

**MILE HIGH BUSINESS CENTER
METROPOLITAN DISTRICT
City and County of Denver, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mile High Business Center Metropolitan District
City and County of Denver, Colorado

Opinions

We have audited the financial statements of the governmental activities and each major fund of Mile High Business Center Metropolitan District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary and 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 and other information (together, the information) as identified in the table of contents is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
July 13, 2022

BASIC FINANCIAL STATEMENTS

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 968,181
Cash and Investments - Restricted	217,222
Property Taxes Receivable	888,765
Receivable from Country Treasurer	3,219
Prepaid Expenses	2,543
Capital Assets:	
Capital Assets, Net of Depreciation	224,042
Total Assets	2,303,972
LIABILITIES	
Accounts Payable	59,028
Accrued Interest Payable	17,560
Noncurrent Liabilities:	
Due Within One Year	355,000
Due in More Than One Year	6,740,000
Total Liabilities	7,171,588
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	888,765
Total Deferred Inflows of Resources	888,765
NET POSITION	
Net Investment in Capital Assets	224,042
Restricted For:	
Emergency Reserves	10,800
Debt Service	192,081
Unrestricted	(6,183,304)
Total Net Position	\$ (5,756,381)

See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 256,260	\$ -	\$ -	\$ -	\$ (256,260)
Interest and Related Costs on Long-Term Debt	225,984	-	-	-	(225,984)
Total Governmental Activities	\$ 482,244	\$ -	\$ -	\$ -	(482,244)
GENERAL REVENUES					
Property Taxes					944,893
Specific Ownership Taxes					46,491
Net Investment Income					717
Total General Revenues					992,101
CHANGE IN NET POSITION					509,857
Net Position - Beginning of Year					(6,266,238)
NET POSITION - END OF YEAR					\$ (5,756,381)

See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 968,181	\$ -	\$ 968,181
Cash and Investments - Restricted	10,800	206,422	217,222
Property Tax Receivable	336,768	551,997	888,765
Receivable from County Treasurer	-	3,219	3,219
Prepaid Insurance	2,543	-	2,543
	<u>\$ 1,318,292</u>	<u>\$ 761,638</u>	<u>\$ 2,079,930</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 59,028	\$ -	\$ 59,028
Total Liabilities	59,028	-	59,028
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	336,768	551,997	888,765
Total Deferred Inflows of Resources	336,768	551,997	888,765
FUND BALANCES			
Nonspendable For:			
Prepaid Expenses	2,543	-	2,543
Restricted For:			
Emergency Reserves	10,800	-	10,800
Debt Service	-	209,641	209,641
Unassigned	909,153	-	909,153
Total Fund Balances	<u>922,496</u>	<u>209,641</u>	<u>1,132,137</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,318,292</u>	<u>\$ 761,638</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Net	224,042
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Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(7,095,000)
Accrued Bond Interest	(17,560)

Net Position of Governmental Activities	<u>\$ (5,756,381)</u>
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See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 358,036	\$ 586,857	\$ 944,893
Specific Ownership Taxes	-	46,491	46,491
Net Investment Income	433	284	717
Total Revenues	<u>358,469</u>	<u>633,632</u>	<u>992,101</u>
EXPENDITURES			
Current:			
Accounting	19,860	-	19,860
Audit	5,600	-	5,600
County Treasurer's Fees	3,581	5,870	9,451
City Review Fee	3,000	-	3,000
Insurance	2,544	-	2,544
District Management	21,000	-	21,000
Dues and Subscriptions	809	-	809
Irrigation Water	12,519	-	12,519
Landscape Maintenance	23,636	-	23,636
Landscape Maintenance - Irrigation Repair	104,310	-	104,310
Legal	12,000	-	12,000
Storm Drainage	26	-	26
Tree Replacement	31,456	-	31,456
Utilities	152	-	152
Miscellaneous	3	-	3
Debt Service:			
Loan Interest - Series 2017	-	220,968	220,968
Loan Principal - Series 2017	-	345,000	345,000
Total Expenditures	<u>240,496</u>	<u>571,838</u>	<u>812,334</u>
NET CHANGE IN FUND BALANCES	117,973	61,794	179,767
Fund Balances - Beginning of Year	<u>804,523</u>	<u>147,847</u>	<u>952,370</u>
FUND BALANCES - END OF YEAR	<u>\$ 922,496</u>	<u>\$ 209,641</u>	<u>\$ 1,132,137</u>

See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds \$ 179,767

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation (15,764)

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

Loan Principal Payment 345,000

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 Loan Interest - Change in Liability 854

Changes in Net Position of Governmental Activities \$ 509,857

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Property Taxes	\$ 326,137	\$ 326,137	\$ 358,036	\$ 31,899
Net Investment Income	3,200	3,200	433	(2,767)
Total Revenues	<u>329,337</u>	<u>329,337</u>	<u>358,469</u>	<u>29,132</u>
EXPENDITURES				
Accounting	37,000	22,000	19,860	2,140
Audit	6,000	6,000	5,600	400
County Treasurer's Fees	3,261	3,261	3,581	(320)
City Review Fee	3,000	3,000	3,000	-
Election	1,500	1,500	-	1,500
Insurance	3,000	3,000	2,544	456
District Management	12,000	21,000	21,000	-
Dues and Subscriptions	500	500	809	(309)
Irrigation Water	8,000	13,000	12,519	481
Landscape Maintenance	20,000	23,000	23,636	(636)
Landscape Maintenance - Drainage Pond	30,000	105,000	104,310	690
Legal	28,000	18,000	12,000	6,000
Storm Drainage	1,000	1,000	26	974
Tree Replacement	35,000	35,000	31,456	3,544
Utilities	200	200	152	48
Miscellaneous	1,000	1,000	3	997
Contingency	19,539	3,539	-	3,539
Total Expenditures	<u>209,000</u>	<u>260,000</u>	<u>240,496</u>	<u>19,504</u>
NET CHANGE IN FUND BALANCE	120,337	69,337	117,973	48,636
Fund Balance - Beginning of Year	<u>821,281</u>	<u>821,281</u>	<u>804,523</u>	<u>(16,758)</u>
FUND BALANCE - END OF YEAR	<u>\$ 941,618</u>	<u>\$ 890,618</u>	<u>\$ 922,496</u>	<u>\$ 31,878</u>

See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Mile High Business Center Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for the city and County of Denver in November 2005 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the city and County of Denver, Colorado. The District was established to provide financing for the design, acquisition, installation, and construction of water, sanitation, streets, safety protection and park and recreation facilities. Upon the completion of the infrastructure improvements, the District anticipates dedicating most of the improvements to the city or to such other governmental entity as appropriate. The District also provides the funding for infrastructure improvements and the tax base needed to support ongoing operations.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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 property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for the 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation 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 general obligation debt of the governmental funds.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 has amended its annual budget for the year ended December 31, 2021.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

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

Capital Assets

Capital assets, which include property and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Assets included in construction in progress that the District will convey to other entities are not included in the calculation of net investment in capital assets.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Streets	20 Years
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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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

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

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 968,181
Cash and Investments - Restricted	<u>217,222</u>
Total Cash and Investments	<u><u>\$ 1,185,403</u></u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 6,898
Investments	<u>1,178,505</u>
Total Cash and Investments	<u><u>\$ 1,185,403</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, 2021, the District’s cash deposits had a bank balance of \$6,898 and a carrying balance of \$6,898.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

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

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 1,178,505
Total		<u>\$ 1,178,505</u>

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 AAmmf by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net value using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance - December 31, 2020	Additions	Retirements	Balance - December 31, 2021
Governmental Activities				
Capital Assets, Being				
Depreciated:				
Streets - East Shared Drive	\$ 315,276	\$ -	\$ -	\$ 315,276
Total Capital Assets, Being				
Depreciated	315,276	-	-	315,276
Less Accumulated Depreciation				
For:				
Streets - East Shared Drive	(75,470)	(15,764)	-	(91,234)
Total Accumulated				
Depreciation	(75,470)	(15,764)	-	(91,234)
Total Capital Assets, Being				
Depreciated, Net	<u>\$ 239,806</u>	<u>\$ (15,764)</u>	<u>\$ -</u>	<u>\$ 224,042</u>

Depreciation expense was charged to the governmental operations of the District for the year ended December 31, 2021.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS

The District's outstanding long-term obligations at December 31, 2021, were as follows:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021	Due Within One Year
Notes / Loans / Bonds From Direct Borrowing and Direct Placement: General Obligation Refunding and Improvement Loan Series 2017	\$ 7,440,000	\$ -	\$ 345,000	\$ 7,095,000	\$ 355,000
Total	<u>\$ 7,440,000</u>	<u>\$ -</u>	<u>\$ 345,000</u>	<u>\$ 7,095,000</u>	<u>\$ 355,000</u>

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

\$8,425,000 General Obligation Refunding and Improvement Loan, Series 2017, was issued on December 21, 2017, in the original amount of \$8,425,000. The loan matures on December 1, 2037, with principal payments starting at \$325,000 on December 1, 2018. The loan bears interest at 2.97%, payable semiannually on June 1 and December 1. The loan may be prepaid prior to maturity, at the option of the District, in part, in any amount not exceeding \$250,000 annually on any principal payment date with no penalty. The loan may be prepaid prior to the maturity date, in whole but not in part, on or after December 1, 2024 at a prepayment price equal to the sum of the loan balance plus accrued interest thereon with no prepayment fee. The District will give the lender at least 10 days' notice prior to any prepayment.

The occurrence or existence of any one or more of the following events shall be an Event of Default:

- (a) The District fails to pay the principal and interest on the loan when due;
- (b) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required;
- (c) The District defaults in the performance or observation of any of the covenants, agreements, or conditions on the part of the District and fails to remedy the same after notice; or
- (d) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the loan.

Acceleration of the Series 2017 Loan shall not be a remedy for any default or Event of Default unless the bank has directed such acceleration.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 355,000	\$ 210,722	\$ 565,722
2023	365,000	200,178	565,178
2024	375,000	189,338	564,338
2025	385,000	178,200	563,200
2026	395,000	166,766	561,766
2027-2031	2,170,000	649,985	2,819,985
2032-2036	2,505,000	308,287	2,813,287
2037	545,000	16,187	561,187
Total	<u>\$ 7,095,000</u>	<u>\$ 1,919,663</u>	<u>\$ 9,014,663</u>

Authorized Debt

On November 1, 2005, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$109,000,000 at an interest rate not to exceed 18% per annum:

	<u>Authorized November 1, 2005 Election</u>	<u>Series 2007 Authorization Used</u>	<u>Series 2010 Authorization Used</u>	<u>Series 2017 Authorization Used</u>	<u>Remaining at December 31, 2021</u>
Street Improvement, Traffic and Safety Controls	\$ 13,000,000	\$ 1,095,447	\$ 1,334,234	\$ 944,297	\$ 9,626,022
Water Supply System	13,000,000	1,304,512	605,788	286,811	10,802,889
Storm and Sanitary System	13,000,000	2,600,041	1,044,978	632,598	8,722,383
Parks and Recreation Facilities	13,000,000	-	-	149,920	12,850,080
Traffic and Safety	13,000,000	-	-	86,374	12,913,626
Debt Refunding	13,000,000	-	-	6,325,000	6,675,000
Intergovernmental Contracts	13,000,000	-	-	-	13,000,000
Reimbursement	13,000,000	-	-	-	13,000,000
Operations and Maintenance	5,000,000	-	-	-	5,000,000
Total	<u>\$ 109,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 2,985,000</u>	<u>\$ 8,425,000</u>	<u>\$ 92,590,000</u>

Per the Service Plan, the general obligation debt of the District shall not exceed \$13,000,000. In addition, the maximum debt service mill levy for the District is 50 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

No changes to the ratio have occurred and the maximum mill levy for the debt service remains 50 mills. A maximum of 15 mills may be levied for operation and maintenance costs for the first five years and 10 mills thereafter.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	<u>\$ 224,042</u>

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021, as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserves	\$ 10,800
Debt Service	192,081
Total Restricted Net Position	<u>\$ 202,881</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, which were transferred to other governments for ownership and maintenance.

NOTE 7 RELATED PARTY

The members of the Board of Directors are employees, owners, or are otherwise associated with Colliers International and may have conflicts of interest in dealing with the District. During 2021, the District paid Colliers International \$18,500.

NOTE 8 RISK MANAGEMENT

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

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

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 RISK MANAGEMENT (CONTINUED)

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.

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 1, 2005, District voters passed an election question to increase property taxes \$5,000,000 annually to pay the District's operational and maintenance costs, without regard to any limitations under TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 534,572	\$ 586,857	\$ 52,285
Specific Ownership Taxes	43,035	46,491	3,456
Net Investment Income	500	284	(216)
Total Revenues	<u>578,107</u>	<u>633,632</u>	<u>55,525</u>
EXPENDITURES			
Debt Service:			
County Treasurer's Fees	5,346	5,870	(524)
Loan Interest - Series 2017	220,968	220,968	-
Loan Principal - Series 2017	345,000	345,000	-
Paying Agent Fees	3,000	-	3,000
Contingency	4,686	-	4,686
Total Expenditures	<u>579,000</u>	<u>571,838</u>	<u>7,162</u>
NET CHANGE IN FUND BALANCE	(893)	61,794	62,687
Fund Balance - Beginning of Year	<u>142,808</u>	<u>147,847</u>	<u>5,039</u>
FUND BALANCE - END OF YEAR	<u>\$ 141,915</u>	<u>\$ 209,641</u>	<u>\$ 67,726</u>

OTHER INFORMATION

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

<u>Loan and Interest Maturing in the Year Ending December 31,</u>	\$8,425,000 General Obligation Loan Dated December 21, 2017 Interest rate 2.97%		
	Total Requirements		
	<u>Interest due Semi-annually, Principal due December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 355,000	\$ 210,722	\$ 565,722
2023	365,000	200,178	565,178
2024	375,000	189,338	564,338
2025	385,000	178,200	563,200
2026	395,000	166,766	561,766
2027	410,000	155,034	565,034
2028	420,000	142,857	562,857
2029	435,000	130,383	565,383
2030	445,000	117,464	562,464
2031	460,000	104,247	564,247
2032	475,000	90,585	565,585
2033	485,000	76,478	561,478
2034	500,000	62,073	562,073
2035	515,000	47,223	562,223
2036	530,000	31,928	561,928
2037	545,000	16,187	561,187
Total	<u>\$ 7,095,000</u>	<u>\$ 1,919,663</u>	<u>\$ 9,014,663</u>

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for		Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2017	\$ 23,979,200	9.952	25.048	\$ 839,272	\$ 839,278	100.0 %
2018	26,970,550	9.952	20.048	809,117	809,117	100.0
2019	26,566,800	9.952	20.048	797,004	797,788	100.1
2020	31,341,390	10.000	16.391	827,131	820,877	99.2
2021	32,613,740	10.000	16.391	860,709	944,893	109.8
Estimated for the Year Ending December 31, 2022	\$ 33,676,840	10.000	16.391	\$ 888,765		

NOTE: Periodically, the District may receive delinquent, abated or refunded taxes for prior years. These are recorded in the year received. The additional tax receipt in 2021 is due to a personal property tax audit by the State Treasury.