

9TH AVENUE METROPOLITAN DISTRICT NO. 1
City and County of Denver, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION


YEAR ENDED DECEMBER 31, 2022


**9TH AVENUE METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2022**


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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
9th Avenue Metropolitan District No. 1
Denver County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of 9th Avenue Metropolitan District No. 1 as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the 9th Avenue Metropolitan District No. 1 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, each major fund, and the aggregate remaining fund information of the 9th Avenue Metropolitan District No. 1 as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 9th Avenue Metropolitan District No. 1, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 9th Avenue Metropolitan District No. 19th Avenue Metropolitan District No. 1'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 9th Avenue Metropolitan District No. 1'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 9th Avenue Metropolitan District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinion on the basic financial statements is not affected by this missing information.

Other Information

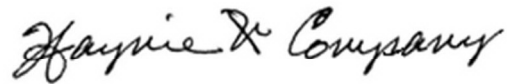
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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.

The supplementary information as listed in the table of contents 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. Such 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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The image shows a handwritten signature in cursive script that reads "Haynie & Company". The signature is written in black ink on a white background.

Littleton, Colorado
July 26, 2023

BASIC FINANCIAL STATEMENTS

**9TH AVENUE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 9,117
Receivable from 9th Avenue Metro District No. 2	715
Receivable from 9th Avenue Metro District No. 3	769
Prepaid Insurance	10,896
Capital Assets, Not Being Depreciated	2,846,030
Capital Assets - Net of Accumulated Depreciation	1,077,282
Total Assets	3,944,809
LIABILITIES	
Accounts Payable	122,013
Noncurrent Liabilities:	
Due in More Than One Year	295,082
Total Liabilities	417,095
NET POSITION	
Net Investment in Capital Assets	1,077,282
Restricted For:	
Emergency Reserves	9,117
Unrestricted	2,441,315
Total Net Position	\$ 3,527,714

See accompanying Notes to Basic Financial Statements.

9TH AVENUE METROPOLITAN DISTRICT NO. 1
 STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2022

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
General Government	\$ 860,221	\$ -	\$ 666,412	\$ 311,867
Interest and Related Costs on Long-Term Debt	21,263	-	-	(21,263)
Total Governmental Activities	\$ 881,483	\$ -	\$ 666,412	\$ 96,796
GENERAL REVENUES				
Total General Revenues				1
CHANGE IN NET POSITION				96,797
Net Position - Beginning of Year				3,430,918
NET POSITION - END OF YEAR				<u>\$ 3,527,714</u>

See accompanying Notes to Basic Financial Statements.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments - Restricted	\$ 9,117	\$ -	\$ 9,117
Prepaid Insurance	10,896	-	10,896
Receivable from Other Funds	-	-	-
Receivable from 9th Avenue Metro District No. 2	715	-	715
Receivable from 9th Avenue Metro District No. 3	769	-	769
	<u>\$ 21,497</u>	<u>\$ -</u>	<u>\$ 21,497</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 122,013	\$ -	122,013
Total Liabilities	<u>122,013</u>	<u>-</u>	<u>122,013</u>
FUND BALANCES			
Nonspendable:			
Prepaid Amounts	10,896	-	10,896
Restricted for:			
Emergencies (TABOR)	20,000	-	20,000
Unassigned:			
General Government	(131,412)	-	(131,412)
Total Fund Balances	<u>(100,516)</u>	<u>-</u>	<u>(100,516)</u>
Total Liabilities and Fund Balances	<u>\$ 21,497</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.			3,923,312
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Developer Advance Payable			(270,981)
Accrued Interest on Developer Advances			<u>(24,101)</u>
Net Position of Governmental Activities			<u>\$ 3,527,714</u>

See accompanying Notes to Basic Financial Statements.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Net Investment Income	\$ 1	\$ -	\$ 1
Intergovernmental Revenues	471,468	311,867	783,335
Retail Sales Fee	194,944	-	194,944
Total Revenues	666,413	311,867	978,280
EXPENDITURES			
Current:			
Accounting	37,948	-	37,948
Audit	11,800	-	11,800
City Administrative Fee	9,000	-	9,000
Dues and Memberships	1,759	-	1,759
Election	7,481	-	7,481
Engineering	1,903	-	1,903
Insurance and Bonds	11,741	-	11,741
Janitorial Services	102,734	-	102,734
Landscaping	125,505	-	125,505
Legal Services	65,102	-	65,102
Property Management	113,719	-	113,719
Repairs and Maintenance	5,028	-	5,028
Security/Covenant Enforcement	96,330	-	96,330
Snow Removal	161,776	-	161,776
Storm Drainage	7,000	-	7,000
Utilities	32,941	-	32,941
Website Maintenance	771	-	771
Capital Projects	-	347,848	347,848
Total Expenditures	792,538	347,848	1,140,386
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(126,125)	(35,981)	(162,106)
OTHER FINANCING SOURCES (USES)			
Developer Advances	185,000	347,848	532,848
Repay Developer Advance	-	(311,867)	(311,867)
Total Other Financing Sources (Uses)	185,000	35,981	220,981
NET CHANGE IN FUND BALANCE	58,875	-	58,875
Fund Balance - Beginning of Year	(159,391)	-	(159,391)
FUND BALANCE - END OF YEAR	\$ (100,516)	\$ -	\$ (100,516)

See accompanying Notes to Basic Financial Statements.

**9TH AVENUE 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 Changes in Fund Balances - Total Governmental Funds \$ 58,875

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 expenditures. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful life of the assets.

Capital Outlay	347,848
Depreciation	(67,683)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Developer Advances	(532,848)
Developer Advance Repayment	311,867

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 Advances - Change in Liability	(21,263)
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Change in Net Position of Governmental Activities	\$ 96,797
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**9TH AVENUE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Net Investment Income	\$ 10	\$ 10	\$ 1	\$ (9)
Intergovernmental Revenues	472,695	471,468	471,468	-
Retail Sales Fee	-	-	194,944	194,944
Total Revenues	<u>472,705</u>	<u>471,478</u>	<u>666,413</u>	<u>194,935</u>
EXPENDITURES				
Accounting	38,000	38,000	37,948	52
Audit	11,000	11,800	11,800	-
City Administrative Fee	9,000	9,000	9,000	-
Dues and Memberships	1,800	1,800	1,759	41
Election	5,000	7,100	7,481	(381)
Engineering	-	-	1,903	(1,903)
Insurance and Bonds	12,000	12,000	11,741	259
Janitorial Services	115,035	90,135	102,734	(12,599)
Landscaping	120,000	120,000	125,505	(5,505)
Legal Services	46,000	65,000	65,102	(102)
Miscellaneous	500	500	-	500
Property Management	121,768	121,768	113,719	8,049
Recreational Expense	15,000	15,000	-	15,000
Repairs and Maintenance	20,000	20,000	5,028	14,972
Security/Covenant Enforcement	86,304	86,304	96,330	(10,026)
Snow Removal	115,000	140,000	161,776	(21,776)
Storm Drainage	3,000	7,000	7,000	-
Utilities	70,500	70,500	32,941	37,559
Website Maintenance	-	-	771	(771)
Contingency	14,093	14,093	-	14,093
Total Expenditures	<u>804,000</u>	<u>830,000</u>	<u>792,538</u>	<u>37,462</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(331,295)	(358,522)	(126,125)	232,397
OTHER FINANCING SOURCES (USES)				
Developer Advances	335,000	380,000	185,000	(195,000)
Total Other Financing Sources (Uses)	<u>335,000</u>	<u>380,000</u>	<u>185,000</u>	<u>(195,000)</u>
NET CHANGE IN FUND BALANCE	3,705	21,478	58,875	37,397
Fund Balance - Beginning of Year	<u>12,112</u>	<u>(5,581)</u>	<u>(159,391)</u>	<u>(153,810)</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,817</u>	<u>\$ 15,897</u>	<u>\$ (100,516)</u>	<u>\$ (116,413)</u>

See accompanying Notes to Basic Financial Statements.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

9th Avenue Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court of the City and County of Denver (the City) on September 20, 2016, and recorded on September 30, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized in conjunction with two other districts, 9th Avenue Metropolitan District No. 2 (District No. 2) and 9th Avenue Metropolitan District No. 3 (District No. 3) (collectively, the Districts) to provide for the financing, acquisition, construction, completion, operation, and maintenance of all public infrastructure and services within and without the Districts' service area, including streets, traffic and safety, water, sanitation, storm drainage, transportation, mosquito control, and park and recreation facilities for the collective use and benefit of the property owners within, and residents of all of the Districts. The District serves as a service district and acts as the manager for the Districts. District No. 2 and District No. 3 serve as the financing districts and will provide tax and other revenues necessary to fund the costs of providing the services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**9TH AVENUE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for 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 intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

**9TH AVENUE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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.

Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets are reported by the District. 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 expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Open Spaces	20 Years
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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.

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.

9TH AVENUE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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 - Restricted	\$ 9,117
Total Cash and Investments	<u>\$ 9,117</u>

9TH AVENUE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	\$ 9,020
Investments	<u>97</u>
Total Cash and Investments	<u><u>\$ 9,117</u></u>

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.

As of December 31, 2022, the District's cash deposits had a bank balance of \$9,020.

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.

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

**9TH AVENUE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- . Written repurchase 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 Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 97</u>

CSAFE

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

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and

withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2021	Increases	Decreases	Balance at December 31, 2022
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 2,498,182	\$ 347,848	\$ -	\$ 2,846,030
Capital Assets, Being Depreciated:				
Parks and Open Space	1,353,653	-		1,353,653
Less Accumulated Depreciation For:				
Parks and Open Space	(208,688)	(67,683)	-	(276,371)
Total Capital Assets, Being Depreciated, Net	<u>1,144,965</u>	<u>(67,683)</u>	<u>-</u>	<u>1,077,282</u>
Governmental Activities - Capital Assets, Net	<u>\$ 3,643,147</u>	<u>\$ 280,165</u>	<u>\$ -</u>	<u>\$ 3,923,312</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	<u>\$ 67,683</u>

The majority of capital assets constructed by the District are expected to be dedicated to other governments for ownership and maintenance. When the property is dedicated, the District removes the cost of construction from capital assets.

NOTE 5 LONG-TERM OBLIGATIONS

Developer Advance

The District has entered into funding and reimbursement agreements with 9th Avenue (Denver) Land, LLC, a Delaware limited liability company (the Developer) as follows:

On December 8, 2016 (with an effective date of September 30, 2016), the District entered into an Operation Funding Agreement with the Developer, as amended by that certain First Amendment to Operation Funding Agreement dated November 21, 2019, by that certain Second Amendment to Operation Funding Agreement dated November 19, 2020, and by that certain Third Amendment to Operation Funding Agreement dated November 18, 2021 (the Operations Agreement). Under the Operations Agreement, the Developer advances funds to the District for operations and maintenance expenses. The District is obligated to repay the advances, plus simple interest at the rate of 8% per annum, from monies not otherwise needed to fund operations and maintenance expenses or debt service obligations, which repayment is subject to annual budget and appropriation. As of December 31, 2022, outstanding advances under the Operations Agreement totaled \$235,000 and accrued interest totaled \$20,505.

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On December 8, 2016 (with an effective date of September 30, 2016), the District entered into a Facilities Funding and Acquisition Agreement (Facilities Agreement) with the Developer. Under the Facilities Agreement, the District acknowledges that the Developer has expended funds on behalf of the District for organizational costs. The Facilities Agreement also anticipates that the Developer may fund capital improvements that may be designed and constructed by the District, or the District may acquire capital improvements designed and constructed by the Developer. The District will repay the Developer for organization and capital improvement costs, plus simple interest at the rate of 8% per annum, subject to the receipt of funding from the issuance of debt by the District, District No. 2, or District No. 3. During 2022, the District repaid \$311,867 under the Facilities Agreement. As of December 31, 2022, outstanding advances under the Facilities Agreement totaled \$35,981 and accrued interest totaled \$3,596.

On November 15, 2022 (with an effective date of January 1, 2023), the District entered into an Operation Funding Agreement – Retail Sales Fee Revenue (OFA – RSF) with the Developer. The OFA – RSF provides a mechanism by which any portion of the RSF Revenue (as defined therein) may be assigned to the District for payment of the District’s General Fund Expenses (as defined therein), either directly under the OFA – RSF or indirectly under the Operations Agreement, discussed above.

	Balance at December 31, 2021	Additions	Retirements	Balance at December 31, 2022	Due Within One Year
Other Debts:					
Developer Advance - Operating	\$ 50,000	\$ 185,000	\$ -	\$ 235,000	\$ -
Developer Advance - Capital	-	347,848	311,867	35,981	-
Accrued Interest on:					
Developer Advance - Operating	2,838	17,667	-	20,505	-
Developer Advance - Capital	-	3,596	-	3,596	-
Total	<u>\$ 52,838</u>	<u>\$ 554,111</u>	<u>\$ 311,867</u>	<u>\$ 295,082</u>	<u>\$ -</u>

Authorized Debt

On November 3, 2015, the District’s electors authorized the incurrence of general obligation debt totaling \$2,080,000,000 in principal at a rate not to exceed 18%. At December 31, 2022, the District has authorized but unissued indebtedness for the following purposes:

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	Authorized November 3, 2015 Election	Authorization Used	Remaining at December 31, 2022
Streets	\$ 160,000,000	\$ -	\$ 160,000,000
Parks and Recreation	160,000,000	-	160,000,000
Water Supply System	160,000,000	-	160,000,000
Storm and Sanitation System	160,000,000	-	160,000,000
Public Transportation	160,000,000	-	160,000,000
Mosquito Control	160,000,000	-	160,000,000
Traffic Safety	160,000,000	-	160,000,000
Fire Protection	160,000,000	-	160,000,000
Television Relay and Translation	160,000,000	-	160,000,000
Security Services	160,000,000	-	160,000,000
Operations and Maintenance	160,000,000	-	160,000,000
Debt Refunding	160,000,000	-	160,000,000
Intergovernmental Agreements	160,000,000	-	160,000,000
Total	<u>\$ 2,080,000,000</u>	<u>\$ -</u>	<u>\$ 2,080,000,000</u>

The District's Service Plan limits the aggregate debt issuance of the Districts to \$160,000,000, with a maximum debt mill levy of 50.000 mills, as may be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation.

9TH AVENUE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 NET POSITION

The District has net position consisting of three components - net investment in capital assets, restricted, and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2022, the District had net investment in capital assets in the amount of \$1,077,102.

The restricted component of net position include 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, 2022, as follows:

Restricted Net Position:

Emergency Reserves	\$ 9,117
Total Restricted Net Position	<u>\$ 9,117</u>

The unrestricted component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 7 RELATED PARTIES

The members of the Board of Directors of the District are employees of, owners of, or associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENTS

Memorandum of Understanding

On December 8, 2016, (with an effective date of September 30, 2016) the District entered into a Memorandum of Understanding (MOU) with District No. 2 and District No. 3. The MOU provides that the District, District No. 2, and District No. 3 anticipate entering into a Facilities Funding, Construction, and Operations Agreement (FFCOA), that is expected to provide that the District will finance, own, acquire, operate, and maintain any or all of the improvements acquired by the District and services needed to serve the development in conjunction with the financing provided by District No. 2 and District No. 3.

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NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 AGREEMENTS (CONTINUED)

Denver Urban Renewal Authority (DURA)

All of the property within the boundaries of the Districts (the Development) is subject to the 9th and Colorado Urban Renewal Plan approved by an ordinance adopted by the City on July 26, 2013 (the Urban Renewal Plan). The Urban Renewal Plan specifies, for purposes of the Urban Renewal Law, a “Redevelopment Area” (referred to herein as the 9th and Colorado Urban Redevelopment Area) encompassing approximately 41 acres, comprising substantially all of the former campus of the University of Colorado Health Sciences Center.

In connection therewith and in order to further provide for the financing of public improvements within the 9th and Colorado Urban Redevelopment Area, the Denver Urban Renewal Authority (DURA) and the City entered into the 9th Avenue Tax Increment Area Cooperation Agreement dated as of December 15, 2014 (the City/DURA Cooperation Agreement). In accordance therewith and with the Urban Renewal Law (Section 31-25-101, et seq. C.R.S.), until the 25th anniversary of the date of the approval by the City Council of the 9th Avenue Project (i.e. December 8, 2039) (also referred to herein as the TIF Period), all property taxes resulting from imposition of ad valorem property taxes on the assessed valuation of all taxable property in the 9th Avenue Project within 9th and Colorado Urban Redevelopment Area (which includes all of the property within the boundaries of the Districts) in excess of the base assessed valuation thereof (i.e., the incremental assessed valuation) are to be remitted by the City to DURA. According to the City Assessor, the base assessed valuation of taxable property in the Districts is zero.

The Districts and DURA entered into a Cooperation Agreement, dated as of June 21, 2018 (the District Cooperation Agreement) pursuant to which DURA has agreed to remit during the TIF Period to each of the Districts all revenues generated from the imposition of ad valorem property taxes by such District on the incremental assessed valuation of property of such District, including property tax revenue resulting from the imposition of the District No. 2 Required Mill Levy and the District No. 3 Required Mill Levy.

Intergovernmental Agreement Regarding Construction, Funding, Operations, and Maintenance of 10th Avenue and Bellaire Street Improvements

On April 26, 2021, the District entered into an Intergovernmental Agreement Regarding Construction, Funding, Operations, and Maintenance of 10th Avenue and Bellaire Street Improvements (the “Bellaire IGA”) by and among the Districts and the City, under which the Districts anticipate funding and constructing certain street improvements near 10th Avenue and Bellaire Street (the “Bellaire Street Improvements”), located within the Districts’ service area. The Bellaire IGA sets forth the anticipated processes for the Districts to finance and construct the Bellaire Street Improvements and for the City to accept the Bellaire Street Improvements.

Intergovernmental Agreement Regarding Operations and Maintenance of Drainage and Water Quality Improvements Pursuant to Permanent Non-Exclusive Easements

During the District’s November 18, 2021, Board meeting, the District approved the proposed Intergovernmental Agreement Regarding Operations and Maintenance of Drainage and Water Quality Improvements Pursuant to Permanent Non-Exclusive Easements (the “Proposed Water Quality IGA”) by and among the Districts, under which the Districts agreed

9TH AVENUE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 AGREEMENTS (CONTINUED)

that, upon District No. 1's acquisition of certain water quality improvements, District No. 1 will become the owner of certain permanent non-exclusive easement rights related to the water quality improvements. Therefore, District No. 1 will provide operations and maintenance services for, and fund the costs of construction, reconstruction, repair and maintenance, of such water quality improvements. As of the date of this audit, the Proposed Water Quality IGA is pending final execution.

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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 (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, public officials' liability, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT 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 3, 2015, the District's voters authorized the District to increase property taxes \$5,000,000 annually for general operations and maintenance. The election also allows the District to collect, spend, and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR).

**9TH AVENUE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 10 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

**9TH AVENUE METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL
DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue	\$ 384,776	\$ 311,867	\$ (72,909)
Total Revenues	<u>384,776</u>	<u>311,867</u>	<u>(72,909)</u>
EXPENDITURES			
Capital Outlay	384,776	347,848	36,928
Total Expenditures	<u>384,776</u>	<u>347,848</u>	<u>36,928</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(35,981)	(35,981)
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	347,848	347,848
Repay Developer Advance	-	(311,867)	(311,867)
Total Other Financing Sources (Uses)	<u>-</u>	<u>35,981</u>	<u>35,981</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>