

DC METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
DC Metropolitan District
Denver County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of DC Metropolitan District (the "District") as of and for the year ended December 31, 2024, 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 DC Metropolitan District as of December 31, 2024, and the respective changes in financial position and 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.

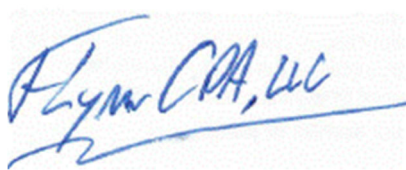
Other Matters

Required Supplemental 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.

Supplemental 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 supplemental information as noted in the table of contents are presented for purposes of additional analysis and are 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is stylized and includes a horizontal line underneath the text.

Flynn CPA, LLC

Castle Pines, CO
September 9, 2025

DC METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments - restricted	\$ -	\$ 2,555,196	\$ 9,201,854	\$ 11,757,050	\$ -	\$ 11,757,050
Accounts receivable - property taxes	69	-	-	69	-	69
Accounts receivable - developer advances	<u>12,037</u>	<u>-</u>	<u>-</u>	<u>12,037</u>	<u>(12,037)</u>	<u>-</u>
Total Assets	<u>\$ 12,106</u>	<u>\$ 2,555,196</u>	<u>\$ 9,201,854</u>	<u>\$ 11,769,156</u>	<u>(12,037)</u>	<u>11,757,119</u>
LIABILITIES						
Accounts payable	\$ 12,037	\$ -	\$ -	\$ 12,037	-	12,037
Accrued interest on bonds	-	-	-	-	51,466	51,466
Long-term liabilities:						
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,310,000</u>	<u>12,310,000</u>
Total Liabilities	<u>12,037</u>	<u>-</u>	<u>-</u>	<u>12,037</u>	<u>12,361,466</u>	<u>12,373,503</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>69</u>	<u>-</u>	<u>-</u>	<u>69</u>	<u>-</u>	<u>69</u>
Total Deferred Inflows of Resources	<u>69</u>	<u>-</u>	<u>-</u>	<u>69</u>	<u>-</u>	<u>69</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Debt service	-	2,555,196	-	2,555,196	(2,555,196)	-
Capital projects	-	-	9,201,854	9,201,854	(9,201,854)	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>2,555,196</u>	<u>9,201,854</u>	<u>11,757,050</u>	<u>(11,757,050)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 12,106</u>	<u>\$ 2,555,196</u>	<u>\$ 9,201,854</u>	<u>\$ 11,769,156</u>		
Net Position:						
Restricted for:						
Debt service					2,503,730	2,503,730
Capital projects					9,201,854	9,201,854
Unrestricted					<u>(12,322,037)</u>	<u>(12,322,037)</u>
Total Net Position					<u>\$ (616,453)</u>	<u>\$ (616,453)</u>

The notes to the financial statements are an integral part of these statements.

DC METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
EXPENDITURES						
Accounting and audit	\$ 311	\$ -	\$ -	\$ 311	\$ -	\$ 311
Legal	11,726	-	-	11,726	-	11,726
Interest expense bonds	-	-	-	-	51,466	51,466
Bond issuance costs	-	-	552,950	552,950	-	552,950
Total Expenditures	<u>12,037</u>	<u>-</u>	<u>552,950</u>	<u>564,987</u>	<u>51,466</u>	<u>616,453</u>
GENERAL REVENUES						
Interest income	-	-	-	-	-	-
Total General Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,037)	-	(552,950)	(564,987)	(51,466)	(616,453)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	12,310,000	12,310,000	(12,310,000)	-
Developer advances	12,037	-	-	12,037	(12,037)	-
Transfers (to) from other funds	-	2,555,196	(2,555,196)	-	-	-
Total Other Financing Sources (Uses)	<u>12,037</u>	<u>2,555,196</u>	<u>9,754,804</u>	<u>12,322,037</u>	<u>(12,322,037)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	2,555,196	9,201,854	11,757,050	(11,757,050)	
CHANGE IN NET POSITION					(616,453)	(616,453)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	-	-	-	-	-	-
END OF YEAR	<u>\$ -</u>	<u>\$ 2,555,196</u>	<u>\$ 9,201,854</u>	<u>\$ 11,757,050</u>	<u>\$ (12,373,503)</u>	<u>\$ (616,453)</u>

The notes to the financial statements are an integral part of these statements.

DC METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2024

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Accounting and audit	25,000	311	24,689
Legal	25,000	11,726	13,274
Miscellaneous expenses	2,000	-	2,000
Emergency reserve	<u>1,560</u>	<u>-</u>	<u>1,560</u>
Total Expenditures	<u>53,560</u>	<u>12,037</u>	<u>41,523</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(53,560)	(12,037)	41,523
OTHER FINANCING SOURCES (USES)			
Developer advances	<u>53,560</u>	<u>12,037</u>	<u>(41,523)</u>
Total Other Financing Sources (Uses)	<u>53,560</u>	<u>12,037</u>	<u>(41,523)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 1: Summary of Significant Accounting Policies

The accounting policies of DC Metropolitan District (the “District”), located in the City and County of Denver, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on November 14, 2024 (the “Organization Date”), as a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to the Special District Act in accordance with a Service Plan approved by the City Council of the City and County of Denver on September 9, 2024 (“Service Plan”). The District is authorized to provide for the planning, design, acquisition, construction, installation, and financing of public improvements to serve the future taxpayers and inhabitants of the District, subject to the limitations set forth in the District’s Service Plan.

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 GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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. The District has no component units as defined by the GASB.

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

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. 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. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year in which 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, developer advances and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. 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 District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and short-term investments with maturities of three months or less from the date of acquisition are considered to be cash on hand. Investments for the government are reported at net asset value.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 inflows 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 no items that qualify for reporting in this category.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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. No depreciation expense was recognized during 2024.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the Debt Service Fund in the amount of \$2,555,196 is restricted for the payment of the debt service costs associated with the Series 2024A and Series 2024B Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$9,201,854 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

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

Assigned Fund Balance

The assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 2: Cash and Investments

As of December 31, 2024, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 0
Cash and investments - Restricted	<u>11,757,050</u>
Total	<u>\$ 11,757,050</u>

Cash and investments as of December 31, 2024, consist of the following:

Deposits with financial institutions	\$ 0
Investments – BOK Bank	<u>11,757,050</u>
	<u>\$ 11,757,050</u>

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments:

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation

Certain investments are measured at fair value 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; Level 3 inputs are significant unobservable inputs. The District's investments are not required to be categorized within the fair value hierarchy. This investments' values are calculated using the net asset value method ("NAV") per share.

As of December 31, 2024, the District had the following investments:

INVESCO Treasury Portfolio Fund

The District's funds that were included in the trust accounts at BOK Bank were invested in the INVESCO Treasury Portfolio Fund ("Portfolio"). This Portfolio is a money market fund and each share is equal in value to \$1.00. All investments within the Portfolio are recorded at fair value and the District records its investment in the Portfolio at NAV. The Portfolio is AAAM rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The maturity of the underlying securities is 9 days or less. As of December 31, 2024, the District has \$11,757,050 invested in the Portfolio.

Note 3: Capital Assets

The District will own and maintain certain public improvements as identified in the Service Plan.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2024, is as follows:

\$9,810,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2024A

On December 19, 2024, the District issued \$9,810,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2024A ("Series 2024A Bonds") to provide funding and reimbursing a portion of the costs of certain public infrastructure and paying the costs of the Series 2024A Bonds. The Bonds are term bonds which bear interest at 5.875% mature December 1, 2054, payable semiannually on each June 1 and December 1, commencing on June 1, 2025.

The Series 2024A bonds are subject to a sinking fund redemption prior to maturity, as a whole or in integral multiples of \$1,000, at the option of the District, on December 1, 2029, and any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Redemption Date</u>	<u>Redemption Premium</u>
December 1, 2029 to November 30, 2030	3.00%
December 1, 2030 to November 30, 2031	2.00%
December 1, 2031 to November 30, 2032	1.00%
December 1, 2032, and thereafter	0.00%

The Bonds maturing on December 1, 2054, are also subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, commencing December 1, 2029.

Series 2024A Bonds are secured by and payable from the pledged revenue, consisting of moneys derived from a required mill levy not to exceed 37.000 mills (adjusted for changes occurring after the issuance of such bonds in the ratio of assessed values to market values), and any other legally available moneys of the District credited to the Bond Fund. The required and limited mill levy rates require adjustment for changes in the ratio of assessed values to market values occurring after the issuance date of the Bonds.

The Series 2024A Bonds are also secured by amounts on deposit in the Surplus Fund, which were partially funded upon issuance of the Series 2024A Bonds from the proceeds in the amount of \$855,000 and to be funded from excess Pledged Revenue, if any, accumulated therein up to the maximum amount of \$1,710,000. The balance in the Senior Surplus Fund as of December 31, 2024, is \$855,000.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Subordinate Limited Tax General Obligation Bonds Series 2024B) -

On December 19, 2024, the District issued \$2,500,000 in Subordinate Limited Tax General Obligation Bonds, Series 2024B, (“Series 2024B Bonds”) for the purpose of repaying the Developer for costs incurred on the construction of the infrastructure within the boundaries of the District. The Series 2024B Bonds bear interest at 8.000%, payable annually on December 15, commencing on December 15, 2025, to the extent that Subordinate Pledged Revenue is available. The Series 2024B Bonds mature on December 15, 2054. The Series 2024B Bonds are secured by Pledged Revenues including the Subordinate Required Mill Levy (as defined in the Indenture of Trust for the Series 2024B Bonds or the “Series 2024B Indenture”), specific ownership taxes which is collected as a result of the Subordinate Required Mill Levy and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue.

The Series 2024B Bonds are “cash flow” bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Subordinate Pledged Revenue for payment. As of December 31, 2024, the accrued interest was \$8,241.

The Series 2024B Bonds are subject to a sinking fund redemption prior to maturity, as a whole or in integral multiples of \$1,000, at the option of the District, on December 1, 2029, and any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Redemption Date</u>	<u>Redemption Premium</u>
December 1, 2029 to November 30, 2030	3.00%
December 1, 2030 to November 30, 2031	2.00%
December 1, 2031 to November 30, 2032	1.00%
December 1, 2032, and thereafter	0.00%

Any principal and accrued interest remaining unpaid on the Series 2024B Bonds after December 16, 2064, will be deemed to be discharged, satisfied and no longer due and payable. Due to the limited nature of the Pledged Revenue, the failure to pay the principal of interest on the Bonds when due shall not, of itself, constitute an Event of Default per the Indenture of Trust.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The following is a summary of the annual long-term debt principal and interest requirements of the Series 2024A Bonds.

	Principal	Interest	Total
2025	\$ -	\$ 547,521	\$ 547,521
2026	-	576,338	576,338
2027	-	576,338	576,338
2028	35,000	576,338	611,338
2029	75,000	574,282	649,282
2030 - 2034	715,000	2,774,176	3,489,176
2035 - 2039	1,135,000	2,517,730	3,652,730
2040 - 2044	1,735,000	2,118,232	3,853,232
2045 - 2049	2,520,000	1,521,626	4,041,626
2050 - 2054	3,595,000	662,698	4,257,698
	<u>\$ 9,810,000</u>	<u>\$ 12,445,279</u>	<u>\$ 22,255,279</u>

The following is an analysis of changes in long-term debt for the period ending December 31, 2024:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Current Portion
<i>Bonds</i>					
General Obligation Bonds - Series 2024A	\$ -	\$ 9,810,000	\$ -	\$ 9,810,000	\$ -
General Obligation Bonds - Series 2024B	-	2,500,000	-	2,500,000	-
Total Debt	<u>\$ -</u>	<u>\$ 12,310,000</u>	<u>\$ -</u>	<u>\$ 12,310,000</u>	<u>\$ -</u>

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Debt Authorization Limit

The limit on the District's ability to issue debt is set forth in its Service Plan as \$27,000,000 (the "Service Plan Debt Issuance Limit"). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit. Of the \$27,000,000 Service Plan Debt Issuance Limit, the District has issued to date a total of \$12,310,000. The amount of debt authorization remaining within the Service Plan Debt Issuance Limit for the District is \$14,690,000 (the "Remaining Service Plan Authority").

Service Plan Debt Issuance Limit		Series 2024A&B Bonds		Remaining Service Plan Authority
\$27,000,000	-	\$12,310,000	=	14,690,000

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Service Plan Debt Issuance Limit was voted on in every power. With that understanding, on November 5, 2024, the District electors voted to authorize debt issuance not to exceed \$27,000,000, by power, with an interest rate not to exceed 18% per annum.

In the future, the District 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 District's service area. Any increase 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. The District has not budgeted to issue any new debt in 2025.

Note 5: Related Party

All of the District's Board of Directors (the "Board") are employees, owners or are otherwise associated with Evergreen-GVR & Telluride Retail, L.L.C. (the "Developer") and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

Note 6: Agreements

Operation Funding Agreement

On November 27, 2024, with an effective date of November 14, 2024, the District and the Developer entered into an Operation Funding Agreement (the “OFA”). The OFA provides for the Developer to advance funds for ongoing operations and maintenance expenses incurred by the District through December 31, 2025, in an amount not to exceed \$120,000.

The District agrees that it is its intention to repay the amounts the Developer has advanced or directly paid pursuant to the OFA, to the extent the District has funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation.

Under the OFA, simple interest accrues on each advance from the date of deposit into the District’s account or from the date of direct payment by the Developer, until paid, at the rate of eight percent (8%) per annum.

Any obligation of the Developer to advance funds will expire upon advance to the District of amounts sufficient to pay expenses incurred in 2024 through 2025, not to exceed \$120,000, unless agreed to in writing by the parties. Any obligation of the District to reimburse the Developer expires on December 31, 2065. In the event that the District has not reimbursed the Developer for any Developer advance made pursuant to the OFA on or before December 31, 2065, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

No Developer advances have been made under the OFA.

Facilities Funding and Acquisition Agreement

The District and the Developer entered into a Facilities Funding and Acquisition Agreement dated November 27, 2024, with an effective date of November 14, 2024 (the “FFAA”).

The FFAA sets forth the rights, obligations and procedures for the acquisition of certain Public Improvements (the “Public Improvements”) by the District and for the reimbursement by the District to the Developer of costs related to the Public Improvements, as well as expenses for the organization of the District (the “Organization Expenses”). Pursuant to the FFAA, the Developer agreed to advance up to \$27,000,000 for the fiscal years 2024 through 2025 to fund the costs of the design, testing, engineering and construction of the Public Improvements, together with the related consultant and management fees associated with the construction of the Public Improvements (the “Construction Related Expenses”) incurred by the District on a periodic basis as needed.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The FFAA sets forth certain procedures for the District's acquisition of Public Improvements and verification that the Construction Related Expenses incurred by the Developer are reimbursable (the "Verified Costs"). Such procedures require the District to obtain a certification of an independent engineer that the Construction Related Expenses are reasonable and comparable to similar projects as constructed in the Denver metropolitan area, and verification from the District's accountant that the Construction Related Expenses are reimbursable.

The FFAA provides that simple interest shall accrue on Organization Expenses and Construction Related Expenses at the rate of 8% per annum until paid. For Organization Expenses, simple interest shall accrue from the Organization Date. For Construction Related Expenses, simple interest shall accrue (a) on each Developer advance from the date of deposit into the District's account; (b) on Verified Costs for amounts expended by the Developer for Construction Related Expenses incurred prior to the Organization Date, from the Organization Date; and (c) on Verified Costs for amounts expended by the Developer for Public Improvement constructed after the Organization Date, from the date Verified Costs were incurred by the Developer. On December 31, 2065, any costs not paid or reimbursed under the FFAA shall be deemed to be discharged and satisfied in full.

No Developer advances have been made under the FFAA.

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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'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.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

On November 5, 2024, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial 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 its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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: Interfund and Operating Transfers

The transfer of \$2,555,196 from the Capital Projects Fund to the Debt Service Fund for the issuance of the Series 2024A and Series 2024B Bonds.

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) unamortized debt insurance, deferred cost on refunding and original issue premium are not financial resources and, therefore are not reported in the funds; and,
- 3) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

DC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2024

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

DC METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2024

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Interest expense bonds	-	-	-
Paying agent fees	10,000	-	10,000
Treasurer's fees	-	-	-
Total Expenditures	10,000	-	10,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,000)	-	10,000
OTHER FINANCING SOURCES (USES)			
Transfers (to) from other funds	3,619,300	2,555,196	(1,064,104)
Total Other Financing Sources (Uses)	3,619,300	2,555,196	(1,064,104)
NET CHANGE IN FUND BALANCE	3,609,300	2,555,196	(1,054,104)
FUND BALANCE:			
BEGINNING OF YEAR	-	-	-
END OF YEAR	<u>\$ 3,609,300</u>	<u>\$ 2,555,196</u>	<u>\$ (1,054,104)</u>

The notes to the financial statements are an integral part of these statements.

DC METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2024

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Capital improvements	3,000,000	-	3,000,000
Bond issuance costs	<u>565,700</u>	<u>552,950</u>	<u>12,750</u>
Total Expenditures	<u>3,565,700</u>	<u>552,950</u>	<u>3,012,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,565,700)	(552,950)	3,012,750
OTHER FINANCING SOURCES (USES)			
Bond proceeds	13,185,000	12,310,000	(875,000)
Transfers (to) from other funds	<u>(3,619,300)</u>	<u>(2,555,196)</u>	<u>1,064,104</u>
Total Other Financing Sources (Uses)	<u>9,565,700</u>	<u>9,754,804</u>	<u>189,104</u>
NET CHANGE IN FUND BALANCE	6,000,000	9,201,854	3,201,854
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ 6,000,000</u>	<u>\$ 9,201,854</u>	<u>\$ 3,201,854</u>

The notes to the financial statements are an integral part of these statements.

DC METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2024

(Unaudited)

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
Estimated for year ending December 31, 2025	\$ 1,640	42.000	0.000	\$ 69		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.