

**COLORADO INTERNATIONAL CENTER
METROPOLITAN DISTRICT NO. 4
Adams County, Colorado**

**FINANCIAL STATEMENTS
December 31, 2016**



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Independent Auditor's Report

Board of Directors
Colorado International Center
Metropolitan District No. 4
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Colorado International Center Metropolitan District No. 4 (District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Colorado International Center Metropolitan District No. 4, as of December 31, 2016, and the respective changes in financial position 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.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
June 26, 2017

BASIC FINANCIAL STATEMENTS

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments - Restricted	\$ 12,604,718
Other receivable	316
Interest receivable	110
Capital assets	
Capital assets not being depreciated	<u>8,915,583</u>
Total assets	<u>21,520,727</u>
LIABILITIES	
Accounts payable	5,000
Due to Aurora High Point at DIA Metropolitan District	25,006
Noncurrent liabilities	
Due in more than one year	<u>22,487,641</u>
Total liabilities	<u>22,517,647</u>
NET POSITION	
Unrestricted	<u>(996,920)</u>
Total net position	<u><u>\$ (996,920)</u></u>

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 27,651	\$ -	\$ -	\$ -	\$ (27,651)
Interest and related costs on long-term debt	560,627	-	-	-	(560,627)
	<u>\$ 588,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(588,278)</u>
General revenues:					
GID revenue					316
Investment income					1,783
Total general revenues					<u>2,099</u>
Change in net position					(586,179)
Net position - Beginning					<u>(410,741)</u>
Net position - Ending					<u>\$ (996,920)</u>

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments - Restricted	\$ -	\$ 35,672	\$ 12,569,046	\$ 12,604,718
Other receivable	-	316	-	316
Interest receivable	-	-	110	110
TOTAL ASSETS	\$ -	\$ 35,988	\$ 12,569,156	\$ 12,605,144
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 5,000	\$ -	\$ 5,000
Due to Aurora High Point at DIA Metropolitan District	-	-	25,006	25,006
Total liabilities	-	5,000	25,006	30,006
FUND BALANCES				
Restricted for:				
Debt service	-	30,988	-	30,988
Capital projects	-	-	12,544,150	12,544,150
Total fund balances	-	30,988	12,544,150	12,575,138
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 35,988	\$ 12,569,156	

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	8,915,583
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds	
Bonds payable	(21,896,504)
Developer advances	(21,917)
Accrued interest on bonds payable	(553,512)
Accrued interest on Developer advances	(15,708)
Net position of governmental activities	\$ (996,920)

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
GID revenue	\$ -	\$ 316	\$ -	\$ 316
Investment income	-	-	1,783	1,783
Total revenues	<u>-</u>	<u>316</u>	<u>1,783</u>	<u>2,099</u>
EXPENDITURES				
Debt service				
Developer advance repayment	-	-	130,250	130,250
Developer advance interest	-	-	1,853	1,853
Trustee fees	-	5,000	-	5,000
Capital projects				
Capital improvements	-	-	7,724,279	7,724,279
Construction administration	-	-	27,651	27,651
Total expenditures	<u>-</u>	<u>5,000</u>	<u>7,884,033</u>	<u>7,889,033</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(4,684)</u>	<u>(7,882,250)</u>	<u>(7,886,934)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other fund	-	35,242	-	35,242
Transfer to other fund	-	-	(35,242)	(35,242)
Total other financing sources (uses)	<u>-</u>	<u>35,242</u>	<u>(35,242)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	30,558	(7,917,492)	(7,886,934)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>430</u>	<u>20,461,642</u>	<u>20,462,072</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 30,988</u>	<u>\$ 12,544,150</u>	<u>\$ 12,575,138</u>

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

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016**

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

Net changes in fund balances - Total governmental funds	\$ (7,886,934)
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditures. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful life of the asset. During the current period, this is the net amount of capital outlay.</p>	
Capital outlay	7,724,279
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:</p>	
Current year debt - Developer advance repayment	130,250
<p>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:</p>	
Accrued interest on Developer advances - Change in liability	(1,762)
Accrued interest on bonds payable - Change in liability	(552,012)
Change in net position of governmental activities	\$ (586,179)

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

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total expenditures	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING OF YEAR	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - DEFINITION OF REPORTING ENTITY

Colorado International Center Metropolitan District No. 4 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by an order and decree of the District Court recorded in Adams County on January 18, 2005, 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 of Aurora (the City) on August 30, 2004, and modified on August 14, 2006. Concurrently with the formation of the District, the City approved the formation of Aurora High Point at DIA Metropolitan District (the Management District) and Colorado International Center Metropolitan District Nos. 3, 5, 6, 7, 8, 9, 10 and 11 (together with the District, the Taxing Districts) (collectively, the Aurora High Point Districts).

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are GID revenue and interest income. 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 is due.

The District reports the following major governmental funds:

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

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

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 estimated fair value at the date of donation.

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

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. Any construction in process that will be dedicated to another entity is not depreciated.

Budgets

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

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

Equity

Net Position

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

Fund Balance

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

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *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.

NOTE 3 - CASH AND INVESTMENTS

Investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Investments - Restricted	<u>\$ 12,604,718</u>
Total investments	<u>\$ 12,604,718</u>

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2016, the District had no deposits with financial institutions.

Investments

The District has adopted a formal investment policy whereby the District follows state statutes regarding investments.

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

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

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

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement and Application

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Balance</u>
Federated Government Obligation Fund	Weighted average 13 months or less	<u>\$ 12,604,718</u>

Federated Government Obligation Fund

The capital project money that is included in the trust accounts at United Missouri Bank (UMB) is invested in the Federated Government Obligation Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poor's and is not measured at fair value.

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2016, follows:

	<u>Balance</u> <u>December 31,</u> <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2016</u>
By Classification				
Capital Assets, not being depreciated				
Construction in process	\$ 1,191,304	\$ 7,724,279	\$ -	\$ 8,915,583
Governmental activities - Capital assets, net	<u>\$ 1,191,304</u>	<u>\$ 7,724,279</u>	<u>\$ -</u>	<u>\$ 8,915,583</u>

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS

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

	<u>Balance December 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2016</u>	<u>Due Within One Year</u>
Governmental Activities:					
Senior Taxable Special Revenue					
Bonds - Series 2015A	\$ 20,437,698	\$ -	\$ -	\$ 20,437,698	\$ -
Subordinate Taxable Special					
Revenue Bonds - Series 2015B	1,458,806	-	-	1,458,806	-
Unpaid accrued bond interest	1,500	552,012	-	553,512	-
Developer advance - CIC LLC	4,911	-	-	4,911	-
Accrued interest on					
Developer advances - CIC LLC	3,914	394	-	4,308	-
Developer advance - LNR	147,256	-	130,250	17,006	-
Accrued interest on					
Developer advances - LNR	10,032	3,221	1,853	11,400	-
	<u>\$ 22,064,117</u>	<u>\$ 555,627</u>	<u>\$ 132,103</u>	<u>\$ 22,487,641</u>	<u>\$ -</u>

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

Senior Series 2015A and Subordinate Series 2015B Taxable Revenue Bonds (the "Bonds") were issued on December 30, 2015, in the amount of \$20,437,698 and \$1,458,806, respectively. Proceeds of the Bonds were used for issuance costs and to fund eligible public infrastructure improvements. The Bonds are cash-flow, single term bonds. Series 2015A is due on December 1, 2030, and Series 2015B is due on December 1, 2040. Interest is payable on June 1 and December 1 of each year, commencing on June 1, 2016, at the rates listed below. Interest not paid when due shall not compound and shall continue to accrue as simple interest.

Date of Issuance to and including November 30, 2020	2.50%
December 1, 2020 to and including November 30, 2024	6.00%
December 1, 2024 and thereafter	8.00%

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Bonds constitute special limited revenue obligations of the District. The Bonds, together with the interest thereon, shall be payable solely from and to the extent of the Pledged Revenues, which consist of the Aurora Conference Center General Improvement District (GID) Revenue, Public Improvement Fee (PIF) Revenue, and all income and earnings on the investment and reinvestment of moneys in the Funds and Accounts held by the Trustee. The GID Revenue is (1) the net ad valorem property tax revenue derived from the imposition of the GID Mill Levy (40.000 mills) on the Property within the GID (except for the Urban Renewal Area) and (2) the Specific Ownership Tax revenue allocated to the GID Mill Levy. The PIF Revenue is the revenue derived from the imposition of a 0.50% PIF on the lodging sales and retail sales within the GID (except for the Urban Renewal Area).

Since the Bonds are cash-flow bonds, no debt to maturity schedule has been provided.

Developer Advances

On January 20, 2006, the Management District, Colorado International Center, LLC (CIC), and the District entered into the 2006 Operation Funding Agreement. Under this agreement, CIC agreed to advance funds to the District for its required payments to the Management District pursuant to a District Facilities Agreement. Interest on such advanced funds is to accrue at a rate of 8% per annum. The repayment obligation is limited to revenues derived from an Operations Mill Levy of no more than 15 mills and is subject to annual budget and appropriation. This agreement is effective through December 31, 2045, unless terminated earlier by mutual agreement. From 2005 through 2006, the District received advances in the amount of \$4,911 from CIC. At December 31, 2016, the outstanding amount due to CIC was \$9,219, which includes \$4,308 of accrued interest.

On or about May 10, 2006, LNR CPI High Point, LLC (LNR) purchased the property comprising the Aurora High Point Districts from CIC. On October 14, 2016, the District (along with the Management District and Districts 3 and 5-11) (the Districts) entered into an Operations Funding and Reimbursement Agreement with formally acknowledged that from May 10, 2006 through the date of this Agreement, LNR has advanced funds to the Districts for operations and maintenance. Simple interest on such advances shall accrue at the rate of 8% per annum. Repayment of advances will be from ad valorem taxes, fees, or other legally available revenues. Any mill levy certified by the District for the purpose of repaying advances shall not exceed 50 mills, less amounts needed for current administrative, operations and maintenance costs, and to service existing debt. This Agreement is in effect until the earlier of repayment of advances or December 1, 2046. At December 31, 2016, the outstanding amount due to LNR was \$28,406, which includes \$11,400 of accrued interest.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 2, 2004, the District's electors authorized the incurrence of general obligation debt totalling \$4,820,000,000 in principal at a rate not to exceed 18%. At December 31, 2016, the District has authorized but unissued indebtedness for the following purposes:

	<u>Authorized November 2, 2004 Election</u>	<u>Authorization Used - Series 2015A Bonds</u>	<u>Authorization Used - Series 2015B Bonds</u>	<u>Remaining at December 31, 2016</u>
Streets	\$ 400,000,000	\$ 10,218,849	\$ 729,403	\$ 389,051,748
Water supply system	400,000,000	5,109,425	364,701	394,525,874
Storm and sanitary sewer	400,000,000	5,109,424	364,702	394,525,874
Parks and recreation	400,000,000	-	-	400,000,000
Mosquito control	400,000,000	-	-	400,000,000
Fire protection	400,000,000	-	-	400,000,000
Television relay/translation	400,000,000	-	-	400,000,000
Public transportation	400,000,000	-	-	400,000,000
Traffic and safety controls	400,000,000	-	-	400,000,000
Debt refunding	400,000,000	-	-	400,000,000
Operating expenses	20,000,000	-	-	20,000,000
Intergovernmental agreements	400,000,000	-	-	400,000,000
Multiple fiscal year contracts	400,000,000	-	-	400,000,000
	<u>\$ 4,820,000,000</u>	<u>\$ 20,437,698</u>	<u>\$ 1,458,806</u>	<u>\$ 4,798,103,496</u>

The District's Service Plan limits total debt issuance for the Aurora High Point Districts to \$400,000,000. The Service Plan also imposes a maximum debt mill levy which, until the debt to assessed value ratio is 50% or less, cannot exceed 50 mills as adjusted for any change in the method of calculating assessed valuation by the State on or after January 1, 2004. Once the debt to assessed value ratio is 50% or less, the District is not subject to a maximum debt mill levy. The District shall not impose a debt mill levy past 40 years after the year of the initial imposition of a debt service mill levy.

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 - NET POSITION

The District has net position consisting of one component - unrestricted.

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 6 - NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. The deficit is a result of accrued unpaid interest on the District's long-term debt and issue costs attributable to the District's Series 2016 bonds.

NOTE 7 - RELATED PARTIES

The property within the District is owned by and is being developed by LNR CPI High Point LLC, a Colorado limited liability corporation (LNR), which acquired the property from Landmark Properties Group, Inc., a Colorado corporation, in May 2006. The managing partner of LNR was LNR Property, LLC. In April 2013, Starwood Capital Group (Starwood) purchased LNR Property, LLC, and is now the managing partner for LNR. During 2016, a majority of the members of the Board of Directors were officers of, employees of, or associated with Starwood.

NOTE 8 - AGREEMENTS

Facilities Funding, Construction and Operations Agreement (FFCOA)

On January 21, 2005, the Management District entered into a Facilities Funding, Construction and Operations Agreement (FFCOA) with the Taxing Districts. The Management District will own, operate, maintain, finance and construct facilities benefiting all of the Districts, and the Taxing Districts will contribute to the costs of construction, operation, and maintenance of such facilities. Since all assessed valuation of property developed will be located in the Taxing Districts, the Taxing Districts will either use proceeds of general obligation bonds or pledge their ad valorem tax revenues to pay their obligations to the Management District.

The current development within the District is not subject to the FFCOA, but is instead subject to the following agreements.

GID Pledge Agreement

On October 27, 2011, the District entered into a GID Pledge Agreement with the Aurora Conference Center General Improvement District (Aurora GID), a municipal general improvement district and taxing entity of the City. The Aurora GID comprises certain property that is within the Aurora Conference Center Urban Renewal Area (URA), plus property within the District which is not within the URA. The Aurora GID is authorized to levy an ad valorem property tax (GID tax levy) to finance the construction of offsite public improvements that will service a public conference center in the area. The Aurora GID will submit payment to the District of the collected property taxes and that portion of the specific ownership taxes attributable to the GID tax levy (less that portion of the GID tax levy collected from properties solely within the URA). The GID tax levy will be levied commencing in 2013 (for collection in 2014) and continuing each year thereafter until the earlier of (a) 2046 (for collection in 2047) or (b) all infrastructure bonds have been fully repaid. Payments received under this agreement by the District will be pledged for payment on the District's Taxable Revenue Bonds – Series 2015. At December 31, 2016, the District had no receivable from the Aurora GID under this agreement.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 – AGREEMENTS (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreement

On December 18, 2015, the District entered into an Infrastructure Acquisition and Reimbursement Agreement (Infrastructure Agreement) with Aurora Convention Center Hotel, LLC (ACCH), a Delaware Limited Liability Company. ACCH is the owner of approximately 44% of the District's Taxable Revenue Bonds – Series 2015A and 100% of the District's Taxable Revenue Bonds – Series 2015B. ACCH agrees to design, construct and complete the offsite public improvements. No more frequently than once per month, ACCH will submit a draw request to the District for payment of District Eligible Costs. Upon certification by the District's accountant and engineer, the Trustee will release funds to ACCH. It is the intent of the District to acquire any offsite improvements that are not dedicated to another governmental entity.

PIF Covenant

On December 30, 2015, LNR, as owner of certain real property within the District, instituted a declaration of covenants imposing and implementing a one-half percent (0.5%) public improvement fee on all retail and lodging sales with the District. The PIF revenue will be pledged to payment of the District's Series 2015 Taxable Revenue Bonds. Upon the earlier of full repayment of the District's Series 2015 Taxable Revenue Bonds or December, 31, 2046, the PIF Covenant will be terminated.

Intergovernmental Agreement with the City of Aurora

The District and the City are parties to an intergovernmental agreement (City IGA) dated February 4, 2005, pursuant to the requirements of the Service Plan. Under the City IGA, the District covenants to dedicate all public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The agreement states that the District is not authorized to operate and maintain improvements, other than park and recreation improvements, unless otherwise agreed to by the City. The District is required to impose a mill levy for Aurora regional improvements (the ARI Mill Levy). The ARI Mill Levy is defined in the Service Plan as (i) for the first 20 years, one mill; (ii) for the next 20 years, five mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct non-regional improvements. The ARI Mill Levy is not pledged to the payment of the Series 2006 Bonds. The District does not currently impose this mill levy because the District does not impose a debt service mill levy.

ARTA Agreement

In 2006, the District, along with other metropolitan districts within Aurora, entered into the Aurora Regional Transportation Authority (ARTA) Establishment Agreement. This Agreement was amended on August 14, 2007, February 20, 2008, July 21, 2008, and June 11, 2009, to add additional metropolitan district members. ARTA will plan, design, acquire, construct, relocate, redevelop and finance regional improvements within the boundaries of the metropolitan districts which are a party to the Agreement using the revenue from the ARI Mill Levy of each of the districts. In accordance with the Agreement, the City has been offered the right to appoint no less than 30% and no more than 49% of the ARTA Board, but as of December 31, 2016, had not exercised this right.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - INTERFUND TRANSFERS

The transfer of \$35,242 from the Capital Projects Fund to the Debt Service Fund was due to transferring unspent cost of issuance funds to the bond revenue fund, per terms of the trust indenture for the Bonds.

NOTE 10 - RISK MANAGEMENT

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

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

The District pays annual premiums to the Pool for liability 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 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 November 2, 2004, a majority of the District's electors authorized the District to collect and spend or retain taxes of up to \$20,000,000 annually for operations and maintenance and any revenues from any other sources without regard to any limitations imposed by TABOR beginning in 2005. Additionally, the District electors authorized the District to collect, retain, and spend all revenue without regard to limitation under TABOR in 2005 and all subsequent years.

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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

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

SUPPLEMENTARY INFORMATION

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
GID revenue	\$ -	\$ 300	\$ 316	\$ 16
Total revenues	<u>-</u>	<u>300</u>	<u>316</u>	<u>16</u>
EXPENDITURES				
Trustee fees	-	5,000	5,000	-
Total expenditures	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(4,700)</u>	<u>(4,684)</u>	<u>16</u>
OTHER FINANCING SOURCES				
Transfer from other fund	-	35,000	35,242	242
Total other financing sources	<u>-</u>	<u>35,000</u>	<u>35,242</u>	<u>242</u>
NET CHANGE IN FUND BALANCES	-	30,300	30,558	258
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>430</u>	<u>430</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 30,300</u>	<u>\$ 30,988</u>	<u>\$ 688</u>

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 4
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ -	\$ 1,783	\$ 1,783
Total revenues	<u>-</u>	<u>1,783</u>	<u>1,783</u>
EXPENDITURES			
Capital projects			
Capital improvements	20,446,504	7,724,279	12,722,225
Developer advance repayment	-	130,250	(130,250)
Developer advance interest	-	1,853	(1,853)
Construction administration	-	27,651	(27,651)
Total expenditures	<u>20,446,504</u>	<u>7,884,033</u>	<u>12,562,471</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,446,504)</u>	<u>(7,882,250)</u>	<u>12,564,254</u>
OTHER FINANCING USES			
Transfer to other fund	-	(35,242)	(35,242)
Total other financing uses	<u>-</u>	<u>(35,242)</u>	<u>(35,242)</u>
NET CHANGE IN FUND BALANCES	(20,446,504)	(7,917,492)	12,529,012
FUND BALANCES - BEGINNING OF YEAR	<u>20,446,504</u>	<u>20,461,642</u>	<u>15,138</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 12,544,150</u>	<u>\$ 12,544,150</u>