

**COLORADO INTERNATIONAL CENTER
METROPOLITAN DISTRICT NO. 14
City and County of Denver, Colorado**

**FINANCIAL STATEMENTS
December 31, 2016**



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Independent Auditor's Report

Board of Directors
Colorado International Center
Metropolitan District No. 14
City and County of Denver, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Colorado International Center Metropolitan District No. 14 (District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Colorado International Center Metropolitan District No. 14, as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that governmental 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.

Other 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 listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
July 14, 2017

BASIC FINANCIAL STATEMENTS

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 11
Cash and investments - Restricted	4,786,528
Due from Denver High Point at DIA Metro District	5,079
Receivable - County Treasurer	3,546
Property taxes receivable	<u>657,696</u>
Total assets	<u>5,452,860</u>
LIABILITIES	
Accrued loan interest payable	27,844
Noncurrent liabilities	
Due within one year	260,000
Due in more than one year	<u>9,921,550</u>
Total liabilities	<u>10,209,394</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	<u>657,696</u>
Total deferred inflows of resources	<u>657,696</u>
NET POSITION	
Restricted for:	
Capital projects	24,194
Unrestricted	<u>(5,438,424)</u>
Total net position	<u><u>\$ (5,414,230)</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 116,304	\$ -	\$ -	\$ -	\$ (116,304)
Interest and related costs on long-term debt	371,285	-	-	-	(371,285)
	<u>\$ 487,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(487,589)</u>
General revenues:					
Property taxes					667,419
Specific ownership taxes					44,255
Net investment income					27,241
Total general revenues					<u>738,915</u>
Change in net position					251,326
Net position - Beginning					(5,665,556)
Net position - Ending					<u>\$ (5,414,230)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Debt Service	Capital Projects Regional	Total Governmental Funds
ASSETS				
Cash and investments	\$ 11	\$ -	\$ -	\$ 11
Cash and investments - Restricted	-	442,752	4,343,776	4,786,528
Due from Denver High Point at DIA MD	5,079	-	-	5,079
Due from other funds	-	5,589	92	5,681
Receivable - County Treasurer	591	2,955	-	3,546
Property taxes receivable	109,616	383,656	164,424	657,696
TOTAL ASSETS	\$ 115,297	834,952	\$ 4,508,292	\$ 5,458,541
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 5,681	\$ -	\$ -	\$ 5,681
Total liabilities	5,681	-	-	5,681
 DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	109,616	383,656	164,424	657,696
Total deferred inflows of resources	109,616	383,656	164,424	657,696
 FUND BALANCES				
Restricted for:				
Debt service	-	451,296	-	451,296
Capital projects	-	-	4,343,868	4,343,868
Total fund balances	-	451,296	4,343,868	4,795,164
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 115,297	\$ 834,952	\$ 4,508,292	

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

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Loan payable	(10,140,000)
Developer advances	(24,261)
Accrued interest on loan payable	(27,844)
Accrued interest on Developer advances	(17,289)
Net position of governmental activities	\$ (5,414,230)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Regional</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 111,236	\$ 389,328	\$ -	\$ 500,564
Regional mill levy	-	-	166,855	166,855
Specific ownership tax	7,376	36,879	-	44,255
Net investment income	3	3,213	24,025	27,241
Total revenues	<u>118,615</u>	<u>429,420</u>	<u>190,880</u>	<u>738,915</u>
EXPENDITURES				
Current				
County Treasurer's fees	1,112	3,893	-	5,005
County Treasurer's fees - Regional mill levy	-	-	1,669	1,669
Miscellaneous	10	18	-	28
Intergovernmental expense - Denver				
High Point at DIA Metro District	115,164	-	-	115,164
Debt service				
Bond principal	-	260,000	-	260,000
Bond interest expense	-	316,406	-	316,406
Loan issue costs	-	13,050	-	13,050
Paying agent fees	-	8,355	-	8,355
Total expenditures	<u>116,286</u>	<u>601,722</u>	<u>1,669</u>	<u>719,677</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,329</u>	<u>(172,302)</u>	<u>189,211</u>	<u>19,238</u>
OTHER FINANCING SOURCES (USES)				
Transfers from (to) other funds	-	165,192	(165,192)	-
Total other financing sources (uses)	<u>-</u>	<u>165,192</u>	<u>(165,192)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,329	(7,110)	24,019	19,238
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>(2,329)</u>	<u>458,406</u>	<u>4,319,849</u>	<u>4,775,926</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 451,296</u>	<u>\$ 4,343,868</u>	<u>\$ 4,795,164</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016**

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

Net changes in fund balances - Total governmental funds	\$	19,238
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Bond principal payment		260,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest on debt payable - Change in liability		(25,966)
Accrued interest on Developer advance - Change in liability		(1,946)

Change in net position of governmental activities	\$	<u>251,326</u>
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These financial statements should be read only in connection with the accompanying notes to financial statements.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 111,262	\$ 111,236	\$ (26)
Specific ownership tax	11,130	7,376	(3,754)
Net investment income	-	3	3
Other income	1,000	-	(1,000)
Total revenues	<u>123,392</u>	<u>118,615</u>	<u>(4,777)</u>
EXPENDITURES			
Current			
Contingency	1,000	-	1,000
County Treasurer's fees	1,110	1,112	(2)
Miscellaneous	-	10	(10)
Intergovernmental expense - Denver High Point at DIA Metro District	<u>121,282</u>	<u>115,164</u>	<u>6,118</u>
Total expenditures	<u>123,392</u>	<u>116,286</u>	<u>7,106</u>
NET CHANGE IN FUND BALANCES	-	2,329	2,329
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>-</u>	<u>(2,329)</u>	<u>(2,329)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - DEFINITION OF REPORTING ENTITY

Colorado International Center Metropolitan District No. 14 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by an order and decree of the District Court recorded in the City and County of Denver on June 26, 2006, 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 and County of Denver (City) on March 13, 2006. Concurrently with the formation of the District, the City approved the formation of Denver Highpoint at DIA Metropolitan District (the Management District) and Colorado International Center Metropolitan District No. 13 (together with the District, the Taxing Districts) (collectively, the Denver Highpoint Districts).

The District was established to provide the funding for improvements necessary for a portion of the Highpoint Development, consisting largely of water, sewer and storm drainage, parks and recreation, street, safety protection, transportation, mosquito control, fire protection and other permitted improvements and facilities within and outside of the District. The operation and maintenance of most District services and facilities are anticipated to be provided by the City and not by the District. The District expects to own, operate and maintain certain park and recreation improvements within the District. Per the Service Plan, the District is not authorized to provide television relay and translation facilities unless provided pursuant to an intergovernmental agreement with the City.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization nor is the District a component unit of any other primary governmental entity, including the City and any of the other Denver Highpoint Districts.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The District reports the following major governmental funds:

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

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

The Capital Projects Fund - Regional is used to account for funds generated from the Regional Mill Levy and Regional Facility Fees.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2016.

Property Taxes

Property taxes are levied by the District 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 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Maintenance Fee

On October 28, 2015, the District and the Management District adopted a Joint Resolution Concerning the Imposition of a Maintenance Fee. This Joint Resolution supersedes all other resolutions imposing Maintenance Fees.

A monthly recurring maintenance fee is charged to each residential and commercial unit in the District for services provided in connection with the construction, operation, and maintenance of public facilities within the District, including but not limited to the operation and maintenance of park and recreational facilities, landscaping, and common areas. The maintenance fee may be adjusted from time to time. In 2016, the fees were \$26.50 for residential units without underdrains and \$27.50 for residential units with underdrains. The maintenance fees are to be billed, collected, and retained by the Management District. During 2016, there were no occupied residential units within the District. Therefore, no maintenance fee revenue has been reported.

The Districts are also authorized to charge a one-time maintenance fee payable upon the transfer of a residential or commercial unit by an End User at a rate established by the Districts from time to time. As of December 31, 2016, no rate for the one-time maintenance fees had been established.

Facilities Fee

On October 28, 2015, the District and the Management District adopted a Joint Resolution Concerning the Imposition of a Facilities Fee. This Joint Resolution supersedes all other resolutions imposing Facilities Fees.

A facility fee of \$2,500 for each residential unit and \$0.25 per square foot for each commercial unit is charged against properties within the District. The facility fee is due at the time of issuance of a building permit. The District records the facilities fee as revenue when received.

Regional Development Fee

On October 28, 2015, the District and the Management District adopted a Joint Resolution Concerning the Imposition of a Regional Development Fee. This Joint Resolution supersedes all other resolutions imposing Regional Development Fees.

The Districts impose a Regional Development Fee on property within the Districts ranging from a base amount of \$0.38 to \$0.94 per square foot of a Zone Lot, as adjusted by the Construction Cost Adjustment multiplier provided by the City. The fee is imposed to provide for the funding of certain Regional Improvements, per an agreement with the City.

Any unpaid fees constitute a statutory and perpetual lien against the property served.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred property tax revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are 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 is reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 11
Cash and investments - Restricted	<u>4,786,528</u>
Total cash and investments	<u><u>\$ 4,786,539</u></u>

Cash and investments as of December 31, 2016, consist of the following:

Deposits with financial institutions	\$ 3,076
Investments	<u>4,783,463</u>
Total cash and investments	<u><u>\$ 4,786,539</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2016, the District's cash deposits had a bank balance and a carrying balance of \$3,076.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

The District has adopted a formal investment policy whereby 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 and reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

Fair Value Measurement and Application

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

As of December 31, 2016, the District had the following investments:

Investment	Maturity	Balance
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 4,783,463</u>

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

NOTE 4 - LONG-TERM OBLIGATIONS

An analysis of the changes in long-term obligations for the year ended December 31, 2016, follows:

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Governmental Activities:					
Tax-Free Loan					
Series 2015	\$ 10,400,000	\$ -	\$ 260,000	\$ 10,140,000	\$ 260,000
Developer advance	24,261	-	-	24,261	-
Accrued interest on Developer advances	15,343	1,946	-	17,289	-
	<u>\$ 10,439,604</u>	<u>\$ 1,946</u>	<u>\$ 260,000</u>	<u>\$ 10,181,550</u>	<u>\$ 260,000</u>

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's long-term obligations are as follows:

Tax-Free Loan - Refunding and Improvement Drawdown Issue, Series 2015. On December 30, 2015, the District issued a bank loan in the amount of \$12,185,000 for the purpose of refunding the District's Series 2010 bonds and for providing new capital funds. The initial funded amount is \$10,400,000. The initial funded amount bears interest at a rate of 3.25%. Interest is payable on June 1 and December 1 of each year beginning on June 1, 2016. The loan will mature on December 30, 2022, with principal payments due on December 1, beginning on December 1, 2016.

The 2015 Loan is secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy and the Regional Mill Levy, net of the cost of collection; Specific Ownership Taxes attributable to the Required Mill Levy and the Regional Mill Levy; and any other legally available moneys of the District credited to the Bond Fund. Under certain circumstances, monies on deposit in the Surplus Fund, if any, will be used to pay the Loan.

The Required Mill Levy is defined as a mill levy imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of and interest on the 2015 Loan but not in excess of 50 mills, and for so long as the Loan is outstanding, not less than 35 mills. Such minimum and maximum mill levies will be adjusted for changes occurring after March 13, 2006, in the ratio of actual value to assessed value of property within the District. Once the Debt to Assessed Ratio is 50% or less and the assessed value of all taxable property in the District is \$70,000,000 or greater, the mill levy may be imposed in an amount sufficient to pay debt service on the Series 2015 Loan without limitation of rate (less amounts received from the Regional Mill Levy).

The Regional Mill Levy means the regional mill levy imposed by the District in the amount of 15 mills; provided however, that in the event the method of calculating assessed valuation is or was changed after March 13, 2006, the minimum and maximum mill levies provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the regional mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

The 2015 Loan is also secured by a Reserve Fund in the required amount of \$306,600 and a Surplus Fund up to a maximum amount of \$640,000. At any time the Reserve Fund balance is equal to the Reserve Requirement and the Surplus Fund balance is equal to the Surplus Fund Maximum Balance, the District may prepay all or part of the principal amount of the 2015 Loan prior to the Maturity Date, in whole or in part, on any Business Day, such date being the Prepayment Date, provided at least three (3) Business Days' written notice is provided by the District to the Bank and the Custodian and such prepayment includes payment of the Prepayment Fee due to the Bank as a result of such prepayment. All prepayments shall be in an amount of at least \$10,000 or, if less, the remaining entire principal balance of the 2015 Loan.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Outstanding principal and interest on the funded loan amount mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 260,000	\$ 334,127	\$ 594,127
2018	300,000	325,560	625,560
2019	300,000	315,674	615,674
2020	310,000	306,627	616,627
2021	315,000	295,574	610,574
2022	8,655,000	307,015	8,962,015
	<u>\$ 10,140,000</u>	<u>\$ 1,884,577</u>	<u>\$ 12,024,577</u>

Developer Advances

On October 14, 2016, the District (along with the Management District and Colorado International Center Metropolitan District No. 13) (the Districts) entered into an Operations Funding and Reimbursement Agreement (New Agreement) with LNR CPI High Point, LLC (Developer). The Districts had entered into previous Operations and Funding Agreements dated March 22, 2007, and made effective December 1, 2006 (Prior Agreements). The New Agreement was entered into for the purpose of terminating the Prior Agreements, acknowledging all prior costs to the Districts for the payment of operations costs, and clarifying and consolidating all understandings and commitments between the Districts and the Developer. The Districts have acknowledged that the Developer has made advances to the District since 2006 through the date of the New Agreement, and that the Developer will continue to advance funds to the Districts for operations costs on a periodic basis as needed. Simple interest on such advances shall accrue at the rate of 8% per annum. Repayment of advances will be from ad valorem taxes, fees, or other legally available revenues. Any mill levy certified by the District for the purpose of repaying advances shall not exceed 50 mills, less amounts needed for current administrative, operations and maintenance costs, and to service existing debt. The New Agreement is in effect until the earlier of repayment of advances or December 1, 2046. At December 31, 2016, the outstanding amount due to the Developer by the District was \$41,550, which includes \$17,289 of accrued interest.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 2, 2006, the District's electors authorized the incurrence of general obligation debt totalling \$1,530,400,000 in principal at a rate not to exceed 14%. At December 31, 2016, the District has authorized but unissued indebtedness for the following purposes:

	Authorized May 2, 2006 Election	Authorization Used - Series 2010 Bonds	Authorization Used - Series 2015 Loan	Remaining at December 31, 2016
Streets	\$ 157,800,000	\$ 3,456,000	\$ 6,650,506	\$ 147,693,494
Parks and recreation	157,800,000	128,000	-	157,672,000
Water supply system	157,800,000	256,000	-	157,544,000
Sanitary and storm sewer	157,800,000	2,560,000	-	155,240,000
Public transportation	157,800,000	-	-	157,800,000
Mosquito control	10,000,000	-	-	10,000,000
Traffic and safety protection	157,800,000	-	-	157,800,000
Fire protection	10,000,000	-	-	10,000,000
Operations and maintenance	157,800,000	-	-	157,800,000
Debt refunding	157,800,000	-	5,534,494	152,265,506
Intergovernmental contracts	157,800,000	-	-	157,800,000
Regional improvements	90,200,000	-	-	90,200,000
	<u>\$ 1,530,400,000</u>	<u>\$ 6,400,000</u>	<u>\$ 12,185,000</u>	<u>\$ 1,511,815,000</u>

The District's Service Plan limits total debt issuance to \$157,800,000 for District Improvements and \$90,200,000 for Regional Improvements.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - NET POSITION

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

The restricted component of net position consists of amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2016, as follows:

	Governmental Activities
Restricted net position:	
Capital projects	\$ 24,194
Total restricted net position	<u>\$ 24,194</u>

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

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of debt issued for public improvements, while the funds for construction of those improvements have been transferred to the Management District.

NOTE 6 - RELATED PARTIES

The property within the District is owned by and is being developed by CPI High Point LLC (LNR), a Colorado limited liability corporation. The managing partner of LNR was LNR Property, LLC. In April 2013, Starwood Capital Group (Starwood) purchased LNR Property, LLC, and is now the managing partner for LNR. During 2016, a majority of the members of the Board of Directors were officers of, employees of, or associated with, Starwood.

NOTE 7 - AGREEMENTS

Facilities Funding, Construction and Operations Agreement (FFCOA)

On June 28, 2007, the District entered into a Facilities Funding, Construction and Operations Agreement (FFCOA) with Colorado International Center Metropolitan District No. 13 and the Management District. The Management District will own, operate, maintain, finance and construct facilities benefiting all of the Districts and the Taxing Districts will contribute to the costs of construction, operation, and maintenance of such facilities. Since all assessed valuation of property developed will be located in the Taxing Districts, the Taxing Districts will either use proceeds of general obligation bonds or pledge their ad valorem tax revenues to pay their obligations to the Management District. The FFCOA was amended on October 29, 2009, effective September 2, 2008, to revise certain provisions relating to bonds and revenue from regional mill levies and regional development fees.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 – AGREEMENTS (CONTINUED)

Operations Financing Intergovernmental Agreement

On June 6, 2007, the District entered into an agreement with the other Denver Highpoint Districts and Gateway Regional Metropolitan District (Gateway). Under the agreement, the Denver Highpoint Districts agreed to participate in the operations and maintenance of certain public landscaping improvements in the medians along Tower Road between 56th Avenue and 72nd Avenue that had been previously installed by Gateway. The Denver Highpoint Districts' share of the operations and maintenance expenses is 17% of Gateway's budgeted operation and maintenance expenses, as adjusted for certain provisions. As provided under the FFCOA (see above), the Management District shall collect revenues from the other Denver Highpoint Districts and remit to Gateway the annual amount due in twelve equal installments. During 2016 a payment of \$5,069 was made by the Management District to Gateway under this Agreement.

NOTE 8 - INTERFUND TRANSFERS

The transfer of \$165,192 from the Capital Projects Fund - Regional to the Debt Service Fund was made in accordance with terms of the Series 2015 loan issue.

NOTE 9 - RISK MANAGEMENT

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

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

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 10 - 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 that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On May 2, 2006, a majority of the District's electors authorized the District to collect and spend or retain taxes of up to \$10,000,000 annually for operations and maintenance and any revenues from any other sources without regard to any limitations imposed by TABOR beginning in 2006. Additionally, the District electors authorized the District to collect, retain and spend all revenue without regard to limitation under TABOR in 2007 and all subsequent years.

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 all of its operating revenues to the Management District, as provided for in the FFCOA. Therefore, the Emergency Reserve related to the District's revenue stream is captured in the Management District.

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Budget amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 389,418	\$ 389,418	\$ 389,328	\$ (90)
Specific ownership tax	55,630	32,559	36,879	4,320
Net investment income	1,000	2,500	3,213	713
Total revenues	<u>446,048</u>	<u>424,477</u>	<u>429,420</u>	<u>4,943</u>
EXPENDITURES				
Debt service				
County Treasurer's fee	3,890	3,892	3,893	(1)
Loan principal	260,000	260,000	260,000	-
Loan interest expense	316,406	316,406	316,406	-
Loan issue costs	-	13,050	13,050	-
Miscellaneous	-	30	18	12
Paying agent fees	3,000	8,355	8,355	-
Contingency	1,704	3,267	-	3,267
Total expenditures	<u>585,000</u>	<u>605,000</u>	<u>601,722</u>	<u>3,278</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(138,952)</u>	<u>(180,523)</u>	<u>(172,302)</u>	<u>8,221</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Capital Projects - Regional Fund	165,223	165,223	165,192	(31)
Total other financing sources (uses)	<u>165,223</u>	<u>165,223</u>	<u>165,192</u>	<u>(31)</u>
NET CHANGE IN FUND BALANCES	26,271	(15,300)	(7,110)	8,190
FUND BALANCES - BEGINNING OF YEAR	<u>742,000</u>	<u>458,406</u>	<u>458,406</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 768,271</u>	<u>\$ 443,106</u>	<u>\$ 451,296</u>	<u>\$ 8,190</u>

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
CAPITAL PROJECTS FUND - REGIONAL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Regional mill levy	\$ 166,893	\$ 166,855	\$ (38)
Net investment income	3,300	24,025	20,725
Bond issuance	1,645,000	-	(1,645,000)
Other income	1,000	-	(1,000)
Total revenues	1,816,193	190,880	(1,625,313)
EXPENDITURES			
County Treasurer's fee	1,670	1,669	1
Contingency	1,430	-	1,430
Regional fee - Transfer to DHP at DIA	5,966,820	-	5,966,820
Total expenditures	5,969,920	1,669	5,968,251
EXCESS OF REVENUES OVER EXPENDITURES			
	(4,153,727)	189,211	4,342,938
OTHER FINANCING SOURCES (USES)			
Transfers to Debt Service Fund	(165,223)	(165,192)	31
Total other financing sources (uses)	(165,223)	(165,192)	31
NET CHANGE IN FUND BALANCES			
	(4,318,950)	24,019	4,342,969
FUND BALANCES - BEGINNING OF YEAR			
	4,318,950	4,319,849	899
FUND BALANCES - END OF YEAR			
	\$ -	\$ 4,343,868	\$ 4,343,868

OTHER INFORMATION

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016**

**\$12,185,000
Tax-Free Loan
Refunding and Improvement Drawdown Issue
Dated December 30, 2015
Fixed Interest Rate 3.25%
Interest Payable June 1 and December 1
Principal Due December 1**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 260,000	\$ 334,127	\$ 594,127
2018	300,000	325,560	625,560
2019	300,000	315,674	615,674
2020	310,000	306,627	616,627
2021	315,000	295,574	610,574
2022	320,000	285,194	605,194
2022*	8,335,000	21,821	8,356,821
	<u>\$ 10,140,000</u>	<u>\$ 1,884,577</u>	<u>\$ 12,024,577</u>

* Maturity date is December 30, 2022

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 14
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Total Mill Levy</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2012	\$ 8,492,060	10.000	50.000 (1)	\$ 509,524	\$ 563,673	110.6% (A)
2013	\$ 8,217,250	10.000	50.000 (1)	\$ 493,036	\$ 493,035	100.0%
2014	\$ 8,509,450	10.000	50.000 (1)	\$ 510,568	\$ 510,565	100.0%
2015	\$ 8,446,680	10.000	50.000 (1)	\$ 506,798	\$ 500,564	98.8%
2016	\$ 11,126,220	10.000	50.000 (1)	\$ 667,573	\$ 667,419	99.9%
Estimated for year ending December 31, 2017	\$ 10,961,600	10.000	50.000 (1)	\$ 657,696		

(1) Includes 15.000 mills for a Regional Mill levy, which is pledged to debt service.

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

(A) Property taxes on one parcel in the District were not paid to the County Treasurer in 2011. A tax sale was held on the parcel in 2012 and a portion of the delinquent taxes was paid in 2012.