

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Mile High Business Center Metropolitan District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

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

Supplementary and Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary and other information (together, the information) as identified in the table of contents is presented for purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

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

Fiscal Focus Partners, LLC

Arvada, Colorado

May 28, 2024

BASIC FINANCIAL STATEMENTS

MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,347,540
Cash and Investments - Restricted	321,088
Prepaid Insurance	595
Prepaid Expenses	2,500
Receivable from County Treasurer	3,521
Property Tax Receivable	1,091,917
Capital Assets:	
Capital Assets Net of Depreciation	192,514
Total Assets	<u>2,959,675</u>
LIABILITIES	
Accounts Payable	4,529
Accrued Interest	15,778
Noncurrent Liabilities:	
Due Within One Year	375,000
Due in More Than One Year	6,000,000
Total Liabilities	<u>6,395,307</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	1,091,917
Total Deferred Inflows of Resources	<u>1,091,917</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	192,514
Restricted for:	
Emergency Reserve	12,300
Debt Service	296,531
Net Position - Unrestricted	<u>(5,028,894)</u>
Total Net Position	<u>\$ (4,527,549)</u>

See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 103,749	\$ -	\$ -	\$ -	\$ (103,749)
Parks and Open Space Maintenance	111,169	-	-	-	(111,169)
Interest on Long-Term Debt and Related Costs	204,869	-	-	-	(204,869)
Total Governmental Activities	<u>\$ 419,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(419,787)
GENERAL REVENUES					
Property Taxes					900,766
Specific Ownership Taxes					49,606
Interest Income					96,073
Total General Revenues and Transfers					<u>1,046,445</u>
CHANGES IN NET POSITION					626,658
Net Position - Beginning of Year					<u>(5,154,207)</u>
NET POSITION - END OF YEAR					<u>\$ (4,527,549)</u>

See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,347,540	\$ -	\$ 1,347,540
Cash and Investments - Restricted	12,300	308,788	321,088
Receivable from County Treasurer	-	3,521	3,521
Prepaid Insurance	595	-	595
Prepaid Expenses	2,500	-	2,500
Property Tax Receivable	413,746	678,171	1,091,917
	<u>\$ 1,776,681</u>	<u>\$ 990,480</u>	<u>\$ 2,767,161</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 4,529	\$ -	\$ 4,529
Total Liabilities	4,529	-	4,529
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	413,746	678,171	1,091,917
Total Deferred Inflows of Resources	413,746	678,171	1,091,917
FUND BALANCES			
Nonspendable:			
Prepaid Expense	3,095	-	3,095
Restricted for:			
Emergency Reserves	12,300	-	12,300
Debt Service	-	312,309	312,309
Unassigned	1,343,011	-	1,343,011
Total Fund Balances	1,358,406	312,309	1,670,715
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,776,681</u>	<u>\$ 990,480</u>	

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

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

192,514

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

Accrued Interest

(15,778)

Bonds Payable

(6,375,000)

Net Position of Governmental Activities

\$ (4,527,549)

See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 341,316	\$ 559,450	\$ 900,766
Specific Ownership Taxes	-	49,606	49,606
Interest Income	68,550	27,524	96,074
Total Revenues	409,866	636,580	1,046,446
EXPENDITURES			
Current:			
Accounting	18,748	-	18,748
Auditing	6,450	-	6,450
County Treasurer's Fee	3,413	5,595	9,008
City Review Fee	3,000	-	3,000
District Management	30,000	-	30,000
Dues and Membership	511	-	511
Election	419	-	419
Electricity	184	-	184
Drainage Pond Maintenance	28,367	-	28,367
Insurance	2,571	-	2,571
Landscaping	67,646	-	67,646
Irrigation Repairs	564	-	564
Legal	11,676	-	11,676
Miscellaneous	3	-	3
Snow Removal	2,320	-	2,320
Storm Drainage	58	-	58
Tree Replacement	14,535	-	14,535
Water	8,690	-	8,690
Debt Service:			
Bond Interest - Series 2017	-	200,178	200,178
Bond Principal - Series 2017	-	365,000	365,000
Total Expenditures	199,155	570,773	769,928
NET CHANGE IN FUND BALANCES	210,711	65,807	276,518
Fund Balances - Beginning of Year	1,147,695	246,502	1,394,197
FUND BALANCES - END OF YEAR	<u>\$ 1,358,406</u>	<u>\$ 312,309</u>	<u>\$ 1,670,715</u>

See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$ 276,518
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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. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Depreciation Expense	(15,764)
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Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Principal	365,000
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable - Change in Liability	904
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Changes in Net Position of Governmental Activities	\$ 626,658
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**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 345,304	\$ 341,316	\$ (3,988)
Interest Income	18,000	68,550	50,550
Total Revenues	363,304	409,866	46,562
EXPENDITURES			
Accounting	24,150	18,748	5,402
Auditing	6,250	6,450	(200)
Contingency	7,737	-	7,737
County Treasurer's Fee	3,453	3,413	40
City Review Fee	3,000	3,000	-
District Management	30,000	30,000	-
Dues and Membership	1,000	511	489
Election	49,500	419	49,081
Electricity	250	184	66
Drainage Pond Maintenance	75,000	28,367	46,633
Insurance	2,750	2,571	179
Landscaping	35,000	67,646	(32,646)
Irrigation Repairs	-	564	(564)
Legal	18,500	11,676	6,824
Miscellaneous	1,000	3	997
Snow Removal	-	2,320	(2,320)
Storm Drainage	1,000	58	942
Tree Replacement	3,000	14,535	(11,535)
Water	13,000	8,690	4,310
Total Expenditures	274,590	199,155	75,435
NET CHANGE IN FUND BALANCE	88,714	210,711	121,997
Fund Balance - Beginning of Year	1,132,127	1,147,695	15,568
FUND BALANCE - END OF YEAR	<u>\$ 1,220,841</u>	<u>\$ 1,358,406</u>	<u>\$ 137,565</u>

See accompanying Notes to Basic Financial Statements.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

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

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

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

MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Streets

20 Years

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

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

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

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

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

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,347,540
Cash and Investments - Restricted	321,088
Total Cash and Investments	<u>\$ 1,668,628</u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 5,881
Investments	1,662,747
Total Cash and Investments	<u>\$ 1,668,628</u>

Deposits with Financial Institutions

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

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

At December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$5,881.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

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

As of December 31, 2023, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 1,662,747
		<u>\$ 1,662,747</u>

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Being Depreciated:				
Streets - East Shared Drive	\$ 315,276	\$ -	\$ -	\$ 315,276
Total Capital Assets, Being Depreciated	315,276	-	-	315,276
Less Accumulated Depreciation for:				
Streets - East Shared Drive	(106,998)	(15,764)	-	(122,762)
Total Accumulated Depreciation	(106,998)	(15,764)	-	(122,762)
Total Capital Assets, Being Depreciated, Net	<u>\$ 208,278</u>	<u>\$ (15,764)</u>	<u>\$ -</u>	<u>\$ 192,514</u>

Depreciation expense was charged to the governmental operations of the District for the year ended December 31, 2023.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

The District's outstanding long-term obligations at December 31, 2023, were as follows:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable					
General Obligation Bonds Series 2017	\$ 6,740,000	\$ -	\$ 365,000	\$ 6,375,000	\$ 375,000
Total Long-Term Obligations	<u>\$ 6,740,000</u>	<u>\$ -</u>	<u>\$ 365,000</u>	<u>\$ 6,375,000</u>	<u>\$ 375,000</u>

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

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

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

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

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

MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 375,000	\$ 189,338	\$ 564,338
2025	385,000	178,200	563,200
2026	395,000	166,766	561,766
2027	410,000	155,034	565,034
2028-2032	2,235,000	585,536	2,820,536
2033-2037	2,575,000	233,889	2,808,889
Total	<u>\$ 6,375,000</u>	<u>\$ 1,508,763</u>	<u>\$ 7,883,763</u>

Authorized Debt

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

	Amount Authorized on Month 11, 2005	Authorization Used			Authorized But Unused
		Series 2007 Bonds	Series 2010 Bonds	Series 2017 Bonds	
Street Improvement, Traffic and Safety Controls	\$ 13,000,000	\$ 1,095,447	\$ 1,334,234	\$ 944,297	\$ 9,626,022
Water Supply System	13,000,000	1,304,512	605,788	286,811	10,802,889
Storm and Sanitary System	13,000,000	2,600,041	1,044,978	632,598	8,722,383
Parks and Recreation Facilities	13,000,000	-	-	149,920	12,850,080
Traffic and Safety	13,000,000	-	-	86,374	12,913,626
Debt Refunding	13,000,000	-	-	6,325,000	6,675,000
Intergovernmental Contracts	13,000,000	-	-	-	13,000,000
Reimbursement	13,000,000	-	-	-	13,000,000
Operations and Maintenance	5,000,000	-	-	-	5,000,000
Total	<u>\$ 109,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 2,985,000</u>	<u>\$ 8,425,000</u>	<u>\$ 92,590,000</u>

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

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

MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 192,514
Net Investment in Capital Assets	<u>\$ 192,514</u>

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 12,300
Debt Service Reserve	296,531
Total Restricted Net Position	<u>\$ 308,831</u>

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

NOTE 7 RELATED PARTY

The members of the Board of Directors are employees, owners, or are otherwise associated with Colliers International and may have conflicts of interest in dealing with the District. During 2023, the District paid Colliers International \$30,000.

NOTE 8 RISK MANAGEMENT

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

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

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 RISK MANAGEMENT (CONTINUED)

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

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

SUPPLEMENTARY INFORMATION

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 565,987	\$ 559,450	\$ (6,537)
Specific Ownership Taxes	45,565	49,606	4,041
Interest Income	6,000	27,524	21,524
Total Revenues	<u>617,552</u>	<u>636,580</u>	<u>19,028</u>
EXPENDITURES			
County Treasurer's Fee	5,660	5,595	65
Paying Agent Fees	3,000	-	3,000
Bond Interest - Series 2017	200,178	200,178	-
Bond Principal - Series 2017	365,000	365,000	-
Contingency	2,162	-	2,162
Total Expenditures	<u>576,000</u>	<u>570,773</u>	<u>5,227</u>
NET CHANGE IN FUND BALANCE	41,552	65,807	24,255
Fund Balance - Beginning of Year	<u>236,071</u>	<u>246,502</u>	<u>10,431</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 277,623</u></u>	<u><u>\$ 312,309</u></u>	<u><u>\$ 34,686</u></u>

OTHER INFORMATION

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

	\$8,425,000 General Obligation Bonds Refunding Notes Series 2017, Dated December 21, 2017 Interest Rate Fixed 2.97% Interest Payable June 1 and December 1 Principal Payable December 1		
Bonds/Loans and Interest Maturing in the Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 375,000	\$ 189,338	\$ 564,338
2025	385,000	178,200	563,200
2026	395,000	166,766	561,766
2027	410,000	155,034	565,034
2028	420,000	142,857	562,857
2029	435,000	130,383	565,383
2030	445,000	117,464	562,464
2031	460,000	104,247	564,247
2032	475,000	90,585	565,585
2033	485,000	76,478	561,478
2034	500,000	62,073	562,073
2035	515,000	47,223	562,223
2036	530,000	31,928	561,928
2037	545,000	16,187	561,187
Total	<u>\$ 6,375,000</u>	<u>\$ 1,508,763</u>	<u>\$ 7,883,763</u>

NOTE: The Loan may be prepaid prior to maturity on or before December 1, 2024.

**MILE HIGH BUSINESS CENTER METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31.	Assessed Valuation	Percent Change	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Total	Levied	Collected	
2019	\$ 26,566,800	0.0%	9.952	20.048	30.000	\$ 797,004	\$ 797,788	100.10 %
2020	31,341,390	18.0%	10.000	16.391	26.391	827,131	820,877	99.24 %
2021	32,613,740	4.1%	10.000	16.391	26.391	860,709	944,893	109.78 %
2022	33,676,840	3.3%	10.000	16.391	26.391	888,765	889,147	100.04 %
2023	34,530,350	2.5%	10.000	16.391	26.391	911,290	900,766	98.85 %
Estimated for Year Ending December 31, 2024	\$ 41,374,600	0.000	10.000	16.391		\$ 1,091,917		

Note:
Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific

Source: Denver County Assessor and Treasurer.