485,501 invested in the MSILF held by a trustee.

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2023</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 10,768,196	\$ -	\$ -	\$ 10,768,196
Total capital assets not being depreciated:	<u>10,768,196</u>	<u>-</u>	<u>-</u>	<u>10,768,196</u>
Government type assets, net	<u>\$ 10,768,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,768,196</u>

Upon completion and acceptance, certain capital assets will be conveyed by the District to other local governments. The District will only be responsible for maintenance on fixed assets not conveyed to other entities.

Note 4: Long Term Debt

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

Special Revenue and Tax Supported Senior Bonds Series 2019A

On April 2, 2019 the District issued \$13,990,000 as Special Revenue and Tax Supported Senior Bonds, Series 2019A (“2019A Bonds”) for the purposes of (a) financing certain Public Improvements related to the Development, (b) funding the Reserve Fund, (c) funding a portion of the interest to accrue on the Series 2019A Bonds, and (d) paying the costs of issuing the Series 2019A Bonds. The Series 2019A Bonds bear interest at the rate of 6.25%. Interest payments are payable semiannually on each June 1 and December 1, commencing June 1, 2019 and mature on December 1, 2048. The 2019A Bonds are subject to mandatory sinking fund redemption prior to the maturity date of such Series 2019A Bonds, in part, upon payment of par and accrued interest, without redemption premium, beginning December 1, 2023.

The 2019A Bonds are secured by and payable solely from and to the extent of the Pledged Revenue, generally consisting of (a) the Property Tax Revenues, (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, (c) the PFRA Revenues, (d) the PIF Revenues, (e) the PILOT Revenues, if any, (f) the Capital Fees, if any, and (g) any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Trustee as Pledged Revenue. The 2019A Bonds are also secured by the Reserve Fund and the Surplus Fund.

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

Optional redemption

The Series 2019A Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, ranging from 1% to 3%.

The following is a summary of the annual long-term debt principal and interest requirements for the 2019A Bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 255,000	\$ 860,625	\$ 1,115,625
2025	275,000	844,688	1,119,688
2026	310,000	827,500	1,137,500
2027	335,000	808,125	1,143,125
2028	370,000	787,188	1,157,188
2029-2033	2,410,000	3,544,688	5,954,688
2034-2038	3,620,000	2,649,375	6,269,375
2039-2043	2,660,000	1,507,813	4,167,813
2044-2048	3,535,000	844,373	4,379,373
	<u>\$ 13,770,000</u>	<u>\$ 12,674,375</u>	<u>\$ 26,444,375</u>

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

	<u>Balance</u> <u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Current</u> <u>Portion</u>
General Obligation Bonds					
Series 2019A Bonds	\$ 13,990,000	\$ -	\$ 220,000	\$ 13,770,000	\$ 255,000
Total General Obligation Bonds	<u>13,990,000</u>	<u>-</u>	<u>220,000</u>	<u>13,770,000</u>	<u>255,000</u>
Other Direct Borrowing					
Developer Advance Principal	1,532,817	-	-	1,532,817	-
Developer Advance Interest	250,906	120,687	-	371,593	-
Total Other	<u>1,783,723</u>	<u>120,687</u>	<u>-</u>	<u>1,904,410</u>	<u>-</u>
Total	<u>\$ 15,773,723</u>	<u>\$ 120,687</u>	<u>\$ 220,000</u>	<u>\$ 15,674,410</u>	<u>\$ 255,000</u>

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

Debt Authorization

As of December 31, 2023, the District has \$1,986,010,000 remaining voted debt authorized and unissued. The District has not budgeted to issue any new debt during 2024.

Note 5: Related Party

Some members of the Board of Directors are owners, officers, employees, or otherwise associated with Parkside Aurora, LLC (“Developer”) and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board (see Note 8).

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

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

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

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 8: Other Agreements

Operations Reimbursement Agreement

On December 13, 2017, the District entered into an Operations Reimbursement Agreement with the Developer for the purpose of paying the operating expenses of the District until December 31, 2018 and may be renewed for successive one year periods by the Developer and the District. The agreement will be automatically renewed for one year unless either party provides written notice of termination, no notice has been provided therefore the agreement has been renewed through December 31, 2024. The District agreed to reimburse such advances, respectively, together with interest thereon at a rate equal to 6%, subject to annual appropriation and budget approval, from legally available funds within any fiscal year and not otherwise required for operations, capital improvement, and debt service costs and expenses of the District. Any amounts due to the Developer are subordinate to all bonded indebtedness of the District. The balance due under this agreement is \$96,935 of principal and interest of \$16,763 as of December 31, 2023.

Facilities Funding and Acquisition Agreement

On December 13, 2017, the District had entered into a Facilities Funding and Acquisition Agreement with the Developer providing the Developer may (a) construct Public Improvements within the District on behalf of the District, subject to future acquisition and reimbursement by the District, or (b) may provide advances up to the amount of the certified construction related expenses to the District so that the District is able to construct Public Improvements. The District agreed to reimburse such advances, together with 8% interest, to repay such costs. In the event that the District is unable to reimburse the Developer for any such advance of the Public Improvements within forty years from the date of the advance, any amount of principal and accrued interest outstanding shall be deemed to be forever discharged and satisfied in full.

The agreement terminates on December 31, 2047, unless terminated earlier by mutual written agreement of both parties.

As of December 31, 2023, there is an outstanding principal and interest balance of \$1,435,882 and \$354,830, respectively, due to the Developer.

Parkside at City Centre Business Improvement District

Notes to Financial Statements
December 31, 2023

City Intergovernmental Agreement

The District and the City of Aurora (“City”) are parties to an Intergovernmental Agreement (“City IGA”) dated August 21, 2017 requiring the District to dedicate all of the Public Improvements to the City or other appropriate jurisdiction or owners association in a manner consistent with the Master Plan and other rules and regulations of the City and applicable provisions of the City Code. The City IGA requires the District to impose a 1.000 mill levy (subject to adjustment for changes in the method of calculating the assessed valuation after January 1, 2004) for Aurora Regional Improvements (the “ARI Mill Levy”). Per the City IGA, the ARI Mill Levy will increase to 1.500 mills in collection year 2039 and 20.000 mills in collection year 2049. Revenues received from the ARI Mill Levy are not available to pay debt service on the 2019 Bonds nor operations and are reflected as an expenditure in the General Fund.

The City IGA also provides that the District may not issue any debt until such time as the City has approved a development plan for the District and the District has approved the imposition of the Aurora Regional Improvement Mill Levy (as defined in the City IGA). As of the date of the bond issuance, the City has approved a development plan for the District and the District has approved the imposition of the Aurora Regional Improvement Mill Levy.

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

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

- 1) capital improvements used in governmental activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 2) governmental funds report developer advances and/or bond proceeds as revenue; and
- 3) governmental funds report long-term debt payments as expenditures, however, in the Statement of Activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

Parkside at City Centre Business Improvement District

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

For the Year Ended December 31, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 20,237	\$ 20,237	\$ 19,925	\$ (312)
Specific ownership taxes	19,404	19,404	15,608	(3,796)
Public improvement fee	337,148	337,148	159,943	(177,205)
Property taxes ARI	405	405	399	(6)
Specific ownership taxes ARI	32	32	312	280
TIF revenue	222,316	222,316	195,240	(27,076)
Use and other income	642,692	642,692	368,719	(273,973)
Interest and other income	<u>250</u>	<u>250</u>	<u>76,460</u>	<u>76,210</u>
 Total Revenues	 <u>1,242,484</u>	 <u>1,242,484</u>	 <u>836,606</u>	 <u>(405,878)</u>
EXPENDITURES				
Bond interest expense	874,375	874,375	874,375	-
Bond principal	220,000	220,000	220,000	-
Paying agent fees	10,000	3,500	3,500	-
Treasurer's fees	304	304	300	4
Treasurer's fees ARI	6	6	6	-
Authority fee	11,000	28,805	28,805	-
ARI Mill levy	<u>431</u>	<u>3,010</u>	<u>706</u>	<u>2,304</u>
 Total Expenditures	 <u>1,116,116</u>	 <u>1,130,000</u>	 <u>1,127,692</u>	 <u>2,308</u>
 NET CHANGES IN FUND BALANCE	 126,368	 112,484	 (291,086)	 (403,570)
 FUND BALANCE - BEGINNING OF YEAR	 <u>2,047,159</u>	 <u>2,047,159</u>	 <u>2,319,334</u>	 <u>272,175</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 2,173,527</u>	 <u>\$ 2,159,643</u>	 <u>\$ 2,028,248</u>	 <u>\$ (131,395)</u>

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