

**AURORA HIGH POINT AT DIA
METROPOLITAN DISTRICT
Adams County, Colorado**

**FINANCIAL STATEMENTS
December 31, 2017**

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July 17, 2018

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SCHILLING & COMPANY, INC.

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Independent Auditor's Report

Board of Directors
Aurora High Point at DIA Metropolitan District
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Aurora High Point at DIA Metropolitan District (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 Aurora High Point at DIA Metropolitan District, as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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

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

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 33,723
Cash and investments - Restricted	8,000
Accounts receivable	23,867
Prepaid expenses	2,486
Due from Colorado International Center Metro District No. 3	4,247
Due from Colorado International Center Metro District No. 4	78,527
Capital assets	
Capital assets, not being depreciated	1,520,681
Capital assets, net of accumulated depreciation	<u>426,206</u>
Total assets	<u>2,097,737</u>
LIABILITIES	
Accounts payable	201,337
Retainage payable	40,136
Prepaid maintenance fees	11,846
Noncurrent liabilities	
Due in more than one year	<u>33,464,014</u>
Total liabilities	<u>33,717,333</u>
NET POSITION	
Net investment in capital assets	24,304
Restricted for:	
Emergencies (TABOR)	8,000
Unrestricted	<u>(31,651,900)</u>
Total net position	<u><u>\$ (31,619,596)</u></u>

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Government activities:					
General government	\$ 374,871	\$ 171,001	\$ 84,522	\$ -	\$ (119,348)
Interest and related costs on long-term debt	2,055,216	-	-	-	(2,055,216)
Public Works - Dedication of capital assets to other governments	1,046,021	-	-	-	(1,046,021)
	<u>\$ 3,476,108</u>	<u>\$ 171,001</u>	<u>\$ 84,522</u>	<u>\$ -</u>	<u>(3,220,585)</u>
General revenues:					
Other income					-
Total general revenues					-
Change in net position					(3,220,585)
Net position - Beginning					(28,399,011)
Net position - Ending					<u>\$ (31,619,596)</u>

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

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

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and investments	\$ 33,723	\$ -	\$ 33,723
Cash and investments - Restricted	8,000	-	8,000
Accounts receivable	23,867	-	23,867
Prepaid expenditures	2,486	-	2,486
Due from Colorado International Center Metro District No. 3	4,247	-	4,247
Due from Colorado International Center Metro District No. 4	6,259	72,268	78,527
TOTAL ASSETS	\$ 78,582	\$ 72,268	\$ 150,850
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	\$ 31,865	\$ 169,472	\$ 201,337
Retainage payable	-	40,136	40,136
Prepaid maintenance fees	11,846	-	11,846
Total liabilities	43,711	209,608	253,319
FUND BALANCES (DEFICITS)			
Nonspendable			
Prepaid amounts	2,486	-	2,486
Restricted for:			
Emergencies (TABOR)	8,000	-	8,000
Unassigned:	24,385	(137,340)	(112,955)
Total fund balances (deficits)	34,871	(137,340)	(102,469)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 78,582	\$ 72,268	

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.	1,946,887
Long-term liabilities, including developer advances, are not due and payable in the current period, and therefore, are not reported in the funds.	
Developer advances	(26,362,957)
Accrued interest - Developer advances	(7,101,057)
Net position of governmental activities	\$ (31,619,596)

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

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

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Maintenance fees	\$ 171,001	\$ -	\$ 171,001
Intergovernmental revenue from Colorado International Center Metro District No. 3	84,522	-	84,522
Total revenues	<u>255,523</u>	<u>-</u>	<u>255,523</u>
EXPENDITURES			
Current			
Accounting	70,737	422	71,159
Audit	11,200	-	11,200
Director fees	1,400	-	1,400
District management	19,995	-	19,995
Dues and subscriptions	1,169	-	1,169
Electricity	1,614	-	1,614
Insurance and bonds	12,717	-	12,717
Irrigation	122,181	-	122,181
Landscape contract	28,178	-	28,178
Landscape repairs and maintenance	16,500	-	16,500
Legal	35,646	11,223	46,869
Miscellaneous	2,153	-	2,153
Other repairs and maintenance	5,101	-	5,101
Payroll taxes	107	-	107
Snow removal	2,300	-	2,300
Capital outlay	-	1,248,470	1,248,470
Total expenditures	<u>330,998</u>	<u>1,260,115</u>	<u>1,591,113</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(75,475)</u>	<u>(1,260,115)</u>	<u>(1,335,590)</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	95,500	2,175,879	2,271,379
Transfer from (to) other funds	(3,759)	3,759	-
Total other financing sources (uses)	<u>91,741</u>	<u>2,179,638</u>	<u>2,271,379</u>
NET CHANGE IN FUND BALANCES	16,266	919,523	935,789
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	18,605	(1,056,863)	(1,038,258)
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 34,871</u>	<u>\$ (137,340)</u>	<u>\$ (102,469)</u>

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

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

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

Net change in fund balances - Total governmental funds	\$	935,789
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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 related activity in the current period.

Capital outlay		1,248,470
Dedication of capital assets to other governments		(1,046,021)
Depreciation expense		(32,228)

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

Developer advances		(2,271,379)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on Developer advances - Change in liability		<u>(2,055,216)</u>
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Changes in net position of governmental activities	\$	<u><u>(3,220,585)</u></u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

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

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Maintenance fees	\$ 139,400	165,700	\$ 171,001	\$ 5,301
Intergovernmental revenue from Colorado International Center Metro District No. 3	80,295	84,200	84,522	322
Total revenues	<u>219,695</u>	<u>249,900</u>	<u>255,523</u>	<u>5,623</u>
EXPENDITURES				
Accounting	55,000	68,000	70,737	(2,737)
Audit	11,000	11,200	11,200	-
Directors' fees	-	-	1,400	(1,400)
District management	13,000	25,000	19,995	5,005
Dues and subscriptions	1,200	1,169	1,169	-
Electricity	4,000	1,700	1,614	86
Insurance and bonds	14,000	11,492	12,717	(1,225)
Irrigation	100,000	160,000	122,181	37,819
Landscape contract	40,000	25,000	28,178	(3,178)
Landscape enhancements	65,000	65,000	-	65,000
Landscape repairs and maintenance	40,000	20,000	16,500	3,500
Legal	55,000	35,000	35,646	(646)
Miscellaneous	1,000	2,500	2,153	347
Other repairs and maintenance	6,000	5,000	5,101	(101)
Payroll taxes	-	-	107	(107)
Snow removal	15,000	9,000	2,300	6,700
Contingency	5,800	4,084	-	4,084
Total expenditures	<u>426,000</u>	<u>444,145</u>	<u>330,998</u>	<u>113,147</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(206,305)</u>	<u>(194,245)</u>	<u>(75,475)</u>	<u>118,770</u>
OTHER FINANCING SOURCES (USES)				
Developer advance	209,000	215,000	95,500	(119,500)
Transfer from (to) other funds	-	(5,855)	(3,759)	2,096
Total other financing sources (uses)	<u>209,000</u>	<u>209,145</u>	<u>91,741</u>	<u>(117,404)</u>
NET CHANGE IN FUND BALANCES	2,695	14,900	16,266	1,366
FUND BALANCES - BEGINNING OF YEAR	<u>29,015</u>	<u>18,605</u>	<u>18,605</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 31,710</u>	<u>\$ 33,505</u>	<u>\$ 34,871</u>	<u>\$ 1,366</u>

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

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

NOTE 1 - DEFINITION OF REPORTING ENTITY

Aurora High Point at DIA Metropolitan District (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 (City) on August 30, 2004, and modified on August 14, 2006. Concurrently with the formation of the District, the City approved the formation of Colorado International Center Metropolitan District No. 1 (subsequently dissolved on November 21, 2006) and Colorado International Center Metropolitan District Nos. 3–11 (collectively, the Taxing Districts). The District is the Management District, and together with the Taxing Districts, are collectively the Aurora High Point Districts.

The Aurora High Point Districts were established to provide the funding for improvements and services necessary for a portion of the High Point Development, consisting largely of water, sanitation, parks and recreation, streets, traffic and safety protection, television relay and translation, mosquito control, public transportation and other permitted improvements and facilities within and outside of the Districts. Except for park and recreation facilities, the operation and maintenance of most District services and facilities is anticipated to be provided by the City and not by the Districts.

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

The District is not financially accountable for any other organization nor is the District a component unit of any other primary governmental entity, including the City and any of the other 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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows or 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 government 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 and specific ownership taxes collected pursuant to the Facilities Funding, Construction and Operations Agreement and maintenance fees. 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 Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures 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 annual budget for the year ended December 31, 2017.

Facility Fee

On October 28, 2015, the District and CIC No. 3 (collectively, the Districts) adopted a Joint Resolution Concerning the Imposition of Facilities Fee. This Joint Resolution supersedes all previous resolutions imposing Facilities Fees.

A facility fee of \$2,500 for each residential unit and \$0.25 per square foot for each commercial unit is charged against properties within CIC No. 3. The facility fee is due at the time of issuance of a building permit. CIC No. 3 records the facility fees as revenue when received.

Maintenance Fee

On October 28, 2015, the Districts adopted a Joint Resolution Concerning the Imposition of a Maintenance Fee. This Joint Resolution supersedes all other resolutions imposing Maintenance Fees.

A monthly recurring maintenance fee is charged to each residential and commercial unit in CIC No. 3 for services provided in connection with the construction, operation, and maintenance of public facilities within CIC No. 3, including but not limited to the operation and maintenance of park and recreational facilities, landscaping, and common areas. The maintenance fee may be adjusted from time to time. In 2017, the fees were \$26.50 for residential units without underdrains and \$27.50 for residential units with underdrains. The maintenance fees are billed, collected, and retained by the District.

The Districts are also authorized to charge a one-time maintenance fee payable upon the transfer of a residential or commercial unit by an end user at a rate established by the Districts from time to time. As of December 31, 2017, no rate for the one-time maintenance fee had been established.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Capital Assets

Capital assets, which include property and infrastructure improvements, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Sandstone sculpture	40 years
Irrigation system, sidewalks	20 years
Playground equipment	15 years
Fencing	10 years

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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

Deficits

The following individual fund had a deficit reported in the fund financial statements as of December 31, 2017:

Capital Projects Fund	<u>\$ (137,340)</u>
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It is anticipated that this deficit will be eliminated with developer advances in 2018.

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

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments	\$ 33,723
Cash and investments - Restricted	<u>8,000</u>
Total cash and investments	<u>\$ 41,723</u>

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

Deposits with financial institutions	<u>\$ 41,723</u>
Total cash and investments	<u>\$ 41,723</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, 2017, the District's cash deposits had a bank balance and a carrying balance of \$41,723.

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.

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

As of December 31, 2017, the District had no investments.

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

NOTE 4 - CAPITAL ASSETS

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

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance at December 31, 2017</u>
Capital assets, not being depreciated				
Construction in progress	\$ 932,832	\$ 1,248,470	\$ 1,046,021	\$ 1,135,281
Landscape improvements/detention pond	385,400	-	-	385,400
Total capital assets, not being depreciated	<u>1,318,232</u>	<u>1,248,470</u>	<u>1,046,021</u>	<u>1,520,681</u>
Capital assets, being depreciated				
Sandstone sculpture	57,137	-	-	57,137
Fencing	42,863	-	-	42,863
Playground equipment	150,000	-	-	150,000
Irrigation system	314,537	-	-	314,537
Sidewalk	15,729	-	-	15,729
Total capital assets, being depreciated	<u>580,266</u>	<u>-</u>	<u>-</u>	<u>580,266</u>
Less accumulated depreciation for:				
Sandstone sculpture	(9,284)	(1,428)	-	(10,712)
Fencing	(21,431)	(4,286)	-	(25,717)
Playground equipment	(50,000)	(10,000)	-	(60,000)
Irrigation system	(37,577)	(15,728)	-	(53,305)
Sidewalk	(3,540)	(786)	-	(4,326)
Total accumulated depreciation	<u>(121,832)</u>	<u>(32,228)</u>	<u>-</u>	<u>(154,060)</u>
Total capital assets, being depreciated, net	<u>458,434</u>	<u>(32,228)</u>	<u>-</u>	<u>426,206</u>
Governmental activities - Capital assets, net	<u>\$ 1,776,666</u>	<u>\$ 1,216,242</u>	<u>\$ 1,046,021</u>	<u>\$ 1,946,887</u>

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

Governmental activities:

 General government \$ 32,228

The District anticipates it will convey ownership and maintenance of all capital assets to the City, except for certain park features, trails, and an underdrain system that may be dedicated to the District in the future.

The costs of all capital assets transferred to other governmental entities were removed from the District's financial records. There is a warranty period on the capital assets conveyed to the City of Aurora. The District anticipates that the costs, if any, associated with the warranty will be insignificant.

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

NOTE 5 - LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
Governmental activities					
Advances from CIC LLC					
Capital	\$ 2,315,842	\$ -	\$ -	\$ 2,315,842	\$ -
Accrued interest	2,015,472	185,267	-	2,200,739	-
Operations	316,060	-	-	316,060	-
Accrued interest	281,357	25,284	-	306,641	-
Advances from ACM					
Capital	19,716,247	2,175,879	-	21,892,126	-
Accrued interest	1,935,005	1,701,473	-	3,636,478	-
Operations	1,743,429	95,500	-	1,838,929	-
Accrued interest	814,007	143,192	-	957,199	-
	<u>\$ 29,137,419</u>	<u>\$ 4,326,595</u>	<u>\$ -</u>	<u>\$ 33,464,014</u>	<u>\$ -</u>

Funding and Reimbursement Agreements

The Funding and Reimbursement Agreement (Agreement) between the District and Colorado International Center, LLC (CIC) was approved January 25, 2005, and was amended and restated on January 20, 2006. The Agreement acknowledged that CIC had advanced formation costs of the District, and CIC further agreed that it will advance additional funds for the design, testing, and construction of improvements until the District has monies available to fund costs related to the construction of improvements. CIC agreed to advance funds in 2005 for capital costs up to \$6,750,000.

The Agreement was amended and restated on January 20, 2006. Under the amendment, CIC acknowledged advances made pursuant to a Development Agreement among the District, CIC, Melody Homes, Inc. and KDB Homes, Inc. dated January 3, 2006, and that CIC deposited \$3,281,803 in cash and \$1,404,875 in the form of a letter of credit into an escrow to secure the obligation of the District to construct a portion of the improvements, which constitutes an advance under this agreement. CIC agreed to advance additional funds in 2006, 2007, and 2008 for capital costs, not to exceed \$9,500,000 for the period from 2005 through 2008.

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

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The District agreed to reimburse CIC for the formation costs and other amounts advanced under this agreement with simple interest of 8%. Any payments made by the District shall first be applied to accrued interest and then to principal. The Agreement expires on December 31, 2045, unless terminated earlier by mutual agreement. No payment is required of the District unless the District issues bonds, and any reimbursement by the District is subject to annual budget and appropriation. As of December 31, 2017, \$2,315,842 of capital advances were outstanding along with \$2,200,739 of accrued interest.

On May 10, 2006, LNR CPI High Point, LLC (LNR) purchased the property within the District from CIC.

On May 1, 2010, the District approved a Funding and Reimbursement Agreement with LNR effective May 10, 2006, acknowledging that since May 10, 2006, LNR has advanced funds to the District for capital expenditures in the amount of \$9,544,491 with \$1,988,871 of accrued interest through May 31, 2010, and that LNR will continue to make advances to the District for these purposes. Under the Agreement, LNR has agreed to advance a maximum of \$24,500,000 for the period of May 10, 2006, through December 31, 2015. The District will repay any amounts advanced under the Agreement with simple interest of 8%. Any payments made by the District shall first be applied to accrued and unpaid interest and then to the principal amount due. The Agreement will expire on the earlier of the repayment of the obligation or December 1, 2046. The District's obligation to pay LNR is a multiple fiscal year obligation of the District payable from the proceeds of any District bonds or proceeds received from the Taxing Districts.

The Funding and Reimbursement Agreement was amended on October 14, 2016, effective January 1, 2016, to amend the maximum advance to \$100,000,000 for fiscal years 2006-2026, and to acknowledge all advances by LNR to CIC No. 4 through the date of the amendment.

In July 2017, LNR sold its property in the District to ACM High Point VI LLC (ACM). On July 20, 2017, LNR and ACM entered into the Assignment and Assumption of District Agreements whereby LNR assigned all right, title and interest of LNR under the Aurora District Agreements, including LNR's right to receive reimbursement, to ACM. In connection to the assignment, on July 20, 2017, the Operations and Capital Funding and Reimbursement Agreements with LNR were terminated.

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

As of December 31, 2017, outstanding advances due to ACM totaled \$21,892,126, and accrued interest totaled \$3,636,478.

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

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Operation Funding Agreements

The District and CIC entered into a 2005 Operation Funding Agreement on January 21, 2005, and a 2006 Operation Funding Agreement on January 20, 2006. In the Agreements, CIC agreed to advance funds for ongoing operations and maintenance expenses incurred by the District through December 31, 2005, and December 31, 2006, respectively, in an amount not to exceed \$46,000 for 2005 and \$50,000 for 2006.

The District agreed to repay the advances from funds available after the payment of its debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at the rate of 8% per annum. Payments shall be made on December 1 of each year and shall credit first against accrued and unpaid interest and then to the principal amount due. The terms of the Agreements extend through December 31, 2045 and 2046, respectively. As of December 31, 2017, outstanding operations advances totaled \$316,060 and accrued interest totaled \$306,641.

On October 14, 2016, the District (along with Districts 3-11) (the Districts) and LNR entered into an Operations Funding and Reimbursement Agreement which 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 repayment obligation constitutes a multiple fiscal year obligation. This Agreement is in effect until the earlier of repayment of advances or December 1, 2046. In July 2017, LNR sold its property in the District to ACM High Point VI LLC (ACM). On July 20, 2017, LNR and ACM entered into the Assignment and Assumption of District Agreements whereby LNR assigned all right, title and interest of LNR under the Aurora District Agreements, including LNR's right to receive reimbursement, to ACM. In connection to the assignment, on July 20, 2017, the Operations and Capital Funding and Reimbursement Agreements with LNR were terminated.

ACM, the District, and CIC Nos. 3, 4, 5, 6,7, 8, 9, 10 and 11 entered into the Operations Funding and Reimbursement Agreement on July 20, 2017 for the purposes of acknowledging all prior advances made by LNR to the Districts, as assigned to ACM, and to provide for ACM's advancement of funds to the District for future operations costs of the District up to \$1,000,000 for the fiscal years 2017 through 2020. The payment obligation to pay ACM constitutes a multiple-fiscal year obligation of the District. Simple interest shall accrue on each developer advance, including the prior advances, at a rate of 8%. The District intends to repay from certain revenues including ad valorem taxes and fees. Any mill levy certified by the District for the purpose of repaying advances shall not exceed the mill levy limitation in the Service Plan, and in any event, shall not exceed 50 mills. The term of this Agreement is in effect until the earlier of the repayment of the obligation or December 1, 2047. At December 31, 2017, the outstanding amount due to ACM was \$1,838,929, plus \$957,199 of accrued interest.

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

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Assignment of Financial Obligations

An assignment was made between the District, Colorado International Center Metropolitan District No. 1 (CIC No. 1), and the Taxing Districts on July 27, 2006. CIC No. 1 has since dissolved and in that process assigned its obligation to repay CIC advances in the amount of \$112,230 to the District.

Authorized Debt

On November 2, 2004 and May 3, 2016, a majority of the qualified electors of the District authorized the issuance of general obligation debt totaling \$10,820,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2017, the District had authorized, but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 2, 2004 Election	Authorized May 3, 2016 Election	Authorization Used	Remaining at December 31, 2017
Streets	\$ 400,000,000	\$ 400,000,000	\$ -	\$ 800,000,000
Water supply system	400,000,000	400,000,000	-	800,000,000
Storm and sanitary sewer	400,000,000	400,000,000	-	800,000,000
Parks and recreation	400,000,000	400,000,000	-	800,000,000
Mosquito control	400,000,000	400,000,000	-	800,000,000
Fire protection	400,000,000	400,000,000	-	800,000,000
Television relay/translation	400,000,000	400,000,000	-	800,000,000
Public transportation	400,000,000	400,000,000	-	800,000,000
Traffic and safety controls	400,000,000	400,000,000	-	800,000,000
Debt refunding	400,000,000	400,000,000	-	800,000,000
Operations and maintenance	20,000,000	400,000,000	-	420,000,000
Intergovernmental agreements	400,000,000	400,000,000	-	800,000,000
Private agreements	-	400,000,000	-	400,000,000
Special assessments	-	400,000,000	-	400,000,000
Security	-	400,000,000	-	400,000,000
Mutiple fiscal year contracts	400,000,000	-	-	400,000,000
	<u>\$ 4,820,000,000</u>	<u>\$ 6,000,000,000</u>	<u>\$ -</u>	<u>\$ 10,820,000,000</u>

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.

Per the District's Service Plan, the District is prohibited from issuing debt in excess of \$400,000,000. 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.

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

NOTE 6 - AGREEMENTS

Facilities Funding, Construction and Operations Agreement (FFCOA)

On January 21, 2005, and as amended on July 27, 2006, the District entered into a Facilities Funding, Construction and Operations Agreement 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.

Pursuant to the Facilities Funding, Construction and Operations Agreement, CIC No. 3 issued \$8,875,000 in General Obligation Bonds on February 3, 2006, and transferred the net bond proceeds to the District for use in construction of the facilities. On October 25, 2016, CIC No. 3 issued \$11,960,000 in General Obligation Refunding and Improvement Bonds. CIC No. 3 transferred \$6,832,441 of bond proceeds to the District, which was used to repay accrued interest on capital developer advances.

Intergovernmental Agreement with 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. A First Amendment to the City IGA (First Amendment) was approved by the City on June 22, 2009, and became effective on July 13, 2009. The First Amendment allows the District to operate and maintain street and safety improvements outside of the public right-of-way, and to operate and maintain the underdrain systems and water quality control and drainage structures that are not owned and maintained 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 (beginning in the first year of collection of a debt service mill levy by the District), 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 District does not currently impose this mill levy because the District does not impose a debt service mill levy.

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

NOTE 6 - AGREEMENTS (CONTINUED)

Construction and Reimbursement Agreement

On March 17, 2006, the District entered into an agreement with LNR and the City of Aurora regarding water transmission, sanitary sewer interceptor, and storm drainage improvements. Per an Annexation Agreement between LNR and the City, LNR is responsible for connection to the City's water and sewer facilities by construction of water, sewer, and storm drainage improvements. Additionally, LNR is obligated to pay certain sewer, water, and storm drainage fees upon platting within the property in the District. Under this Construction and Reimbursement Agreement, LNR has assigned its rights and obligations under the Annexation Agreement to the District with respect to the funding and construction of the improvements and payment of the fees. The District shall pay 100 percent of the improvement costs (subject to annual budget and appropriation), which are subject to partial reimbursement by the City's Water Department. The Water Department will reimburse the District for improvement costs, less the fees that were due to the City per the Annexation Agreement. The City's obligation to reimburse the District for such improvement costs is limited to the future development fees collected from water transmission fees, sewer interceptor development fees, and storm drainage development fees collected from adjacent and connecting developments. At the signing date of this Agreement, the fees were \$500 per acre for a Sewer Interceptor Development Fee, \$1,100 per acre for a Water Transmission Fee, and \$1,600 per acre for a Storm Drainage Fee, which fees are subject to increase in accordance with City policies and procedures. The City agrees to waive these fees at recordation of plats to the extent it is anticipated that the District will pay improvement costs equal to or in excess of the fees. Upon completion of the construction of the improvements, the District shall dedicate the improvements to the City. The estimated proposed cost of the improvements is \$7,663,189, of which \$4,990,789 is estimated to be eligible for reimbursement. As of December 31, 2017, the District had incurred costs of approximately \$7.14 million associated with this agreement. No fees were received by the District in 2017.

Construction Management Agreements

Silverbluff Companies, Inc.

On May 29, 2012, the District and Silverbluff Companies, Inc. (Silverbluff) entered into a construction management agreement. The compensation for the construction management services associated with construction projects is a total of \$66,000 per year, which will be payable in twelve equal monthly installments commencing on June 1, 2012. Additional work beyond the Initial Project Costs may be added by written change order up to an amount equal to 5% of the Initial Project Costs, without additional fees being paid to Silverbluff, as long as no additional contract time is required to complete the Project. An addition of costs to the Project greater than 5% of the Initial Project Costs shall result in additional compensation to the Construction Manager and will be paid by the District at the rate of 5% of such additional costs. An approved written change order authorizing the additional time only to the Project in the amount of more than fifteen (15) days shall result in additional compensation to Silverbluff in the amount of \$6,000 per month. In any event, only one measure, either increased time or increased costs shall be used to calculate and additional compensation, and the applied measures shall be that measure resulting in the greater additional compensation to the Construction Manager.

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

NOTE 6 - AGREEMENTS (CONTINUED)

On December 23, 2015, this agreement was amended and restated to include two additional projects that Silverbluff will manage – High Point Filing 7B and High Point Filing 2. The compensation will be 5% of the total contract price. The estimated compensation for High Point Filing 7B is \$72,174 and the estimated compensation for High Point Filing 2 is \$149,527. On July 21, 2016, the agreement was amended and restated a second time. The amended and restated agreement is effective as of July 21, 2016, and will terminate upon the earlier of completion of services or December 31, 2016. It can also be terminated for cause or convenience by Silverbluff or the District upon 30 days prior written notice. Per terms of the agreement, the agreement was renewed for 2017. The estimated compensation for High Point Filing 7B is now \$77,714 and the estimated compensation for High Point Filing 2 is now \$199,601.

During 2017, \$68,648 was paid to Silverbluff under this agreement.

Aurora Regional Transportation Authority

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, June 11, 2009, and June 6, 2013, 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, 2017, had not exercised this right.

All Phase Landscape Construction, Inc.

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

The area covered by the Agreement encompasses parks and open space land within the District and CIC NO. 3, as well as property within the Denver Highpoint at DIA development (DHP). The monthly charge on the Agreement is split approximately 70% to the District and 30% to DHP. Snow removal and other repairs and maintenance are split based upon where the work was performed, as determined by the District's construction manager – Silverbluff. The District and DHP are each responsible for the direct payment of its own share of costs.

During 2017, \$61,814 was paid to All Phase for costs incurred by the District under the Agreement.

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

NOTE 7 - NET POSITION

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

The net investment in capital assets component of net position consists of capital assets that are owned by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2017, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net investment in capital assets	
Capital assets, net	\$ 1,946,887
Less: capital related debt	
Noncurrent portion of long-term obligations	(1,922,583)
Net investment in capital assets	\$ 24,304

The restricted component of net position consists of assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$8,000 for Emergency Reserves as of December 31, 2017.

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

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

NOTE 8 - RELATED PARTIES

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

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

NOTE 9 – INTERFUND TRANSFERS

The transfer of \$3,759 from the General Fund to the Capital Projects Fund was to help fund certain administrative expenditures.

NOTE 10 - ECONOMIC DEPENDENCY

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

As of December 31, 2017, the District had unexpended construction related contract commitments of approximately \$738,717.

NOTE 12 - 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, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 13 - 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.

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

NOTE 13 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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.

The electors also authorized the District to increase taxes up to \$400,000,000 annually in the final fiscal year of a phased-in tax increase by the imposition of a mill levy on all taxable property within the District, such mill levy increase to be without regard to TABOR limitations.

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.

NOTE 14 – SUBSEQUENT EVENTS

Almond Palm Reimbursement Agreement

On April 10, 2018, the District and CIC terminated the 2006 Capital Funding and Reimbursement Agreement through a Termination of Amended and Restated Facilities Funding and Acquisition Agreement and Consent to Assignment Thereunder (the "Termination"). Pursuant to the Termination, CIC agreed to assign its reimbursement rights for any and all advances made by the District to Almond Palm, LLC ("Almond Palm"), which is an entity affiliated with ACM. CIC and the District further released each other from any and all liabilities, obligation or duties that may have arisen or been contemplated by the 2006 Capital Funding and Reimbursement Agreement.

On April 12, 2018, the District entered into a Reimbursement Agreement with Almond Palm (the "Almond Palm Reimbursement Agreement"), pursuant to which Almond Palm assumed the rights to reimbursement previously held by CIC under 2006 Capital Funding and Reimbursement Agreement. Under the Almond Palm Reimbursement Agreement, the District acknowledges all prior advances made under the 2006 Capital Funding and Reimbursement Agreement relating to funds expended or advances made relative to the organization of the Aurora High Point Districts and installation of public infrastructure for the benefit of the Aurora High Point Districts (comprised of approximately \$4,562,264 in principal and interest as of the date of the agreement, referred to therein as the "Reimbursement Obligation"). The Almond Palm Reimbursement Agreement stipulates that interest shall accrue on the District's reimbursement obligation at the rate of eight percent (8%) per annum until paid, and that all payments made by the District to Almond Palm shall be credited first to accrued and unpaid interest and then to the principal amount due.

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

NOTE 14 – SUBSEQUENT EVENTS (CONTINUED)

On April 12, 2018, the District fully discharged the Reimbursement Obligation owed under the Almond Palm Reimbursement Agreement by transferring approximately \$4,562,264 to Almond Palm (which includes approximately \$2,309,751 in principal and \$2,252,513 in accrued interest), using funds transferred pursuant to the Denver High Point IGA, described below.

Denver High Point IGA

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

Construction of certain regional improvements funded by the Management District and DHP benefitted property owners and taxpayers in both the Aurora and Denver portions of High Point; however, the parties have determined that such costs should be re-distributed based on an engineer’s recommendation of benefit provided and, as a result, the parties entered into the Denver High Point IGA to, among other things, re-allocate such costs between the two districts (assigning 56.18% of such costs to DHP and 43.83% the District). Accordingly, pursuant to the Denver High Point IGA, both the District and DHP acknowledge that the District is entitled to be reimbursed by DHP in the amount of \$10,021,145 for various capital expenditures the District previously made and which the Board of Directors of DHP has determined conferred a benefit to one or more of the Denver High Point Districts. DHP has received an engineer’s certification to verify the allocated amount owed to the District for the improvements constructed. The District was reimbursed in the amount of \$10,021,145 by DHP from using proceeds of the Colorado International Center No. 14 Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018, which closed on April 12, 2018. Of this amount, the District transferred approximately \$4,562,264 to Almond Palm in order to discharge its obligations under the Almond Palm Reimbursement Agreement. The District transferred the remaining approximately \$5,458,882 to the ACM to satisfy a portion of its repayment obligation under the Capital Funding Agreement.

On May 7, 2018, the Denver High Point IGA was amended to include CIC No. 4 as a party to the Denver High Point IGA; to recognize certain improvements that the CIC No. 4 constructed as Regional Facilities under the Denver High Point IGA; to reallocate costs associated with the construction of such improvements as part of the total reallocation under the Denver High Point IGA; and to recognize that the District is entitled to an additional reimbursement to further reconcile DHP’s proportionate share of the re-allocated costs. Accordingly, the reimbursement amount was reallocated and increased from \$10,021,145 to \$22,399,717. The District was reimbursed in the amount of \$12,378,572 by DHP from proceeds of the Colorado International Center No. 14 Limited Tax General Obligation Refunding and Improvement Bonds, Series 2018.

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

SUPPLEMENTARY INFORMATION

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

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES			
Current			
Accounting	-	422	(422)
Legal	20,000	11,223	8,777
Capital outlay			
Construction management	195,731	68,648	127,083
Dry utilities	1,026,386	-	1,026,386
Engineering	180,887	74,546	106,341
Erosion control	144,572	6,728	137,844
Grading/earthwork	1,231,216	67,622	1,163,594
Parks and landscaping	1,520,123	575,513	944,610
Sanitary sewer	462,206	15,444	446,762
Storm drainage	144,167	(13,145)	157,312
Streets	1,265,133	447,804	817,329
Water services	618,536	5,310	613,226
Total expenditures	<u>6,808,957</u>	<u>1,260,115</u>	<u>5,548,842</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,808,957)</u>	<u>(1,260,115)</u>	<u>5,548,842</u>
OTHER FINANCING SOURCES (USES)			
Developer advance	6,808,957	2,175,879	(4,633,078)
Transfer from (to) other funds	-	3,759	3,759
Total other financing sources (uses)	<u>6,808,957</u>	<u>2,179,638</u>	<u>(4,629,319)</u>
NET CHANGE IN FUND BALANCES	-	919,523	919,523
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>-</u>	<u>(1,056,863)</u>	<u>(1,056,863)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ -</u>	<u>\$ (137,340)</u>	<u>\$ (137,340)</u>