

**DENVER CONNECTION WEST
METROPOLITAN DISTRICT
CITY AND COUNTY OF DENVER, COLORADO**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Denver Connection West Metropolitan District
City and County of Denver, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Denver Connection West Metropolitan District (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 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 comparisons for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112
303-905-0809 • info@dazziocpa.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, 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.

Dazio & Associates, P.C.

July 12, 2024

BASIC FINANCIAL STATEMENTS

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 555,395
Cash and Investments - Restricted	737,627
Prepaid Expense	450
Accounts Receivable	15,282
Accounts Receivable - Other	3,950
Property Taxes Receivable	1,986,110
Receivable from County Treasurer	6,602
Capital Assets Not Being Depreciated	5,076,035
Capital Assets Being Depreciated	4,688,679
Total Assets	13,070,130
 DEFERRED OUTFLOWS OF RESOURCES	
Cost of Debt Refunding	232,228
Total Deferred Outflows of Resources	232,228
 LIABILITIES	
Accounts Payable	164,962
Accrued Interest Payable	34,194
Noncurrent Liabilities:	
Due Within One Year	238,844
Due in More Than One Year	11,033,902
Total Liabilities	11,471,902
 DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	1,986,110
Total Deferred Inflows of Resources	1,986,110
 NET POSITION	
Restricted for:	
Emergency Reserves	28,700
Debt Service	577,909
Unrestricted	(762,263)
Total Net Position	\$ (155,654)

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS				
Government Activities:				
General Government	\$ 19,096	\$ -	\$ -	\$ (977,377)
Interest and Related Costs on Long-Term Debt	1,371,587	-	100,000	(1,271,587)
	<u>\$ 2,368,060</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>(2,248,964)</u>
Total Governmental Activities				
				1,664,717
				93,198
				72,330
				-
				1,830,245
				<u>22,441,697</u>
				22,022,978
				<u>(22,178,632)</u>
				<u>\$ (155,654)</u>
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Interest Income				
Reimbursed Expenditures				
Total General Revenues				
SPECIAL ITEM				
Forgiveness of Debt				
CHANGES IN NET POSITION				
Net Position - Beginning of Year				
NET POSITION - END OF YEAR				

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Capital Projects Reserve	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 393,652	\$ -	\$ -	\$ 161,743	\$ 555,395
Cash and Investments - Restricted	28,700	608,841	100,086	-	737,627
Accounts Receivable	15,282	-	-	-	15,282
Accounts Receivable - Other	3,950	-	-	-	3,950
Receivable from County Treasurer	3,340	3,262	-	-	6,602
Property Taxes Receivable	1,079,986	906,124	-	-	1,986,110
Prepaid Insurance	450	-	-	-	450
Total Assets	\$ 1,525,360	\$ 1,518,227	\$ 100,086	\$ 161,743	\$ 3,305,416
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 73,314	\$ -	\$ 91,648	\$ -	\$ 164,962
Total Liabilities	73,314	-	91,648	-	164,962
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes	1,079,986	906,124	-	-	1,986,110
Total Deferred Inflows of Resources	1,079,986	906,124	-	-	1,986,110
FUND BALANCES					
Nonspendable:					
Prepaid Expenses	450	-	-	-	450
Restricted for:					
Emergency Reserves	28,700	-	-	-	28,700
Debt Service	-	612,103	-	-	612,103
Assigned to:					
Capital Projects	-	-	8,438	161,743	170,181
Unassigned	342,910	-	-	-	342,910
Total Fund Balances (Deficit)	372,060	612,103	8,438	161,743	1,154,344
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,525,360	\$ 1,518,227	\$ 100,086	\$ 161,743	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets are recorded as assets on the statement of net position, but are recorded as expenditures in the funds.					
Capital Assets, Net					9,764,714
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					
Cost of Refunding					232,228
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are and reported in the funds.					
Loans Payable					(11,272,746)
Accrued Interest on Loan Payable-2022A-1					(33,079)
Accrued Interest on Loan Payable-2022A-2					(1,115)
Net Position of Governmental Activities					\$ (155,654)

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Capital Projects Reserve	Total Governmental Funds
REVENUES					
General:					
Property Taxes	\$ 842,163	\$ 822,554	\$ -	\$ -	\$ 1,664,717
Specific Ownership Tax	47,148	46,050	-	-	93,198
Interest Income	32,750	37,947	10	1,623	72,330
Other Revenue	132	-	-	-	132
HUB Rental Fees	18,714	-	-	-	18,714
Closing Fees	250	-	-	-	250
Total Revenues	<u>941,157</u>	<u>906,551</u>	<u>10</u>	<u>1,623</u>	<u>1,849,341</u>
EXPENDITURES					
General and Administrative					
Accounting	74,981	-	-	-	74,981
Auditing	5,100	-	-	-	5,100
County Treasurer's Fee	8,353	8,304	-	-	16,657
Director's Fees	4,500	-	-	-	4,500
District Management	184,100	-	-	-	184,100
Dues and Licenses	887	-	-	-	887
Insurance and Bonds	33,334	-	-	-	33,334
Legal Services	91,326	-	72,376	-	163,702
Miscellaneous	4,616	-	-	-	4,616
Election	2,659	-	-	-	2,659
Website	12,375	-	-	-	12,375
Payroll Taxes	337	-	-	-	337
Operations and Maintenance - HUB					
Clubhouse Operations/Supplies	49,408	-	-	-	49,408
Covenant Control	7,104	-	-	-	7,104
Landscaping Maintenance	77,436	-	-	-	77,436
Utility - Water/Sewer	16,443	-	-	-	16,443
Utility - Electricity	18,865	-	-	-	18,865
Security	61,754	-	-	-	61,754
Social Committee	19,423	-	-	-	19,423
Storm Drainage	8,172	-	-	-	8,172
Maintenance/Repairs - HUB					
Dog Park Stations	9,999	-	-	-	9,999
Irrigation Repair	7,760	-	-	-	7,760
Pool Maintenance	43,894	-	-	-	43,894
Repairs and Maintenance	17,231	-	-	-	17,231
Repairs and Maintenance - Common Areas	7,696	-	-	-	7,696
Snow Removal	40,952	-	-	-	40,952
Debt Service					
Paying Agent Fees	-	2,500	-	-	2,500
Loan Interest - Series 2022 A-1	-	404,768	-	-	404,768
Loan Principal - Series 2022 A-1	-	215,000	-	-	215,000
Loan Interest - Series 2022 A-2	-	8,935	-	-	8,935
Loan Principal - Series 2022 A-2	-	2,550	-	-	2,550
Capital Outlay					
Engineering	-	-	15,038	-	15,038
Clubhouse Furniture	-	-	-	3,242	3,242
Parks and Landscaping	-	-	114,733	-	114,733
Total Expenditures	<u>808,705</u>	<u>642,057</u>	<u>202,147</u>	<u>3,242</u>	<u>1,656,151</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	132,452	264,494	(202,137)	(1,619)	193,190
OTHER FINANCING SOURCES (USES)					
Developer Contribution	-	-	100,000	-	100,000
Loan Issuance - Series 2022 Loan	-	-	267,296	-	267,296
Transfer to Other Funds	(54,570)	-	-	-	(54,570)
Transfer from Other Funds	-	-	-	54,570	54,570
Total Other Financing Sources (Uses)	<u>(54,570)</u>	<u>-</u>	<u>367,296</u>	<u>54,570</u>	<u>367,296</u>
NET CHANGE IN FUND BALANCES	77,882	264,494	165,159	52,951	560,486
Fund Balances - Beginning of Year	<u>294,178</u>	<u>347,609</u>	<u>(156,721)</u>	<u>108,792</u>	<u>593,858</u>
FUND BALANCES (DEFICITS)-END OF YEAR	<u>\$ 372,060</u>	<u>\$ 612,103</u>	<u>\$ 8,438</u>	<u>\$ 161,743</u>	<u>\$ 1,154,344</u>

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Changes in Fund Balances - Total Governmental Funds \$ 560,486

Amounts reported for governmental activities in the statement of net 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 assets over the estimated useful life of the asset. During the current period, this is the net amount of capital outlay.

Depreciation Expense	(107,088)
Capital Outlay	133,013

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

Loan Proceeds	(267,296)
Cost of Refunding Amortization	(15,701)
Refunding of Bond Principal Payment Series 2017A and Series 2017B	
Current Year Bond Principal Payment - Loan Series 2022A and Loans Series 2022A-1	217,550

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

Developer Advance Forgiveness - Principal and Interest	22,441,697
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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 Bonds - Change in Liability	(151)
Accrued Interest on Developer Advances - Change in Liability	(939,532)

Change in Net Position of Governmental Activities	\$ 22,022,978
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**DENVER CONNECTION WEST METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 840,281	\$ 842,163	\$ 1,882
Specific Ownership Tax	42,014	47,148	5,134
Interest Income	3,500	32,750	29,250
Other Revenue	200	132	(68)
Deposit Fees	8,000	18,714	10,714
Closing Fees	10,000	250	(9,750)
Reimbursed Expenditures	10,000	-	(10,000)
Total Revenues	<u>913,995</u>	<u>941,157</u>	<u>27,162</u>
EXPENDITURES			
General and Administrative			
Accounting	60,000	74,981	(14,981)
Auditing	5,100	5,100	-
Contingency	1,997	-	1,997
County Treasurer's Fee	8,403	8,353	50
Director's Fees	-	4,500	(4,500)
District Management	150,000	184,100	(34,100)
Dues and Licenses	6,500	887	5,613
Insurance and Bonds	30,000	33,334	(3,334)
Legal Services	65,000	91,326	(26,326)
Mediation	5,000	-	5,000
Miscellaneous	2,000	4,616	(2,616)
Payroll Taxes	-	337	(337)
Election	15,000	2,659	12,341
Website	15,000	12,375	2,625
Operations and Maintenance - HUB			
Clubhouse Operations/Supplies	55,000	49,408	5,592
Covenant Enforcement	12,000	7,104	4,896
Landscaping Maintenance	110,000	77,436	32,564
Utility - Water/Sewer	30,000	16,443	13,557
Utility - Electricity	18,000	18,865	(865)
Security	75,000	61,754	13,246
Social Committee	20,000	19,423	577
Storm Drainage	-	8,172	(8,172)
Maintenance/Repairs - HUB			
Dog Park Stations	15,000	9,999	5,001
Irrigation Repair	22,000	7,760	14,240
Landscape Enhancements	33,000	-	33,000
Language Translation	5,000	-	5,000
Plant Material Replacements	25,000	-	25,000
Pool Maintenance	30,000	43,894	(13,894)
Repairs and Maintenance	10,000	17,231	(7,231)
Repairs and Maintenance - Common Areas	25,000	7,696	17,304
Snow Removal - Common Area	80,000	40,952	39,048
Total Expenditures	<u>929,000</u>	<u>808,705</u>	<u>120,295</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,005)	132,452	147,457
OTHER FINANCING SOURCES			
Transfer to Other Funds	(54,570)	(54,570)	-
Total Other Financing Uses	<u>(54,570)</u>	<u>(54,570)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(69,575)	77,882	147,457
Fund Balances - Beginning of Year	<u>123,076</u>	<u>294,178</u>	<u>171,102</u>
FUND BALANCES - END OF YEAR	<u>\$ 53,501</u>	<u>\$ 372,060</u>	<u>\$ 318,559</u>

See accompanying Notes to Basic Financial Statements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

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 for the City and County of Denver and recorder on December 1, 2016, 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 entirely within the City and County of Denver, Colorado.

The District was established to provide financing for the construction, installation, and operation of public improvements and services, including streets, water, storm, sanitation, safety protection, and parks and recreation facilities, transportation, mosquito control, and covenant enforcement.

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 and the sum of liabilities and deferred inflows is reported as net position.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 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 District property taxes and interest. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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

The Capital Projects Reserve Fund is used to account for financial resources to be used for replacing and/or maintain community center and capital improvements.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The 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 has amended its annual budget for the year ended December 31, 2023.

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.

Property Taxes

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

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

Capital Assets

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

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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:

Buildings and Improvements	50 Years
Furniture and Equipment	5 to 10 Years

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item Cost of Debt Refunding is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

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

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

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

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

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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	\$ 555,395
Cash and Investments - Restricted	737,627
Total Cash and Investments	\$ 1,293,022

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

Deposits with Financial Institutions	\$ 8,761
Investments	1,284,261
Total Cash and Investments	\$ 1,293,022

Deposits with Financial Institutions

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

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

At December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$8,761.

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.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	\$ 1,284,261
Total Investments		<u>\$ 1,284,261</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.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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 Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for 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 AA Af/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.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in capital assets for the year ended December 31, 2023:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Capital Assets, Not Being Depreciated:				
Construction in Progress				
Parks and Open Space	\$ 4,946,264	\$ 129,771	\$ -	\$ 5,076,035
Total Capital Assets Not Being Depreciated	4,946,264	129,771	-	5,076,035
Capital Assets, Being Depreciated:				
Furniture and Equipment	42,115	3,242	-	45,357
Community Center - HUB	5,053,629	-	-	5,053,629
Total Capital Assets Being Depreciated	5,095,744	3,242	-	5,098,986
Less Accumulated Depreciation for:				
Furniture and Equipment	-	(6,015)	-	(6,015)
Community Center - HUB	(303,219)	(101,073)	-	(404,292)
Total Accumulated Depreciation	(303,219)	(107,088)	-	(410,307)
Total Capital Assets, Being Depreciated, Net	4,792,525	(103,846)	-	4,688,679
Governmental Activities - Capital Assets, Net	<u>\$ 9,738,789</u>	<u>\$ 25,925</u>	<u>\$ -</u>	<u>\$ 9,764,714</u>

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

Governmental Activities:	
General Government	<u>\$ 107,088</u>

Certain assets, primarily the Community Center, are remaining with the District for ownership and maintenance.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
G.O. Refunding Loan Series 2022A-1	\$ 11,120,000	\$ -	\$ 215,000	\$ 10,905,000	\$ 235,000
G.O. Refunding Loan Series 2022A-2	103,000	267,296	2,550	367,746	3,844
Developer Advances - General	110,576	-	110,576	-	-
Interest on Developer Advances - General	42,473	6,519	48,992	-	-
Developer Advances - Capital	15,824,791	-	15,824,791	-	-
Interest on Developer Advances - Capital	5,524,325	933,013	6,457,338	-	-
Total	<u>\$ 32,725,165</u>	<u>\$ 1,206,828</u>	<u>\$ 22,659,247</u>	<u>\$ 11,272,746</u>	<u>\$ 238,844</u>

Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Loan Series 2022A-1 (the "2022A-1 Loan") and Limited Tax (Convertible to Unlimited Tax) General Obligation Improvement Loan Series 2022A-2 (the 2022A-2 Loan and together with the 2022A-1 Loan, the Loans). The District issued the Loans pursuant to a Loan Agreement between the District and NBH Bank on March 29, 2022, in the amount of \$11,350,000 for the 2022A-1 Loan and up to \$1,400,000 for the 2022A-2 Loan.

Proceeds from the issuance of the Series 2022A-1 General Obligation Refunding Loan (discussion follows) were placed in an irrevocable trust under an escrow agreement. The funds were used to pay the outstanding principal and interest on the Series 2017A Bonds on December 1, 2022, and the Series 2017B on December 15, 2022.

Details of the Loans

A portion of the 2022A-2 Loan (the "Initial Advance") was advanced by the Lender to the District on the Closing Date in the amount of \$105,000 solely for the purpose of paying costs of issuance of the 2022A-2 Loan. The unfunded portion of the 2022A-2 Loan, equal to the Maximum Advance Amount of \$1,400,000 less the Initial Advance, is anticipated to be advanced by the Lender and applied by the District to finance or reimburse a portion of the costs of acquiring, constructing, and installing public improvements. As of December 31, 2023, the unfunded portion of the 2022A-2 Loan was \$1,027,704. No advances may occur on or after March 29, 2025.

Unused lines of credit

The Series 2022 Refunding and Improvements Loans do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2022 Refunding and Improvements Loans.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Details of the Loans (Continued)

Events of default

Events of default occur if the Districts fail to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture, and do not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indentures.

Termination Events

The Series 2022 Refunding and Improvements Loans do not have a termination provision.

Acceleration

The Series 2022 Refunding and Improvements Loans are not subject to acceleration.

The 2022A-1 Loan was issued at the Taxable Fixed Rate of 4.03% per annum. On September 19, 2022, the Tax-Exempt Reissuance Date, the District reissued the 2022A-1 Loan to bear interest at the Tax-Exempt Fixed Rate of 3.64% per annum. The 2022A-2 Loan bears interest at the Tax-Exempt Fixed Rate of 3.64% per annum to maturity.

Interest on the Loans is payable on each June 1 and December 1, beginning on June 1, 2022. Annual principal payments are due on each December 1, beginning December 1, 2022. Interest not paid when due shall remain due and owing until paid but shall not compound or bear additional interest. The Loans mature on December 1, 2041.

The Loans may be prepaid prior to the Maturity Date, at the option of the District, at a prepayment price equal to the sum of the principal amount of the Loans so prepaid plus accrued interest thereon to the date of such prepayment, with no prepayment fee, as follows: (a) in whole, on or after March 29, 2027; or (b), in part, at any time, from any available revenues of the District other than Pledged Revenues.

Pledged Revenue

The Loans are secured by and payable solely from and to the extent of Pledged Revenue, which means the moneys derived from the following sources, net of any costs of collection:

- (a) the Required Mill Levy;
- (b) Specific Ownership Taxes as a result of the imposition of the Required Mill Levy; and
- (c) any other legally available moneys which the District determines to apply as Pledged Revenue.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Required Mill Levy

The District has covenanted to levy the “Required Mill Levy,” generally meaning:

- (a) Prior to the Conversion Date (defined below) an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal and interest on the Loans, as the same become due and payable, but not in excess of 40 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2016).
- (b) On and after the Conversion Date, an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient, without limitation of rate, to pay the principal and interest on the Loans, as the same become due and payable.

The Conversion Date is the first date on which the Debt to Assessed Ratio is 50% or less. The Debt to Assessed Ratio as of any date of calculation, is the ratio derived by dividing the then-outstanding principal of all debt of the District by the most recent final assessed valuation of the District.

Events of Default

Events of default occur if the District fails to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Loan Agreement, fails to pay principal and interest on the Notes when due, and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

The District’s long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u> (1)	<u>Total</u>
2024	\$ 238,844	\$ 410,321	\$ 649,165
2025	251,000	401,633	652,633
2026	271,000	392,496	663,496
2027	283,000	382,632	665,632
2028	303,000	372,331	675,331
2029-2033	1,791,468	1,683,099	3,474,567
2034-2038	2,343,434	1,318,342	3,661,776
2039-2043	2,914,000	914,019	3,828,019
2044-2047	2,877,000	321,119	3,198,119
Total	<u>\$ 11,272,746</u>	<u>\$ 6,195,993</u>	<u>\$ 17,468,739</u>

(1) Assumes 4.5% rate from 12/01/2041 to maturity.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 8, 2016, a majority of the qualified electors of the District who voted in the election authorized the issuance of District indebtedness in an amount not to exceed \$200,000,000. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Debt Authorized 2016 Election	Authorization Used for Series 2017A Bonds	Authorization Used for Series 2017B Bonds	Authorization Used for Series 2022A-1 Loan	Authorization Used for Series 2022A-2 Loan (1)	Authorized But Unissued
Streets	\$ 20,000,000	\$ 2,035,287	\$ 1,192,640	\$ -	\$ -	\$ 16,772,073
Parks and Recreation	20,000,000	227,691	380,088	-	1,400,000	17,992,221
Water	20,000,000	3,828,153	134,982	-	-	16,036,865
Sanitation	20,000,000	3,392,483	737,986	-	-	15,869,531
Transportation	20,000,000	205,850	10,123	-	-	19,784,027
Mosquito Control	20,000,000	-	-	-	-	20,000,000
Safety Protection	20,000,000	536	83,181	-	-	19,916,283
Refunding	20,000,000	-	-	-	-	20,000,000
Total	<u>\$ 160,000,000</u>	<u>\$ 9,690,000</u>	<u>\$ 2,539,000</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>	(2) <u>\$ 146,371,000</u>

(1) Assumes the full amount of the 2022A-2 Loan is advanced during the Advance Period.

(2) Under the Service Plan, the District may not issue debt in excess of \$20,000,000, excluding refundings, without City authorization.

The issuance of the 2022A-1 Loan did not use any debt authorization because the financing constitutes a refinancing of District bonded debt at a lower interest rate.

NOTE 6 NET POSITION

The District's net position consists of two components – restricted and unrestricted.

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 restricted net position as of December 31, 2023 as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserves	\$ 28,700
Debt Service	577,909
Total Restricted Net Position	<u>\$ 606,609</u>

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

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS

Operation Funding Agreement

The District and the Developer (William Lyon Homes, Inc.) entered into an Operation Funding Agreement on January 30, 2017, with an effective date of December 1, 2016, as amended by the first Amendment dated July 27, 2017 (the Agreement).

Pursuant to the authority granted to the District by its Service Plan, as approved by the City Council of the City and County of Denver on September 12, 2016, as it may be amended from time to time (the Service Plan), the District intends to construct and/or acquire certain public improvements and provide certain services to benefit properties within its boundaries and/or service area (the District Services). In order for the public improvements to be constructed and/or acquired it is necessary for the District to be able to pay its ongoing operations and maintenance expenses which enable it to provide the District Services.

In order to enable the District to provide District Services, the Developer was willing to advance funds to the District or pay consultants directly for operations and maintenance expenses pursuant to the terms of this Agreement.

The District anticipated a shortfall in revenues available for operations and maintenance expenses to be incurred for fiscal years 2016 and 2019 in an aggregate amount of \$184,000 (the Shortfall Amount). The Developer advanced funds necessary to fund, or directly paid, the District's operations and maintenance expenses on a periodic basis as needed for the fiscal years 2016 through 2019 up to the Shortfall Amount.

Simple interest shall accrue on each Developer Advance from the date of deposit into the District's account or from the date of direct payment by the Developer, until paid, at the rate of 8% per annum. Payments to reimburse the Developer shall be made on December 2 of each year and shall be applied as follows: first to the accrued and unpaid interest and then to the principal amount due pursuant to this Agreement.

The term of this Agreement commenced on December 1, 2016 and expired on December 31, 2019. Any obligation of District to reimburse the Developer shall expire on December 31, 2059. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to this Agreement on or before December 31, 2059, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

As of September 26, 2023, per Satisfaction and Termination of Operation Funding and Capital Funding Agreement the District was released from obligation to repay Outstanding Advances totaled \$110,576 and accrued interest totaled \$48,992.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

Facilities Funding and Acquisition Agreement

The District and the Developer entered into a Facilities Funding and Acquisition Agreement on January 30, 2017, with an effective date of December 1, 2016 (the Acquisition Agreement). Pursuant to the Acquisition Agreement, the Developer has agreed to advance funds to the District (each an Advance) in the amount necessary to fund the costs of designing, testing, engineering, and construction of the public improvements, together with related consultant and management fees, as needed, up to \$20,000,000 (unless otherwise approved by the Developer), for the fiscal years 2016 through 2026. Alternatively, the Developer may design, construct, and complete certain public improvements and the District may acquire such improvements.

Subject to availability of funding, the District agrees to repay the Developer for advances made for organization expenses of the District and advances for construction related expenses with simple interest accruing thereon at the rate of 8% per annum. In the event the District has not repaid the Developer by December 31, 2057, any amount of principal and accrued interest outstanding on such date is to be deemed discharged and satisfied in full. The Acquisition Agreement does not constitute a debt or multiple fiscal year financial obligation of the District and the making of any reimbursement thereunder is subject to annual appropriation.

As of September 26, 2023, per Satisfaction and Termination of Operation Funding and Capital Funding Agreement the District was released from obligation to repay Outstanding Advances totaled \$15,824,791 and accrued interest totaled \$6,457,338.

Letter Agreement With William Lyons Homes, Inc

On September 26, 2023, the District and Developer entered into a Letter Agreement regarding a park to be installed or constructed on Tract A (the Tract A Park). The Letter Agreement recognizes that the Tract A Park is to be a City park and that the Developer had entered into a separate letter agreement with the City acknowledging the Developer's obligation to contribute \$2,000,000 toward the installation or construction of the Tract A Park, plus an additional amount for the public art budget, as required by the City. Under the District and Developer Letter Agreement, the District agreed to construct or install the Tract A Park, provided the Developer contributed the above funding to the District and provided the City contributed additional funding under a future intergovernmental agreement between the City and District (the Future IGA). The District and Developer Letter Agreement further recognizes that additional entitlement work related to the real property on Tract A was necessary before installation or construction of the Tract A Park could commence. The Developer agreed to forward \$100,000 of the \$2,000,000 to pay for the entitlement work. Upon approval and finalization of the Future IGA between the City and District, the Developer will forward the remaining \$1,900,000 and the public art budget.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

Gateway Improvement Funding Agreement

The District and the City and County of Denver, Colorado (the City) entered into the Gateway Improvements Funding Agreement (Denver Connection West) dated September 19, 2019 (Gateway IGA). The Gateway IGA recognizes that the District is located within the Gateway Impact Fee Assessment Area (Assessment Area), as defined in the City's Gateway Impact Fee Ordinance 863, Series 2000 (Impact Fee Ordinance). The Impact Fee Ordinance provides for the collection of an Impact Fee to finance regional infrastructure within the Assessment Area. Under the Gateway IGA, the District intends to exercise its authority to construct, provide for or finance certain regional infrastructure for the Green Valley Ranch Boulevard expansion improvements and the Memphis Street traffic signal improvements (collectively, the Gateway Improvements), both of which are impact fee projects. In 2019, the City reimbursed the District for certain funds expended by the District for constructing the Gateway Improvements in the amount of \$1,543,979.67. The City initially accepted the Gateway Improvements in 2019, and accepted responsibility for the operations and maintenance of the Gateway Improvements as of January 1, 2019. The initial acceptance letter from the City provided that the District would be informed in writing of any required repairs to the Gateway Improvements following a three-year warranty period.

NOTE 8 INTERFUND AND OPERATING TRANSFERS

The transfer from the General Fund to the Capital Projects Reserve Fund was done to accumulate funds in the Capital Projects Reserve Fund.

NOTE 9 RISK MANAGEMENT

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

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

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

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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.

At the election on November 8, 2016, voters of the District approved an election question allowing the District to collect and expend each year all revenues without regard to the revenue and spending limitations of 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.

SUPPLEMENTARY INFORMATION

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 820,716	\$ 820,716	\$ 822,554	\$ 1,838
Specific Ownership Tax	41,036	41,036	46,050	5,014
Interest Income	14,000	27,000	37,947	10,947
Total Revenues	<u>875,752</u>	<u>888,752</u>	<u>906,551</u>	<u>17,799</u>
EXPENDITURES				
County Treasurer's Fees	8,354	8,354	8,304	50
Paying Agent Fees	6,000	6,000	2,500	3,500
Loan Interest - Series 2022 A-1	404,768	404,768	404,768	-
Loan Principal - Series 2022 A-1	215,000	215,000	215,000	-
Loan Interest - Series 2022 A-2	53,152	56,231	8,935	47,296
Loan Principal - Series 2022 A-2	27,000	27,000	2,550	24,450
Contingency	4,726	9,647	-	9,647
Total Expenditures	<u>719,000</u>	<u>727,000</u>	<u>642,057</u>	<u>84,943</u>
NET CHANGE IN FUND BALANCES	156,752	161,752	264,494	102,742
Fund Balances - Beginning of Year	<u>294,875</u>	<u>347,609</u>	<u>347,609</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 451,627</u></u>	<u><u>\$ 509,361</u></u>	<u><u>\$ 612,103</u></u>	<u><u>\$ 102,742</u></u>

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ -	\$ 10	\$ 10
Total Revenues	<u>-</u>	<u>10</u>	<u>10</u>
EXPENDITURES			
Contingency	50,000	-	50,000
Cost of Issuance - Loan 2023 B	104,670	-	104,670
Engineering	50,000	15,038	34,962
Legal Services	-	72,376	(72,376)
Parks and Landscaping	6,260,287	114,733	6,145,554
Public Art	250,000	-	250,000
Total Expenditures	<u>6,714,957</u>	<u>202,147</u>	<u>6,512,810</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,714,957)	(202,137)	6,512,820
OTHER FINANCING SOURCES (USES)			
Developer Advance	2,100,000	-	(2,100,000)
Developer Contribution	-	100,000	100,000
Loan Issuance - Series 2022 A-2	-	267,296	267,296
Loan Issuance - Series 2023 B	3,489,000	-	(3,489,000)
Total Other Financing Sources (Uses)	<u>5,589,000</u>	<u>367,296</u>	<u>(5,221,704)</u>
NET CHANGE IN FUND BALANCES	(1,125,957)	165,159	1,291,116
Fund Balances - Beginning of Year	<u>1,125,957</u>	<u>(156,721)</u>	<u>(1,282,678)</u>
FUND BALANCES (DEFICIT) END OF YEAR	<u>\$ -</u>	<u>\$ 8,438</u>	<u>\$ 8,438</u>

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
CAPITAL PROJECTS RESERVE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ 400	\$ 1,623	\$ 1,223
Total Revenues	-	400	1,623	1,223
EXPENDITURES				
Clubhouse furniture	-	3,500	3,242	258
Total Expenditures	-	3,500	3,242	258
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	(3,100)	(1,619)	1,481
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	54,570	54,570	54,570	-
Total Other Financing Sources (Uses)	54,570	54,570	54,570	-
NET CHANGE IN FUND BALANCE				
	54,570	51,470	52,951	1,481
Fund Balance - Beginning of Year	100,907	108,792	108,792	-
FUND BALANCE - END OF YEAR	\$ 155,477	\$ 160,262	\$ 161,743	\$ 1,481

OTHER INFORMATION

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

\$11,350,000
Limited Tax (Convertible to Unlimited Tax)
General Obligation Refunding Loan
Series 2022A-1
March 29, 2022
Principal due December 1
Interest Rates 4.03% taxable through 9/17/22,
tax-exempt to 12/01/2041
Assumes 4.50% thereafter, Payable
June 1 and December 1

\$1,400,000
Limited Tax (Convertible to Unlimited Tax)
General Obligation Improvement Loan
Series 2022A-2
March 29, 2022
Principal due December 1
Interest Rates 3.64% tax exempt through 12/01/2041
Assumes 4.50% thereafter, Payable
June 1 and December 1

<u>Year Ended December 31,</u>	<u>Principal</u>			<u>Interest</u>			<u>Total</u>		
2024	\$	235,000		\$	396,942		\$	631,942	
2025		245,000			388,388			633,388	
2026		265,000			379,470			644,470	
2027		275,000			369,824			644,824	
2028		295,000			359,814			654,814	
2029		310,000			349,076			659,076	
2030		330,000			337,792			667,792	
2031		345,000			325,780			670,780	
2032		370,000			313,222			683,222	
2033		380,000			299,754			679,754	
2034		410,000			285,922			695,922	
2035		425,000			270,998			695,998	
2036		455,000			255,528			710,528	
2037		470,000			238,966			708,966	
2038		500,000			221,858			721,858	
2039		520,000			203,658			723,658	
2040		550,000			184,730			734,730	
2041		570,000			164,710			734,710	
2042		575,000			177,975			752,975	
2043		600,000			152,100			752,100	
2044		640,000			125,100			765,100	
2045		670,000			96,300			766,300	
2046		715,000			66,150			781,150	
2047		755,000			22,650			777,650	
Total	\$	<u>10,905,000</u>		\$	<u>5,986,707</u>		\$	<u>16,891,707</u>	
							\$	<u>367,746</u>	
				\$	<u>209,286</u>		\$	<u>577,032</u>	

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2019	\$ 4,230,150	11.055	44.222	\$ 233,830	\$ 163,776 (A)	70.04 %
2020	10,862,230	11.133	44.531	604,635	604,635	100.00
2021	15,795,120	11.133	44.531	879,219	878,511	99.92
2022	18,739,250	44.790	44.531	1,673,809	1,671,378	99.85
2023	17,932,490	46.858	45.767	1,660,997	1,664,717	100.22
Estimated for Year Ending December 31, 2024	\$ 20,372,870	53.011	44.477	\$ 1,986,110		

NOTES:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

(A) Includes a rebate of \$70,345 to taxpayers in 2019.