

**City of Central Business Improvement District
(Gilpin County, Colorado)**

FINANCIAL STATEMENTS

December 31, 2023

City of Central Business Improvement District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Central Business Improvement District
Gilpin County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of City of Central Business Improvement 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 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 thereof, 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.

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Fiscal Focus Partners, LLC

Auditor's Responsibility 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as identified in the table of contents is presented for the purposes of additional analysis and legal compliance 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Arvada, Colorado
September 23, 2024

BASIC FINANCIAL STATEMENTS

CITY OF CENTRAL BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 81,544
Cash and investments - Restricted	61,168
Receivable - County Treasurer	14,014
Property taxes receivable	1,712,706
Total assets	1,869,432
LIABILITIES	
Accounts payable	55,651
Noncurrent liabilities:	
Due within one year	45,200,000
Due in more than one year	31,419,736
Total liabilities	76,675,387
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	1,712,706
Total deferred inflows of resources	1,712,706
NET POSITION	
Restricted for:	
Emergency reserves	5,400
Debt service	199,291
Unrestricted	(76,723,352)
Total net position	\$ (76,518,661)

The accompanying Notes to the Financial Statements are an integral part of these statements.

CITY OF CENTRAL BUSINESS IMPROVEMENT DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

DECEMBER 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 81,544	\$ -	\$ 81,544
Cash and investments - restricted	-	61,168	61,168
Receivable - County Treasurer	824	13,190	14,014
Due from other funds	-	124,933	124,933
Property taxes receivable	190,301	1,522,405	1,712,706
Total assets	<u>272,669</u>	<u>1,721,696</u>	<u>1,994,365</u>
LIABILITIES			
Accounts payable	55,651	-	55,651
Due to other funds	124,933	-	124,933
Total liabilities	<u>180,584</u>	<u>-</u>	<u>180,584</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	190,301	1,522,405	1,712,706
Total deferred inflows of resources	<u>190,301</u>	<u>1,522,405</u>	<u>1,712,706</u>
FUND BALANCES			
Restricted for:			
Emergencies	5,400	-	5,400
Debt service	-	199,291	199,291
Unassigned	(103,616)	-	(103,616)
Total fund balances	<u>(98,216)</u>	<u>199,291</u>	<u>101,075</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 272,669</u>	<u>\$ 1,721,696</u>	

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

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	(45,200,000)
Maximum remaining interest obligation accrual	(31,072,861)
Tax Prepayment Note payable	(346,875)
Net position of governmental activities	<u>\$ (76,518,661)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

CITY OF CENTRAL BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Property tax	\$ 84,543	\$ 1,352,690	\$ 1,437,233
Specific ownership tax	94,575	-	94,575
Marketing services and other income	189,931	-	189,931
Net investment income	-	4,947	4,947
Total revenues	<u>369,049</u>	<u>1,357,637</u>	<u>1,726,686</u>
Expenditures			
Current			
Accounting	3,027	-	3,027
Audit	7,100	-	7,100
Bank and office fees	7,838	-	7,838
Capital-related expenses	15,875	-	15,875
Contract services	105,000	-	105,000
Insurance	5,884	-	5,884
Legal	58,748	-	58,748
Maintenance - City Parkway	20,000	-	20,000
Marketing	230,256	-	230,256
Professional fees	30,553	-	30,553
Promotion	114,217	-	114,217
Treasurer fees	1,676	26,816	28,492
Debt service			
Bond interest	-	1,194,177	1,194,177
Total expenditures	<u>600,174</u>	<u>1,220,993</u>	<u>1,821,167</u>
Net change in fund balances	(231,125)	136,644	(94,481)
Fund balances - beginning	<u>132,909</u>	<u>62,647</u>	<u>195,556</u>
Fund balances - ending	<u>\$ (98,216)</u>	<u>\$ 199,291</u>	<u>\$ 101,075</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

CITY OF CENTRAL BUSINESS IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - governmental funds: \$ (94,481)

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

The issuance of long-term debt (e.g., bond, 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 position. 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.

Interest accrued on bonds - change	1,194,177
Change in net position of governmental activities	\$ 1,099,696

The accompanying Notes to the Financial Statements are an integral part of these statements.

CITY OF CENTRAL BUSINESS IMPROVEMENT DISTRICT

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Property tax	\$ 83,349	\$ 83,349	\$ 84,543	\$ 1,194
Specific ownership tax	110,000	110,000	94,575	(15,425)
Marketing services	140,000	185,000	189,931	4,931
Total revenues	<u>333,349</u>	<u>378,349</u>	<u>369,049</u>	<u>(9,300)</u>
Expenditures				
Current				
Accounting	3,000	3,000	3,027	(27)
Audit	6,150	6,150	7,100	(950)
Bank and office fees	-	-	7,838	(7,838)
Capital-related expenses	-	-	15,875	(15,875)
Contract services	150,000	150,000	105,000	45,000
Insurance	7,000	7,000	5,884	1,116
Legal	40,000	40,000	58,748	(18,748)
Maintenance - City Parkway	20,000	20,000	20,000	-
Marketing	140,000	240,000	230,256	9,744
Miscellaneous	5,500	5,500	-	5,500
Professional fees	-	35,000	30,553	4,447
Promotion	50,000	115,000	114,217	783
Treasurer fees	4,000	4,000	1,676	2,324
Total expenditures	<u>425,650</u>	<u>625,650</u>	<u>600,174</u>	<u>25,476</u>
Net change in fund balances	(92,301)	(247,301)	(231,125)	16,176
Fund balances - beginning	274,838	274,838	132,909	(141,929)
Fund balances - ending	<u>\$ 182,537</u>	<u>\$ 27,537</u>	<u>\$ (98,216)</u>	<u>\$ (125,753)</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

City of Central Business Improvement District

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Note 1 – Definition of Reporting Entity

City of Central Business Improvement District (the District), is a quasi-municipal organization and political subdivision of the State of Colorado. The District was organized on December 15, 1998, and is governed pursuant to the provisions of the Colorado Business Improvement District Act (CR.S. 31-25 part 12). The District was organized by the City of Central (City) pursuant to the city Ordinance No. 98-29. The District comprises the commercially assessed properties in the City's gaming district with the exception of real property containing mineral interests. The District was established for the purpose of providing various public services and improvements within the service area of the District, particularly the Central City Parkway. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization, 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 (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

City of Central Business Improvement District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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. Property taxes are recognized as revenues in the year they are collected.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund - The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

City of Central Business Improvement District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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 total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The District amended its 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 minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments for the District are reported at net asset value (Note 3).

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's 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, 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 inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than

City of Central Business Improvement District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

\$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

The District has conveyed all of its capital assets to the City.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. Property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. These amounts are eliminated in the statement of net position.

Fund Equity

Net Position

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

City of Central Business Improvement District

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2023

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 spending constraints:

Non-spendable 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 is legally or contractually required to be maintained intact.

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. 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 above criteria.

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

The District reported a deficit fund balance at December 31, 2023, which is expected to be eliminated through property tax collections in 2024.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

City of Central Business Improvement District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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	\$ 81,544
Cash and investments - Restricted	61,168
Total cash and investments	<u>\$ 142,712</u>

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

Deposits with financial institutions	\$ 81,544
Investments	
Morgan Stanley Institutional Liquidity Fund	61,168
Total cash and investments	<u>\$ 142,712</u>

At December 31, 2023, the District's cash deposits had bank balances of \$88,670 and carrying balances of \$81,544.

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. As of December 31, 2023, the federal insurance limit was \$250,000. 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.

Investments

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

The District primarily limits its investments to local government investments pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk.

City of Central Business Improvement District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk 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
- 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

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

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

Morgan Stanley Institutional Liquidity Fund

The Morgan Stanley Institutional Liquidity Fund (“MSILF”) is rated AAAM by Standard & Poor’s and the maturity is weighted average under 31 days. MSILF records its investments at fair value and the District records its investment in MSILF using the net asset value method. The fund is a money market fund with each share maintaining a value of \$1.00. The money market fund invests in high quality debt securities issued by the U.S. Government. At December 31, 2023, the District had \$61,168 invested in the MSILF held by a trustee.

City of Central Business Improvement District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Note 4 – Capital Assets

The Parkway Project consisted of the acquisition, construction, and installation of the Central City Parkway, a four-lane eight-mile parkway from Interstate I-70 to the City. The project was substantially completed and operational by late 2004. During 2004, the City assumed operational responsibility for the Central City Parkway. The assets were transferred to the City in February 2007 upon completion of the two-year warranty period. Under the terms of an amendment to the intergovernmental agreement between the District and the City, the District agreed to pay the City \$20,000 per year in support of the maintenance of the parkway.

Note 5 – Long-Term Debt

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

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Amounts Due Within One Year
<u>General Obligation Bonds</u>					
Limited Tax General Obligation					
Bonds - Series 2003A	\$ 45,200,000	\$ -	\$ -	\$ 45,200,000	\$ 45,200,000
Accrued interest on Series 2003A GO Bonds	32,267,038	-	1,194,177	31,072,861	-
<u>Direct Placement Obligations</u>					
Tax Prepayment Agreement	346,875	-	-	346,875	-
	<u>\$ 77,813,913</u>	<u>\$ -</u>	<u>\$ 1,194,177</u>	<u>\$ 76,619,736</u>	<u>\$ 45,200,000</u>

A description of the long-term obligations as of December 31, 2023 follows:

Limited Tax General Obligation Bonds – Series 2003A

On June 17, 2003, the District issued \$45,200,000 of Limited Tax General Obligation Bonds. The bonds are due December 1, 2023, with interest payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2003, at an interest rate of 9.75% per annum. The bonds were issued for the purposes of (i) financing costs of the acquisition, construction, and installation of the Central City Parkway, and (ii) paying certain costs and expenses in connection with the issuance of the bonds. The Bonds were issued in increments of \$100,000 and any integral multiples of \$5,000 in excess thereof. The bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000 on December 1, 2013, and on any date thereafter at a redemption price equal to the principal amount of the bonds plus accrued interest without redemption premium.

City of Central Business Improvement District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

Upon issuance of the bonds, all of the bonds were deposited into an escrow account. Bonds were released from the escrow account as needed to fund the periodic project disbursements. No bond will bear interest prior to its release date. As of December 31, 2006, all bonds had been released.

The bonds are secured by the pledge of receipts from a limited mill levy by the District of general ad valorem taxes. The initial mill levy is 80 mills and may vary depending on the total assessed valuation, subject to a maximum limit of 80 mills. Failure to make scheduled principal and interest payments as a result of insufficient ad valorem tax revenues from the limited mill levy does not constitute a default under the Indenture of Trust.

The total outstanding interest due as of December 31, 2023 is \$31,072,861, which includes the maximum allowable interest on the outstanding unpaid interest from 2006 through 2023. Additional interest is not accruing, as total debt is subject to the \$114,000,000 limitation discussed below, including current interest, accrued interest and compounded interest.

On January 5, 2007, the District approved the First Supplement to Indenture of Trust which amended the original bond indenture by providing that on the first business day of any month, if the amount on deposit in the Debt Service Fund is at least \$50,000, the District shall make a payment to the bondholders towards any past due debt service.

The ability of the District to make the scheduled payments of principal and interest along with the unpaid interest from 2006 through 2023 with the anticipated revenues for 2024 is in doubt under the current structure. The District continues to negotiate a restructure of the bonds. The District's election approving the issuance of the 2003A Bonds limits the maximum principal and interest that can be paid on District indebtedness, including the Series 2003A Bonds, to \$114,000,000. The District has made interest payments from 2003 through 2023 totaling \$37,727,139. Those interest payments, in addition to the \$45,200,000 in principal and \$31,072,861 in accrued interest account for the full \$114,000,000.

Tax Prepayment Agreement

On November 29, 2005, the District entered into a Tax Prepayment Agreement with Centaur Colorado, LLC. Under the terms of the agreement, on or before December 1, 2005, Centaur remitted \$346,875 to the District for deposit in the Debt Service Fund. The funds represent a credit which will be applied against the payment of taxes owed to the District by Centaur when and to the extent that the District's revenues exceed the amounts required for debt service. Centaur intends that its payment be recognized as a prepayment of taxes currently due or to become due in the next tax collection year. The District recognizes the credit as a tax prepayment for the benefit of Centaur. Centaur shall be able to apply the credit against any amounts owed to the District on the earlier of either immediately before refunding obligations are issued or when the District has available funds from revenues that are not obligated to the debt service payment.

The initial term of the agreement matured December 31, 2005. The term can be extended upon appropriation of the credit in the subsequent year. If in the budget in the subsequent year, the

City of Central Business Improvement District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

District is unable to pay the full amount of debt service, the District is not obligated to recognize the credit in that year and the term is automatically extended from year to year.

Debt Authorization

As of December 31, 2023, the District had no authorized but unissued indebtedness.

Note 6 – Net Position

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

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2023, the District had restricted net position as follows:

	Governmental Activities
Restricted net position:	
Emergencies	\$ 5,400
Debt Service	199,291
	<u>\$ 204,691</u>

As of December 31, 2023, the District had unrestricted net position of \$(76,723,352). This deficit amount is a result of the District being responsible for the repayment of bonds and interest issued for public improvements, which have been conveyed to other governmental entities.

Note 7 – Related Party

A majority of the members of the Board of Directors are either owners or representatives of the gaming properties within the District.

Note 8 – Risk Management

Except as may be provided in and by the Colorado Governmental Immunity Act, Section 24-10-101, et seq., C.R.S., as may be amended from time to time, 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 was a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official’s liability, boiler and machinery and workers

City of Central Business Improvement District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2023

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

Note 9 – 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.

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.

In May 2012, a majority of the District's voters approved certification of an operations mill levy of up to 5.000 mills. The voters also authorized the District to retain all revenues generated by said mill levy, thereby waiving the 5.5% revenue limit.

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

CITY OF CENTRAL BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 1,335,595	\$ 1,335,595	\$ 1,352,690	\$ 17,095
Investment income	14,000	14,000	4,947	(9,053)
Total revenues	<u>1,349,595</u>	<u>1,349,595</u>	<u>1,357,637</u>	<u>8,042</u>
EXPENDITURES				
Legal	4,500	4,500	-	4,500
Treasurer fees	30,000	30,000	26,816	3,184
Bond interest	1,350,000	1,350,000	1,194,177	155,823
Paying agent fees	4,000	4,000	-	4,000
Total expenditures	<u>1,388,500</u>	<u>1,388,500</u>	<u>1,220,993</u>	<u>167,507</u>
Net change in fund balances	<u>(38,905)</u>	<u>(38,905)</u>	<u>136,644</u>	<u>175,549</u>
Fund balances - beginning	<u>102,157</u>	<u>102,157</u>	<u>62,647</u>	<u>(39,510)</u>
Fund balances - ending	<u>\$ 63,252</u>	<u>\$ 63,252</u>	<u>\$ 199,291</u>	<u>\$ 136,039</u>

**CITY OF CENTRAL BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

	\$45,200,000		
	General Obligation Bonds		
	Series 2003		
	Dated June 18, 2003		
Bonds and Interest Maturing/Due in the Year Ending December 31,	Interest Payable on June 1 and Principal and Interest Payable December 1		
	Principal	Interest*	Total
Prior interest accrued	\$ -	\$ 31,072,861	\$ 31,072,861
2024	45,200,000	-	45,200,000
	\$ 45,200,000	\$ 31,072,861	\$ 76,272,861

* Scheduled interest payments for 2024 are reset to zero in this schedule as the District reached it's maximum authorized debt service limitation with interest paid and accrued through 2017

**CITY OF CENTRAL BUSINESS IMPROVEMENT DISTRICT
SUMMARY 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	Mills levied for General fund	Mills levied for Debt Service fund	Total property taxes		Percent collected to levied
				Levied	Collected	
2004	\$ 9,643,190	-	80.000	\$ 771,455	\$ 770,034	99.8%
2005	\$ 8,353,630	-	80.000	\$ 668,290	\$ 659,884	98.7%
2006	\$ 14,818,690	-	80.000	\$ 1,185,495	\$ 1,181,704	99.7%
2007	\$ 18,114,010	-	80.000	\$ 1,449,121	\$ 1,429,927	98.7%
2008	\$ 32,203,790	-	80.000	\$ 2,576,303	\$ 2,536,242	98.4%
2009	\$ 30,614,720	-	80.000	\$ 2,449,178	\$ 2,433,213	99.3%
2010	\$ 28,881,476	-	80.000	\$ 2,310,518	\$ 2,246,744	97.2%
2011	\$ 28,096,299	-	80.000	\$ 2,247,704	\$ 2,210,065	98.3%
2012	\$ 22,727,598	-	80.000	\$ 1,818,208	\$ 1,780,180	97.9%
2013	\$ 26,522,420	5.000	80.000	\$ 2,254,406	\$ 2,096,721	93.0%
2014	\$ 24,175,067	5.000	80.000	\$ 2,054,881	\$ 1,966,251	95.7%
2015	\$ 23,301,050	5.000	80.000	\$ 1,980,589	\$ 1,964,118	99.2%
2016	\$ 20,124,960	5.000	80.000	\$ 1,710,622	\$ 1,681,751	98.3%
2017	\$ 18,916,186	5.000	80.000	\$ 1,607,876	\$ 1,601,252	99.6%
2018	\$ 19,063,416	5.000	80.000	\$ 1,620,390	\$ 1,626,567	100.4%
2019	\$ 18,710,939	5.000	80.000	\$ 1,590,430	\$ 1,583,794	99.6%
2020	\$ 19,436,737	5.000	80.000	\$ 1,652,123	\$ 1,645,825	99.6%
2021	\$ 18,895,943	5.000	80.000	\$ 1,606,155	\$ 1,586,579	98.8%
2022	\$ 16,705,412	5.000	80.000	\$ 1,419,960	\$ 1,424,283	100.3%
2023	\$ 16,694,939	5.000	80.000	\$ 1,418,944	\$ 1,437,233	101.3%

Estimated for
calendar year ending
December 31,
2024

	\$ 19,030,060	5.000	80.000	\$ 1,712,706
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Note:

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.