

**MARKET STATION METROPOLITAN
DISTRICT NO. 1
City and County of Denver, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

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Board of Directors
Market Station Metropolitan District No. 1
Denver County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Market Station Metropolitan District No. 1 (the “District”), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Market Station Metropolitan District No. 1 as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

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

Supplementary Information

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

Other Information

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

September 29, 2023

BASIC FINANCIAL STATEMENTS

MARKET STATION METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and Investments	\$ 46,994
Cash and Investments - Restricted	12,000
Accounts Receivable - County Treasurer	1,179
Property Taxes Receivable	61,863
Prepaid Expenses	3,021
Capital Assets, Net	6,268,539
Total Assets	6,393,596
LIABILITIES	
Accounts Payable	21,079
Noncurrent Liabilities:	
Due in More Than One Year	7,338,995
Total Liabilities	7,360,074
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	61,863
Total Deferred Inflows of Resources	61,863
NET POSITION	
Restricted For:	
Emergency Reserves	12,000
Unrestricted	(1,040,341)
Total Net Position	\$ (1,028,341)

See accompanying Notes to Basic Financial Statements.

**MARKET STATION METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 86,700	\$ -	\$ -	\$ (86,700)
Interest and Related Costs on Long-Term Debt	1,709,456	-	-	(1,709,456)
Total Governmental Activities	<u>\$ 1,796,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,796,156)</u>
GENERAL REVENUES				
Property Taxes				38,476
Specific Ownership Taxes				18,901
TIF Increment Income				315,551
Net Investment Income				7,116
Total General Revenues				<u>380,044</u>
CHANGE IN NET POSITION				(1,416,112)
Net Position - Beginning of Year				<u>387,771</u>
NET POSITION - END OF YEAR				<u>\$ (1,028,341)</u>

See accompanying Notes to Basic Financial Statements.

**MARKET STATION METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 46,994	\$ -	\$ 46,994
Cash and Investments - Restricted	12,000	-	12,000
Accounts Receivable - County Treasurer	1,179	-	1,179
Property Taxes Receivable	61,863	-	61,863
Prepaid Expenses	3,021	-	3,021
	<u>\$ 125,057</u>	<u>\$ -</u>	<u>\$ 125,057</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 21,079	\$ -	\$ 21,079
Total Liabilities	21,079	-	21,079
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	61,863	-	61,863
Total Deferred Inflows of Resources	61,863	-	61,863
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	3,021	-	3,021
Restricted For:			
Emergencies (TABOR)	12,000	-	12,000
Assigned To:			
Subsequent Year's Expenditures	25,456	-	25,456
Unassigned	1,638	-	1,638
Total Fund Balances	<u>42,115</u>	<u>-</u>	<u>42,115</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 125,057</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

6,268,539

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

Developer Advance Payable

(6,268,539)

Accrued Interest Payable - Developer Advance

(1,070,456)

Net Position of Governmental Activities

\$ (1,028,341)

See accompanying Notes to Basic Financial Statements.

MARKET STATION METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property Taxes	\$ 38,476	\$ -	\$ 38,476
Specific Ownership Taxes	18,901	-	18,901
TIF Increment Revenue	315,551	-	315,551
Interest Income	7,116	-	7,116
Total Revenues	<u>380,044</u>	<u>-</u>	<u>380,044</u>
EXPENDITURES			
Current:			
Accounting	15,214	-	15,214
County Treasurer's Fees	258	-	258
City of Denver Admin Fee	3,000	-	3,000
Insurance	1,957	-	1,957
Legal	55,371	-	55,371
Election	5,540	-	5,540
Website Maintenance	771	-	771
Dues and Licenses	1,462	-	1,462
Engineering	3,127	-	3,127
Capital Outlay			
Parks and Recreation	-	789,802	789,802
Traffic and Safety Control	-	340,917	340,917
Transportation	-	3,438,606	3,438,606
Streets	-	620,050	620,050
Storm Drainage	-	279,501	279,501
Sewer	-	279,501	279,501
Water	-	520,162	520,162
Total Expenditures	<u>86,700</u>	<u>6,268,539</u>	<u>6,355,239</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	293,344	(6,268,539)	(5,975,195)
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	6,268,539	6,268,539
Repay Developer Advance - Accrued Interest	-	(639,000)	(639,000)
Transfers from (to) Other Funds	(639,000)	639,000	-
Total Other Financing Sources (Uses)	<u>(639,000)</u>	<u>6,268,539</u>	<u>5,629,539</u>
NET CHANGE IN FUND BALANCES	(345,656)	-	(345,656)
Fund Balances - Beginning of Year	<u>387,771</u>	<u>-</u>	<u>387,771</u>
FUND BALANCES - END OF YEAR	<u>\$ 42,115</u>	<u>\$ -</u>	<u>\$ 42,115</u>

See accompanying Notes to Basic Financial Statements.

**MARKET STATION METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ (345,656)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay in the current period is as follows:

Capital Assets Acquired 6,268,539

The issuance of long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Developer Advance Receipts (6,268,539)

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

Accrued Interest on Developer Advance (1,070,456)

Change in Net Position of Governmental Activities \$ (1,416,112)

**MARKET STATION METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 54,330	\$ 38,476	\$ (15,854)
Specific Ownership Taxes	18,542	18,901	359
TIF Increment Revenue	316,508	315,551	(957)
Interest Income	200	7,116	6,916
Total Revenues	<u>389,580</u>	<u>380,044</u>	<u>(9,536)</u>
EXPENDITURES			
Current:			
Accounting	11,000	15,214	(4,214)
County Treasurer's Fees	543	258	285
City of Denver Admin Fee	3,000	3,000	-
Insurance	4,000	1,957	2,043
Legal	16,500	55,371	(38,871)
Miscellaneous Expenses	500	-	500
Website Maintenance	1,000	771	229
Dues and Licenses	1,000	1,462	(462)
Election	1,000	5,540	(4,540)
Contingency	6,457	-	6,457
Engineering	5,000	3,127	1,873
Total Expenditures	<u>50,000</u>	<u>86,700</u>	<u>(36,700)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	339,580	293,344	(46,236)
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(720,000)	(639,000)	81,000
Total Other Financing Sources (Uses)	<u>(720,000)</u>	<u>(639,000)</u>	<u>81,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(380,420)	(345,656)	34,764
Fund Balance - Beginning of Year	<u>399,176</u>	<u>387,771</u>	<u>(11,405)</u>
FUND BALANCE - END OF YEAR	<u>\$ 18,756</u>	<u>\$ 42,115</u>	<u>\$ 23,359</u>

See accompanying Notes to Basic Financial Statements.

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

Market Station Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of the City and County of Denver recorded on February 5, 2009. The District operates pursuant to its Service Plan, as approved by the City Council of the City and County of Denver on August 4, 2008, and as amended on January 30, 2017 (the Service Plan). The District was organized to finance, construct, own, manage and operate public improvements, including streets, traffic and safety protection, water, sewer and storm drainage, transportation, mosquito control, and park and recreation improvements for the use and benefit of the inhabitants and taxpayers of the mixed-use development known as Market Street Station.

The District was originally organized as DUS Metropolitan District No. 4 and was organized in conjunction with four other metropolitan districts: DUS Metropolitan District Nos. 1 through 3, and 5. It was originally anticipated that DUS Metropolitan District No. 1 would serve as the Management District and the remaining districts would generate revenue to pay for the costs of the public improvements. In 2017, the District and Market Station Metropolitan District No. 2 (formerly known as DUS Metropolitan District No. 5) (District No. 2) withdrew from this structure and are no longer associated with DUS Metropolitan District Nos. 1-3. The District serves as the Management District for District No. 2.

The District's name was changed to Market Station Metropolitan District No. 1 pursuant to an order of the District Court of the City and County of Denver recorded on April 2, 2018.

As required by accounting principles generally accepted in the United States of America (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, and 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 has no employees, and all operations and administrative functions are contracted.

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The District reports the following major governmental funds:

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

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

Budgets

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

The District amended its annual budget for the year ended December 31, 2022.

Pooled Cash and Investments

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

Property Taxes

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

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

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

Depreciation on property that will remain assets of the District is reported on the statement of activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2022.

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. 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 net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

Long-Term Obligations

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

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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

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

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 46,994
Cash and Investments - Restricted	12,000
Total Cash and Investments	\$ 58,994

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 22,949
Investments	36,045
Total Cash and Investments	\$ 58,994

Deposits with Financial Institutions

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

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

At December 31, 2022, the District's cash deposits had a bank balance and carrying balance of \$22,949.

Investments

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

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

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

**MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 36,045

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

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

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets, Not Being Depreciated: Construction in Progress	\$ -	\$ 6,268,539		\$ 6,268,539
Capital Assets, Net	<u>\$ -</u>	<u>\$ 6,268,539</u>	<u>\$ -</u>	<u>\$ 6,268,539</u>

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Retirements	Balance at December 31, 2022	Due Within One Year
Other Debts:					
Developer Advances - Capital	\$ -	\$ 6,268,539	\$ -	\$ 6,268,539	\$ -
Accrued Interest on Developer: Advances - Capital	-	1,709,456	639,000	1,070,456	-
Total Long-Term Obligations	<u>\$ -</u>	<u>\$ 7,977,995</u>	<u>\$ 639,000</u>	<u>\$ 7,338,995</u>	<u>\$ -</u>

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 LONG TERM OBLIGATIONS (CONTINUED)

Authorized Debt

At an election held on November 4, 2008, a majority of the qualified electors of the District voting in the election authorized the issuance of general obligation debt totaling \$3,100,000,000. As of December 31, 2022, the District had authorized but unused indebtedness for the following purposes:

	Authorized 4-Nov-08 Election	Authorization Used, Series	Remaining at December 31, 2022
Streets	\$ 300,000,000	\$ -	\$ 300,000,000
Parks and Recreation	300,000,000	-	300,000,000
Water	300,000,000	-	300,000,000
Sanitation	300,000,000	-	300,000,000
Transportation	300,000,000	-	300,000,000
Mosquito Control	300,000,000	-	300,000,000
Safety Protection	300,000,000	-	300,000,000
Fire Protection	300,000,000	-	300,000,000
Operation and Maintenance	100,000,000	-	100,000,000
Bond Refunding	300,000,000	-	300,000,000
Intergovernmental Agreements	300,000,000	-	300,000,000
Total	<u>\$ 3,100,000,000</u>	<u>\$ -</u>	<u>\$ 3,100,000,000</u>

Further, the Service Plan for the District limits the District's issuance of debt to an amount not to exceed \$50,000,000.

NOTE 6 INTERFUND TRANSFERS

The transfer from the General Fund to the Capital Projects Fund was to fund capital expenditures.

NOTE 7 NET POSITION

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

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

Restricted Net Position:	
Emergencies	\$ 12,000
Total Restricted Net Position	<u>\$ 12,000</u>

The District's unrestricted net position as of December 31, 2022 is (\$1,040,341). This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, of which a significant portion of these improvements were conveyed to other governmental entities and which costs were removed from the District's financial records.

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 RELATED PARTIES

The members of the Board of Directors of the District are employees of, owners of, or associated with the developer of the property within the District, Market Station Property Owner LLC (the Developer), and as such, may have conflicts of interest in dealing with the District.

NOTE 9 AGREEMENTS

Cooperation Agreement

On January 3, 2017, the District and District No. 2 (collectively, the Districts) entered into a Cooperation Agreement, whereby the District agreed to provide the financing, construction, design, operation and maintenance of the public improvements necessary to serve the District and District No. 2, as well as overall administration of the Districts, until the Districts entered into a Facilities Funding Construction and Operations Agreement.

Operation Funding Agreement (Terminated)

On November 29, 2017, the District and Continuum Market Station, LLC (Continuum), the prior developer for the property within the District, entered into an Operation Funding Agreement (the OFA) whereby Continuum agreed to advance the District up to \$80,000 for operations and maintenance expenses incurred in fiscal years 2017 and 2018. Such advances accrued interest at a rate of 8% per annum from the date of deposit into the District's account or from the date of direct payment by Continuum. The District's obligation to reimburse Continuum under the OFA expires on December 31, 2038. Pursuant to that Termination of Operation Funding Agreement between the District and Continuum dated November 7, 2022, the OFA was terminated and is of no further force or effect.

Facilities Acquisition Agreement

The District and the Developer previously entered into a Facilities Acquisition Agreement dated June 25, 2018, with an effective date January 3, 2017, which was terminated pursuant to a Termination of Facilities Acquisition Agreement dated November 7, 2022 between the District and the Developer. On November 7, 2022, with an effective date of January 3, 2017, the District and the Developer entered into the current Facilities Acquisition Agreement (the FAA), whereby the Developer agreed to construct certain public improvements and the District agreed to acquire the public improvements and/or reimburse the Developer for the construction cost associated with the public improvements up to \$8,000,000 pursuant to the terms of FAA. The construction costs accrue interest at the rate of 8% per annum in accordance with the terms of FAA. The District's obligation to reimburse the Developer under the FAA expires on December 31, 2057. Further, the obligations of the District under the FAA are subject to annual appropriation and are not multiple-fiscal year obligations. The FAA was filed with the Securities Commission for the State of Colorado. As of December 31, 2022, there was \$6,268,539 of principal and \$1,070,456 of interest outstanding under the FAA.

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 AGREEMENTS (CONTINUED)

Amended and Restated DDA/DUS District Nos. 1-5 Cooperation and Pledge Agreement

On February 3, 2017 , the District, District No. 2, the Denver Downtown Development Authority (DDA), and DUS Metropolitan District Nos. 1 through 3, entered into an Amended and Restated DDA/DUS Nos. 1-5 Cooperation and Pledge Agreement whereby the DDA agreed to, among other things, remit to the District and District No. 2 the incremental property tax revenue (TIF) derived from each of the Districts' imposition of its mill levy, respectively, in accordance with the terms therein.

NOTE 10 RISK MANAGEMENT

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

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

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 4, 2003, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

MARKET STATION METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 11 TAX SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

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

SUPPLEMENTARY INFORMATION

**MARKET STATION METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other Revenue	\$ -	\$ 67,461	\$ -	\$ (67,461)
Total Revenues	-	67,461	-	(67,461)
EXPENDITURES				
Capital Outlay				
Parks and Recreation	-	789,802	789,802	-
Traffic and Safety Control	-	340,917	340,917	-
Transportation	-	3,438,606	3,438,606	-
Streets	-	620,050	620,050	-
Storm Drainage	-	279,501	279,501	-
Sewer	-	279,501	279,501	-
Water	-	520,162	520,162	-
Capital Outlay	6,100,000	-	-	-
Contingency	-	67,461	-	67,461
Total Expenditures	6,100,000	6,336,000	6,268,539	67,461
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,100,000)	(6,268,539)	(6,268,539)	-
OTHER FINANCING SOURCES (USES)				
Developer Advance	6,100,000	6,268,539	6,268,539	-
Repay Developer Advance	(720,000)	(664,000)	(639,000)	25,000
Transfers from Other Funds	720,000	664,000	639,000	(25,000)
Total Other Financing Sources (Uses)	6,100,000	6,268,539	6,268,539	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

OTHER INFORMATION

**MARKET STATION METROPOLITAN DISTRICT NO. 1
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 YEAR ENDED DECEMBER 31, 2022**

Year Ended December 31,	Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2018	\$ 1,091,947	15.000	\$ 16,379	\$ 14,810	90.42 %
2019	1,151,768	15.000	17,277	17,277	100.00
2020	1,054,251	15.000	15,814	15,814	100.00
2021	2,785,029	15.000	41,775	43,459	104.03
2022	3,621,979	15.000	54,330	38,476	70.82
Estimated for the Year Ending December 31, 2023	\$ 4,124,171	15.000	\$ 61,863		

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