

**DENARGO MARKET METROPOLITAN
DISTRICT NO. 2
City and County of Denver, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Denargo Market Metropolitan District No. 2
City and County of Denver, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Denargo Market Metropolitan District No. 2 (the District), as of and for the year ended December 31, 2025, 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, 2025, and the respective changes in financial position and the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Duggio & Associates, P.C.

July 1, 2026

BASIC FINANCIAL STATEMENTS

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	\$ 4,092
Cash and Investments - Restricted	13,671
Receivable from County Treasurer	9,311
Property Tax Receivable	<u>2,193,162</u>
Total Assets	<u>2,220,236</u>
LIABILITIES	
Due to District No. 1	6,237
Due to District No. 3	<u>20,837</u>
Total Liabilities	<u>27,074</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>2,193,162</u>
Total Deferred Inflows of Resources	<u>2,193,162</u>
NET POSITION	
Total Net Position	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 2,359,422	\$ -	\$ -	\$ -	\$ (2,359,422)
Total Governmental Activities	<u>\$ 2,359,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(2,359,422)
GENERAL REVENUES					
Property taxes					2,241,247
Specific ownership taxes					107,340
Interest Income					10,631
Other Revenue					<u>204</u>
Total General Revenues and Transfers					<u>2,359,422</u>
CHANGES IN NET POSITION					
					-
Net Position - Beginning of Year					<u>-</u>
NET POSITION - END OF YEAR					
					<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 4,092	\$ -	\$ 4,092
Cash and Investments - Restricted	-	13,671	13,671
Receivable from County Treasurer	2,145	7,166	9,311
Property Tax Receivable	<u>567,244</u>	<u>1,625,918</u>	<u>2,193,162</u>
Total Assets	<u><u>\$ 573,481</u></u>	<u><u>\$ 1,646,755</u></u>	<u><u>\$ 2,220,236</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to District No. 1	6,237	-	6,237
Due to District No. 3	<u>-</u>	<u>20,837</u>	<u>20,837</u>
Total Liabilities	6,237	20,837	27,074
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	<u>567,244</u>	<u>1,625,918</u>	<u>2,193,162</u>
Total Deferred Inflows of Resources	567,244	1,625,918	2,193,162
FUND BALANCES			
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 573,481</u></u>	<u><u>\$ 1,646,755</u></u>	<u><u>\$ 2,220,236</u></u>

Amounts reported for governmental activities in the statement of net position are the same as above.

See accompanying Notes to Basic Financial Statements.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 516,360	\$ 1,724,887	\$ 2,241,247
Specific Ownership Taxes	24,730	82,610	107,340
Interest Income	2,681	7,950	10,631
Other Revenue	204	-	204
Total Revenues	<u>543,975</u>	<u>1,815,447</u>	<u>2,359,422</u>
EXPENDITURES			
Current:			
County Treasurer's Fee	5,164	17,249	22,413
IGA Expenditures - District No. 1	538,811	-	538,811
IGA Expenditures - District No. 3	-	1,798,198	1,798,198
Total Expenditures	<u>543,975</u>	<u>1,815,447</u>	<u>2,359,422</u>
NET CHANGE IN FUND BALANCES	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Amounts reported for governmental activities in the statement of activities are the same as above.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 516,360	\$ 516,360	\$ -
Specific Ownership Taxes	25,818	24,730	(1,088)
Interest Income	11,000	2,681	(8,319)
Other Revenue	16,822	204	(16,618)
Total Revenues	<u>570,000</u>	<u>543,975</u>	<u>(26,025)</u>
EXPENDITURES			
Contingency	16,822	-	16,822
County Treasurer's Fee	5,164	5,164	-
IGA Expenditures - District No. 1	548,014	538,811	9,203
Total Expenditures	<u>570,000</u>	<u>543,975</u>	<u>26,025</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Denargo Market Metropolitan District No. 2 (the District, or District No. 2), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by recorded Order and Decree of the District Court for the City and County of Denver (the City) on June 30, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City on March 8, 2010, and amended on March 30, 2023. The District's service boundaries are located entirely within the City. The District is one of three related districts: Denargo Market Metropolitan Districts Nos. 1, 2, and 3 (District No. 1, the District, District No. 3, and collectively, the Districts). As of December 31, 2025, the Districts have the same membership of their respective Boards of Directors. Pursuant to the Service Plan, Districts Nos. 2 and 3 are referred to as the Financing Districts or Taxing Districts and District No. 1 is the Management District.

The Management District is responsible for managing, implementing, and coordinating the financing, acquisition, construction, completion, operation, and maintenance of all public infrastructure and services within and without the project known as Denargo Market. The Financing Districts provide the funding for the improvements and the tax base needed to support ongoing operations of the Districts.

The District, in its capacity as a Financing District, or Taxing District, is responsible for supporting the Management District in managing, implementing, and coordinating the financing, acquisition, construction, completion and maintenance of the Improvements (as defined in the Service Plan), some of which may ultimately be transferred to the City or other governmental entity, and the provision of related services within and without the boundaries of the Districts and the Service Area (as defined in the Service Plan).

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

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 to any other organization, nor is the District a component unit of any other primary governmental entity.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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. Governmental activities are normally supported by taxes and special assessment fees.

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.

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 for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 after year-end. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets

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

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 July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes monthly to the District.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the balance sheet report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category. Accordingly, the item, property tax revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 4,092
Cash and Investments - Restricted	13,671
Total Cash and Investments	<u>\$ 17,763</u>

Cash and investments as of December 31, 2025 consist of the following:

Investments	\$ 17,763
Total Cash and Investments	<u>\$ 17,763</u>

Deposits with Financial Institutions

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

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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, 2025, the District did not have any cash deposits.

Investments

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

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

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

At December 31, 2025, the District had the following investments:

	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average	
	Under 60 Days	\$ 17,763
Total		<u>\$ 17,763</u>

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 Investing 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.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

The District holds all its investments in the COLOTRUST PLUS+ portfolio.

NOTE 4 LONG-TERM OBLIGATIONS

\$19,359,000 Limited Tax General Obligation Refunding and Improvement Note, Series 2023A-1, (the Series 2023A-1 Loan) and \$12,906,000 Limited Tax General Obligation Refunding and Improvement Note, Series 2023A-2 (the Series 2023A-2 Loan, and together with the Series 2023A-1 Loan, the Series 2023 Loan), as evidenced by a Loan Agreement, dated November 8, 2023, by and among the District (as the Financing District), District No. 3 (as the Borrower), NHB Bank (2023A-1 Lender), and MidwestOne Bank (2023A-2 Lender, and with the 2023A-1 Lender, the Lenders) (the Loan Agreement).

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Proceeds of the Series 2023 Loan were used for the purposes of (i) prepaying the District's 2016 Notes and paying District No. 3's Payment Obligation with respect to the Financed Public Improvements that were financed with the proceeds of the 2016 Notes, and (ii) financing additional Public Improvements authorized at the Elections that benefit the residents and taxpayers within the boundaries of the District and District No. 3, and paying the costs of issuance of the 2023 Notes.

Interest is payable on each June 1 and December 1 beginning on June 1, 2024 and continuing through December 1, 2030, based on a 360-day year of twelve 30-day months.

The Series 2023 Loan bears interest at a fixed rate equal to 6.26% per annum. Interest not paid when due shall remain due and owing, but shall not compound or bear additional interest. In the event that any interest is due but unpaid on and after December 1, 2030 (Maturity Date), interest shall therefore be payable, in whole or in part, on each Interest Payment Date; provided that District No. 3 shall have the right to pay all principal and interest in full on any date after the Maturity Date. To the extent principal is not paid when due, principal shall remain outstanding until paid and interest will accrue at the Post-Maturity Default Rate of 9.26% per annum.

The Series 2023A-1 Loan and Series 2023A-2 Loan are secured by and payable solely from Pledged Revenues, which include: the (a) Required Mill Levy Revenue; (b) the portion of the Specific Ownership Taxes collected as a result of the imposition of the Required Mill Levy; and (c) any other legally available moneys which the Borrower determines, in its absolute discretion, to transfer to the Loan Payment Fund. The Series 2023A-1 Loan and Series 2023A-2 Loan are collateralized by the (a) the Pledged Revenue, and (b) all amounts from time to time credited to each account of the Loan Payment Fund, in accordance with the terms and provisions of the Loan Agreement, together with investment earnings thereon.

The Series 2023A-1 Loan and Series 2023A-2 Loan do not have any unused lines of credit, and are not subject to acceleration. Events of default occur if the District or District No. 3 fail to impose the Required Mill Levy, or fail or refuse to transfer the Pledged Revenues as required by the Loan Agreement or do not comply with other customary terms and conditions consistent with normal municipal financing as described in the Loan Agreement.

The Required Mill Levy is equal to an ad valorem mill levy imposed upon all taxable property of the District and District No. 3 each year in an amount equal to: (i) 40 mills, or (ii) such lesser amounts as determined, if imposed by the District and District No. 3 for collection in the succeeding calendar year, would generate Required Mill Levy Revenues sufficient to pay the 2023 Loan in full in the year of collection provided that the foregoing maximum mill levy may be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation occurring after March 8, 2010 (being the date of the Service Plan) so that to the extent possible, the actual revenues generated by such minimum and maximum mill levies are neither diminished nor enhanced as a result of such changes. Among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed a change in the method of calculating assessed valuation.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2023 Loan is subject to prepayment on any date on or after December 1, 2026, in whole or in part, at the prepayment price equal to the principal amount of the notes so prepaid, plus accrued interest thereon to the date of such prepayment, without any prepayment penalty.

Debt Authorization Limit

The Districts were organized to provide services to the same service area pursuant to their respective Service Plans. The Districts, in aggregate, are limited in their ability to issue debt, as set forth in the respective Service Plans, to a total amount of \$142,000,000 (the Service Plan Debt Issuance Limit). With the prior written approval by the Manager of Finance of the City and County of Denver, the Districts may exceed the Service Plan Debt Issuance Limit by an amount not to exceed \$5,000,000. In no event is the District authorized to issue debt, which in the aggregate with the debt issued by District No. 1 and District No. 3, is in excess of the Service Plan Debt Issuance Limit. Of the \$142,000,000 in Service Plan Debt Issuance Limit, the Districts have issued the following debt to date: the District has issued \$35,028,610, District No. 1 has issued \$7,191,918, and District No. 3 has issued \$32,265,000, for a total of \$74,485,528 (Aggregate Issuance). Therefore, the amount of debt authorization remaining within the Service Plan Debt Issuance Limit for the Districts combined is \$67,514,472 (Remaining Service Plan Authority).

Service Plan Debt Issuance Limit		Aggregate Issuance		Remaining Service Plan Authority
\$142,000,000	-	\$74,485,528	=	\$67,514,472

In the future, the Districts may issue a portion or all of the Remaining Service Plan Authority for purposes of providing public improvements to support development as it occurs within the Districts' service area.

Any increase in the debt limit issuance of debt over the Service Plan Debt Issuance Limit will be considered a material modification of the Service Plan which would require approval from the City and County of Denver.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 DISTRICT AGREEMENTS

Memorandum of Understanding

A Memorandum of Understanding was entered into on October 29, 2010, and amended on August 22, 2016, by and among the District, District No. 1 and District No. 3 (MOU). The MOU acknowledges that District No. 1 shall provide for the financing, construction, design, operation, and maintenance of the Improvements, as well as the overall administration of the Districts and further acknowledges that District No. 1 has the authority to enter into agreement(s) and other obligations with the developer of the Property to provide for the financing of such services. The District issued the 2016A Loan to repay the 2010 Note and the District and District No. 3 will impose an operations mill levy to fund the Districts' services provided by District No. 1. The MOU acknowledges that the Districts will enter into an IGA detailing such services (District IGA). The MOU further provides that the District IGA will require District No. 1 and District No. 3 to reimburse the District for any debt issued by the District for public improvements on an allocable basis.

The First Amendment to MOU acknowledges the District will issue debt to repay the Developer Note (which has since been paid off) and the District and District No. 3 (at such time it has real property within its boundaries) will impose an operation mill levy to fund the Districts' services provided by District No. 1. The First Amendment to MOU acknowledges that the Districts will enter into an IGA detailing such services (District IGA).

The First Amendment to MOU also provides that the District IGA shall provide for the District and District No. 3 to remit all revenues to District No. 1 for all costs incurred by District No. 1 pursuant to the First Amendment to MOU based on an allocable basis to be set forth in the District IGA. The District IGA also provides for District No. 1 and District No. 3 to reimburse the District for any debt issued by the District for public improvements based in allocable basis to be set forth in the District IGA.

During the year ended December 31, 2025, the District transferred \$538,811 to District No. 1, representing property and specific ownership taxes collected by the District.

NOTE 6 RELATED PARTY

Some members of the Board of Directors of the District may be or have been employees, consultants, owners of, or otherwise associated with the prior developer of the property located within the Districts, JV Denargo LLC (Prior Developer), or the current developer of the property located within the Districts, JV LoDo Denargo LLC (the Developer), and may have conflicts of interest in dealing with the District.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7 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 natural disasters.

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 general and automobile liability, public officials, auto physical damage, and worker's compensation coverage. In the event aggregate 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 8 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. The District transfers its net operating revenue to District No. 1 pursuant to the Memorandum of Understanding, as amended. Therefore, the Emergency Reserves related to the District's revenues are captured in the financial statements of District No. 1.

On May 4, 2010, the voters approved the District to increase property taxes \$3,000,000 annually for the purpose of paying the District's operations and maintenance expenses and \$6,000,000 (up to 10 mills) for paying the costs associated with regional improvements as required by the City, without regard to any spending, revenue raising or other limitation contained within Article X, Section 20 of the Colorado Constitution or any other property tax limitation or law.

Additionally, the voters authorized the District to collect, retain and spend all revenues received by the District during 2011 and all subsequent years as voter-approved revenue changes without regard to any spending, revenue raising or other limitation.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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 and qualification as an Enterprise will require judicial interpretation.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the State of Colorado.

Annual operating property tax revenue is limited to a 5.25% increase (10.5% increase over a two-year period), such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues. As of December 31, 2025 the District was unable to impose the maximum General Fund mill levy as allowed in the Service Plan, due to the constraints contained within the provisions of Section 29-1-1702.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

SUPPLEMENTARY INFORMATION

**DENARGO MARKET METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,724,887	\$ 1,724,887	\$ -
Specific Ownership Taxes	86,244	82,610	(3,634)
Interest Income	5,000	7,950	2,950
Other Revenue	13,869	-	(13,869)
Total Revenues	1,830,000	1,815,447	(14,553)
EXPENDITURES			
County Treasurer's Fee	17,249	17,249	-
IGA Expenditures - District No. 3	1,798,882	1,798,198	684
Contingency	13,869	-	13,869
Total Expenditures	1,830,000	1,815,447	14,553
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER INFORMATION

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2019/2020	\$ 25,546,900	0.0%	11.000	30.209	41.209	\$ 1,052,762	\$ 1,037,847	98.58 %
2020/2021	24,641,650	-3.5%	11.000	33.195	44.195	1,089,038	1,089,038	100.00 %
2021/2022	28,735,810	16.6%	11.000	33.257	44.257	1,271,761	1,271,761	100.00 %
2022/2023	34,458,460	19.9%	11.459	34.646	46.105	1,588,707	1,588,707	100.00 %
2023/2024	46,161,570	34.0%	11.675	39.000	50.675	2,339,237	2,241,247	95.81 %
2024/2025	44,227,860	-4.2%	11.675	39.000	50.675	2,241,247	2,241,247	100.00 %
Estimated for Year Ending December 31, 2026	\$ 35,410,710	-19.9%	16.019	45.916	61.935	\$ 2,193,162		

Note:

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

Source: City and County of Denver Assessor and Treasurer.