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

## FINANCIAL STATEMENTS AND
## SUPPLEMENTARY INFORMATION

## YEAR ENDED DECEMBER 31, 2020

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**YEAR ENDED DECEMBER 31, 2020**

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## Independent Auditor's Report

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

**Report on the Financial Statements**

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, 2020, 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, 2020, 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 22, 2021

# BASIC FINANCIAL STATEMENTS

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2020**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and Investments - Unrestricted | $ 308,942 |
| Cash and Investments - Restricted | 1,103,233 |
| Accounts Receivable | 34,940 |
| Regional Mill Levy Receivable | 46 |
| Prepaid Expenses | 12,929 |
| Due from Colorado International Center MD No.14 | 1,394 |
| Capital Assets: | |
| Capital Assets, Not Being Depreciated | 23,111,590 |
| Capital Assets, Net of Accumulated Depreciation | 167,293 |
| Total Assets | 24,740,367 |
| **LIABILITIES** | |
| Accounts Payable | 468,735 |
| Retainage Payable | 309,606 |
| Due to Colorado International Center MD No. 14 | 15,752 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 1,730,802 |
| Total Liabilities | 2,524,895 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred Regional Mill Levy Revenue | 46 |
| Total Deferred Inflows of Resources | 46 |
| **NET POSITION** | |
| Net Investment in Capital Assets | 722,904 |
| Restricted for: | |
| Emergency | 12,100 |
| Unrestricted | 21,480,422 |
| Total Net Position | $ 22,215,426 |

*See accompanying Notes to Basic Financial Statements.*

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT**
**STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2020**

| | | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position |
|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| **FUNCTIONS/PROGRAMS** | | | | | |
| Primary Government: | | | | | |
| Government Activities: | | | | | |
| General Government | $ 261,751 | $ - | $ 401,260 | $ 10,536,612 | $ 10,676,121 |
| Dedication of Capital Assets to Other Governments | 893,107 | - | - | - | (893,107) |
| Interest and Related Costs on Long-Term Debt | 63,326 | - | - | - | (63,326) |
| Total Governmental Activities | $ 1,218,184 | $ - | $ 401,260 | $ 10,536,612 | 9,719,688 |
| **GENERAL REVENUES** | | | | | |
| Regional Mill Levy | | | | | 211 |
| Specific Ownership Taxes | | | | | 57 |
| Other Income | | | | | 59 |
| Total General Revenues | | | | | 327 |
| **CHANGE IN NET POSITION** | | | | | 9,720,015 |
| Net Position - Beginning of Year | | | | | 12,495,411 |
| **NET POSITION - END OF YEAR** | | | | | $ 22,215,426 |

*See accompanying Notes to Basic Financial Statements.*

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**DECEMBER 31, 2020**

| | General | Capital Projects | Capital Projects - Regional | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Investments - Unrestricted | $ 194,134 | $ 114,808 | $ - | $ 308,942 |
| Cash and Investments - Restricted | 12,100 | - | 1,091,133 | 1,103,233 |
| Accounts Receivable | - | 34,940 | - | 34,940 |
| Due from Colorado International Center MD No. 14 | 1,394 | - | - | 1,394 |
| Regional Mill Levy Receivable | - | - | 46 | 46 |
| Prepaid Expenses | 12,929 | - | - | 12,929 |
| Total Assets | $ 220,557 | $ 149,748 | $ 1,091,179 | $ 1,461,484 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)** | | | | |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 7,281 | $ 461,454 | $ - | $ 468,735 |
| Retainage Payable | - | 309,606 | - | 309,606 |
| Due to Colorado International Center MD No. 14 | - | 15,752 | - | 15,752 |
| Total Liabilities | 7,281 | 786,812 | - | 794,093 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred Regional Mill Levy Revenue | - | - | 46 | 46 |
| Total Deferred Inflows of Resources | - | - | 46 | 46 |
| **FUND BALANCES (DEFICITS)** | | | | |
| Nonspendable: | | | | |
| Prepaid Amounts | 12,929 | - | - | 12,929 |
| Restricted for: | | | | |
| Emergencies (TABOR) | 12,100 | - | - | 12,100 |
| Capital Projects | - | - | 1,091,133 | 1,091,133 |
| Unassigned | 188,247 | (637,064) | - | (448,817) |
| Total Fund Balances (Deficits) | 213,276 | (637,064) | 1,091,133 | 667,345 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits) | $ 220,557 | $ 149,748 | $ 1,091,179 | |
| 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. | | | | 23,278,883 |
| 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 | | | | (1,422,037) |
| Accrued Interest - Developer Advances | | | | (308,765) |
| Net Position of Governmental Activities | | | | $ 22,215,426 |

*See accompanying Notes to Basic Financial Statements.*

# DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2020

| | General | Capital Projects | Capital Projects - Regional | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Regional Mill Levy | $ - | $ - | $ 211 | $ 211 |
| Specific Ownership Taxes | - | - | 57 | 57 |
| Regional Development Fees | - | - | 995,213 | 995,213 |
| Intergovernmental - Transfer from CIC13 | 61 | - | - | 61 |
| Intergovernmental - Transfer from CIC14 | 401,199 | 9,541,399 | - | 9,942,598 |
| Other Revenue | 59 | - | - | 59 |
| Total Revenues | 401,319 | 9,541,399 | 995,481 | 10,938,199 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Accounting | 77,147 | 9,257 | - | 86,404 |
| Audit | 8,100 | - | - | 8,100 |
| City Administration Fee | 9,000 | - | - | 9,000 |
| County Treasurer's Fee - Regional Mill Levy | - | - | 2 | 2 |
| Directors' Fees | 6,700 | - | - | 6,700 |
| District Management | 23,476 | - | - | 23,476 |
| Dues and Subscriptions | 1,357 | - | - | 1,357 |
| Election Expense | 821 | - | - | 821 |
| Insurance and Bonds | 12,827 | - | - | 12,827 |
| Landscape Maintenance - Contract | 22,445 | - | - | 22,445 |
| Landscape Repairs and Maintenance | 6,298 | - | - | 6,298 |
| Landscape Maintenance - Gateway | 10,868 | - | - | 10,868 |
| Legal | 36,708 | 7,118 | - | 43,826 |
| Repairs and Maintenance | 4,365 | - | - | 4,365 |
| Snow Removal | 1,262 | - | - | 1,262 |
| Water | 13,541 | - | - | 13,541 |
| Electricity | 673 | - | - | 673 |
| Utilities - Storm Drainage | 116 | - | - | 116 |
| Miscellaneous | 433 | 512 | - | 945 |
| Payroll Taxes | 513 | - | - | 513 |
| Repay Developer Advance - Interest | 125,000 | - | - | 125,000 |
| Capital Outlay: | | | | |
| Construction Management | - | 137,000 | - | 137,000 |
| Engineering | - | 49,869 | - | 49,869 |
| Dry Utilities | - | 10,142 | - | 10,142 |
| Erosion Control | - | 111,333 | - | 111,333 |
| Grading/Earthwork | - | 898,636 | - | 898,636 |
| Park and Landscaping | - | 225,392 | - | 225,392 |
| Streets | - | 4,161,301 | - | 4,161,301 |
| Storm Drainage | - | 2,370,863 | - | 2,370,863 |
| Sanitary Sewer | - | 1,142,890 | - | 1,142,890 |
| Water | - | 1,250,169 | - | 1,250,169 |
| Total Expenditures | 361,650 | 10,374,482 | 2 | 10,736,134 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 39,669 | (833,083) | 995,479 | 202,065 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Developer Advance | - | 810,756 | - | 810,756 |
| Transfer from (to) Other Funds | - | 110,180 | (110,180) | - |
| Total Other Financing Sources (Uses) | - | 920,936 | (110,180) | 810,756 |
| **NET CHANGE IN FUND BALANCES** | 39,669 | 87,853 | 885,299 | 1,012,821 |
| Fund Balances (Deficits) - Beginning of Year | 173,607 | (724,917) | 205,834 | (345,476) |
| **FUND BALANCES (DEFICITS) - END OF YEAR** | $ 213,276 | $ (637,064) | $ 1,091,133 | $ 667,345 |

*See accompanying Notes to Basic Financial Statements.*

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2020**

| | |
|---|---|
| Net Change in Fund Balances - Governmental Funds | $ 1,012,821 |
| 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. During the current period, there were no depreciable assets. Therefore, this is the amount of capital outlay in the current period | |
| Capital Outlay | 10,357,595 |
| Dedication of Capital Assets to Other Entities | (893,107) |
| Depreciation Expense | (8,212) |
| 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 | (810,756) |
| 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 | 61,674 |
| Changes in Net Position of Governmental Activities | $ 9,720,015 |

*See accompanying Notes to Basic Financial Statements.*

# DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
## GENERAL FUND
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
## YEAR ENDED DECEMBER 31, 2020

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Interest Income | $ 200 | $ 200 | $ - | $ (200) |
| Other revenue | - | - | 59 | 59 |
| Intergovernmental - Transfer from CIC13 | 98 | 98 | 61 | (37) |
| Intergovernmental - Transfer from CIC14 | 404,591 | 404,591 | 401,199 | (3,392) |
| Total Revenues | 404,889 | 404,889 | 401,319 | (3,570) |
| **EXPENDITURES** | | | | |
| Accounting | 60,000 | 75,000 | 77,147 | (2,147) |
| Audit | 8,500 | 8,500 | 8,100 | 400 |
| City Administration Fee | 9,000 | 9,000 | 9,000 | - |
| Director's Fees | 5,000 | 5,000 | 6,700 | (1,700) |
| District Management | 20,000 | 25,000 | 23,476 | 1,524 |
| Dues and Licenses | 2,000 | 2,000 | 1,357 | 643 |
| Election Expense | 1,000 | 1,000 | 821 | 179 |
| Insurance and Bonds | 12,000 | 12,000 | 12,827 | (827) |
| Landscape Maintenance - Contract | 21,660 | 21,660 | 22,445 | (785) |
| Landscape Enhancements | 50,000 | - | - | - |
| Landscape Repairs and Maintenance | 40,000 | 10,000 | 6,298 | 3,702 |
| Landscape Maintenance - Gateway | 7,800 | 7,800 | 10,868 | (3,068) |
| Legal | 28,000 | 35,000 | 36,708 | (1,708) |
| Snow Removal | 5,000 | 5,000 | 1,262 | 3,738 |
| Water | 20,000 | 15,000 | 13,541 | 1,459 |
| Electricity | 750 | 750 | 673 | 77 |
| Repairs and Maintenance | - | 4,000 | 4,365 | (365) |
| Utilities - Storm Drainage | - | - | 116 | (116) |
| Miscellaneous | 1,000 | 1,000 | 433 | 567 |
| Payroll Taxes | 380 | 380 | 513 | (133) |
| Repay Developer Advance - Interest | - | 125,000 | 125,000 | - |
| Contingency | 7,910 | 6,910 | - | 6,910 |
| Total Expenditures | 300,000 | 370,000 | 361,650 | 8,350 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 104,889 | 34,889 | 39,669 | 4,780 |
| Fund Balance - Beginning of Year | 162,355 | 162,355 | 173,607 | 11,252 |
| **FUND BALANCE - END OF YEAR** | $ 267,244 | $ 197,244 | $ 213,276 | $ 16,032 |

*See accompanying Notes to Basic Financial Statements.*

## NOTE 1 DEFINITION OF REPORTING ENTITY

Denver High Point at DIA 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 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 (the 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 (the 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 the activities of the District.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Government-Wide and Fund Financial Statements (Continued)**

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 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.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

### 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.

The District amended its budget for the year ended December 31, 2020.

### 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.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets (Continued)**

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.

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 each of the Taxing Districts adopted Joint Resolutions Concerning the Imposition of a Maintenance Fee. These Joint Maintenance Fee Resolutions were amended on February 27, 2018

Pursuant to the Joint Maintenance Fee Resolutions, a monthly recurring Maintenance Fee is charged to each residential and commercial unit in the Taxing Districts 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 2020, the Maintenance Fee was $26.50 for residential units without underdrains and $27.50 for residential units with underdrains. The Maintenance Fee is to be billed, collected, and retained by the District. During 2020, 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, 2020, no rate for the one-time maintenance fees had been established.

**Facilities Fee**

On February 27, 2018, the District and each of the Taxing Districts adopted Amended and Restated Joint Resolutions Concerning the Imposition of Facilities Fee. These Amended and Restated Joint Facilities Fees Resolutions supersede all other resolutions imposing Facilities Fees.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Facilities Fee (Continued)**

A Facilities Fee of $2,500 for each single-family residential unit, $1,250 for each multi-family residential unit, and $0.25 per square foot for each commercial unit is charged against properties within the Taxing Districts. The Facilities 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 May 20, 2020, the District and each of the Taxing Districts adopted Joint Resolutions Concerning the Imposition of Regional Development Fees. These Joint Regional Development Fees Resolutions supersede all other resolutions imposing Regional Development Fees.

The Districts impose a Regional Development Fee on property within the Districts ranging from a base amount of $0.20 to $0.50 per square foot of a Zone Lot, as adjusted by the Construction Cost Adjustment multiplier provided by the City. The Regional Development Fee is imposed to provide for the funding of certain Regional Improvements, per that certain City Intergovernmental Agreement dated September 2, 2008 (as amended) with the City. During 2020, the Regional Development Fee in effect ranged from $0.41 to $1.02.

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 these components. The following classifications describe the relative strength of the spending constraints:

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Equity (Continued)**

Fund Balance (Continued)

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

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

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

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

*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 Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2020. It is anticipated that this deficit will be eliminated with the receipt of intergovernmental revenues and/or developer advances in 2021.

## NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

| | |
|---|---|
| Statement of Net Position: | |
| Cash and Investments - Unrestricted | $ 308,942 |
| Cash and Investments - Restricted | 1,103,233 |
| Total Cash and Investments | $ 1,412,175 |

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2020, consist of the following:

| | |
|---|---|
| Deposits with Financial Institutions | $ 1,412,175 |
| Total Cash and Investments | $ 1,412,175 |

**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.

On December 31, 2020, the District's cash deposits had a bank balance of $1,593,020 and a carrying balance of $1,412,175.

**Investments**

The District has adopted a formal investment policy following state statutes regarding investments, but had no investments as of December 31, 2020.

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.

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

**Investments (Continued)**

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

## NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2020, follows:

| | Balance at December 31, 2019 | Additions | Retirements/ Reclassification | Balance at December 31, 2020 |
|---|---|---|---|---|
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in Progress | $ 13,452,445 | $ 10,357,595 | $ 893,107 | $ 22,916,933 |
| Landscape Improvements | 194,657 | - | - | 194,657 |
| Total Capital Assets, Not Being Depreciated | 13,647,102 | 10,357,595 | 893,107 | 23,111,590 |
| 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 | (23,436) | (6,697) | - | (30,133) |
| Monument | (10,731) | (1,515) | - | (12,246) |
| Total Accumulated Depreciation | (34,167) | (8,212) | - | (42,379) |
| Total Capital Assets, Being Depreciated, Net | 175,505 | (8,212) | - | 167,293 |
| Governmental Activities - Capital Assets, Net | $ 13,822,607 | $ 10,349,383 | $ 893,107 | $ 23,278,883 |

| | |
|---|---|
| Depreciation expense was charged to functions/programs of the District as follows: | |
| Governmental Activities: | |
| General Government | $ 8,212 |

## NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in long-term obligations for the year ended December 31, 2020:

| | Balance at December 31, 2019 | Additions | Retirement | Balance at December 31, 2020 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Other Debts: | | | | | |
| Developer Advances - Operations | $ 594,653 | $ - | $ - | $ 594,653 | $ - |
| Developer Advances - Capital | 16,628 | 810,756 | - | 827,384 | - |
| Accrued Interest on: | | | | | |
| Operations | 369,305 | 47,457 | 125,000 | 291,762 | - |
| Capital | 1,134 | 15,869 | - | 17,003 | - |
| Total Long-Term Obligations | $ 981,720 | $ 874,082 | $ 125,000 | $ 1,730,802 | $ - |

### Developer Advances

On October 14, 2016, the District (along with the Taxing Districts) (the Districts) entered into an Operations Funding and Reimbursement Agreement (Denver High Point-LNR CPI) (New Agreement) with LNR CPI High Point, LLC (LNR). The Districts had each individually entered into with LNR 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.

## NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**Developer Advances (Continued)**

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%. Debt authorization used under this agreement through December 31, 2020, is $70,861. 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 (amended October 26, 2020) 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 2025. 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 developer advances 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, 2060.

On December 31, 2020, the outstanding amount due to ACM by the District was $1,730,802, which includes $308,765 of accrued interest

**William Lyon Homes Agreement**

On March 11, 2020, the District, CIC No. 13, and William Lyon Homes, Inc. (WLH) entered into a Facilities Acquisition Agreement (WLH FAA). Pursuant to the WLH FAA, WLH agrees to construct certain District Improvements (defined therein) on behalf of the District and to submit its Construction Related Expenses to the District for cost verification. The District agrees to reimburse the Verified Costs (defined therein) of the District Improvements to ACM under the terms of the Capital Funding and Reimbursement Agreement.

## NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**City Intergovernmental Agreement**

On September 2, 2008, the District entered into the City Intergovernmental Agreement (City IGA) 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 the City IGA. 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 Taxing 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 – $56^{th}$ 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 City IGA 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 below, 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 IGA 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 IGA. In July 2017, LNR sold its property in the District to ACM. LNR assigned all reimbursement rights in the City agreements to ACM.

During 2018, the District satisfied its obligations as it relates to payments to ACM pursuant to the Funding Agreement – City IGA Obligations.

## 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%. On December 31, 2020, 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, 2020 |
|---|---|---|---|---|
| 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 |
| Total | $ 1,530,400,000 | $ 2,615,000,000 | $ - | $ 4,145,400,000 |

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.

## 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, 2008), 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 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 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.

**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 High Point Districts agreed to participate in the operations and maintenance of certain public landscaping improvements in the medians along Tower Road between $56^{th}$ Avenue and $72^{nd}$ Avenue that had been previously installed by Gateway. The Denver High Point 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 2020, $10,868 was paid 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 2020.

During 2020, $137,000 was paid to Silverbluff under this agreement.

## NOTE 6 AGREEMENTS (CONTINUED)

**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.

## 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, 2020, the District had net investment in capital assets calculated as follows:

## NOTE 7 NET POSITION (CONTINUED)

| | Governmental Activities |
|---|---|
| Net Investment in Capital Assets | |
| Capital Assets, Net | $ 743,832 |
| Less: Capital Related Debt | (20,928) |
| Noncurrent Portion of Long-Term Obligations | |
| Net Investment in Capital Assets | $ 722,904 |

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 $12,100 for Emergency Reserves as of December 31, 2020.

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.

## 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 2020, 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 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 (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

## NOTE 9 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 10 COMMITMENTS AND CONTINGENCIES

As of December 31, 2020, the District had unexpended construction-related commitments of approximately $1,601,342.

## NOTE 11 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.

## SUPPLEMENTARY INFORMATION

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT**
**CAPITAL PROJECTS FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –**
**BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2020**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Intergovernmental - Transfer from CIC14 | $ 15,607,846 | $ 9,541,399 | $ (6,066,447) |
| Total Revenues | 15,607,846 | 9,541,399 | (6,066,447) |
| **EXPENDITURES** | | | |
| Accounting | 5,000 | 9,257 | (4,257) |
| Legal | 30,000 | 7,118 | 22,882 |
| Miscellaneous | - | 512 | (512) |
| Construction Management | 820,000 | 137,000 | 683,000 |
| Engineering | 925,000 | 49,869 | 875,131 |
| Contingency | 968,028 | - | 968,028 |
| Dry Utilities | 1,530,000 | 10,142 | 1,519,858 |
| Erosion Control | 310,000 | 111,333 | 198,667 |
| Grading/Earthwork | 690,000 | 898,636 | (208,636) |
| Park and Landscaping | 6,575,000 | 225,392 | 6,349,608 |
| Streets | 1,500,000 | 4,161,301 | (2,661,301) |
| Storm Drainage | 1,400,000 | 2,370,863 | (970,863) |
| Sanitary Sewer | 500,000 | 1,142,890 | (642,890) |
| Water | 500,000 | 1,250,169 | (750,169) |
| Total Expenditures | 15,753,028 | 10,374,482 | 5,378,546 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (145,182) | (833,083) | (687,901) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Developer Advance | 35,000 | 810,756 | 775,756 |
| Transfer from (to) Other Funds | 110,182 | 110,180 | (2) |
| Total Other Financing Sources (Uses) | 145,182 | 920,936 | 775,754 |
| **NET CHANGE IN FUND BALANCE (DEFICIT)** | - | 87,853 | 87,853 |
| Fund Balance (Deficit) - Beginning of Year | - | (724,917) | (724,917) |
| **FUND BALANCE (DEFICIT) - END OF YEAR** | $ - | $ (637,064) | $ (637,064) |

**DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT**
**CAPITAL PROJECTS FUND – REGIONAL**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
**YEAR ENDED DECEMBER 31, 2020**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Regional Mill Levy | $ 211 | $ 211 | $ - |
| Regional Development Fees | - | 995,213 | 995,213 |
| Specific Ownership Taxes | 12 | 57 | 45 |
| Total Revenues | 223 | 995,481 | 995,258 |
| **EXPENDITURES** | | | |
| County Treasurer's Fee - Regional Mill Levy | 2 | 2 | - |
| Total Expenditures | 2 | 2 | - |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 221 | 995,479 | 995,258 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfer from (to) Other Funds | (110,180) | (110,180) | - |
| Total Other Financing Sources (Uses) | (110,180) | (110,180) | - |
| **NET CHANGE IN FUND BALANCE** | (109,959) | 885,299 | 995,258 |
| Fund Balance - Beginning of Year | 109,959 | 205,834 | 95,875 |
| **FUND BALANCE - END OF YEAR** | $ - | $ 1,091,133 | $ 1,091,133 |

## OTHER INFORMATION

# DENVER HIGH POINT AT DIA METROPOLITAN DISTRICT
# SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
# DECEMBER 31, 2020

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied: General Operations | Mills Levied: Regional Mill Levy | Mills Levied: Debt Service | Total Property Taxes: Levied | Total Property Taxes: Collected | | Percentage Collected to Levied |
|---|---|---|---|---|---|---|---|---|
| 2016 | $ 1,165,420 | 0.000 | 15.000 | 0.000 | $ 17,481 | $ 17,481 | | 100.00% |
| 2017 | 1,278,300 | 0.000 | 15.000 | 0.000 | 19,175 | 19,175 | | 100.00 |
| 2018 | 5,627,380 | 0.000 | 15.000 | 0.000 | 84,411 | 54,565 | (A) | 64.64 |
| 2019 | 21,650 | 0.000 | 15.000 | 0.000 | 325 | 325 | | 100.00 |
| 2020 | 14,060 | 0.000 | 15.000 | 0.000 | 211 | 211 | | 100.00 |
| Estimated for Year Ending December 31, | | | | | | | | |
| 2021 | $ 3,040 | 0.000 | 15.000 | 0.000 | $ 46 | | | |

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

(A) In 2018 the Denver Assessor discovered two parcels incorrectly included within the District. They were moved to the correct taxing district and, therefore, no taxes were collected on these parcels.