

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

**DUS METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2023**

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Independent Auditors' Report

Board of Directors
DUS Metropolitan District No. 1
City and County of Denver, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the DUS Metropolitan District No. 1 (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Required Supplementary 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.

Simmons & Wheeler P.C.

Englewood, CO
June 9, 2025

BASIC FINANCIAL STATEMENTS

**DUS METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 2,959,584
Cash and Investments - Restricted	61,900
Due from DUS No. 2	104,264
Due from DUS No. 3	6,098
Due from DDA	1,121,135
Prepaid Insurance	9,279
Capital Assets:	
Capital Assets Net of Depreciation	573,449
Total Assets	4,835,709
LIABILITIES	
Accounts Payable	58,252
Total Liabilities	58,252
NET POSITION	
Net Investment in Capital Assets	573,449
Restricted for:	
Emergency Reserve	61,900
Unrestricted	4,142,108
Total Net Position	\$ 4,777,457

See accompanying Notes to Basic Financial Statements.

**DUS METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			
FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenues (Expenses) and Changes in Net Position</u>
Primary Government:					<u>Governmental Activities</u>
Governmental Activities:					
General Government	\$ 938,943	\$ -	\$ 1,902,911	\$ -	\$ 963,968
Total Governmental Activities	<u>\$ 938,943</u>	<u>\$ -</u>	<u>\$ 1,902,911</u>	<u>\$ -</u>	963,968
 GENERAL REVENUES					
Interest Income					<u>160,936</u>
Total General Revenues and Transfers					<u>160,936</u>
 CHANGES IN NET POSITION					
Net Position - Beginning of Year					<u>3,652,553</u>
 NET POSITION - END OF YEAR					
					<u>\$ 4,777,457</u>

See accompanying Notes to Basic Financial Statements.

**DUS METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	<u>Total Governmental Funds</u>
ASSETS	
Cash and Investments	\$ 2,959,584
Cash and Investments - Restricted	61,900
Due from DUS No. 2	104,264
Due from DUS No. 3	6,098
Due from DDA	1,121,135
Prepaid Insurance	<u>9,279</u>
Total Assets	<u><u>\$ 4,262,260</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts Payable	<u>\$ 58,252</u>
Total Liabilities	58,252
FUND BALANCES	
Nonspendable:	
Prepaid Expense	9,279
Restricted for:	
Emergency Reserves	61,900
Assigned to:	
Subsequent Year's Expenditures	319,241
Unassigned	<u>3,813,588</u>
Total Fund Balances	4,204,008
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	
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.	<u>573,449</u>
Net Position of Governmental Activities	<u><u>\$ 4,777,457</u></u>

See accompanying Notes to Basic Financial Statements.

**DUS METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General
REVENUES	
Interest Income	\$ 160,936
Transfer from District No. 2	521,682
Transfer from District No. 3	30,052
Payment from DDA - TIF	1,351,177
Total Revenues	2,063,847
EXPENDITURES	
Current:	
Accounting	36,555
Auditing	9,000
Dues and Membership	1,326
Insurance	16,351
District Management	21,137
Legal	48,497
Miscellaneous	32,965
Seasonal Decoration	11,719
Payment to RTD under HSZ IGA	393,114
Banking Fees	65
Election	3,633
Landscaping	20,428
Plaza and Sidewalk Maintenance	69,046
Pest Control	4,903
Snow Removal	1,976
Utilities	202
Water	533
Website	96
Irrigation	506
Intergovernmental Expenditures	230,042
Total Expenditures	902,094
EXCESS OF REVENUES OVER EXPENDITURES	1,161,753
NET CHANGE IN FUND BALANCES	1,161,753
Fund Balances - Beginning of Year	3,042,255
FUND BALANCES - END OF YEAR	\$ 4,204,008

See accompanying Notes to Basic Financial Statements.

**DUS 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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 1,161,753

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. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Depreciation Expense (36,849)

Changes in Net Position of Governmental Activities \$ 1,124,904

**DUS METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ 77,000	\$ 160,936	\$ 83,936
Transfer from District No. 2	268,607	521,682	253,075
Transfer from District No. 3	14,117	30,052	15,935
Payment from DDA - TIF	768,271	1,351,177	582,906
Total Revenues	<u>1,127,995</u>	<u>2,063,847</u>	<u>935,852</u>
EXPENDITURES			
Accounting	27,600	36,555	(8,955)
Auditing	4,500	9,000	(4,500)
City of Denver Admin Fee	9,000	-	9,000
Dues and Membership	2,000	1,326	674
Insurance	18,000	16,351	1,649
District Management	35,000	21,137	13,863
Legal	50,000	48,497	1,503
Miscellaneous	-	32,965	(32,965)
Seasonal Decoration	15,000	11,719	3,281
Payment to RTD under HSZ IGA	538,588	393,114	145,474
Event Expenses	5,000	-	5,000
Banking Fees	350	65	285
Security	70,000	-	70,000
Election	10,000	3,633	6,367
Repairs and Maintenance	25,000	-	25,000
Landscaping	35,000	20,428	14,572
Plaza and Sidewalk Maintenance	37,000	69,046	(32,046)
Pest Control	-	4,903	(4,903)
Snow Removal	20,000	1,976	18,024
Utilities	-	202	(202)
Water	-	533	(533)
Electricity	1,000	-	1,000
Website	1,000	96	904
Irrigation	1,500	506	994
Proposed Capital Projects	445,000	-	445,000
Capital Projects Management	50,000	-	50,000
Intergovernmental Expenditures	-	230,042	(230,042)
Contingency	49,462	-	49,462
Total Expenditures	<u>1,450,000</u>	<u>902,094</u>	<u>547,906</u>
NET CHANGE IN FUND BALANCE	(322,005)	1,161,753	1,483,758
Fund Balance - Beginning of Year	<u>-</u>	<u>3,042,255</u>	<u>3,042,255</u>
FUND BALANCE - END OF YEAR	<u>\$ (322,005)</u>	<u>\$ 4,204,008</u>	<u>\$ 4,526,013</u>

See accompanying Notes to Basic Financial Statements.

DUS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

DUS 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 on February 5, 2009 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the City and County of Denver, Colorado (the City).

The District was organized in conjunction with four other metropolitan districts: DUS Metropolitan District Nos. 2 through 5. The Districts were 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 District in a mixed-use development project that includes redevelopment of the City's historic Denver Union Station and an adjacent property known as Market Street Station. The Service Plans for the Districts anticipated that the District would serve as the Management District and that District Nos. 2-5 (the Taxing Districts) would generate revenue to pay the costs of the District improvements. Additionally, the Service Plans of the Districts anticipated that District Nos. 2 and 3 would contribute a portion of their debt service mill levy revenues to assist in the financing of the Denver Union Station redevelopment project (the DUS Project) and that District Nos. 4 and 5 would finance the redevelopment of Market Street Station. In 2017, District Nos. 4 and 5 withdrew from the current structure and are no longer associated with District Nos. 1-3.

On November 4, 2008, the District's voters authorized general obligation indebtedness of \$3,100,000,000 for the above listed facilities and powers, but the District's Service Plan limits the total debt issuance to \$300,000,000, with a maximum debt mill levy of 50.000 mills. The District's Service Plan was amended in 2017. Under the Amended Service Plan, it was recognized that the original authorization of \$300,000,000 has been used by the DUS Project (see Note 9). The Amended Service Plan also provided the District with an additional \$50,000,000 to finance District improvements.

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.

DUS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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 fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

DUS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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:

Furniture	10 Years
Playground Equipment	20 Years
Landscaping	15 Years
Plaza Infrastructure	30 Years

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.

DUS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 2,959,584
Cash and Investments - Restricted	61,900
Total Cash and Investments	<u>\$ 3,021,484</u>

DUS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	\$ 5,689
Investments	<u>3,015,795</u>
Total Cash and Investments	<u><u>\$ 3,021,484</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, 2023, the District's cash deposits had a bank balance and a carrying balance of \$5,689.

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

**DUS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	<u>\$ 3,015,795</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE 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 the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor’s. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**DUS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Being Depreciated:				
Furniture	20,812	-	-	20,812
Landscaping	99,000	-	-	99,000
Playground Equipment	230,000	-	-	230,000
Plaza	500,000	-	-	500,000
Total Capital Assets, Being Depreciated	849,812	-	-	849,812
Less Accumulated Depreciation for:				
Accumulated Depreciation - Furniture	13,527	2,081	-	15,608
Accumulated Depreciation - Landscaping	42,902	6,601	-	49,503
Accumulated Depreciation - Playground Equipment	74,750	11,500	-	86,250
Accumulated Depreciation - Plaza	108,335	16,667	-	125,002
Total Accumulated Depreciation	239,514	36,849	-	276,363
 Total Capital Assets, Being Depreciated, Net	 610,298	 (36,849)	 -	 573,449
 Governmental Activities Capital Assets, Net	 \$ 610,298	 \$ (36,849)	 \$ -	 \$ 573,449

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

Governmental Activities:	
General Government	\$ 36,849
Total Depreciation Expense - Governmental Activities	<u>\$ 36,849</u>

NOTE 5 LONG-TERM OBLIGATIONS

Authorized Debt

On November 4, 2008, the District's electors authorized the incurrence of general obligation debt totaling \$3,100,000,000 in principal at a rate not to exceed 14%. At December 31, 2023, the District has authorized but unissued indebtedness for the following purposes:

**DUS METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

	Amount Authorized on November 4, 2008	Authorization Used for DUS Project	Remaining at December 31, 2023
Streets	\$ 300,000,000	\$ -	\$ 300,000,000
Parks and Recreation	300,000,000	-	300,000,000
Water Supply System	300,000,000	-	300,000,000
Sanitation System	300,000,000	-	300,000,000
Public Transportation	300,000,000	-	300,000,000
Mosquito Control	300,000,000	-	300,000,000
Traffic Safety	300,000,000	-	300,000,000
Fire Protection	300,000,000	-	300,000,000
Operations 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>\$ 300,000,000</u>	<u>\$ 2,800,000,000</u>

The Original Service Plan of the District authorized \$300,000,000 of total aggregate debt for the District Improvements. The Amended Service Plan authorized an additional \$50,000,000 of debt authorization for District Improvements.

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, 2023, the District had net investment in capital assets in the amount of \$573,449.

The restricted component of net position includes 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, 2023 as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergencies	<u>\$ 61,900</u>
Total Restricted Net Position	<u>\$ 61,900</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.

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NOTE 7 RELATED PARTIES

The original developer of the property within the District was Union Station Neighborhood Company LLC (USNC), which was a joint venture with Continuum Partners LLC and East West Partners. USNC has since dissolved, but the members of the Board of Directors of the District are employees of, owners of, or associated with Continuum Partners LLC and East West Partners, and as such, may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENT WITH DEVELOPER

Effective October 17, 2018, the District entered into a Service Agreement for Event and Property Management Services (Service Agreement) with Continuum Property Management Company, LLC (CPMC). Under the Service Agreement, CPMC will be paid \$10,000 per year, plus 15% of maintenance contracts managed and 10% of construction projects managed. In 2023, the District paid \$21,137 to CPMC under the Service Agreement.

NOTE 9 AGREEMENTS

Background

The City created and organized the Downtown Denver Development Authority (the DDA) to transact business as a development authority. In November of 2008, the City approved that certain Denver Union Station Plan of Development (the DUS Plan) which authorizes the DDA to undertake development and redevelopment projects and activities within the DUS Plan Area (as defined in the 2010 Cooperation Agreement) and to finance such projects and activities with certain incremental property tax revenues.

In 2008, the City created the Denver Union Station Project Authority (DUSPA), for the purpose of financing, designing, constructing, operating, and maintaining certain public improvements within the boundaries of the District and District Nos. 2 and 3, i.e., the DUS Project. To accomplish this purpose, DUSPA issued loans to finance the DUS Project (the DUSPA Loans). Pursuant to certain agreements described below, the District, District No. 2, and District No. 3 made certain pledges to assist with the payment of the DUSPA Loans.

On February 3, 2017, the City, in order to achieve interest rate savings and other economies, entered into a loan agreement to refund the DUSPA Loans (the 2017 Loan).

**DUS METROPOLITAN DISTRICT NO. 1
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NOTE 9 AGREEMENTS (CONTINUED)

DDA/DUS District Nos. 1-3 Cooperation and Pledge Agreement

On June 9, 2010, the District, District No. 2, District No. 3 and the DDA entered into that certain DDA/DUS District Nos. 1-3 Cooperation and Pledge Agreement (the 2010 Cooperation Agreement). Concurrent with the issuance of the 2017 Loan, the 2010 Cooperation Agreement was amended and restated in its entirety by that certain Amended and Restated DDA/DUS District Nos. 1-5 Cooperation and Pledge Agreement dated February 3, 2017 (the 2017 Cooperation Agreement), between the District, District Nos. 2 through 5, and the DDA. Pursuant to the 2017 Cooperation Agreement, the DDA agreed to remit to each of District Nos. 2 through 5, respectively, the incremental property tax revenue (TIF) derived from District Nos. 2 through 5's imposition of any mill levies not pledged to the payment of the 2017 Loan pursuant to the 2017 Pledge Agreement (defined below), including those revenues required to be transferred by the District to the Regional Transportation District (RTD) pursuant to the RTD Agreement (defined below).

DUS Project Mill Levy Pledge Agreement

On June 22, 2010, the District, District No. 2, District No. 3, and DUSPA entered into that certain DUS Project Mill Levy Pledge Agreement (the 2010 Pledge Agreement), whereby District Nos. 2 and 3 agreed to pledge certain revenues to DUSPA for the payment of the DUSPA Loans. Concurrent with the issuance of the 2017 Loan, the 2010 Pledge Agreement was terminated and the District, District No. 2, District No. 3, the City, and various lenders entered into the DUS Project Mill Levy Pledge Agreement dated February 3, 2017 (the 2017 Pledge Agreement). Pursuant to the 2017 Pledge Agreement, all revenues derived from the imposition of a mill levy of fifteen (15) mills (the DUS Project Mill Levy) on property within District Nos. 2 and 3 are pledged to the 2017 Loan until the earlier of (i) the 2017 Loan being defeased or repaid, or (ii) December 31, 2049 (the Termination Date). The 2017 Pledge Agreement acknowledges that until December 23, 2038 (the TIF Term), all property tax increment revenues derived from the imposition of the DUS Project Mill Levy (the DUS Project TIF Revenue) are pledged to the repayment of the 2017 Loan and that, pursuant to a pledge agreement between the City and the DDA, the DDA pledges such revenues to the City for the repayment of the 2017 Loan. Until the expiration of the TIF Term, to the extent the District receives any DUS Project TIF Revenue, the District agrees to transfer the same to the City. After the expiration of the TIF Term, the District will transfer all DUS Project TIF Revenue to the City until the Termination Date.

RTD Agreement

The District, District No. 2 and District No. 3 entered into the Intergovernmental Agreement for Denver Union Station Historic Station Zone At-Grade Public Improvement Operation and Maintenance with RTD dated February 11, 2010, as amended (the RTD Agreement), pursuant to which District No. 2 and District No. 3 agreed to impose a levy of ten (10) mills (the O&M Mill Levy) and the District agreed to remit the revenues from the O&M Mill Levy to RTD for the payment of operation and maintenance of certain Historic Station Zone Improvements upon their completion.

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NOTE 9 AGREEMENTS (CONTINUED)

RTD Agreement (Continued)

On January 15, 2021, the District and District Nos. 2 and 3 entered into the Amended and Restated Intergovernmental Agreement for Denver Union Station Historic Station Zone At-Grade Public Improvement Operation and Maintenance with the Regional Transportation District (Amended RTD Agreement). District No. 2 and District No. 3 agree to annually budget and appropriate an amount sufficient to fund costs equal to the DUS District Contribution and transfer such funds to the District. The District will remit the DUS District Contribution to RTD for payment of the Historic Station Zone operations and maintenance costs. The DUS District Contribution is 60% of the actual Historic Station Zone operations and maintenance costs.

District Nos. 1-3: Facilities Funding, Construction and Operations Agreement

The District, District No. 2 and District No. 3 entered into the District Nos. 1-3 Facilities Funding, Construction and Operations Agreement dated November 12, 2013, as amended by a First Amendment effective January 1, 2021 (the FFCOA), whereby the District, as the Management District, agrees to provide administrative services, as well as coordinating, construction and management of certain improvements to District No. 2 and District No. 3. The District agrees to own (subject to transfer to other governmental entities or authorities), operate, maintain, fund and construct certain District Improvements (as defined in the FFCOA) and manage, operate and maintain the Public Space Improvements (as defined in the FFCOA), and District No. 2 and District No. 3 agree to contribute to the cost of the same through the imposition of a mill levy.

Intergovernmental Agreement for Services between Downtown Denver Business Improvement District and DUS District No. 1

The District and the Downtown Denver Business Improvement District (the BID) entered into an agreement on January 4, 2016, whereby the BID will provide for care, operation, repair, maintenance and replacement of certain public improvements located within the Tail Tracks Plaza (as defined therein) for the period of one (1) year. The District and the BID entered into subsequent agreements for fiscal years 2017 through 2019. The District and the BID have amended the agreement for services for fiscal year 2019 to extend the term to include fiscal years 2020-2022 as well as include additional services including repairs and replacement of landscaping, irrigation, pavers. It is anticipated that the District will further extend the term of the agreement with the BID for fiscal year 2023 for an annual amount not to exceed \$68,574 per year for porter and maintenance services and \$46.20 per hour for snow removal.

Intergovernmental Agreement – Special District Security Services

The District, District No. 2, District No. 3, and the City, acting by and through its Denver Police Department, entered into an Intergovernmental Agreement – Special District Security Services dated August 5, 2022 (the Security IGA), whereby the City consented to the District, District No. 2, District No. 3 providing Security Services (as defined therein) within their boundaries subject to the terms and conditions therein. The term of the Security IGA expires on December 31, 2025.

DUS METROPOLITAN DISTRICT NO. 1
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NOTE 10 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 (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, 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 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, 2008, the District's voters approved election questions allowing the District to levy annual taxes and fees of up to \$10,000,000 for operations and maintenance costs and allow the District to collect and spend additional revenue without regard to any spending, revenue raising, or other limitation contained within TABOR.

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.