

PALISADE PARK WEST METROPOLITAN DISTRICT

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 West Metropolitan District  
Broomfield County, CO

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Palisade Park West Metropolitan District (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 West Metropolitan District 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, flowing style and is positioned above a horizontal line.

Flynn CPA, LLC

Castle Pines, CO  
September 15, 2025

**Palisade Park West Metropolitan District**

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
<b>ASSETS</b>						
Cash and investments	\$ 41,506	\$ -	\$ -	\$ 41,506	\$ -	\$ 41,506
Cash and investments - restricted	2,200	153,082	397,202	552,484	-	552,484
Taxes due from County	451	2,254	-	2,705	-	2,705
Prepaid expenses	5,167	-	-	5,167	-	5,167
Property taxes receivable	1,501	7,503	-	9,004	-	9,004
Due from other districts	-	-	1,755,821	1,755,821	-	1,755,821
Prepaid bond insurance	-	-	-	-	76,411	76,411
Capital assets, net of accumulated depreciation	-	-	-	-	22,467,462	22,467,462
<b>Total Assets</b>	<u>50,825</u>	<u>162,839</u>	<u>2,153,023</u>	<u>2,366,687</u>	<u>22,543,873</u>	<u>24,910,560</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Cost of bond refunding	-	-	-	-	241,536	241,536
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,536</u>	<u>241,536</u>
<b>Total Assets and Deferred Outflows     of Resources</b>	<u>\$ 50,825</u>	<u>\$ 162,839</u>	<u>\$ 2,153,023</u>	<u>\$ 2,366,687</u>	<u>22,785,409</u>	<u>25,152,096</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 6,651	\$ -	\$ 63,022	\$ 69,673	-	69,673
Due to other Districts	16,384	-	1,167,128	1,183,512	-	1,183,512
Accrued interest on bonds	-	-	-	-	200,056	200,056
Long-term liabilities:						
Due within one year	-	-	-	-	105,000	105,000
Due in more than one year	-	-	-	-	21,576,773	21,576,773
<b>Total Liabilities</b>	<u>23,035</u>	<u>-</u>	<u>1,230,150</u>	<u>1,253,185</u>	<u>21,881,829</u>	<u>23,135,014</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property taxes	1,501	7,503	-	9,004	-	9,004
<b>Total Deferred Inflows of Resources</b>	<u>1,501</u>	<u>7,503</u>	<u>-</u>	<u>9,004</u>	<u>-</u>	<u>9,004</u>
<b>FUND BALANCES/NET POSITION</b>						
Fund balances:						
Nonspendable:						
Prepays	5,167	-	-	5,167	(5,167)	-
Restricted:						
Emergencies	2,200	-	-	2,200	(2,200)	-
Debt service	-	155,336	-	155,336	(155,336)	-
Capital	-	-	922,873	922,873	(922,873)	-
Unassigned	18,922	-	-	18,922	(18,922)	-
<b>Total Fund Balances</b>	<u>26,289</u>	<u>155,336</u>	<u>922,873</u>	<u>1,104,498</u>	<u>(1,104,498)</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 50,825</u>	<u>\$ 162,839</u>	<u>\$ 2,153,023</u>	<u>\$ 2,366,687</u>		
Net Position:						
Restricted for:						
Emergencies					2,200	2,200
Debt service					155,336	155,336
Capital projects					922,873	922,873
Unrestricted					927,669	927,669
<b>Total Net Position (Deficit)</b>					<u>\$ 2,008,078</u>	<u>\$ 2,008,078</u>

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

**Palisade Park West Metropolitan District**

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>
<b>EXPENDITURES</b>						
<u>Operating:</u>						
Accounting and audit	\$ 43,543	\$ -	\$ -	\$ 43,543	\$ -	\$ 43,543
Insurance	5,526	-	-	5,526	-	5,526
Legal	29,212	-	-	29,212	-	29,212
Miscellaneous	96	-	-	96	-	96
Capital outlay	-	-	372,959	372,959	(372,959)	-
Bond insurance	-	-	-	-	1,014	1,014
Intergovernmental expenditures	-	-	845,296	845,296	-	845,296
Treasurer fees	15	76	-	91	-	91
Bond principal	-	8,158,000	-	8,158,000	(8,158,000)	-
Bond interest	-	496,209	-	496,209	166,544	662,753
Paying agent fees	-	7,000	-	7,000	-	7,000
Premium on bond refunding	-	244,740	-	244,740	(244,740)	-
Cost of issuance	-	-	499,141	499,141	(77,425)	421,716
Repay developer principal	-	-	11,118,699	11,118,699	(11,118,699)	-
Transfer to other Districts	33,318	-	-	33,318	-	33,318
Interest on developer advances	-	-	-	-	688,039	688,039
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	111,710	8,906,025	12,836,095	21,853,830	(19,116,226)	2,737,604
<b>GENERAL REVENUES</b>						
Property taxes	897	4,471	-	5,368	-	5,368
Specific ownership taxes	5,385	26,923	-	32,308	-	32,308
Use tax revenue	-	297	-	297	-	297
BURA District	124,242	621,234	-	745,476	-	745,476
Interest income	8,521	57,035	1,725	67,281	-	67,281
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Revenues	139,045	709,960	1,725	850,730	-	850,730
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	27,335	(8,196,065)	(12,834,370)	(21,003,100)	19,116,226	(1,886,874)
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	-	-	18,670,000	18,670,000	(18,670,000)	-
Premium on bonds	-	-	204,699	204,699	(204,699)	-
Transfer to/from other funds	-	6,927,147	(6,927,147)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	6,927,147	11,947,552	18,874,699	(18,874,699)	-
<b>NET CHANGES IN FUND BALANCES</b>						
	27,335	(1,268,918)	(886,818)	(2,128,401)	2,128,401	
<b>CHANGES IN NET POSITION</b>						
					(1,886,874)	(1,886,874)
<b>FUND BALANCES/NET POSITION</b>						
BEGINNING OF YEAR	<hr/> (1,046)	<hr/> 1,424,254	<hr/> 1,809,691	<hr/> 3,232,899	<hr/> 662,053	<hr/> 3,894,952
END OF YEAR	<hr/> \$ 26,289	<hr/> \$ 155,336	<hr/> \$ 922,873	<hr/> \$ 1,104,498	<hr/> \$ 903,580	<hr/> \$ 2,008,078

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

**Palisade Park West Metropolitan District**

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

For the Year Ended December 31, 2024

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 1,593	\$ 897	\$ (696)
Specific ownership taxes	6,259	5,385	(874)
BURA District	123,591	124,242	651
Interest income	<u>350</u>	<u>8,521</u>	<u>8,171</u>
Total Revenues	<u>131,793</u>	<u>139,045</u>	<u>7,252</u>
<b>EXPENDITURES</b>			
Accounting and audit	45,000	43,543	1,457
Insurance	4,700	5,526	(826)
Election	1,075	-	1,075
Legal	30,000	29,212	788
Miscellaneous	-	96	(96)
Banking fees	500	-	500
Treasurer fees	24	15	9
Transfer from other Districts	45,700	33,318	12,382
Contingency	<u>3,001</u>	<u>-</u>	<u>3,001</u>
Total Expenditures	<u>130,000</u>	<u>111,710</u>	<u>18,290</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,793	27,335	25,542
<b>FUND BALANCE:</b>			
BEGINNING OF YEAR	<u>2,715</u>	<u>(1,046)</u>	<u>(3,761)</u>
END OF YEAR	<u>\$ 4,508</u>	<u>\$ 26,289</u>	<u>\$ 21,781</u>

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

# PALISADE PARK WEST METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

Note 1: Summary of Significant Accounting Policies

The accounting policies of Palisade Park West Metropolitan District (the District), located in the City and County of Broomfield, 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, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the City and County of Broomfield District Court on January 24, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City and County of Broomfield, Colorado (Broomfield). The District’s service area is located in Broomfield. The District was organized to provide for the design, acquisition, construction, installation, financing, and operation and maintenance of certain water, sanitation, street, safety protection, park and recreation, transportation, television relay and translator, mosquito control, and limited fire protection improvements and services, within and without the boundaries of the District. The District is managed by an elected Board of Directors.

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

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

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

# PALISADE PARK WEST METROPOLITAN DISTRICT

## 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 WEST METROPOLITAN DISTRICT

## 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.

During 2024, the District amended its total appropriation in the Debt Service Fund and the Capital Projects Fund.

### 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 WEST METROPOLITAN DISTRICT

### 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. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 WEST METROPOLITAN DISTRICT

### 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 \$155,336 is restricted for the payment of the debt service costs.

The restricted fund balance in the Capital Projects Fund in the amount of \$922,873 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 WEST METROPOLITAN DISTRICT

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

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.

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	\$ 41,506
Cash and investments - restricted	<u>552,484</u>
Total	<u>\$ 593,990</u>

PALISADE PARK WEST METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

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

Deposits with financial institutions	\$ 112,780
Investments - MSILF Treasury	475,067
Investments - CSAFE	<u>6,143</u>
Total	<u>\$593,990</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.

None of the District’s deposits are subject to custodial or concentration of 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 WEST METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

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

#### Morgan Stanley Treasury Portfolio

The District's funds that were included in the trust accounts at UMB Bank were invested in the Morgan Stanley Treasury Portfolio ("Portfolio"). This Portfolio is a money market fund and each share is equal in value to \$1.00. All investments within the Portfolio are recorded at fair value and the District records its investment in the Portfolio at NAV. The Portfolio is AAAM rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The maturity of the underlying securities is 15 days or less. As of December 31, 2024, the District has \$475,067 invested in the fund.

#### CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAF CASH FUND and CSAF CORE. CSAF CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAF may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S. CSAF CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAF CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAF's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAF's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAF. CSAF CASH FUND is rated AAAMmf and CSAF CORE is rated AA Af/S1 by Fitch Ratings. CSAF records its investments at amortized cost and the District records its investments in CSAF using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. At December 31, 2024 the District had \$6,143 invested in CSAF

PALISADE PARK WEST METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Note 3: Capital Assets

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

Governmental Type Activities:	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 22,094,503	\$ 372,959	\$ -	\$ 22,467,462
Total capital assets not being depreciated:	22,094,503	372,959	-	22,467,462
Government type assets, net	<u>\$ 22,094,503</u>	<u>\$ 372,959</u>	<u>\$ -</u>	<u>\$ 22,467,462</u>

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
<b><u>General Obligation Bonds:</u></b>					
Series 2019A Bonds	\$ 7,385,000	\$ -	\$ 7,385,000	\$ -	\$ -
Series 2019B Bonds	773,000	-	773,000	-	-
Series 2019B Bonds Accrued interest	2,496	-	2,496	-	-
Series 2024A Bonds	-	11,125,000	-	11,125,000	105,000
Series 2024B Bonds	-	2,007,000	-	2,007,000	-
Series 2024C Bonds	-	5,538,000	-	5,538,000	-
	<u>8,160,496</u>	<u>18,670,000</u>	<u>8,160,496</u>	<u>18,670,000</u>	<u>105,000</u>
<b><u>Other</u></b>					
Developer advances - principal - Capital	11,164,225	-	11,118,699	45,526	-
Developer advances - interest - Capital	1,838,376	672,331	-	2,510,707	-
Developer advances - principal -Debt Service	7,000	-	-	7,000	-
Developer advances - interest - Debt Service	1,852	562	-	2,414	-
Developer advances - principal -Operations	188,809	-	-	188,809	-
Developer advances - interest - Operations	40,152	15,146	-	55,298	-
	<u>13,240,414</u>	<u>688,039</u>	<u>11,118,699</u>	<u>2,809,754</u>	<u>-</u>
Premium- net	<u>-</u>	<u>204,699</u>	<u>2,680</u>	<u>202,019</u>	<u>-</u>
	<u>\$ 21,400,910</u>	<u>\$ 19,562,738</u>	<u>\$ 19,281,875</u>	<u>\$ 21,681,773</u>	<u>\$ 105,000</u>

PALISADE PARK WEST METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

\$7,385,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A

On June 11, 2019, the District issued General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2019A in the amount of \$7,385,000 (the Senior Bonds) maturing December 1, 2049. The Senior Bonds bore interest at the rate of 5.125% per annum and were payable semi-annually on June 1 and December 1, beginning on December 1, 2019. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Senior Bonds were also subject to redemption prior to maturity at the option of the District beginning June 1, 2024, and any date thereafter, upon payment of par, accrued interest and a redemption premium that ranges between 0% and 3%. The Senior Bonds were limited tax (convertible to unlimited tax) general obligations of the District secured by and payable from and to the extent of the Pledged Revenue. The proceeds from the sale of the Senior Bonds were used for the purposes of: (a) paying or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to the development; (b) funding a portion of the interest to accrue on the Senior Bonds; (c) funding the Reserve Fund; and (d) paying costs incurred in connection with the issuance of the Senior Bonds and the Subordinate Bonds (defined below). The Senior Bonds were secured by amounts on deposit in the Reserve Fund to be funded up to the amount of \$588,281 (the Reserve Requirement). The Senior Bonds were also secured by amounts, if any, accumulated in the Surplus Fund. Available Pledged Revenue, if any, is to be accumulated in the Surplus Fund, prior to the Conversion Date, in accordance with the Senior Indenture, up to the Maximum Surplus Amount of \$738,500.

Pledged Revenue consisted of the following, net of any costs of collection: (a) the Property Tax Revenues (which generally means the ad valorem property taxes derived from the imposition of the Required Mill Levy, including any District Property TIF received by BURA and remitted to the District pursuant to the Cooperation Agreement (discussed below)); (b) the portion of the Specific Ownership Tax which was collected as a result of the imposition of the Required Mill Levy; (c) the Capital Fees (which include the facilities fee described herein); and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Pursuant to the Senior Indenture, prior to the Conversion Date, the District has covenanted to levy an ad valorem mill levy upon all taxable property of the District each year in an amount sufficient to fund the Senior Bond Fund for the relevant Senior Bond Year and pay the Senior Bonds as they come due and, if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Reserve Requirement, but (i) not in excess of 50.000 mills (subject to adjustment), and (ii) for so long as the Surplus Fund is required to be maintained under the Senior Indenture and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 50.000 mills (subject to adjustment), or such lesser mill levy which will fund the Senior Bond Fund for the relevant Senior Bond Year and pay the Senior Bonds as they come due, will replenish the Reserve Fund to the amount of the Reserve Requirement and, for so long as the Surplus Fund is required to be maintained under the Senior Indenture, will fund the Surplus Fund to the Maximum Surplus Amount (generally, the Required Mill Levy).

## PALISADE PARK WEST METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

On and after the Conversion Date, the Required Mill Levy was a levy sufficient to pay the principal of, premium if any, and interest on the Senior Bonds as the same become due and payable and, if necessary, to replenish the Reserve fund to the Reserve Requirement, without limitation of rate and in amounts sufficient to make such payments and replenishments when due. The Conversion Date is defined in the Senior Indenture to mean the date on which the (a) Senior Debt to Assessed Ratio is at or below 50%; (b) no amounts of principal or interest on the Senior Bonds are due but unpaid; and (c) the amount of the Reserve Fund is not less than the Reserve Requirement.

The Series 2019A Bonds were refunded by the issuance of the District's Series 2024A Bonds, discussed below.

#### \$1,042,000 Subordinate Limited Tax General Obligation Bonds, Series 2019B

On June 11, 2019, the District issued Subordinate Limited Tax General Obligation Bonds, Series 2019B in the amount of \$1,042,000 (the Subordinate Bonds) maturing December 15, 2049. The Subordinate Bonds bore interest at the rate of 7.75% per annum and were payable annually on December 15, beginning on December 15, 2019. The Subordinate Bonds were structured as cash flow bonds, meaning there were no scheduled payment of principal prior to the final maturity date. The Subordinate Bonds are subject to mandatory 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 June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and redemption premium that ranges between 0% and 3%. The Subordinate Bonds were limited tax general obligations of the District secured by and payable from and to the extent of the Subordinate Pledged Revenue. The proceeds from the sale of the Subordinate Bonds were used for the purpose of paying or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development.

Subordinate Pledged Revenue consisted of the following, net of any costs of collection: (a) the Subordinate Property Tax Revenues (which generally means the ad valorem property taxes derived from the imposition of the Subordinate Required Mill Levy, including any District Property TIF received by BURA and remitted to the District pursuant to the Cooperation Agreement (discussed below)); (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; (c) the Subordinate Capital Fee Revenue (which includes facilities fees remaining after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of the Senior Bonds); (d) the amounts, if any, in the Surplus Fund after the termination of such fund pursuant to the Senior Indenture; and (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

## PALISADE PARK WEST METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

Pursuant to the Subordinate Indenture, the District had covenanted to levy an ad valorem mill levy upon all taxable property of the District each year in the amount of 50.000 mills less the amount of the Senior Bond Mill Levy (subject to adjustment), or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of, premium, if any, and interest on the Subordinate Bonds in full. No long-term obligations are included for the Subordinate Bonds as payments are made solely on available cash flow.

The Series 2019B Bonds were refunded by the issuance of the District's Series 2024A Bonds, discussed below.

\$11,125,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement and Refunding Bonds, Series 2024A (Series 2024A Bonds), \$2,007,000 Subordinate General Obligation Limited Tax Bonds, Series 2024B (Series 2024B Bonds); and \$5,538,000 Second Subordinate General Obligation Limited Tax Bonds, Series 2024C (Series 2024C Bonds)

On August 29, 2024, the District issued its \$11,125,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement and Refunding Bonds, Series 2024A (Series 2024A Bonds), (ii) its \$2,007,000 Subordinate General Obligation Limited Tax Bonds, Series 2024B (Series 2024B Bonds); and (iii) its \$5,538,000 Second Subordinate General Obligation Limited Tax Bonds, Series 2024C (Series 2024C Bonds). Proceeds from the Series 2024A Bonds, Series 2024B Bonds, and Series 2024C Bonds will be used for the purpose of reimbursing a portion of the costs of certain public infrastructure. Proceeds for the Series 2024A Bonds were also be used for the purpose of refunding the Senior Bonds and the Subordinate Bonds, purchasing a reserve policy to fund the reserve fund of the Series 2024A Bonds, purchasing a municipal bond insurance policy to secure debt service payments on the Series 2024A Bonds, and paying the costs of issuing the Series 2024A Bonds, Series 2024B Bonds, and Series 2024C Bonds. The Series 2024A Bonds bear interest at a rate ranging between 4.250% and 5.000% and have a final maturity of December 1, 2054. The Series 2024B Bonds bear interest at a rate of 7.000% and mature on December 15, 2054. The Series 2024C Bonds bear interest at a rate of 5.900% and mature on December 15, 2063. In the event that any amount of principal or interest on the Series 2024B Bonds or the Series 2024C Bonds, respectively, remains unpaid as of December 16, 2064, such Series 2024B Bonds and Series 2024C Bonds, respectively, will be deemed paid and no longer outstanding.

The Series 2024A Bonds are subject to mandatory sinking fund redemption prior to the maturity date on December 1 of each year, commencing on December 15, 2035. The Series 2024A Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2034, and on any date thereafter, upon payment of par, plus accrued interest.

The Series 2024A Bonds are secured by a reserve insurance policy funding the Reserve Fund in the initial amount of \$740,775, (the Reserve Requirement).

## PALISADE PARK WEST METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

Pledged Revenue consists of monies derived from the following, net of any costs of collection: (a) Required Mill Levy, including any District TIF received by BURA and remitted to the District pursuant to the Cooperation Agreement (discussed below)); (b) the portion of the Specific Ownership Tax which was 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.

Pursuant to the Series 2024A Indenture, prior to the Conversion Date, the District has covenants to levy an ad valorem mill levy upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Series 2024A Bonds as the same become due and payable, pay any Bond Insurer Reimbursement Amounts and fund the Reserve Fund up to the Required Reserve and pay any related policy costs, but not in excess of 50.000 mills (subject to adjustment) or such lesser mill levy which will fund the Bond Fund for the next Bond Year and pay the Series 2024A Bonds as they come due, pay any Bond Insurer Reimbursement Amounts, and fund the Reserve Fund up to the Required Reserve and pay any related policy costs.

On and after the Conversion Date, the Required Mill Levy is a levy sufficient to pay the principal of, premium if any, and interest on the Series 2024A Bonds as the same become due and payable, pay any Bond Insurer Reimbursement Amounts and fund the Reserve Fund to the Reserve Requirement, without limitation of rate and in amounts sufficient to make such payments and replenishments when due. The Conversion Date is defined in the Series 2024A Indenture to mean the date on which the (a) Senior Debt to Assessed Ratio is at or below 50%.

The Series 2024B Bonds are structured as cash flow bonds, meaning there are no scheduled payment of principal prior to the final maturity date. The Series 2024B Bonds are subject to mandatory redemption following each December 15, from, and to the extent of Subordinate Pledged Revenue, therefrom if any, on deposit in the Subordinate Bond Fund, and are subject to optional redemption prior to maturity, commencing on September 1, 2029, and on any date thereafter, upon payment of par, accrued interest and a redemption premium that ranges from 0% to 3%. The Series 2024B Bonds are limited tax general obligations of the District secured by and payable from and to the extent of the Subordinate Pledged Revenue.

Subordinate Pledged Revenue consisted of moneys derived from the following, net of any costs of collection: (a) Subordinate Required Mill Levy, including any Subordinate District TIF therefrom, as received by BURA and remitted to the District pursuant to the Cooperation Agreement (discussed below)); (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

PALISADE PARK WEST METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Pursuant to the Series 2024B Indenture, the District covenants to levy an ad valorem mill levy upon all taxable property of the District each year in the amount of 50.000 mills less the amount of the Senior Bond Mill Levy (subject to adjustment), or such lesser mill levy after deduction of the Senior Mill Levy, will fund the Subordinate Bond Fund for the next bond year in an amount sufficient to pay all of the principal of, premium, if any, and interest on the Subordinate Bonds in full. No long-term obligations are included for the Series 2024B Bonds as payments are made solely on available cash flow.

The Series 2024C Bonds are cash flow bonds, meaning that no regularly scheduled payments of principal are due prior to the maturity date of December 15, 2063. The Series 2024C Bonds are subject to mandatory redemptions following each December 15, from, and to the extent of, second subordinate Pledged Revenue therefor, if any, commencing on December 15, 2024. The Series 2024C Bonds are subject to redemption prior to maturity, at the option of the District, on any date upon payment of par and accrued interest. Notwithstanding, all of the Series 2024C Bonds and interest thereon will be deemed paid, satisfied and discharged on December 16, 2064 regardless of the amount of principal and interest paid prior to such date.

The Series 2024C Bonds are secured by the Second Subordinate Pledged Revenue consisting of the following, net of any costs of collection: (a) the Second Subordinate Required Mill Levy, including any Second Subordinate District TIF produced therefrom; (b) the portion of Specific Ownership Tax which is collected as a result of imposition of the Second Subordinate Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Second Subordinate Pledged Revenue.

The following is a summary of the annual long-term debt principal and interest requirements of the Series 2024A Bonds

	Principal	Interest	Total
2025	\$ 105,000	\$ 511,888	\$ 616,888
2026	120,000	506,638	626,638
2027	125,000	500,638	625,638
2028	145,000	494,388	639,388
2029	155,000	487,138	642,138
2030-2034	1,015,000	2,303,688	3,318,688
2035-2039	1,470,000	2,006,938	3,476,938
2040-2044	2,075,000	1,580,938	3,655,938
2045-2049	2,650,000	1,041,038	3,691,038
2050-2054	3,265,000	427,975	3,692,975
	<u>\$11,125,000</u>	<u>\$ 9,861,267</u>	<u>\$ 20,986,267</u>

# PALISADE PARK WEST METROPOLITAN DISTRICT

## Notes to Financial Statements December 31, 2024

Because of the uncertainty of the timing of payments for the Series 2024B Bonds and the Series 2024C Bonds, a summary of the long-term debt principal and interest requirements is not presented.

### Debt Authorization

The limit on the District's ability to issue Debt, exclusive of refundings, is set forth in its Service Plan as \$20,000,000 (the Service Plan Debt Issuance Limit). On November 6, 2018, the District electors voted to authorize debt issuance by power (such as water, sewer, or streets). As the actual costs of construction were not known it was not possible at the time of the election to allocate the Service Plan Debt Issuance Limit by power. Therefore, the Service Plan Debt Issuance Limit was voted in every power resulting in the District having voter authorization in excess of the Service Plan Limit. With that understanding, as of December 31, 2024, the District had remaining voted debt authorization in the amount of \$180,000,750 for public improvements, \$20,000,000 for refunding purposes, and \$20,000,000 for indebtedness represented by intergovernmental agreements. However, in no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit.

### Note 5: Related Parties

The Developer of the property which constitutes the District is Urban Frontier, LLC, acting on behalf of JPB Holdings, LLC (JPB). Certain members of the Board of Directors are officers of employees of or associated with the Developer and/or JPB and may have conflicts of interest in dealing with the District.

### Note 6: Agreements

#### Developer Operation Funding Agreement

On March 7, 2019, the District entered into an Operation Funding Agreement with JPB, as amended October 30, 2019, November 18, 2020, October 28, 2021, and December 1, 2022 (the OFA). The OFA sets forth the terms upon which JPB has agreed to advance funds necessary to fund the District's operations and maintenance expenses incurred for fiscal year 2019 through 2023, up to the aggregate amount of \$220,000. Simple interest will accrue on such advances from the date of deposit into the District's account or from the date of direct payment by JPB, until paid, at the rate of eight percent (8%) per annum. The District agrees to reimburse JPB for amounts advanced subject to annual appropriations. The obligation of the District to reimburse JPB expires on December 31, 2062. Any amounts of principal and interest not reimbursed on or before December 31, 2062, will be deemed to be forever discharged and satisfied in full. As of December 31, 2024, \$244,107 is outstanding under the OFA, with \$188,809 in principal and \$55,298 in accrued interest.

## PALISADE PARK WEST METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

#### Developer FFA Agreement

The District and JPB entered into a Facilities Funding and Acquisition Agreement, dated as of March 7, 2019, as amended by the First Amendment to Facilities Funding and Acquisition Agreement, dated June 30, 2022, with an effective date of March 7, 2019 (the FFA Agreement), setting forth the rights, obligations and procedures for the District's acquisition of public improvements from JPB and for the reimbursement by the District to JPB for costs related to organizational expenses and construction costs of the Public Improvements funded directly by JPB or advanced to the District for such purpose. JPB has agreed to make advances to the District on a periodic basis as needed for the fiscal years 2019 through 2023 in an amount up to \$15,000,000. Simple interest will accrue on the advances pursuant to the terms of the FFA Agreement at a rate of eight percent (8%) per annum. The District has agreed to repay JPB for the advances, together with interest. Further, the District has agreed to reimburse JPB, and/or to make direct payment to vendors on behalf of JPB, for the Verified Costs (as defined in the FFA Agreement). The FFA Agreement does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances. In the event the District has not reimbursed JPB for any amounts advanced under the FFA Agreement by December 31, 2062, any amount of principal and accrued interest outstanding on such date will be deemed to be forever discharged and satisfied in full. The District and JPB entered into a Second Amendment to the Facilities Funding and Acquisition Agreement, dated October 1, 2024, and effective August 29, 2024 (the Second Amendment), which amended the FFA Agreement to acknowledge that the Series 2024C Bonds resulted in a reimbursement to JPB in the amount of \$5,538,000 due under the FFA Agreement and that the District would further reimburse JPB in the amount of \$5,580,698.85 due under the FFA Agreement from proceeds from the Series 2024A Bonds and Series 2024B Bonds. In accordance with the Second Amendment, both reimbursements will be applied to outstanding principal, rather than outstanding interest, due under the FFA Agreement. As of December 31, 2024, there is an outstanding amount of \$2,556,233, with \$45,526 in principal and \$2,510,707 in interest under the FFA Agreement.

#### BURA Agreement

The District and Broomfield Urban Renewal Authority (BURA) entered into a Cooperation Agreement, dated as of May 21, 2019 pursuant to which BURA agreed to deposit all property tax increment revenues received by BURA as a result of the imposition of the District's debt service mill levy and the District's operations and maintenance mill levy (collectively, District Property TIF) into a special fund to be used, in part, by the District to pay for debt service on bonds issued to pay for public improvements, including the Senior Bonds and Subordinate Bonds. The obligation by BURA to deposit that portion of the District Property TIF produced by the District's debt service mill levy shall expire either after payment or defeasance in full of the Bonds or twenty-five (25) years after the end of the fiscal year in which the Plan was approved. The District Property TIF produced by the District's operations and maintenance mill levy obligation shall expire December 31, 2029.

## PALISADE PARK WEST METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

#### Facilities Fee Resolution

On March 7, 2019, the District adopted Facilities Fee Resolution No. 2019-03-10 (the Fee Resolution). Pursuant to the Fee Resolution, the District imposed a Facilities Fee of \$1,000 on each residential lot within the boundaries of the District. The Facilities Fee is due and payable for each residential lot on or before the date of issuance of a building permit for such residential lot. 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 Facility Fees are pledged, the District agrees to not alter, defer or reduce the amount of the Facilities Fees.

#### 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 (Kevamra), Palisade Park North Metropolitan District Nos. 1 through 3, and Palisade Metropolitan District Nos. 1 and 2 (collectively, the District, Palisade Park North Metropolitan District Nos. 1 through 3, and Palisade Metropolitan District Nos. 1 and 2, 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 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. In lieu of the Surety, the Supplemental Agreement provides that the respective Palisade District and Kevamra will provide Broomfield with a Project Application (as defined in the Supplemental Agreement) which includes the anticipated costs associated with the construction of the contemplated public improvements (Project Costs). The respective Palisade District must provide evidence of funds sufficient to pay the entirety of the Project Costs identified in the Project Application. The Supplemental Agreement further provides the process for the release of such funds for the payment of the Project Costs.

#### 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

## PALISADE PARK WEST METROPOLITAN DISTRICT

### Notes to Financial Statements December 31, 2024

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 Palisade Park Metropolitan District No. 3 in accordance with the Restated Park Costing Sharing IGA. Palisade Park Metropolitan 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.

#### Cost Sharing and Reimbursement Agreement

December 20, 2021, the District and Palisade Park North Metropolitan District Nos. 1 through 3 (collectively, referred to herein as the Districts) entered into the Cost Sharing and Reimbursement Agreement (Cost Sharing Agreement). The Cost Sharing Agreement: (i) identifies and approves the Development Area Improvements (as defined in the Cost Sharing Agreement, and generally meaning those certain public improvements of a regional nature that benefit all of the Districts as constructed or to be constructed by one or more of the Districts); (ii) approves the allocation of the costs of the Development Area Improvements between the Districts based on the benefit to each District as determined therein; (iii) acknowledges and sets for the terms by which the Development Area Improvements have been or will be constructed; financed, and or acquired, and (iv) evidences the agreement of the Districts to reconcile, finance and, where appropriate, provide reimbursement for the costs associated with Development Area Improvements in accordance with the terms of the Cost Sharing Agreement.

#### Intergovernmental Agreement for Operations Cost Sharing

On March 31, 2022, the District and Palisade Park North Metropolitan District Nos. 1-3 (collectively, referred to herein as the Districts) entered into the Intergovernmental Agreement for Operations Cost Sharing (Operations Cost Sharing Agreement). The Operations Cost Sharing Agreement: (i) identifies the District Maintained Improvements (as defined in the Operations Cost Sharing Agreement, and generally meaning those certain public improvements owned and operated, currently or in the future, by one of the Districts and providing benefit to all of the Districts); (ii) identifies the Operations Services (as defined in the Operations Cost Sharing Agreement, and generally meaning the services needed to ensure adequate and appropriate maintenance of the District Maintained Improvements); (iii) evidences the agreement of Palisade Park North Metropolitan 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 and Palisade Park North Metropolitan District Nos. 1 and 2 to reimburse Palisade Park North Metropolitan District No. 3 for the costs of the Operations Services in accordance with the agreed upon allocation.

PALISADE PARK WEST METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

Note 7: 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 November 6, 2018, 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.

Note 8: 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.

PALISADE PARK WEST METROPOLITAN DISTRICT

Notes to Financial Statements  
December 31, 2024

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 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;
- 3) governmental funds report bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

**Palisade Park West Metropolitan District**

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>
<b>REVENUES</b>				
Property taxes	\$ 7,966	\$ 7,966	\$ 4,471	\$ (3,495)
Specific ownership taxes	31,297	35,627	26,923	(8,704)
Use tax revenue	50,000	-	297	297
SEF Tax	12,000	-	-	-
BURA District	617,979	656,511	621,234	(35,277)
Interest income	62,145	50,000	57,035	7,035
Total Revenues	<u>781,387</u>	<u>750,104</u>	<u>709,960</u>	<u>(40,144)</u>
<b>EXPENDITURES</b>				
Bond principal	350,000	8,550,000	8,158,000	392,000
Bond interest	645,830	557,100	496,209	60,891
Paying agent fees	7,000	7,000	7,000	-
Premium on bond refunding	-	-	244,740	(244,740)
Treasurer fees	119	42	76	(34)
Banking fees	100	100	-	100
Total Expenditures	<u>1,003,049</u>	<u>9,114,242</u>	<u>8,906,025</u>	<u>208,217</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(221,662)	(8,364,138)	(8,196,065)	168,073
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to/from other funds	-	7,025,566	6,927,147	(98,419)
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,025,566</u>	<u>6,927,147</u>	<u>(98,419)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(221,662)	(1,338,572)	(1,268,918)	69,654
<b>FUND BALANCE:</b>				
BEGINNING OF YEAR	<u>1,548,443</u>	<u>1,511,960</u>	<u>1,424,254</u>	<u>(87,706)</u>
END OF YEAR	<u>\$ 1,326,781</u>	<u>\$ 173,388</u>	<u>\$ 155,336</u>	<u>\$ (18,052)</u>

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

**Palisade Park West Metropolitan District**

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>
<b>REVENUES</b>				
Intergovernmental revenue	\$ 2,457,000	\$ 1,000,000	\$ -	\$ (1,000,000)
Interest income	-	-	<u>1,725</u>	<u>1,725</u>
<b>Total Revenues</b>	<u>2,457,000</u>	<u>1,000,000</u>	<u>1,725</u>	<u>(998,275)</u>
<b>EXPENDITURES</b>				
Intergovernmental expenditures	2,457,000	1,200,000	845,296	354,704
Cost of issuance	-	500,000	499,141	859
Capital outlay	-	11,349,111	372,959	10,976,152
Contingency	-	365,191	-	365,191
Repay developer principal	-	-	<u>11,118,699</u>	<u>(11,118,699)</u>
<b>Total Expenditures</b>	<u>2,457,000</u>	<u>13,414,302</u>	<u>12,836,095</u>	<u>578,207</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	-	(12,414,302)	(12,834,370)	(420,068)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	20,000,000	18,670,000	(1,330,000)
Premium on bonds	-	-	204,699	204,699
Transfer to/from other funds	-	<u>(7,025,566)</u>	<u>(6,927,147)</u>	<u>98,419</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>12,974,434</u>	<u>11,947,552</u>	<u>(1,026,882)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	560,132	(886,818)	(1,446,950)
<b>FUND BALANCE:</b>				
BEGINNING OF YEAR	<u>-</u>	<u>(560,132)</u>	<u>1,809,691</u>	<u>2,369,823</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 922,873</u>	<u>\$ 922,873</u>

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