

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Palisade Park North Metropolitan District No. 2
Broomfield County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Palisade Park North Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2024, 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 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 Palisade Park North Metropolitan District No. 2 as of December 31, 2024, and the respective changes in financial position and 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. 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as noted in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Flynn CPA, LLC

Castle Pines, CO
September 15, 2025

Palisade Park North Metropolitan District No. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2024

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	\$ 681	\$ -	\$ -	\$ 681	\$ -	\$ 681
Cash and investments - restricted	2,200	29,121	83,051	114,372	-	114,372
Taxes due from County	244	1,222	-	1,466	-	1,466
Receivable - BURA	1,420	2,014	-	3,434	-	3,434
Prepaid expenses	5,158	-	-	5,158	-	5,158
Property taxes receivable	840	3,803	-	4,643	-	4,643
Due from other districts	-	-	1,388,835	1,388,835	-	1,388,835
Prepaid bond insurance	-	-	-	-	193,604	193,604
Capital assets, net of accumulated depreciation	-	-	-	-	8,758,815	8,758,815
Total Assets	<u>10,543</u>	<u>36,160</u>	<u>1,471,886</u>	<u>1,518,589</u>	<u>8,952,419</u>	<u>10,471,008</u>
DEFERRED OUTFLOWS OF RESOURCES						
Cost of bond refunding	-	-	-	-	125,742	125,742
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,742</u>	<u>125,742</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,543</u>	<u>\$ 36,160</u>	<u>\$ 1,471,886</u>	<u>\$ 1,518,589</u>	<u>9,078,161</u>	<u>10,596,750</u>
LIABILITIES						
Accounts payable	\$ 6,058	\$ -	\$ -	\$ 6,058	-	6,058
Due to other Districts	4,934	-	171,220	176,154	-	176,154
Accrued interest on bonds	-	-	-	-	20,308	20,308
Long-term liabilities:						
Due within one year	-	-	-	-	45,000	45,000
Due in more than one year	-	-	-	-	8,975,515	8,975,515
Total Liabilities	<u>10,992</u>	<u>-</u>	<u>171,220</u>	<u>182,212</u>	<u>9,040,824</u>	<u>9,223,036</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	840	3,803	-	4,643	-	4,643
Total Deferred Inflows of Resources	<u>840</u>	<u>3,803</u>	<u>-</u>	<u>4,643</u>	<u>-</u>	<u>4,643</u>
FUND BALANCES/NET POSITION						
Fund balances:						
Nonspendable:						
Prepays	5,158	-	-	5,158	(5,158)	-
Restricted:						
Emergencies	2,200	-	-	2,200	(2,200)	-
Debt service	-	32,357	-	32,357	(32,357)	-
Capital	-	-	1,300,666	1,300,666	(1,300,666)	-
Unassigned	(8,647)	-	-	(8,647)	8,647	-
Total Fund Balances	<u>(1,289)</u>	<u>32,357</u>	<u>1,300,666</u>	<u>1,331,734</u>	<u>(1,331,734)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,543</u>	<u>\$ 36,160</u>	<u>\$ 1,471,886</u>	<u>\$ 1,518,589</u>		
Net Position:						
Restricted for:						
Emergencies					2,200	2,200
Debt service					32,357	32,357
Capital projects					1,300,666	1,300,666
Unrestricted					33,848	33,848
Total Net Position (Deficit)					<u>\$ 1,369,071</u>	<u>\$ 1,369,071</u>

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

Palisade Park North Metropolitan District No. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
<u>Operating:</u>						
Accounting and audit	\$ 42,544	\$ -	\$ -	\$ 42,544	\$ -	\$ 42,544
Insurance	4,835	-	-	4,835	-	4,835
Legal	33,674	-	-	33,674	-	33,674
Miscellaneous	171	-	-	171	-	171
Bond insurance	-	-	-	-	2,476	2,476
Treasurer fees	12	64	-	76	-	76
Bond principal	-	4,320,000	-	4,320,000	(4,320,000)	-
Bond interest	-	373,247	-	373,247	(115,739)	257,508
Paying agent fees	-	6,000	-	6,000	-	6,000
Premium on bond refunding	-	127,350	-	127,350	(127,350)	-
Cost of issuance	-	-	454,251	454,251	(196,080)	258,171
Repay developer principal	-	-	1,017,154	1,017,154	(1,017,154)	-
Transfer to other Districts	10,035	-	223,986	234,021	-	234,021
Interest on developer advances	-	-	-	-	287,166	287,166
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	91,271	4,826,661	1,695,391	6,613,323	(5,486,680)	1,126,643
GENERAL REVENUES						
Property taxes	831	4,158	-	4,989	-	4,989
Specific ownership taxes	2,960	14,800	-	17,760	-	17,760
Use tax revenue	-	15,466	-	15,466	-	15,466
BURA District	66,897	334,502	-	401,399	-	401,399
Transfer from other Districts	-	-	10,936	10,936	-	10,936
Interest income	4,767	26,838	2,851	34,456	-	34,456
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Revenues	75,455	395,764	13,787	485,006	-	485,006
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(15,816)	(4,430,897)	(1,681,604)	(6,128,317)	5,486,680	(641,637)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	4,955,000	4,955,000	(4,955,000)	-
Premium on bonds	-	-	261,836	261,836	(261,836)	-
Transfer to/from other funds	-	3,737,681	(3,737,681)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	3,737,681	1,479,155	5,216,836	(5,216,836)	-
NET CHANGES IN FUND BALANCES						
	(15,816)	(693,216)	(202,449)	(911,481)	911,481	
CHANGES IN NET POSITION						
					(641,637)	(641,637)
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	14,527	725,573	1,503,115	2,243,215	(210,473)	2,032,742
END OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ (1,289)	\$ 32,357	\$ 1,300,666	\$ 1,331,734	\$ 59,371	\$ 1,391,105

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

Palisade Park North Metropolitan District No. 2

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

For the Year Ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 863	\$ 863	\$ 831	\$ (32)
Specific ownership taxes	3,392	3,392	2,960	(432)
BURA District	66,981	66,981	66,897	(84)
Interest income	<u>100</u>	<u>100</u>	<u>4,767</u>	<u>4,667</u>
Total Revenues	<u>71,336</u>	<u>71,336</u>	<u>75,455</u>	<u>4,119</u>
EXPENDITURES				
Accounting and audit	40,000	45,000	42,544	2,456
Insurance	3,700	4,987	4,835	152
Legal	27,500	35,000	33,674	1,326
Miscellaneous	-	-	171	(171)
Banking fees	300	-	-	-
Treasurer fees	13	13	12	1
Transfer to other Districts	13,764	10,000	10,035	(35)
Contingency	<u>720</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>85,997</u>	<u>95,000</u>	<u>91,271</u>	<u>3,729</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,661)	(23,664)	(15,816)	7,848
OTHER FINANCING SOURCES				
Developer advance	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Total Other Financing Sources	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCE	339	(8,664)	(15,816)	(7,152)
FUND BALANCE:				
BEGINNING OF YEAR	<u>1,900</u>	<u>15,000</u>	<u>14,527</u>	<u>(473)</u>
END OF YEAR	<u>\$ 2,239</u>	<u>\$ 6,336</u>	<u>\$ (1,289)</u>	<u>\$ (7,625)</u>

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

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Basis of Presentation

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

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.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

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 District amended its annual budget for 2024.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, 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.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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 one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property Taxes

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

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

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 expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$2,200 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$32,357 is restricted for the payment of the debt service costs.

The restricted fund balance in the Capital Projects Fund in the amount of \$1,300,666 is restricted for the payment of the costs for capital improvements within the District.

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.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2024

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 funds can report negative amounts.

Net Position

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

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

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. The District does not have any investment in capital assets to report at December 31, 2024.

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.

Note 2: Cash and Investments

As of December 31, 2024, cash and investments is classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 681
Cash and investments - restricted	<u>114,372</u>
Total	<u>\$ 115,053</u>

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Cash and cash equivalents as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 85,247
Investments – CSafe	<u>29,806</u>
Total	<u>\$115,053</u>

Deposits

Custodial Credit Risk

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

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

Investments

Credit Risk

The District has elected to follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s 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.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2024

As of December 31, 2024, the District had the following investments:

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 operates 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, and any security allowed under CRS 24-75-601. 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 CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for 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.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2024 follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2024</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 8,758,815	\$ -	\$ -	\$ 8,758,815
Total capital assets not being depreciated:	<u>8,758,815</u>	<u>-</u>	<u>-</u>	<u>8,758,815</u>
Government type assets, net	<u>\$ 8,758,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,758,815</u>

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2024

Note 4: Long-Term Debt

The following is an analysis of changes in long-term debt for the period ending December 31, 2024:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Current Portion
<u>General Obligation Bonds:</u>					
Series 2018A Bonds	\$ 3,445,000	\$ -	\$ 3,445,000	\$ -	\$ -
Series 2018B Bonds	800,000	-	800,000	-	-
Series 2024 Bonds	-	4,955,000	75,000	4,880,000	45,000
Accrued interest Series 2018B	118,200	-	118,200	-	-
	<u>4,363,200</u>	<u>4,955,000</u>	<u>4,438,200</u>	<u>4,880,000</u>	<u>45,000</u>
<u>Other</u>					
Developer advances - principal - Capital	3,709,717	-	1,017,154	2,692,563	-
Developer advances - interest - Capital	602,498	291,534	-	894,032	-
Developer advances - principal -Operations	220,226	-	-	220,226	-
Developer advances - interest - Operations	57,499	17,666	-	75,165	-
	<u>4,589,940</u>	<u>309,200</u>	<u>1,017,154</u>	<u>3,881,986</u>	<u>-</u>
Premium- net	-	261,836	3,307	258,529	-
	<u>\$ 8,953,140</u>	<u>\$ 5,526,036</u>	<u>\$ 5,458,661</u>	<u>\$ 9,020,515</u>	<u>\$ 45,000</u>

\$4,955,000.00 General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement and Refunding Bonds, Series 2024

On August 27, 2024, the District issued its \$4,955,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement and Refunding Bonds, Series 2024 (Series 2024 Bonds) for the purpose of: (i) refunding the Series 2018A Bonds and Series 2018B Bonds (discussed under Note 4); (ii) reimbursing a portion of the costs of certain public infrastructure; (iii) purchasing a reserve policy to fund the reserve fund of the Series 2024 Bonds; (iv) purchasing a municipal bond insurance policy to secure debt service payments on the Series 2024 Bonds; and (v) paying the costs of issuing the Series 2024 Bonds. The Series 2024 Bonds are term bonds that bear interest at a rate ranging from 4.000% to 5.250% with a final maturity of December 1, 2054. The Series 2024 Bonds maturing in 2034 are subject to a mandatory sinking fund redemption commencing on December 1, 2024, and are subject to optional redemption prior to maturity, commencing on September 1, 2034, upon payment of par, accrued interest, with no redemption premium.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

The Series 2024 Bonds are secured by: (a) the Required Mill Levy, including any District TIF (as defined in the Series 2024 Bonds Indenture) produced 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 the imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. Prior to the Conversion Date, the Series 2024 Bonds are also secured by the debt service reserve insurance policy, and the Surplus Fund.

Events of Default. The Series 2024 Bonds Indenture provides that the occurrence of any one or more of the following events or the existence of any one or more of the following conditions are to constitute an Event of Default under the Series 2024 Bonds Indenture (whatever the reason for such event or condition and whether it is to 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 is to be no default or Event of Default thereunder except as provided in the Series 2024 Bonds Indenture:

- (a) Before the Unlimited Tax Receipt Date, the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Series 2024 Bonds Indenture;
- (b) On and after the Unlimited Tax Receipt Date, the District fails to pay the principal of, premium if any, or interest on the Series 2024 Bonds Indenture when due;
- (c) The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Series 2024 Bonds Indenture or the Bond Resolution, other than as described in paragraphs (a) or (b) above, and fails to remedy the same after notice thereof pursuant to the Series 2024 Bonds Indenture; or
- (d) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2024 Bonds.

\$3,490,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2018A and \$800,000 Subordinate General Obligation Limited Tax Bonds, Series 2018B

On April 11, 2018, the District issued \$3,490,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2018A (Series 2018A Bonds) and \$800,000 of Subordinate General Obligation Limited Tax Bonds, Series 2018B (Series 2018B Bonds and collectively with the Series 2018A Bonds, the Bonds) for the purpose of funding and reimbursing a portion of the costs of certain public infrastructure, paying the costs of issuance of the Bonds, and, with respect to the Series 2018A Bonds only, funding the Senior Reserve Fund and funding a portion of interest to accrue on the Series 2018A Bonds. The Series 2018A Bonds and the Series 2018B Bonds were issued pursuant to two separate indentures of trust (respectively the Series 2018A Indenture and the Series 2018B Indenture).

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2024

The Series 2018A Bonds bore interest at the rate of 5.625%, payable semiannually on each June 1 and December 1, commencing on June 1, 2018. The Series 2018B Bonds bore interest at the rate of 7.875%, payable annually on December 15, commencing on December 15, 2018, to the extent that Subordinate Pledged Revenue is available. The Series 2018A Bonds were to mature on December 1, 2047 and the Series 2018B Bonds were to mature on December 15, 2047.

The Series 2018A Bonds were subject to a mandatory sinking fund redemption commencing on December 1, 2022, and were subject to optional redemption prior to maturity, commencing on December 1, 2023, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The Series 2018B Bonds were subject to a mandatory sinking fund redemption from Subordinate Pledged Revenue, if any, on deposit in the Subordinate Bond Fund, and were subject to optional redemption prior to maturity, commencing on December 15, 2023, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

On August 27, 2024 the Series 2018A Bonds and the Series 2018B Bonds were repaid in full with the issuance of the Series 2024 Bonds.

Bond Maturity

Following is a schedule for the Series 2024 Bonds.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 45,000	\$ 243,700	\$ 288,700
2026	55,000	241,900	296,900
2027	55,000	239,700	294,700
2028	60,000	237,500	297,500
2029	65,000	235,100	300,100
2030-2034	425,000	1,131,100	1,556,100
2035-2039	605,000	1,021,750	1,626,750
2040-2044	870,000	845,500	1,715,500
2045-2049	1,175,000	591,675	1,766,675
2050-2054	1,525,000	248,063	1,773,063
	<u>\$4,880,000</u>	<u>\$5,035,988</u>	<u>\$9,915,988</u>

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Debt Authorization

The limit on the District's ability to issue Debt, exclusive of refundings, is set forth in its Service Plan as \$5,000,000 (the "Service Plan Debt Issuance Limit"). The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it was not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). With that understanding, as of December 31, 2024, the District had remaining voted debt authorization in the amount of \$724,650,125 for public improvements, \$73,000,000 for operation and maintenance debt, \$73,000,000 for refunding debt, and \$73,000,000 for intergovernmental agreements as debt. However, in no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit.

Note 4: Related Parties

All of the Board of Directors are employees, owners, 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.

Note 5: Agreements

Facilities Funding and Acquisition Agreement

On April 6, 2018, with an effective date of September 13, 2016, 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 September 13, 2016 (FFAA) whereby Kevamra agreed to make advances as needed for the fiscal years 2018 through 2021 in an amount not to exceed \$5,000,000 to the District for the purpose of funding the construction of public improvements. The District agreed to repay these advances, as well as organizational expenses incurred by Kevamra, together with accrued 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 debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. On October 1, 2024, the District and Kevamra entered into the Second Amendment to Facilities Funding and Acquisition Agreement whereby the parties agreed that the District would reimburse Kevamra in the amount of \$1,017,154.16 of proceeds from the Series 2024 Bonds and such amount would be applied to outstanding principal, rather than outstanding interest, due under the FFAA. The FFAA expires on December 31, 2048. The total outstanding balance as of December 31, 2024 is \$2,692,563 in principal and \$894,032 in interest.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Operation Funding Agreement

On November 3, 2016, the District entered into an Operation Funding Agreement with Kevamra, as amended by that certain First Amendment dated November 16, 2017, that certain Second Amendment dated October 28, 2021, that certain Third Amendment dated December 1, 2022, and that certain Fourth Amendment dated November 30, 2023 (collectively, the OFA) whereby Kevamra agreed to advance funds to the District for certain operation and maintenance expenses as needed for fiscal years 2016 through 2023 up to an aggregate amount of \$230,000. 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 bank account or from the direct payment by Kevamra. The District's repayment of the advances under the OFA does not constitute a debt and is subject to annual appropriation by the District. Kevamra's obligation to advance funds expires on March 31, 2024. The District's obligation to repay advances expires on December 31, 2053. The total outstanding balance as of December 31, 2024 is \$220,226 in principal and \$75,165 in interest.

Reimbursement Agreement

On October 23, 2007, Seven25 Metropolitan District n/k/a Palisade Park North Metropolitan District No. 1 (District No. 1) and Broomfield 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 the District and Palisade Park North Metropolitan District No. 3 (District No. 3) as parties to the Reimbursement Agreement, to update the properties subject to the Reimbursement Agreement and to update the Public Improvements eligible for reimbursement by Broomfield pursuant to the Reimbursement Agreement. Pursuant to the Reimbursement Agreement, each District is responsible for designing, financing, constructing, owning, and maintaining certain Public Improvements until conveyance or dedication of such Public Improvements to Broomfield. Broomfield is required to design and construct to the edge of the Property and operate, at no cost to each District or any owners of property within such development, water and wastewater facilities in the capacity required to serve the Property at full build-out. The Reimbursement Agreement also provides that each District is to indemnify Broomfield, to the extent allowed by law, for all claims or suits for damages to property and injuries to persons arising from any of the Districts' 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 Districts associated with the construction of such Public Improvements up to the Maximum Gross Reimbursement Obligation (as defined in the Reimbursement Agreement).

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Cooperation Agreement

On October 23, 2007, District No. 1 and the Broomfield Urban Renewal Authority (BURA) entered into a Cooperation Agreement (the Cooperation Agreement). On November 16, 2017, the parties entered into a First Amendment to the Cooperation Agreement to include the District and District No. 3 as parties to the Cooperation Agreement, to update the properties subject to the Cooperation Agreement and to update the public improvements subject to the Cooperation Agreement. Pursuant to the Cooperation Agreement, as amended, BURA agreed to deposit certain property tax increment revenues received as a result of the imposition of each Districts' debt service mill levy and each Districts' operations and maintenance mill levy (collectively, the District Property TIF) into special funds to be used, in part, by each respective District to pay for debt service on bonds issued to pay for public improvements, including the District's Series 2024 Bonds.

Facilities Fee Resolution

On April 2, 2018, the District adopted Resolution No. 2018-04-02; Facilities Fee Resolution as recorded with the Broomfield Clerk and Recorder on April 2, 2018 (Fee Resolution). Pursuant to the Fee Resolution, the District is authorized to impose a "Facilities Fee" in the amount of \$1,000 per single-family residential unit within the District. The Facilities Fee is due and payable on or before the date of issuance of a building permit. A written request may be made to the District for a deferral of the payment to an alternative date. Any request will be considered on a case-by-case basis by the District. While any general obligation indebtedness of the District is outstanding to which the revenue from the Facility Fees are Pledged, the District agrees to not alter, defer, or reduce the amount of the Facilities Fee, other than the possible deferral of payment to an alternative date as previously described in this paragraph.

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 Park North Metropolitan District Nos. 1 and 3, Palisade Metropolitan District Nos. 1 and 2, and Palisade Park West Metropolitan District (collectively, the District, Palisade Park North Metropolitan District Nos. 1 and 3, Palisade Metropolitan District Nos. 1 and 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

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

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.

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 District No. 3 in accordance with the Restated Park Cost Sharing IGA. District No. 3 agrees to advance such funds to Palisade Metropolitan District No. 2 to the extent it has funds available, and any such advance will be reconciled between the Palisade Districts in accordance with the Restated Park Cost Sharing IGA. As of December 31, 2024, the amount due to Palisade Metropolitan District No. 2 pursuant to the Restated Park Cost Sharing IGA was \$171,220.

Cost Sharing and Reimbursement Agreement

On December 20, 2021, the District, Palisade Park North Metropolitan District Nos. 1 and 3, and Palisade Park West Metropolitan District (collectively, referred to herein as the Districts) entered into a Cost Sharing and Reimbursement Agreement (Cost Sharing Agreement) effective in 2020. 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 District as determined therein; (iii) acknowledges and sets forth the terms by which the Development Area Improvements have been or will be constructed, financed and/or acquired; and (iv) evidences the agreement of the Districts to reconcile, finance and, where appropriate, provide reimbursement for the costs associated with Development Area Shared Improvements in accordance with the terms of the Cost Sharing Agreement. At the end of 2024, the amount due was \$1,388,835.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2024

Intergovernmental Agreement for Operations Cost Sharing

On March 31, 2022, the Districts entered into the Intergovernmental Agreement for Operations Cost Sharing (Operations Cost Sharing Agreement). The Operations Cost Sharing Agreement: (i) identifies the District Maintained Improvements (as defined in the Operations Cost Sharing Agreement, and generally meaning those certain public improvements owned and operated, currently or in the future, by one of the Districts and providing benefit to all of the Districts); (ii) identifies the Operations Services (as defined in the Operations Cost Sharing Agreement, and generally meaning the services needed to ensure adequate and appropriate maintenance of the District Maintained Improvements); (iii) evidences the agreement of District No. 3 to provide the Operations Services relative to the District Maintained Improvements in accordance with the Operations Cost Sharing Agreement; (iv) identifies and approves the method of allocation of the costs for the Operations Services between the Districts; and (v) evidences the agreement of the District, District No. 1, and Palisade Park West Metropolitan District to reimburse District No. 3 for the costs of the Operations Services in accordance with the agreed upon allocation.

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.

On May 3, 2016, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

PALISADE PARK NORTH METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2024

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.

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: 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 government activities are not financial resources and, therefore are not reported in the funds; and
- 2) deferred cost on refunding is not financial resources and, therefore are not reported in the funds; and,
- 3) 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 capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) 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; 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

Palisade Park North Metropolitan District No. 2

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

For the Year Ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 4,318	\$ 4,318	\$ 4,158	\$ (160)
Specific ownership taxes	16,962	16,962	14,800	(2,162)
BURA District	334,923	334,923	334,502	(421)
Interest income	<u>32,000</u>	<u>32,000</u>	<u>26,838</u>	<u>(5,162)</u>
Total Revenues	<u>388,203</u>	<u>388,203</u>	<u>395,764</u>	<u>7,561</u>
EXPENDITURES				
Bond principal	45,000	4,335,000	4,320,000	15,000
Bond interest	379,486	464,747	373,247	91,500
Paying agent fees	6,000	6,000	6,000	-
Premium on bond refunding	-	-	127,350	(127,350)
Treasurer fees	65	65	64	1
Banking fees	300	300	-	300
Contingency	<u>-</u>	<u>760,639</u>	<u>-</u>	<u>760,639</u>
Total Expenditures	<u>430,851</u>	<u>5,566,751</u>	<u>4,826,661</u>	<u>740,090</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(42,648)	(5,178,548)	(4,430,897)	747,651
OTHER FINANCING SOURCES (USES)				
Transfer to/from other funds	<u>-</u>	<u>4,452,975</u>	<u>3,737,681</u>	<u>(715,294)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,452,975</u>	<u>3,737,681</u>	<u>(715,294)</u>
NET CHANGE IN FUND BALANCE				
	(42,648)	(725,573)	(693,216)	32,357
FUND BALANCE:				
BEGINNING OF YEAR	<u>687,211</u>	<u>725,573</u>	<u>725,573</u>	<u>-</u>
END OF YEAR	<u>\$ 644,563</u>	<u>\$ -</u>	<u>\$ 32,357</u>	<u>\$ 32,357</u>

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

Palisade Park North Metropolitan District No. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Intergovernmental revenue	\$ 503,185	\$ 503,185	\$ 10,936	\$ (492,249)
Interest income	<u>5,000</u>	<u>5,000</u>	<u>2,851</u>	<u>(2,149)</u>
Total Revenues	<u>508,185</u>	<u>508,185</u>	<u>13,787</u>	<u>(494,398)</u>
EXPENDITURES				
Intergovernmental expenditures	740,000	740,000	-	740,000
Cost of issuance	-	520,000	454,251	65,749
Capital outlay	-	764,100	-	764,100
Contingency	-	917,672	-	917,672
Repay developer principal	-	-	1,017,154	(1,017,154)
Transfer to other Districts	<u>-</u>	<u>-</u>	<u>223,986</u>	<u>(223,986)</u>
Total Expenditures	<u>740,000</u>	<u>2,941,772</u>	<u>1,695,391</u>	<u>1,246,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(231,815)	(2,433,587)	(1,681,604)	751,983
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	5,178,548	4,955,000	(223,548)
Premium on bonds	-	-	261,836	261,836
Transfer to/from other funds	<u>-</u>	<u>(4,452,975)</u>	<u>(3,737,681)</u>	<u>715,294</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>725,573</u>	<u>1,479,155</u>	<u>753,582</u>
NET CHANGE IN FUND BALANCE	(231,815)	(1,708,014)	(202,449)	1,505,565
FUND BALANCE:				
BEGINNING OF YEAR	<u>231,815</u>	<u>1,708,014</u>	<u>1,503,115</u>	<u>(204,899)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,666</u>	<u>\$ 1,300,666</u>

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