

Denver High Point at DIA
Metropolitan District

2017 Annual Report

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
CITY AND COUNTY OF DENVER,
STATE OF COLORADO**

ANNUAL REPORT FOR FISCAL YEAR 2017

Pursuant to the Service Plan for Denver High Point at DIA Metropolitan District (the "District"), the District is required to provide an annual report to the City and County of Denver, Colorado (the "City") with regard to the following matters:

For the year ending December 31, 2017, the District makes the following report:

1. Annual budget to the Manager of Revenue and Manager of Public Works:

A copy of the 2018 budget is attached hereto as **Exhibit A**.

2. Construction schedules for the current year and the work projected to be completed in the following two years.

Active Projects during 2017-2019:

1. 64th Avenue Water and Roadway Infrastructure has been completed.
2. West End Neighborhood Phase One has been reassigned to a potential Buyer at this time.
3. West Fork Channel Phase 1A has construction planned for the Second Quarter of 2019.
4. Argonne Street, 64th to High Point Boulevard – Roadway and Infrastructure is approximately 80% complete.
5. 65th Avenue, Tower Road to Biscay – Roadway and Infrastructure Phase One has been completed.
6. 68th Avenue and Tower Road – entry drive, sidewalk, and landscaping has been completed.
7. DIA High Point Outlet Drop Structure/Pond 243 Grouted Boulder Drop Structure has been completed.
8. DHP Filing One Infrastructure Project is in process.
9. Conoco Phillips Gas Line Relocation is currently in the design phase, with construction planned for the Second Quarter of 2019.
10. High Point Blvd construction began during the Third Quarter of 2018.

3. Annual audited financial statements for the District to the Manager of Revenue:

A copy of the 2017 audit is attached hereto as **Exhibit B**.

4. Total debt authorized, total debt issued, and remaining debt authorized and intended to be issued by the District to the Manager of Revenue:

The total authorized debt is \$157,800,000 for District Improvements and \$90,200,000 for Regional Improvements. No debt has been issued.

5. Names and terms of members of the Board of Directors and its officers of the District to the Manager of Revenue and Manager of Public Works:

Andrew Klein - President - Term to May 2020
Kevin Smith - Treasurer - Term to May 2020
Ted Laudick - Assistant Secretary - Term to May 2022
Otis Moore - Assistant Secretary - Term to May 2022

6. Any bylaws, rules and regulations of the District regarding bidding, conflict of interest, contracting and other governance to the Manager of Public Works:

There were no bylaws or rules and regulations regarding bidding, conflict of interest, contracting and other governance matters adopted in 2017.

7. Current intergovernmental agreements and amendments to both the Manager of Revenue and Manager of Public Works:

The District did not enter into any new Intergovernmental Agreements in 2017.

Existing Intergovernmental Agreements:

1. The District and the City and County of Denver entered into a City Intergovernmental Agreement on September 2, 2008.
2. The District and the City and County of Denver entered into a First Amendment to the City an Intergovernmental Agreement on March 17, 2014.
3. The District, the City and County of Denver, and LNR CPI High Point, LLC entered into a Funding Agreement – City IGA Obligations on September 2, 2008.
4. The District and Colorado International Center Metropolitan District Nos. 13 & 14 entered into a Facilities Funding, Construction and Operations Agreement on June 28, 2007, as amended.

5. The District, Colorado International Center Metropolitan District Nos. 13 & 14, and Gateway Regional Metropolitan District entered into an Operations Financing Intergovernmental Agreement on June 6, 2007.

8. A summary of all current contracts for services of the District to the Manager of Public Works:

1. Second Amended and Restated Independent Contractor Agreement for Construction Management by and between the District, and Silverbluff Companies, Inc., dated July 21, 2016.

2. Management Agreement between the District and Special District Management Services, Inc., dated October 24, 2017.

3. Engagement Agreement between the District and McGeady Becher P.C., dated September 27, 2017.

4. Engagement Agreement between the District and CliftonLarsonAllen, LLP, dated March 8, 2016.

9. Official statements of current outstanding bonded indebtedness of the District, if not already received by the City to the Manager of Revenue:

The District does not currently have any outstanding bonded indebtedness.

10. Current approved Service Plan of the District and amendments thereto to the Manager of Revenue and Manager of Public Works:

A copy of the Service Plan of the District (approved March 13, 2006) was provided with the 2006 Annual Report. (The District provided 45 day notice of certain planned activities three times during 2007, pursuant to the provisions of Section 32-1-207(3)(b), C.R.S. Copies of the required notices, as filed with the Denver District Court, were provided with the 2007 Annual Report.)

11. The District Manager's contact information to the Manager of Revenue and Manager of Public Works:

Ashley B. Frisbie Email: afrisbie@sdmsi.com.
Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, CO 80228-1898
Office: 303-987-0835 Fax: 303-987-2032

EXHIBIT A
2018 Budget



CliftonLarsonAllen

CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 500
Greenwood Village, CO 80111
303-779-5710 | fax 303-779-0348
CLAconnect.com

September 28, 2018

Local Government Audit Division
1525 Sherman Street, Floor 7
Denver, Colorado 80203

Dear State Auditor:

We have attached one copy of the December 31, 2017, audit report for the following governmental entity:

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT

If you have any questions concerning this report, please contact us.

Sincerely,

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

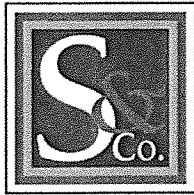
Enclosure

**DENVER HIGH POINT AT DIA
METROPOLITAN DISTRICT
City and County of Denver, Colorado**

**FINANCIAL STATEMENTS
December 31, 2017**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	1
Statement of Activities.....	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds.....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of Governmental Funds to the Statement of Activities.....	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Actual.....	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION	23
Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Actual.....	24
Capital Projects Fund - Regional - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.....	25
OTHER INFORMATION	26
Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected	27



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

Independent Auditor's Report

Board of Directors
Denver High Point at DIA Metropolitan District
City and County of Denver, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Denver High Point at DIA Metropolitan District (District) as of and for the year ended December 31, 2017, 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 Denver High Point at DIA Metropolitan District, as of December 31, 2017, 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
September 26, 2018

BASIC FINANCIAL STATEMENTS

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments - Unrestricted	\$ 610
Cash and investments - Restricted	53,337
Receivable - County Treasurer	119
Regional mill levy receivable	84,411
Prepaid expenses	979
Due from Colorado International Center No.14	7,451
Capital assets:	
Capital assets, not being depreciated	3,329,750
Capital assets, net of accumulated depreciation	<u>191,927</u>
Total assets	<u>3,668,584</u>
LIABILITIES	
Accounts payable	197,304
Retainage payable	87,932
Noncurrent liabilities:	
Due in more than one year	<u>5,168,985</u>
Total liabilities	<u>5,454,221</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred regional mill levy revenue	<u>84,411</u>
Total deferred inflows of resources	<u>84,411</u>
NET POSITION	
Net investment in capital assets	195,694
Restricted for:	
Emergency	3,600
Unrestricted	<u>(2,069,342)</u>
Total net position	<u>\$ (1,870,048)</u>

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

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Projects - Regional</u>	<u>Gov I</u>
ASSETS				
Cash and investments - Unrestricted	\$ 610	\$ -	\$ -	\$
Cash and investments - Restricted	3,600	-	49,737	
Due from other funds	1,216	-	-	
Due from Colorado International Center MD No. 14	-	7,451	-	
Receivable - County Treasurer	-	-	119	
Regional mill levy receivable	-	-	84,411	
Prepaid expenses	979	-	-	
TOTAL ASSETS	<u>\$ 6,405</u>	<u>\$ 7,451</u>	<u>\$ 134,267</u>	<u>\$</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ 10,055	\$ 187,249	\$ -	\$
Retainage payable	-	87,932	-	
Due to other funds	-	1,216	-	
Total liabilities	<u>10,055</u>	<u>276,397</u>	<u>-</u>	
DEFERRED INFLOWS OF RESOURCES				
Deferred regional mill levy revenue	-	-	84,411	
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>84,411</u>	
FUND BALANCES (DEFICITS)				
Nonspendable:				
Prepaid amounts	979	-	-	
Restricted for:				
Emergencies (TABOR)	3,600	-	-	
Capital projects	-	-	49,856	
Unassigned:	(8,229)	(268,946)	-	
Total fund balances (deficits)	<u>(3,650)</u>	<u>(268,946)</u>	<u>49,856</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 6,405</u>	<u>\$ 7,451</u>	<u>\$ 134,267</u>	

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

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

Long-term liabilities, including Developer advances, are not due and payable in the current period and, therefore, are not reported in the funds.

Developer advances

Accrued interest - Developer advances

Net position of governmental activities

\$

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
Year Ended December 31, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Projects Regiona</u>
REVENUES			
Regional mill levy	\$ -	\$ -	\$ 19,1
Specific ownership tax	-	-	1,7
Intergovernmental revenue from Colorado International Center MD No. 14	116,205	4,363,033	.
Other income	900	-	.
Total revenues	<u>117,105</u>	<u>4,363,033</u>	<u>20,8</u>
EXPENDITURES			
Current			
Accounting	47,962	-	.
Audit	7,900	-	.
City administration fee	5,000	-	.
County Treasurer's fee - Regional mill levy	-	-	1
Directors' fees	2,100	-	.
District management	3,224	-	.
Dues and subscriptions	1,120	-	.
Insurance and bonds	6,947	-	.
Landscape maintenance - contract	14,180	-	.
Landscape repairs and maintenance	15,157	-	.
Landscape maintenance - Gateway	6,345	-	.
Legal	31,601	17,513	.
Snow removal	1,305	-	.
Utilities	17,116	-	.
Miscellaneous	344	301	.
Payroll taxes	161	-	.
Debt service			
Repayment of Developer advances - principal	-	-	2,902,0
Repayment of Developer advances - interest	-	-	1,460,9
Capital outlay			
Construction management fees	-	145,500	.
Dry utilities	-	12,531	.
Engineering	-	47,861	.
Erosion control	-	91,242	.
Grading/earthwork	-	141,146	.
Park and recreation	-	8,117	.
Streets	-	742,483	.
Storm drainage	-	1,279,566	.
Sanitary sewer	-	123,450	.
Water	-	543,197	.
Total expenditures	<u>160,462</u>	<u>3,152,907</u>	<u>4,363,2</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(43,357)</u>	<u>1,210,126</u>	<u>(4,342,3</u>
OTHER FINANCING SOURCES (USES)			
Developer advance	48,676	2,944,258	.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds	\$ (182,632)
--	--------------

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. During the current period, there were no depreciable assets. Therefore, this is the amount of capital outlay in the current period.

Capital outlay	3,135,093
Depreciation expense	(8,211)

The issuance of long-term debt (e.g., bonds, Developer advances) 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Current year debt - Developer advances	(2,992,934)
Repayment of developer advances - principal	2,902,083

Some expenses 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 Developer advances - Change in liability	<u>1,142,477</u>
--	------------------

Changes in net position of governmental activities	<u><u>\$ 3,995,876</u></u>
--	----------------------------

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

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental revenue from Colorado			
International Center MD No. 14	\$ 115,068	\$ 116,205	\$ 1,137
Other income	-	900	900
Total revenues	<u>115,068</u>	<u>117,105</u>	<u>2,037</u>
EXPENDITURES			
Accounting	40,000	47,962	(7,962)
Audit	7,800	7,900	(100)
City administration fee	5,500	5,000	500
Director's fees	-	2,100	(2,100)
District management	-	3,224	(3,224)
Dues and subscriptions	1,200	1,120	80
Insurance and bonds	6,000	6,947	(947)
Landscape enhancements	100,000	-	100,000
Landscape maintenance - contract	20,000	14,180	5,820
Landscape repairs and maintenance	40,000	15,157	24,843
Landscape maintenance - Gateway	5,000	6,345	(1,345)
Legal	25,000	31,601	(6,601)
Snow removal	12,000	1,305	10,695
Utilities	31,000	17,116	13,884
Miscellaneous	1,000	344	656
Payroll taxes	-	161	(161)
Contingency	3,500	-	3,500
Total expenditures	<u>298,000</u>	<u>160,462</u>	<u>137,538</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(182,932)</u>	<u>(43,357)</u>	<u>139,575</u>
OTHER FINANCING SOURCES (USES)			
Developer advance	183,000	48,676	(134,324)
Total other financing sources (uses)	<u>183,000</u>	<u>48,676</u>	<u>(134,324)</u>
NET CHANGE IN FUND BALANCES	68	5,319	5,251
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	4,431	(8,969)	(13,400)
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 4,499</u>	<u>\$ (3,650)</u>	<u>\$ (8,149)</u>

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

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Denver High Point at DIA Metropolitan District (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 recorded 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 Colorado International Center Metropolitan District No. 13 (CIC 13), which will contain the residential property within the project, and Colorado International Center No. 14 (CIC 14), which will contain the commercial property within the project (Taxing Districts). The District is the Management District, and together with the Taxing Districts, are collectively the Denver High Point Districts (Districts).

The District, pursuant to an intergovernmental agreement among the Districts, is responsible for managing, implementing, and coordinating the financing, acquisition, construction, completion, operation, and maintenance of all public infrastructure and services within the Districts, including street, safety protection, water, sewer and storm drainage, transportation, mosquito control, limited fire protection, and park and recreation improvements for the use of the inhabitants and taxpayers of the Districts. The operation and maintenance of most District services and facilities are anticipated to be provided by the City and not by the Districts.

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 the Taxing 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. The effect of interfund activity has been removed from these statements. These financial statements include all of the activities of the District. Governmental activities are normally supported by property taxes and intergovernmental revenues.

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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. The District 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 Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

The Capital Projects Fund - Regional is used to account for resources to be used for the acquisition and construction of regional capital equipment and facilities.

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 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.

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 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.

Capital Assets

Capital assets, which include property and infrastructure improvements, are reported in the government-wide financial statements. 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.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets.

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, with the exception of landscaping improvements (trees, sod, and similar items) are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Any construction in process that will be dedicated to another entity is not depreciated.

Depreciation expense has been computed using the straight-line method over the following economic useful lives:

Monuments	50 years
Landscape improvements	20 years

Maintenance Fee

On October 28, 2015, the District and CIC 14 (the Districts) 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 CIC 14 for services provided in connection with the construction, operation, and maintenance of public facilities by 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 2017, 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 District. During 2017, there were no occupied residential units within the Taxing Districts. 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, 2017, no rate for the one-time maintenance fees had been established.

Facilities Fee

On October 28, 2015, the District and the Taxing Districts 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 Taxing Districts. 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 CIC 14 adopted a Joint Resolution Concerning the Imposition of a Regional Development Fee. This Joint Resolution supersedes all other resolutions imposing Regional Development Fees.

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. During 2017, the fees in effect ranged from \$0.36 to \$1.78.

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

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 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.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Deficits

The General Fund reported a deficit of \$(3,650) and the Capital Projects Fund reported a deficit of \$(268,946) in the fund financial statements as of December 31, 2017. It is anticipated that these deficits will be eliminated with the receipt of funds advanced by the Developer in 2018.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments - Unrestricted	\$ 610
Cash and investments - Restricted	<u>53,337</u>
Total cash and investments	<u><u>\$ 53,947</u></u>

Cash and investments as of December 31, 2017, consist of the following:

Deposits with financial institutions	\$ 53,947
Total cash and investments	<u><u>\$ 53,947</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.

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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, 2017, the District's cash deposits had a bank balance of \$54,806 and a carrying balance of \$53,947.

Investments

The District has adopted a formal investment policy following state statutes regarding investments, but had no investments as of December 31, 2017.

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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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

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

At December 31, 2017, the District had no investments.

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017, follows:

	Balance at December 31, 2016	Additions	Retirements/ Reclassification	Balance at December 31, 2017
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 3,135,093	\$ -	\$ 3,135,093
Landscape improvements	194,657	-	-	194,657
Total capital assets, not being depreciated	194,657	3,135,093	-	3,329,750
Capital assets, being depreciated				
Landscaping	133,925	-	-	133,925
Monument	75,747	-	-	75,747
Total capital assets, being depreciated	209,672	-	-	209,672
Less accumulated depreciation for:				
Landscaping	(3,348)	(6,696)		(10,044)
Monument	(6,186)	(1,515)	-	(7,701)
Total accumulated depreciation	(9,534)	(8,211)	-	(17,745)
Total capital assets, being depreciated, net	200,138	(8,211)	-	191,927
Governmental activities - Capital assets, net	<u>\$ 394,795</u>	<u>\$ 3,126,882</u>	<u>\$ -</u>	<u>\$ 3,521,677</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

General government \$ 8,211

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in long-term obligations for the year ended December 31, 2017:

	Balance at December 31, 2016	Additions	Retirement	Balance at December 31, 2017	Due Within One Year
Governmental activities					
Developer advances - Operations	\$ 488,181	\$ 48,676	\$ -	\$ 536,857	\$ -
Developer advances - Capital	2,871,567	2,944,258	2,902,083	2,913,742	-
Developer advances - Regional	1,174,451	-	-	1,174,451	-
Accrued interest on Developer advances	1,686,412	318,473	1,460,950	543,935	-
	<u>\$ 6,220,611</u>	<u>\$ 3,311,407</u>	<u>\$ 4,363,033</u>	<u>\$ 5,168,985</u>	<u>\$ -</u>

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

On October 14, 2016, the District (along with the Taxing Districts) (the Districts) entered into an Operations Funding and Reimbursement Agreement (New Agreement) with LNR CPI High Point, LLC (LNR). 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 LNR. The Districts have acknowledged that LNR has made advances to the District since 2006 through the date of the New Agreement, and that LNR 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 Taxing Districts 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. In July 2017, LNR sold its property in the District to ACM High Point VI LLC (ACM). The Operations and Capital Funding and Reimbursement Agreements with LNR were terminated and all reimbursement rights were assigned to ACM.

ACM and the District entered into the Operations Funding and Reimbursement Agreement on July 20, 2017 for the purposes of acknowledging all prior advances made by LNR to the Districts, as assigned to ACM, and to provide for ACM's advancement of funds to the District for future operations costs of the Districts up to \$1,000,000 for the fiscal years 2017 through 2020. The payment obligation to pay ACM constitutes a multiple-fiscal year obligation of the Districts. Simple interest shall accrue on each developer advance, including the prior advances, at a rate of 8%. The Districts intend to repay from certain revenues including ad valorem taxes and fees. Any mill levy certified by the Districts for the purpose of repaying advances made shall not exceed the mill levy limitation in the Service Plan, and in any event, shall not exceed 50 mills. The term of this Agreement is in effect until the earlier of the repayment of the obligation or December 1, 2047.

ACM and the Management District entered into the Capital Funding and Reimbursement Agreement on July 20, 2017 for the purposes of acknowledging all prior advances made by LNR to the Districts, as assigned to ACM, and to provide for ACM's advancement of funds to the District for future capital costs of the District up to \$10,000,000 for the fiscal years 2017 through 2020. The payment obligation to pay ACM constitutes a multiple-fiscal year obligation of the District. Simple interest shall accrue on each developer advance, including the prior advances, at a rate of 8%. The District intends to repay from certain revenues including any District bonds, bond proceeds received from the Taxing Districts, or ad valorem taxes and fees. Any mill levy certified by the Districts for the purpose of repaying advances made shall not exceed the mill levy limitation in the Service Plan, and in any event, shall not exceed 50 mills. The term of this Agreement is in effect until the earlier of the repayment of the obligation or December 1, 2047.

At December 31, 2017, the outstanding amount due to ACM by the District was \$3,776,238, which includes \$325,639 of accrued interest.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

City Intergovernmental Agreement

On September 2, 2008, the District entered into an agreement with the City and County of Denver whereby the District is required to levy a Regional Mill Levy in the amount of 15.000 mills and to impose a one-time Regional Development Fee based upon the square footage of an applicable lot of all property within the project area, (collectively, the regional funds). The District will also require the Taxing Districts to comply with this agreement. The regional funds will be used to pay the costs of defined Regional Improvements.

The District has the authority to construct the Regional Improvements as detailed in its service plan and in the service plans of the Denver Districts. Per the agreement, the District is also responsible for 17% of Gateway Regional Metropolitan District's (Gateway) service plan project costs and certain Town Center Metropolitan District obligations.

The District's share of the Regional Improvements will be funded from the regional funds. The flow of funds for payment is as follows: 1) debt service on any bonds issued for the funding of Regional Improvements, 2) reimbursement to LNR in the event it advances funds to the City for payment of District obligations under the agreement, 3) payment of the Town Center obligations, 4) payment under the City IGA for past project costs (Note 2), 5) payment under the City IGA for Tower - 56th District Lanes costs (Note 1), and 6) the District's share of Regional Improvement costs as they become due, including Gateway service plan project costs. The agreement was amended on March 17, 2014, to include additional projects.

The District shall utilize all available moneys from regional bonds or regional funds to meet the District obligations. Pursuant to the "Funding Agreement - City IGA Obligations" between the District, LNR, and the City dated September 2, 2008, if regional funds are inadequate to pay the entire amount due on the applicable payment date, LNR agrees that it will pay the shortfall amount as an advance to the District. The District agrees to reimburse LNR for the advances, plus simple interest at a rate of 8% per annum. No payment shall be required of the District unless the District issues regional bonds or collects regional funds. Notwithstanding the foregoing, the District may reimburse LNR from otherwise legally available funds.

On September 2, 2008, the District entered into a Funding Agreement – City IGA Obligations with the City and LNR. LNR agrees that it will pay any shortfall amount to the City on behalf of the District for amounts owed under the City Intergovernmental Agreement above. The District agrees to reimburse LNR for advances, plus simple interest, at an annual rate of 8% per annum.

During 2009, 2010, 2012, and 2014, LNR advanced funds to pay the District's obligations related to the City Intergovernmental Agreement. In July 2017, LNR sold its property in the District to ACM High Point VI LLC (ACM). LNR assigned all reimbursement rights in the City Agreements to ACM. As of December 31, 2017, the District owed ACM \$1,392,747 under the Agreement, which includes \$218,296 of accrued interest.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 2, 2006, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness of \$1,530,400,000 at an annual interest rate not to exceed 14%. On May 3, 2016, the District's electors authorized the incurrence of additional general obligation debt totaling \$2,615,000,000 in principal, at an annual interest rate not to exceed 18%. At December 31, 2017, the District had authorized, but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized May 2, 2006 Election	Authorized May 3, 2016 Election	Authorization Used	Remaining at December 31, 2017
Streets	\$ 157,800,000	\$ 157,800,000	\$ -	\$ 315,600,000
Traffic and safety controls	157,800,000	157,800,000	-	315,600,000
Water	157,800,000	157,800,000	-	315,600,000
Sanitary/storm sewer	157,800,000	157,800,000	-	315,600,000
Parks and recreation	157,800,000	157,800,000	-	315,600,000
Public transportation	157,800,000	157,800,000	-	315,600,000
Mosquito control	10,000,000	157,800,000	-	167,800,000
Fire protection	10,000,000	157,800,000	-	167,800,000
Operations and maintenance	157,800,000	157,800,000	-	315,600,000
Intergovernmental agreements	157,800,000	157,800,000	-	315,600,000
Regional improvements	90,200,000	90,200,000	-	180,400,000
Refunding	157,800,000	157,800,000	-	315,600,000
Special assessment debt	-	157,800,000	-	157,800,000
Television relay/translation	-	157,800,000	-	157,800,000
Security	-	157,800,000	-	157,800,000
Private contracts	-	157,800,000	-	157,800,000
Mortgages	-	157,800,000	-	157,800,000
	<u>\$ 1,530,400,000</u>	<u>\$ 2,615,000,000</u>	<u>\$ -</u>	<u>\$ 4,145,400,000</u>

Per the District's Service Plan, the District is prohibited from issuing debt in excess of \$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.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - AGREEMENTS

Facilities Funding, Construction and Operations Agreement (FFCOA)

On June 28, 2007 as amended on October 29, 2009, with an effective date of September 2, 2009, the District entered into a Facilities Funding, Construction and Operations Agreement (FFCOA) with the Taxing Districts. The 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 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.

Operations Financing Intergovernmental Agreement

On June 6, 2007, the District entered into an agreement with the Taxing 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 District shall collect revenues from the other Taxing Districts and remit to Gateway the annual amount due in twelve equal installments. During 2017 a payment of \$6,345 was made by the District to Gateway under this Agreement.

Silverbluff Companies, Inc.

On May 29, 2012, the District and Silverbluff Companies, Inc. (Silverbluff) entered into a construction management agreement. A first amendment to this agreement was entered into on December 23, 2015. On July 21, 2016, the District and Silverbluff entered into a Second Amended and Restated Independent Contractor Agreement – Construction Management (the Agreement) for the purpose of amending and restating the prior agreements in their entirety. A scope of services is detailed in the Agreement and includes all activities necessary to provide construction management services to ensure that District improvements are constructed in such a manner as to be acceptable by the District or another entity having jurisdiction over the District improvements. Compensation is to be 5% of the total contract price paid in equal installments over the term of the contract. Compensation will be adjusted for any change orders that increase or decrease the contract price. Compensation may be further adjusted if the term of the contract is increased fifteen or more days. The Agreement is effective as of the date of the Agreement and shall terminate the earlier of completion of services or December 31, 2016. The Agreement may also be terminated for cause or convenience by Silverbluff or the District upon giving 30 days written notice. If not terminated, the Agreement shall automatically renew for each succeeding year for an additional one year term commencing on January 1. The Agreement was renewed for 2017.

During 2017, \$145,500 was paid to Silverbluff under this agreement.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - AGREEMENTS (CONTINUED)

All Phase Landscape Construction, Inc.

On October 1, 2016, Aurora High Point at DIA Metropolitan District (AHP) and All Phase Landscape Construction, Inc. (All Phase) entered into an Independent Contractor Agreement (the Agreement) for landscape maintenance and snow removal services. The annual payment for landscape services is \$47,282, to be paid on a monthly basis at a pre-determined monthly rate. Snow removal and other repairs and maintenance outside the scope of the Agreement will be billed on a time and materials basis. The Agreement terminates on September 15, 2017, or sooner upon 30 days prior written notice by either AHP or All Phase. The Agreement may be renewed for an additional one year term upon separate written agreement between AHP and All Phase at time of renewal. The agreement was renewed for one year from October 1, 2017, through September 30, 2018, for an annual fee of \$48,565.

The area covered by the Agreement encompasses parks and open space land within the District, CIC 13, and CIC 14 as well as property within the AHP development. The monthly charge on the Agreement is split approximately 70% to the AHP and 30% to the District. Snow removal and other repairs and maintenance are split based upon where the work was performed, as determined by the District's construction manager – Silverbluff. The District and AHP are each responsible for the direct payment of its own share of costs.

During 2017, \$14,180 was paid to All Phase for costs incurred by the District under the Agreement and \$16,462 was paid outside the scope of the Agreement.

NOTE 7 - NET POSITION

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

The net investment in capital assets component of net position consists of capital assets that are owned by the District, 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 improvements of those assets. As of December 31, 2017, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net investment in capital assets	
Capital assets, net	\$ 395,235
Less: capital related debt	
Noncurrent portion of long-term obligations	(199,541)
Net investment in capital assets	\$ 195,694

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - NET POSITION (CONTINUED)

The restricted component of net position consists of amounts that are restricted for use either externally 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 of \$3,600 for Emergency Reserves and \$49,856 for Regional Capital projects as of December 31, 2017.

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 net investment in capital assets or the restricted component of net position.

The District has a deficit in unrestricted net position. This deficit amount was a result of the District being responsible for the repayment of Developer advances for operations and capital infrastructure, while the majority of assets constructed with those advances have been transferred to other entities for ownership and maintenance.

NOTE 8 - RELATED PARTIES

The property within the District is owned by and is being developed by ACM High Point VI LLC, a Delaware limited liability corporation (ACM), which acquired the property from LNR CPI High Point LLC, a Colorado limited liability corporation, in July 2017. During 2017, a majority of the members of the Board of Directors were officers of, employees of, or associated with ACM (see Note 5). One board member is the owner of Silverbluff Companies, Inc., which provides construction management services to the District (see Note 6).

NOTE 9 - ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by AMC.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

As of December 31, 2017, the District had unexpended construction related contract commitments of approximately \$1,760,774.

NOTE 11 - 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 was 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.

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 11 - RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation 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 12 - 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 and again on May 3, 2016, a majority of the District's electors authorized the District to collect and spend or retain ad valorem taxes of up to \$10,000,000 annually for operations and maintenance expenses of the District without regard to any limitations imposed by TABOR beginning in 2007. Additionally, the District electors authorized the District to collect, retain and spend all revenue without regard to limitation under TABOR in 2006 and all subsequent years. The electors also authorized the District to increase taxes up to \$10,000,000 annually to pay the District's operations and maintenance expenses by the imposition of fees without limitation as to rate or amount. The electors also authorized the District to increase taxes of up to \$10,000,000 annually to pay for regional improvements for which it is obligated per its service plan and other intergovernmental agreements.

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.

Except as mentioned above, 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.

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 - SUBSEQUENT EVENTS

Denver High Point IGA

On April 12, 2018, the District and Aurora High Point at DIA Metropolitan District (AHP) entered into a Cost Sharing and Reimbursement Agreement (the "Denver High Point IGA"). The District functions as the management district for the Denver High Point Districts and is responsible for coordinating and managing the financing, acquisition, construction, completion, and operation and maintenance of all public infrastructure and services within the portion of High Point in Denver.

Construction of certain regional improvements funded by AHP and the District benefitted property owners and taxpayers in both the Aurora and Denver portions of High Point; however, the parties have determined that such costs should be re-distributed based on an engineer's recommendation of benefit provided and, as a result, the parties entered into the Denver High Point IGA to, among other things, re-allocate such costs between the two districts (assigning 56.18% of such costs to the District and 43.83% to AHP). Accordingly, pursuant to the Denver High Point IGA, both AHP and the District acknowledge that AHP is entitled to be reimbursed by the District in the amount of \$10,021,145 for various capital expenditures AHP previously made and which the Board of Directors of the District has determined conferred a benefit to one or more of the Denver High Point Districts. The District has received an engineer's certification to verify the allocated amount owed to AHP for the improvements constructed. AHP was reimbursed in the amount of \$10,021,145 using proceeds of Colorado International Center No. 14's (CIC 14) 2018 Bonds.

On May 7, 2018, the Denver High Point IGA was amended to include Colorado International Center Metropolitan District No. 4 (CIC No. 4), a taxing district to AHP, as a party to the Denver High Point IGA; to recognize certain improvements that CIC No. 4 constructed as Regional Facilities under the Denver High Point IGA; to reallocate costs associated with the construction of such improvements as part of the total reallocation under the Denver High Point IGA; and to recognize that AHP is entitled to an additional reimbursement to further reconcile the District's proportionate share of the re-allocated costs. Accordingly, the reimbursement amount was reallocated and increased from \$10,021,145 to \$22,399,717, which additional amount of \$12,378,572 was also paid to AHP using proceeds of CIC 14's 2018 Bonds.

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

SUPPLEMENTARY INFORMATION

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variar Final Pos (Nec</u>
REVENUES			
Intergovernmental revenue from Colorado			
International Center MD No. 14	\$ 4,350,524	\$ 4,363,033	\$
Total revenues	<u>4,350,524</u>	<u>4,363,033</u>	<u></u>
EXPENDITURES			
Current			
Legal	2,000	17,513	
Miscellaneous	-	301	
Debt service			
Repayment of Developer advances - principal	-	2,902,083	(2
Repayment of Developer advances - interest	-	1,460,950	(1
Capital outlay			
Construction management fees	1,115,478	145,500	
Dry utilities	2,305,000	12,531	2
Engineering	842,579	47,861	
Erosion control	272,500	91,242	
Grading/earthwork	770,137	141,146	
Park and recreation	3,543,384	8,117	3
Streets	4,950,000	742,483	4
Storm drainage	4,440,000	1,279,566	3
Sanitary sewer	1,145,000	123,450	1
Water	1,660,000	543,197	1
Total expenditures	<u>21,046,078</u>	<u>7,515,940</u>	<u>13</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,695,554)</u>	<u>(3,152,907)</u>	<u>13</u>
OTHER FINANCING SOURCES (USES)			
Developer advance	16,695,554	2,944,258	(13
Total other financing sources (uses)	<u>16,695,554</u>	<u>2,944,258</u>	<u>(13</u>
NET CHANGE IN FUND BALANCES	-	(208,649)	
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	-	(60,297)	
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ -</u>	<u>\$ (268,946)</u>	<u>\$</u>

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
 CAPITAL PROJECTS FUND - REGIONAL
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 Year Ended December 31, 2017

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Regional mill levy	\$ 19,175	\$ 19,175	\$ -
Specific ownership tax	1,340	1,715	375
Total revenues	<u>20,515</u>	<u>20,890</u>	<u>375</u>
EXPENDITURES			
County Treasurer's fee - Regional mill levy	190	192	(2)
Contingency	2,810	-	2,810
Total expenditures	<u>3,000</u>	<u>192</u>	<u>2,808</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>17,515</u>	<u>20,698</u>	<u>3,183</u>
NET CHANGE IN FUND BALANCES	17,515	20,698	3,183
FUND BALANCES - BEGINNING OF YEAR	<u>28,006</u>	<u>29,158</u>	<u>1,152</u>
FUND BALANCES - END OF YEAR	<u>\$ 45,521</u>	<u>\$ 49,856</u>	<u>\$ 4,335</u>

OTHER INFORMATION

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2017**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>			<u>Total Property Taxes</u>		<u>Perc Col to L</u>
		<u>General Operations</u>	<u>Regional Mill Levy</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2013	\$ 643,300	0.000	15.000	0.000	\$ 9,650	\$ 9,650	1
2014	\$ 632,700	0.000	15.000	0.000	\$ 9,491	\$ 9,490	1
2015	\$ 641,560	0.000	15.000	0.000	\$ 9,623	\$ 9,623	1
2016	\$ 1,165,420	0.000	15.000	0.000	\$ 17,481	\$ 17,481	1
2017	\$ 1,278,300	0.000	15.000	0.000	\$ 19,175	\$ 19,175	1
Estimated for year ending December 31, 2018	\$ 5,627,380	0.000	15.000	0.000	\$ 84,411		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.

EXHIBIT B

2017 Audit



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.CLAconnect.com

Accountant's Compilation Report

Board of Directors
Denver High Point at DIA Metropolitan District
City and County of Denver, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Denver High Point at DIA Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017 and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Denver High Point at DIA Metropolitan District.

Greenwood Village, Colorado
December 26, 2017

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 18,374	\$ (4,403,141)	\$ 52,480
REVENUES			
1 Specific ownership taxes	1,451	1,700	5,910
2 System development fees	189,656	-	-
3 Developer advance	179,913	8,475,330	14,116,600
4 Other income	-	900	-
5 Regional Mill Levy	17,481	19,175	84,411
6 Transfer from CIC MD 14	115,164	4,479,849	19,671,755
Total revenues	<u>503,665</u>	<u>12,976,954</u>	<u>33,878,676</u>
Total funds available	<u>522,039</u>	<u>8,573,813</u>	<u>33,931,156</u>
EXPENDITURES			
7 General and administration			
8 Accounting	35,807	47,000	42,000
9 Audit	7,600	7,900	8,000
10 City administration fee	5,328	5,000	5,000
11 Contingency	-	388	6,800
12 County Treasurer's fees	175	190	840
13 Dues and membership	1,142	1,120	1,200
14 Election	9,492	-	10,000
15 Insurance	5,480	6,947	7,500
16 Legal	25,021	33,000	25,000
17 Miscellaneous	300	500	1,000
18 Operations and maintenance			
19 Landscape enhancements	-	-	100,000
20 Landscape maintenance - Contract	14,160	14,000	14,000
21 Landscape maintenance - Gateway	5,069	6,345	6,500
22 Landscape repairs and maintenance	27,177	18,000	40,000
23 Snow removal	2,725	4,000	12,000
24 Utilities - electrical	-	800	1,000
25 Utilities - irrigation	20,674	20,000	30,000
26 Capital projects			
27 Construction management	76,022	247,000	790,000
28 Dry utilities	-	100,000	2,780,000
29 Engineering	48,391	71,000	465,000
30 Erosion control	-	136,000	255,000
31 Grading/earthwork	4,863	134,000	480,000
32 Legal	1,299	11,000	10,000
33 Park and recreation	98,123	17,000	1,731,600
34 Repay developer advance	4,363,033	4,363,033	19,499,551
35 Sewer	-	256,000	585,000
36 Storm drainage	-	1,440,000	3,620,000
37 Streets	-	755,000	2,600,000
38 Water	4,000	825,000	660,000
39 Capital Projects Fund - Regional			
40 Contingency	-	1,110	3,160
41 Repay developer advance interest	169,299	-	-
Total expenditures	<u>4,925,180</u>	<u>8,521,333</u>	<u>33,790,151</u>
Total expenditures and transfers out requiring appropriation	<u>4,925,180</u>	<u>8,521,333</u>	<u>33,790,151</u>
ENDING FUND BALANCES	<u>\$ (4,403,141)</u>	<u>\$ 52,480</u>	<u>\$ 141,005</u>
EMERGENCY RESERVE	<u>\$ 3,500</u>	<u>\$ 3,600</u>	<u>\$ 5,200</u>
TOTAL RESERVE	<u>\$ 3,500</u>	<u>\$ 3,600</u>	<u>\$ 5,200</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

1/26/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - DENVER			
Commercial	\$ 1,165,420	\$ 403,560	\$ 4,626,510
Industrial	-	-	972,110
Agricultural	-	-	16,810
Vacant Land	-	452,190	30
Personal Property	-	409,580	11,920
Other	-	12,970	-
Certified Assessed Value	<u>\$ 1,165,420</u>	<u>\$ 1,278,300</u>	<u>\$ 5,627,380</u>
MILL LEVY			
REGIONAL MILL LEVY	15.000	15.000	15.000
Total Mill Levy	<u>15.000</u>	<u>15.000</u>	<u>15.000</u>
PROPERTY TAXES			
REGIONAL MILL LEVY	\$ 17,481	\$ 19,175	\$ 84,411
Levied property taxes	17,481	19,175	84,411
Adjustments to actual/rounding	-	-	-
Budgeted Property Taxes	<u>\$ 17,481</u>	<u>\$ 19,175</u>	<u>\$ 84,411</u>
BUDGETED PROPERTY TAXES			
	<u>\$ 17,481</u>	<u>\$ 19,175</u>	<u>\$ 84,411</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 9,125	\$ (8,969)	\$ 3,747
REVENUES			
1 Developer advance	26,717	60,000	140,000
2 Other income	-	900	-
3 Transfer from CIC MD 14	115,164	116,816	172,204
Total revenues	141,881	177,716	312,204
Total funds available	151,006	168,747	315,951
EXPENDITURES			
General and administration			
4 Accounting	35,807	47,000	42,000
5 Audit	7,600	7,900	8,000
6 City administration fee	5,328	5,000	5,000
7 Contingency	-	388	6,800
8 Dues and membership	1,142	1,120	1,200
9 Election	9,492	-	10,000
10 Insurance	5,480	6,947	7,500
11 Legal	25,021	33,000	25,000
12 Miscellaneous	300	500	1,000
Operations and maintenance			
13 Landscape enhancements	-	-	100,000
14 Landscape maintenance - Contract	14,160	14,000	14,000
15 Landscape maintenance - Gateway	5,069	6,345	6,500
16 Landscape repairs and maintenance	27,177	18,000	40,000
17 Snow removal	2,725	4,000	12,000
18 Utilities - electrical	-	800	1,000
19 Utilities - irrigation	20,674	20,000	30,000
Total expenditures	159,975	165,000	310,000
Total expenditures and transfers out requiring appropriation	159,975	165,000	310,000
ENDING FUND BALANCES	\$ (8,969)	\$ 3,747	\$ 5,951
EMERGENCY RESERVE	\$ 3,500	\$ 3,600	\$ 5,200
TOTAL RESERVE	\$ 3,500	\$ 3,600	\$ 5,200

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ (1,152)	\$ (4,423,330)	\$ -
REVENUES			
1 System development fees	20,357	-	-
2 Developer advance	153,196	8,415,330	13,976,600
3 Transfer from CIC MD 14	-	4,363,033	19,499,551
Total revenues	<u>173,553</u>	<u>12,778,363</u>	<u>33,476,151</u>
Total funds available	<u>172,401</u>	<u>8,355,033</u>	<u>33,476,151</u>
EXPENDITURES			
Capital projects			
4 Construction management	76,022	247,000	790,000
5 Dry utilities	-	100,000	2,780,000
6 Engineering	48,391	71,000	465,000
7 Erosion control	-	136,000	255,000
8 Grading/earthwork	4,863	134,000	480,000
9 Legal	1,299	11,000	10,000
10 Parks and landscaping	98,123	17,000	1,731,600
11 Repay developer advance	4,363,033	4,363,033	19,499,551
12 Sewer	-	256,000	585,000
13 Storm drainage	-	1,440,000	3,620,000
14 Streets	-	755,000	2,600,000
15 Water	4,000	825,000	660,000
Total expenditures	<u>4,595,731</u>	<u>8,355,033</u>	<u>33,476,151</u>
Total expenditures and transfers out requiring appropriation	<u>4,595,731</u>	<u>8,355,033</u>	<u>33,476,151</u>
ENDING FUND BALANCES	<u>\$ (4,423,330)</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
 CAPITAL PROJECTS FUND - REGIONAL
 2018 BUDGET AS ADOPTED
 WITH 2016 ACTUAL AND 2017 ESTIMATED
 For the Years Ended and Ending December 31,**

1/26/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 10,401	\$ 29,158	\$ 48,733
REVENUES			
1 Specific ownership taxes	1,451	1,700	5,910
2 System development fees	169,299	-	-
3 Regional Mill Levy	17,481	19,175	84,411
Total revenues	188,231	20,875	90,321
Total funds available	198,632	50,033	139,054
EXPENDITURES			
General and administration			
4 County Treasurer's fees	175	190	840
Capital Projects Fund - Regional			
5 Contingency	-	1,110	3,160
6 Repay developer advance interest	169,299	-	-
Total expenditures	169,474	1,300	4,000
Total expenditures and transfers out requiring appropriation	169,474	1,300	4,000
ENDING FUND BALANCES	\$ 29,158	\$ 48,733	\$ 135,054

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Denver High Point at DIA Metropolitan District, a quasi-municipal corporation is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in the City and County of Denver, Colorado. Denver High Point at DIA Metropolitan District (the Management District) was organized in conjunction with two other metropolitan districts, Colorado International Center Metropolitan District No. 13, which contains the residential property, and Colorado International Center Metropolitan District No. 14 (the Districts), which contains the commercial property. The District is responsible for managing, implementing, and coordinating the financing, acquisition, construction, completion, operation and maintenance of all public infrastructure and services within the District, including streets, safety protection, water, sewer and storm drainage, transportation, mosquito control, fire protection, park and recreation facilities, and improvements for the use and benefit of the inhabitants and taxpayers of the District.

On May 2, 2006, the District's voters authorized general obligation indebtedness of \$1,530,400,000 for the above listed facilities and powers. Per the District's service plan, the District is prohibited from issuing debt in excess of \$157,800,000 for District improvements and \$90,200,000 for Regional Improvements.

The District prepares its budget on the modified accrual basis of accounting in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

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 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.

The calculation of the taxes levied is displayed on page 3 of the budget.

Regional Improvements Mill Levy

The District is required to impose a mill levy of 15.000 for payment of the planning, designing, permitting, construction, acquisition and financing of the regional improvements described in the City Intergovernmental Agreement between Denver High Point at DIA Metropolitan District and the City and County of Denver and the Service Plan for the District. The District is also responsible for 17% of Gateway Regional Metropolitan District's service plan project costs and certain Town Center Metropolitan District obligations, which are also considered regional improvements.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Developer Advances

Since the District is in the development stage, a portion of operations expenditures and nearly all capital expenditures are anticipated to be funded by the Developer. Developer advances are to be recorded as revenue for budget purposes and may be repaid to the Developer from unpledged revenue in future years.

Transfer from Colorado International Center Metropolitan District No. 14

On June 28, 2007, the District entered into an agreement with Colorado International Center District No. 13 and Colorado International Center District No. 14 (the Denver Districts) that as the "Management District" it will own, operate, maintain, finance and construct facilities benefiting all of the Districts and that the Denver Districts will contribute to the costs of construction, operation, and maintenance of such facilities. It is anticipated that Colorado International Center No. 14 will transfer all available funds from the imposition of a mill levy for operations and maintenance to the District in compliance with this agreement, as well as project funds from an anticipated bond issuance.

Expenditures

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Operations and Maintenance

Certain street and open space landscaping will be owned and maintained by the District. The estimated cost of repairs and maintenance of these areas are found on page 4 of the budget.

County Treasurer's Fees

County Treasurer's fees have been computed at 1% of property tax collections.

Capital Outlay

Anticipated expenditures for capital projects are outlined on page 5 of the budget.

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending, as defined under TABOR.

Debt and Leases

Developer Advances

The District's debt is comprised of developer advances, which are not general obligation debt. Repayment of advances is subject to annual appropriation if and when eligible funds become available.

The District has no operating or capital leases.

This information is an integral part of the accompanying budget.