

**ARISTA METROPOLITAN DISTRICT
Broomfield County, Colorado**

**FINANCIAL STATEMENTS
December 31, 2017**

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July 5, 2018

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**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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Report of Independent Certified Public Accountants

To the Board of Directors
Arista Metropolitan District

We have audited the accompanying financial statements of the governmental activities and the major funds of Arista Metropolitan District as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the major funds of Arista Metropolitan District, as of December 31, 2017 and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

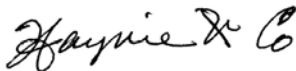
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Arista Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado
April 10, 2018

BASIC FINANCIAL STATEMENTS

**ARISTA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017**

	Governmental Activities
ASSETS	
Cash and investments	\$ 212,830
Cash and investments - Restricted	5,255,685
Receivables	154,471
Due from other governments	14,410
Property taxes receivable	3,388,284
Prepaid expense	13,907
Capital assets, not being depreciated	
Land	1,700,000
Arista Park	2,881,777
Construction in progress	1,625,170
Capital assets, net	
Parking structure	14,875,860
Total assets	30,122,394
LIABILITIES	
Accounts payable	139,575
Retainage payable	6,140
Due to other governments	6,647
Accrued interest payable	3,875,483
Noncurrent liabilities:	
Due within one year	2,040,000
Due in more than one year	79,258,997
Total liabilities	85,326,842
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	3,388,284
Total deferred inflows of resources	3,388,284
NET POSITION	
Net investment in capital assets	1,204,370
Restricted for:	
Emergencies	18,800
Capital replacement - Parking structure	75,000
Unrestricted	(59,890,902)
Total net position	\$ (58,592,732)

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

**ARISTA METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Change in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 515,379	\$ -	\$ -	\$ -	\$ (515,379)
Parking operations	182,937	-	203,166	-	20,229
Capital assets conveyed to other entities	379,734	-	-	-	(379,734)
Interest and related costs on long-term debt	4,844,630	-	-	1,342,427	(3,502,203)
	<u>\$ 5,922,680</u>	<u>\$ -</u>	<u>\$ 203,166</u>	<u>\$ 1,342,427</u>	<u>(4,377,087)</u>
General revenues:					
Property taxes					2,232,911
Specific ownership taxes					146,383
Net investment income					54,440
Other income					407
Total general revenues					<u>2,434,141</u>
Change in net position					(1,942,946)
Net position - Beginning					<u>(56,649,786)</u>
Net position - Ending					<u>\$ (58,592,732)</u>

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

**ARISTA METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	<u>General</u>	<u>Debt Service - Series 2005, 2008 and 2015</u>	<u>Debt Service - Series 2006A and C</u>	<u>Debt Service - Series 2006B</u>
ASSETS				
Cash and investments	\$ 188,660	\$ -	\$ -	\$ -
Cash and investments - Restricted	18,800	2,672,493	935,008	646,335
Receivables	2,988	47,171	5,264	99,048
Prepaid expense	13,907	-	-	-
Due from other government	-	-	-	-
Due from other funds	157,916	-	-	-
Property taxes receivable	841,831	2,546,453	-	-
TOTAL ASSETS	<u>\$ 1,224,102</u>	<u>\$ 5,266,117</u>	<u>\$ 940,272</u>	<u>\$ 745,383</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 16,654	\$ -	\$ 37,680	\$ 24,992
Retainage payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	157,916	-	-
Total liabilities	<u>16,654</u>	<u>157,916</u>	<u>37,680</u>	<u>24,992</u>
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	841,831	2,546,453	-	-
Total deferred inflows of resources	<u>841,831</u>	<u>2,546,453</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	13,907	-	-	-
Restricted for:				
Emergencies	18,800	-	-	-
Debt Service Reserve Funds	-	2,561,748	823,500	640,175
Future debt service	-	-	79,092	80,216
Capital replacement - Parking structure	-	-	-	-
Capital projects	-	-	-	-
Unassigned	332,910	-	-	-
Total fund balances	<u>365,617</u>	<u>2,561,748</u>	<u>902,592</u>	<u>720,391</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,224,102</u>	<u>\$ 5,266,117</u>	<u>\$ 940,272</u>	<u>\$ 745,383</u>

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

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

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

Accrued interest payable - Developer advances

Developer advance payable

Accrued interest payable - Bonds

Bonds payable

Net position of governmental activities

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

Capital Projects - Infrastructure	Special Revenue - Parking Structure	Total Governmental Funds
\$ -	\$ 24,170	\$ 212,830
905,948	77,101	5,255,685
-	-	154,471
-	-	13,907
-	14,410	14,410
-	-	157,916
-	-	3,388,284
<u>\$ 905,948</u>	<u>\$ 115,681</u>	<u>\$ 9,197,503</u>
\$ 52,393	\$ 7,856	\$ 139,575
6,140	-	6,140
-	6,647	6,647
-	-	157,916
<u>58,533</u>	<u>14,503</u>	<u>310,278</u>
-	-	3,388,284
-	-	3,388,284
-	-	13,907
-	-	18,800
-	-	4,025,423
-	-	159,308
-	75,000	75,000
847,415	-	847,415
-	26,178	359,088
<u>847,415</u>	<u>101,178</u>	<u>5,498,941</u>
<u>\$ 905,948</u>	<u>\$ 115,681</u>	
		21,082,807
		(3,070,728)
		(7,462,305)
		(3,875,483)
		<u>(70,765,964)</u>
		<u>\$ (58,592,732)</u>

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

ARISTA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service - Series 2005, 2008 and 2015</u>	<u>Debt Service - Series 2006A and C</u>
REVENUES			
Property taxes	\$ 576,422	\$ 1,656,489	\$ -
Specific ownership taxes	37,789	108,594	-
Net investment income	10,352	27,770	10,068
Sales taxes	-	202,510	-
Use taxes	-	44,471	-
LID sales taxes	-	-	26,615
BURA deposit	-	-	150,000
BURA - Event Center revenue	-	-	-
Parking payment	-	-	-
Other income	407	-	-
Parking operation costs allocation	-	-	-
Total revenues	<u>624,970</u>	<u>2,039,834</u>	<u>186,683</u>
EXPENDITURES			
General			
Accounting	64,491	-	-
Audit	5,200	-	-
County Treasurer's fees	1,135	3,261	-
District management	27,333	-	-
Dues and memberships	507	-	-
Insurance	13,502	-	-
Legal	83,132	-	-
Repairs and maintenance	28,322	-	-
Utility locates	4,224	-	-
Reimbursement - Arista Owner's Association	30,503	-	-
Miscellaneous	1,051	-	-
Landscape and other maintenance	21,579	-	-
Parking operations and maintenance	-	-	-
Capital outlay	-	-	-
Debt service			
Bond principal	-	-	365,000
Bond interest	-	-	79,761
Loan principal	-	960,000	-
Loan interest	-	1,013,050	-
Letter of credit fees	-	20,500	333,547
Paying agent/trustee fees	-	7,000	5,600
Rating fees	-	-	4,441
Remarketing fees	-	-	6,514
Total expenditures	<u>280,979</u>	<u>2,003,811</u>	<u>794,863</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>343,991</u>	<u>36,023</u>	<u>(608,180)</u>
OTHER FINANCING SOURCES (USES)			
City support	-	-	350,000
Transfers in	-	3,261	77,561
Transfers (out)	(123,761)	-	-
Total other financing sources (uses)	<u>(123,761)</u>	<u>3,261</u>	<u>427,561</u>
NET CHANGE IN FUND BALANCES	<u>220,230</u>	<u>39,284</u>	<u>(180,619)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>145,387</u>	<u>2,522,464</u>	<u>1,083,211</u>
FUND BALANCES - END OF YEAR	<u>\$ 365,617</u>	<u>\$ 2,561,748</u>	<u>\$ 902,592</u>

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

Debt Service - Series 2006B	Capital Projects - Infrastructure	Special Revenue - Parking Structure	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,232,911
-	-	-	146,383
6,247	-	3	54,440
-	-	-	202,510
-	-	-	44,471
-	-	-	26,615
100,000	-	-	250,000
99,048	-	-	99,048
369,783	-	-	369,783
-	-	-	407
-	-	203,166	203,166
<u>575,078</u>	<u>-</u>	<u>203,169</u>	<u>3,629,734</u>
-	-	-	64,491
-	-	-	5,200
-	-	-	4,396
-	-	-	27,333
-	-	-	507
-	-	-	13,502
-	-	-	83,132
-	-	-	28,322
-	-	-	4,224
-	-	-	30,503
-	-	-	1,051
-	-	-	21,579
-	-	182,937	182,937
-	160,001	-	160,001
210,000	-	-	575,000
63,655	-	-	143,416
-	-	-	960,000
-	-	-	1,013,050
211,382	-	-	565,429
5,600	-	-	18,200
4,441	-	-	8,882
4,127	-	-	10,641
<u>499,205</u>	<u>160,001</u>	<u>182,937</u>	<u>3,921,796</u>
<u>75,873</u>	<u>(160,001)</u>	<u>20,232</u>	<u>(292,062)</u>
-	-	-	350,000
-	120,500	-	201,322
<u>(77,561)</u>	<u>-</u>	<u>-</u>	<u>(201,322)</u>
<u>(77,561)</u>	<u>120,500</u>	<u>-</u>	<u>350,000</u>
(1,688)	(39,501)	20,232	57,938
722,079	886,916	80,946	5,441,003
<u>\$ 720,391</u>	<u>\$ 847,415</u>	<u>\$ 101,178</u>	<u>\$ 5,498,941</u>

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

**ARISTA METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES 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	\$	57,938
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Governmental funds report capital outlay 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.

Capital outlay	160,001	
Depreciation	(234,400)	
Capital assets conveyed to other entities	<u>(379,734)</u>	(454,133)

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

Bond and loan principal payment	1,535,000	1,535,000
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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.

Amortization of bond premium	73,787	
Accrued interest on bonds and loans payable - Change in liability	(2,521,242)	
Accrued interest on developer advances - Change in liability	<u>(634,296)</u>	<u>(3,081,751)</u>

Changes in net position of governmental activities	\$	<u><u>(1,942,946)</u></u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ARISTA METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - 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			
Property taxes	\$ 555,322	\$ 576,422	\$ 21,100
Specific ownership taxes	27,770	37,789	10,019
Net investment income	300	10,352	10,052
Other income	-	407	407
Total revenues	<u>583,392</u>	<u>624,970</u>	<u>41,578</u>
EXPENDITURES			
Accounting	60,000	64,491	(4,491)
Audit	5,200	5,200	-
Contingency	3,060	-	3,060
County Treasurer's fees	1,130	1,135	(5)
District management	35,000	27,333	7,667
Dues and memberships	650	507	143
Insurance	16,450	13,502	2,948
Legal	60,000	83,132	(23,132)
Miscellaneous	1,000	1,051	(51)
Reimbursement - Arista Owner's Association	15,000	30,503	(15,503)
Repairs and maintenance	20,000	28,322	(8,322)
Utility locates	15,000	4,224	10,776
Utilities	30,000	21,579	8,421
Total expenditures	<u>262,490</u>	<u>280,979</u>	<u>(18,489)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>320,902</u>	<u>343,991</u>	<u>23,089</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(350,025)	(123,761)	226,264
Total other financing sources (uses)	<u>(350,025)</u>	<u>(123,761)</u>	<u>226,264</u>
NET CHANGE IN FUND BALANCES	(29,123)	220,230	249,353
FUND BALANCES - BEGINNING OF YEAR	<u>86,805</u>	<u>145,387</u>	<u>58,582</u>
FUND BALANCES - END OF YEAR	<u>\$ 57,682</u>	<u>\$ 365,617</u>	<u>\$ 307,935</u>

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

**ARISTA METROPOLITAN DISTRICT
SPECIAL REVENUE FUND - PARKING STRUCTURE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - 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			
Net investment income	\$ 10	\$ 3	\$ (7)
Cost allocation - RTD	99,443	99,443	-
Cost allocation - BURA	93,691	81,487	(12,204)
Cost allocation - Arista Place	25,566	22,236	(3,330)
Total revenues	<u>218,710</u>	<u>203,169</u>	<u>(15,541)</u>
EXPENDITURES			
Parking operations and maintenance	<u>218,700</u>	<u>182,937</u>	<u>35,763</u>
Total expenditures	<u>218,700</u>	<u>182,937</u>	<u>35,763</u>
NET CHANGE IN FUND BALANCES	10	20,232	20,222
FUND BALANCES - BEGINNING OF YEAR	<u>75,000</u>	<u>80,946</u>	<u>5,946</u>
FUND BALANCES - END OF YEAR	<u>\$ 75,010</u>	<u>\$ 101,178</u>	<u>\$ 26,168</u>

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

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1 - DEFINITION OF REPORTING ENTITY

Arista Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City and County of Broomfield (City) on December 13, 2002, 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 on August 28, 2001, and as modified on September 10, 2002, and on August 9, 2005. The District was formed as the Park 36 Metropolitan District. On August 15, 2005, the name of the District was changed to Arista Metropolitan District.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services. The operation and maintenance of most District services and facilities is anticipated to be provided by other entities and not by the District. The District is authorized to operate and maintain any improvements not otherwise conveyed to the City or other entities.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation 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 - Series 2008, and 2015 accounts for the resources accumulated and payments made for principal, interest and other costs related to the Series 2005 and 2008 Bonds, and the Series 2015 Loan.

The Debt Service Fund - Series 2006A and C accounts for the resources accumulated and payments made for principal, interest and other costs related to the Series 2006A and C Bonds.

The Debt Service Fund - Series 2006B accounts for the resources accumulated and payments made for principal, interest and other costs related to the Series 2006B Bonds.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Capital Projects Fund - Infrastructure accounts for financial resources to be used for the acquisition or construction of major capital improvements within the District.

The Special Revenue Fund – Parking Structure accounts for revenues earned and expenditures incurred in connection with the operation and maintenance of the parking structure.

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.

Pooled Cash and Investments

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

Property Taxes

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

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

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Except for the parking structure, Arista Park and certain street signage, all assets of the District will be conveyed to other governmental entities. 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, a 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.

The parking structure is depreciated using the straight-line method over the estimated useful life of 75 years.

Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

Deferred Inflow of Resources

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

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – this component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted – this component of net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation.
- Unrestricted – the component of net position that does not meet the definitions above.

Fund Balance

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

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments	\$ 212,830
Cash and investments - Restricted	<u>5,255,685</u>
Total cash and investments	<u><u>\$ 5,468,515</u></u>

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

Deposits with financial institutions	\$ 144,143
Investments	<u>5,324,372</u>
Total cash and investments	<u><u>\$ 5,468,515</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2017, the District’s cash deposits had a bank balance of \$187,013 and a carrying balance of \$144,143.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

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

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal recordcaps segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 - RECEIVABLES

As of December 31, 2017, the District had the following receivables:

Receivable from the City and County of Broomfield as follows:

Sales and use taxes	\$ 38,584
Local Improvement District sales taxes	5,264
Event center revenue	99,048
Receivable from County Treasurer	<u>11,575</u>
	<u>\$ 154,471</u>

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - 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>Transfers/ Conveyance</u>	<u>Balance at December 31, 2017</u>
Capital assets, not being depreciated:				
Land for parking structure	\$ 1,700,000	\$ -	\$ -	\$ 1,700,000
Arista Park	2,881,777	-	-	2,881,777
Construction in progress:				
Ball waterline loop	379,734	-	379,734	-
Parks and recreation	7,487	106	-	7,593
Sensory Park	17,958	-	-	17,958
Streets - signage	51,258	53,523	-	104,781
Streets - other	168,358	-	-	168,358
Streets - Destination Drive	1,218,934	55,356	-	1,274,290
Uptown Park	1,174	8,769	-	9,943
Parcel A	-	15,236	-	15,236
Parking garage renovations	-	27,011	-	27,011
Total capital assets, not being depreciated	<u>6,426,680</u>	<u>160,001</u>	<u>379,734</u>	<u>6,206,947</u>
Capital assets, being depreciated:				
Parking structure	17,471,257	-	-	17,471,257
Total capital assets, being depreciated	<u>17,471,257</u>	<u>-</u>	<u>-</u>	<u>17,471,257</u>
Less accumulated depreciation for:				
Parking structure	2,360,997	234,400	-	2,595,397
Total accumulated depreciation	<u>2,360,997</u>	<u>234,400</u>	<u>-</u>	<u>2,595,397</u>
Total capital assets, being depreciated, net	<u>15,110,260</u>	<u>(234,400)</u>	<u>-</u>	<u>14,875,860</u>
Capital assets, net	<u>\$ 21,536,940</u>	<u>\$ (74,399)</u>	<u>\$ 379,734</u>	<u>\$ 21,082,807</u>

Depreciation expense for the parking structure was charged to the general government function of the District in the amount of \$234,400, which is the total depreciation expense for the District for the year ended December 31, 2017.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS

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

	<u>Balance December 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2017</u>	<u>Due Within One Year</u>
Special revenue bonds					
Series 2008	\$ 26,000,000	\$ -	\$ -	\$ 26,000,000	\$ 430,000
Tax free loan refunding issue					
Series 2015	30,370,000	-	960,000	29,410,000	1,000,000
Parking/special limited revenue bonds					
Senior Series 2006A	8,145,000	-	365,000	7,780,000	385,000
Senior Series 2006B	5,160,000	-	210,000	4,950,000	225,000
Subordinate Series 2006C	1,700,000	-	-	1,700,000	-
	<u>71,375,000</u>	<u>-</u>	<u>1,535,000</u>	<u>69,840,000</u>	<u>2,040,000</u>
Premiums	999,751	-	73,787	925,964	-
Total bonds payable	<u>72,374,751</u>	<u>-</u>	<u>1,608,787</u>	<u>70,765,964</u>	<u>2,040,000</u>
Developer advances	7,462,305	-	-	7,462,305	-
Accrued interest on Developer advances	2,436,432	634,296	-	3,070,728	-
	<u>\$ 82,273,488</u>	<u>\$ 634,296</u>	<u>\$ 1,608,787</u>	<u>\$ 81,298,997</u>	<u>\$ 2,040,000</u>

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

Subordinate (Convertible to Parity) Special Revenue Bonds Series 2008

On March 18, 2008, the District issued Subordinate (Convertible to Parity) Special Revenue Bonds, Series 2008 (2008 Bonds) in the amount of \$26,000,000, dated March 11, 2008. The 2008 Bonds are term bonds due December 15, 2037 (December 1, 2037, if Conversion has occurred). Interest at a rate of 9.25% is payable annually on December 15 until the Conversion Date (as defined below), at which time interest is payable semiannually on June 1 and December 1.

Because of the draws on the Debt Service Guaranty Fund associated with the previous bond issue, the conditions for conversion of the 2008 Bonds to Parity Bonds cannot be satisfied. The Bonds are secured by and solely payable from pledged revenue, including SUTRA revenue, required mill levy revenue, specific ownership taxes and other legally available revenue credited to the Subordinate Bond Fund by the District at its discretion.

The 2008 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2015, and on any date thereafter, upon payment of the principal amount redeemed plus accrued interest to date of redemption, with no redemption premium.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Further, the 2008 Bonds are subject to mandatory sinking fund redemption, in part, by lot, on December 15, 2018, and on each December 15 thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium. The 2008 Bonds are also subject to mandatory excess funds redemption if directed by the Consent Parties pursuant to the Indenture. On October 15, 2010, the Trustee transferred the funds in the Restricted Account of the Construction Fund to the Bond Surplus Fund, as required by the Indenture, because the 2008 Bonds did not convert to Parity Bonds by the June 1, 2010, deadline (the Conversion Date) set forth in the Indenture. The District is unable to make the scheduled payments; however, this is not an event of default.

The District's Subordinate (Convertible to Parity) Special Revenue Bonds, Series 2008 principal and interest will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 430,000	\$ 4,810,000	\$ 5,240,000
2019	590,000	2,365,225	2,955,225
2020	550,000	2,310,650	2,860,650
2021	620,000	2,259,775	2,879,775
2022	990,000	2,202,425	3,192,425
2023-2027	8,120,000	9,214,389	17,334,389
2028-2032	4,615,000	5,678,575	10,293,575
2033-2037	10,085,000	3,744,864	13,829,864
	<u>\$ 26,000,000</u>	<u>\$ 32,585,903</u>	<u>\$ 58,585,903</u>

Special Revenue Promissory Note, Series 2015

On November 13, 2015, the District issued a Special Revenue Promissory Note pursuant to a Loan Agreement dated November 13, 2015, in the amount of \$30,970,000 ("2015 Loan"). Interest at 3.29% is payable semi-annually on June 1 and December 1, beginning on June 1, 2016, through and including the maturity date of November 13, 2021. Interest is calculated on the basis of a 360-day year and the actual number of days elapsed. Repayment of principal amounts are due December 1, beginning December 1, 2016, through December 1, 2020, with the balance due on the maturity date. Commencing on the maturity date, any unpaid amounts due on the 2015 Loan shall bear interest at a rate set daily at the Daily Reset LIBOR rate plus 5.0%, but not in excess of 6.75%. The District is required to apply all Pledged Revenue to pay and prepay the 2015 Loan on each principal payment date up to maximum annual payment amounts set forth in the 2015 Loan Agreement through December 1, 2035.

The proceeds from the 2015 Loan were used for the purposes of refunding the District's 2005 Bonds, funding a Reserve Fund securing the 2015 Loan, and paying costs of issuance of the 2015 Loan.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

The 2015 Loan is secured by and payable solely from Pledged Revenue, consisting of monies derived by the District from the following sources, net of any costs of collections: (i) revenues received by the District pursuant to the Sales and Use Tax Reimbursement Agreement for the payment of the Note and the Series 2008 Bonds; (ii) the Required Mill Levy; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy and any other debt service mill levy imposed by the District; and (iv) any other legally available monies which the District determines to credit to the Loan Payment Fund. Additionally, the Loan is partially secured by a Letter of Credit in the amount of \$4,100,000 which may be drawn on any maturity date, but will reduce as assessed valuation of District property increases and will be released when the District's final certified assessed valuation exceeds \$46,000,000. Subsequent to year end, the Letter of Credit was reduced to \$1,808,812, pursuant to the Loan Agreement.

The Loan Agreement defines the Required Mill Levy as a mill levy of 57.475 mills provided that in the event the method of calculating assessed valuation changes after November 13, 2015, the date of issuance of the 2015 Loan, the mill levy will be increased or decreased to reflect such changes so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The adjusted mill levy for property tax collections in 2018 is 60.498.

The Note is also secured by amounts held in the Reserve Fund, funded upon issuance of the Promissory Note in the amount of the Required Reserve equal to \$2,540,578.

The District's Special Revenue Promissory Note, Series 2015 principal and interest will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,000,000	\$ 981,028	\$ 1,981,028
2019	1,015,000	947,671	1,962,671
2020	1,050,000	916,317	1,966,317
2021	26,345,000	835,451	27,180,451
	<u>\$ 29,410,000</u>	<u>\$ 3,680,467</u>	<u>\$ 33,090,467</u>

**Parking/Special Limited Revenue Bonds (Broomfield Event Center Parking Project),
Series 2006**

On June 27, 2006, the District issued the following bonds to finance the acquisition, construction and improvement of a multi-level Parking Structure; fund the Reserve Fund, Supplemental Reserve Fund and Capitalized Interest Fund; and to pay certain costs of issuance:

- \$10,100,000 - Senior Bonds Series 2006A (Tax-Exempt)
- \$ 7,840,000 - Senior Bonds Series 2006B (Taxable)
- \$ 1,700,000 - Subordinate Bonds Series 2006C (Tax-Exempt)

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

The Senior Bonds will bear interest at an Adjustable Rate or at a Fixed Rate. While bearing interest at an Adjustable Rate, the Bonds are payable from monies drawn under the two irrevocable direct pay Letters of Credit issued by Compass Bank, Denver, Colorado. The Letters of Credit have been extended several times and currently have an expiration date of June 30, 2018. The Senior Bonds currently bear interest at the Weekly Interest Rate, which is an Adjustable Rate, from the date of issuance. Interest on the Bonds is payable on the first business day of each month. The original estimated interest rates were 4.375% for Series 2006A and 5.375% for Series 2006B. As of December 31, 2017, the weekly interest rates were 1.820% for the Series 2006A Bonds and 1.550% for the Series 2006B Bonds. The Bonds are due on December 1, 2030.

While the Senior Bonds bear interest at an Adjustable Rate, they are callable for redemption as follows: 1) Optional redemption - At the option of the District, Bonds are subject to redemption in whole or in part on any Interest Rate Adjustment Date at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the redemption date; 2) Mandatory Sinking Fund redemption - Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount, plus accrued interest on December 1 each year from 2009 to 2030; and 3) Extraordinary Mandatory Redemption from excess revenue - Bonds are subject to extraordinary mandatory redemption on December 20 of each year from and to the extent of amounts on deposit in the Revenue Fund, if any, on the third business day of December of such year, at redemption price equal to 100% of the principal amount, plus accrued interest to the redemption date.

The Subordinate Bonds bear interest at 7.00%, which is payable annually on the second business day of December. The Subordinate Bonds mature on the second business day of December 2030. The Subordinate Bonds also require mandatory sinking fund redemptions beginning on the second business day of December 2009 and on the second business day of December of each year thereafter. The Subordinate Bonds are also subject to optional redemption at the option of the District on any date without redemption premium; however, this is only permitted if no Senior Bonds are outstanding. Also, if there are no Senior Bonds outstanding, the Subordinate Bonds are subject to extraordinary mandatory redemption on the second business day of each December from amounts on deposit in the Subordinate Bond Principal Fund held by the Trustee.

In February 2010, the Parking/Special Limited Revenue Bonds, Senior Series 2006A and B, were restructured and remarketed. Changes in the restructured Bonds include, among others, (i) fully subordinating payment on the Subordinate Bonds, Series 2006C, until the Senior Bonds are paid, (ii) applying the Pledged Authority Revenue (BURA deposit) to the Tax-Exempt Revenue Account when received instead of holding such amounts as a contingent source of payment of debt service (starting in 2014, based upon direction from Bond Counsel and supporting analysis, the BURA deposit was split \$150,000 to the Tax-Exempt Revenue account and \$100,000 to the Taxable Revenue account), (iii) changing the rebate procedure with respect to the Pledged Authority Revenues, and (iv) eliminating the supplemental Reserve Fund (the proceeds of which were used to redeem Senior Bonds) and the Event Center Revenues Reserve Funds. The 2010 restructuring was done, in part, to accommodate a new management agreement with respect to the Event Center between Broomfield Urban Renewal Authority and Peak Entertainment, LLC (the new Event Center Manager/Operator). Furthermore, sources of

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

revenues pledged for the repayment of the Bonds were modified during the 2010 restructuring, hence, certain agreements were terminated and/or modified, and new agreements were executed.

The restructured Series 2006 Bonds are payable solely from the trust estate created by the Indenture, including the pledged revenues consisting of the parking payment from the Event Center Operator, pledged signage revenue, LID sales taxes, BURA deposit and RTD sales tax rebate. Pledged revenues and trust funds are further discussed below.

Pledged LID sales taxes - means the sales taxes collected within the Arista Local Improvement District (LID) pursuant to the LID Intergovernmental Agreement. The LID, formed to finance transportation improvements in the area, imposes a sales tax of two-tenths of one percent (0.2%) (the LID sales taxes) on all transactions subject to such sales tax within the boundaries of the LID. Pursuant to the LID Intergovernmental Agreement, the proceeds of the LID sales taxes will be remitted to the District.

Pledged RTD sales taxes rebate - means the sales taxes, at a maximum amount of \$5,000,000 to be paid in installments not to exceed \$500,000 annually until the earlier of payment in full or November 30, 2028, which the City of Broomfield (City) will rebate to Regional Transportation District (RTD) pursuant to a Sales Tax Reimbursement Agreement between the City and RTD, and which RTD assigned to the District by virtue of an Assignment executed on June 27, 2006.

BURA deposit - means \$250,000 required to be deposited annually by Broomfield Urban Renewal Authority (BURA) with the District's Trustee every December 15 pursuant to an Intergovernmental Agreement made and entered into effective as of January 21, 2010, with necessary minor changes as of February 10, 2010, by and between the District and BURA. Pursuant to the Agreement, the Trustee will deposit the funds in the Tax-Exempt Revenue Account and will use such funds for debt service subject to certain provisions of the Indenture. Based upon direction from Bond Counsel and supporting analysis, the BURA deposit was split \$150,000 to the Tax-Exempt Revenue account and \$100,000 to the Taxable Revenue account.

Parking payment - means the annual payment to be remitted by BURA to the District's Trustee after receipt of the same payment/funds from the Event Center Operator (Peak Entertainment, LLC) pursuant to a Management and Operations Agreement entered into by BURA and the Event Center Operator. Pursuant to the Agreement, the Event Center Operator is obligated to make an annual Parking Payment to BURA, the owner of the Event Center, for the use of the parking structure. BURA will then remit such payment to the District. The parking payment is equal to \$300,000 for the first year and is increased annually by the greater of the annual increase in CPI or 2%. In 2017, the District received \$369,783 in accordance with the Management and Operations Agreement.

Pledged signage revenue - means a portion of the revenues collected from advertising signs on the Parking Structure. The Management and Operations Agreement between BURA and the Event Center Operator (Peak Entertainment, LLC) provides for the Operator or the Sign Provider to operate, maintain and market Signs for advertising purposes and to maximize the revenue the Operator receives from such Signs. The Operator will pay a portion of the signage revenue to BURA, which in turn remits such revenues to the District's Trustee.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Developer Reserve Fund revenue - means the revenue derived from Weins Development Group, LLC pursuant to the Reserve Fund Loan Agreement. The Reserve Fund Loan Agreement provides that when there are not sufficient Pledged Revenues, all trust funds have been used and reserve funds have been withdrawn to pay principal and interest on District bonds, Weins Development Group, LLC will replenish the Reserve Fund to the Reserve Requirement. Weins Development Group, LLC will receive a subordinated Reserve Fund Note from the District payable from pledged revenues, but subordinate to the District's bonds.

City Reserve Fund revenue - means the deposits required, under the Indenture, to be made by the City and County of Broomfield pursuant to the Annually Renewable Reserve Fund Agreement. The Annually Renewable Reserve Fund Agreement provides that when there are not sufficient Pledged Revenues, when all trust funds have been used and reserve funds have been withdrawn to pay principal and interest on District bonds, and when Reserve Fund has not been replenished by Weins Development Group, LLC pursuant to the Reserve Fund Loan Agreement, the City and County of Broomfield will replenish the Reserve Fund.

The terms of the Letter of Credit with Compass Bank provide that the Letter of Credit fees were 4.00% as of January 1, 2017.

During 2017, no draws were made from the Reserve Funds.

Using the interest rate at December 31, 2017, of 1.820%, the estimated annual requirement to amortize the remaining Series 2006A Bonds is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 385,000	\$ 141,596	\$ 526,596
2019	410,000	134,589	544,589
2020	430,000	127,127	557,127
2021	455,000	119,301	574,301
2022	480,000	111,020	591,020
2023-2027	2,825,000	414,050	3,239,050
2028-2030	2,795,000	115,934	2,910,934
	<u>\$ 7,780,000</u>	<u>\$ 1,163,617</u>	<u>\$ 8,943,617</u>

Refer to the debt to maturity schedule included in supplemental information for the estimated annual requirement to amortize the remaining Series 2006A Bonds using estimated interest rates of 1.50% to 3.00% (estimated during the restructuring of the Bonds in 2010).

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Using the interest rate at December 31, 2017, of 1.550%, the estimated annual requirement to amortize the remaining Series 2006B Bonds is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 225,000	\$ 76,725	\$ 301,725
2019	240,000	73,238	313,238
2020	255,000	69,518	324,518
2021	270,000	65,565	335,565
2022	290,000	61,380	351,380
2023-2027	1,765,000	233,198	1,998,198
2028-2030	1,905,000	68,433	1,973,433
	<u>\$ 4,950,000</u>	<u>\$ 648,057</u>	<u>\$ 5,598,057</u>

Refer to the debt to maturity schedule included in supplemental information for an estimated annual requirement to amortize the remaining Series 2006B Bonds using estimated interest rates of 2.00% to 4.50% (estimated during the restructuring of the Bonds in 2010).

The Subordinate Bonds Series 2006C principal and interest will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 1,404,798	\$ 1,404,798
2019	-	119,000	119,000
2020	-	119,000	119,000
2021	-	119,000	119,000
2022	-	119,000	119,000
2023-2027	-	595,000	595,000
2028-2032	1,700,000	511,000	2,211,000
	<u>\$ 1,700,000</u>	<u>\$ 2,986,798</u>	<u>\$ 4,686,798</u>

Authorized Debt

On November 5, 2002, the District's voters authorized total indebtedness of \$40,655,000 for construction of public improvements and operating and maintenance expenditures and \$39,655,000 each for debt refunding and debt related to intergovernmental agreements or other contracts with other public entities.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

On November 1, 2005, the District's voters authorized an additional total indebtedness of \$65,345,000 for construction of public improvements and operations and maintenance expenditures. The District's voters also authorized an additional total indebtedness of \$60,345,000 each for debt refunding and debt related to intergovernmental agreements or other contracts with other public entities. At December 31, 2017 the District had authorized but unissued indebtedness from these elections in the following amounts allocated for the following purposes:

	Authorized on November 5, 2002	Authorized on November 1, 2005	Total Authorized	Authorization Used Series 2005 Bonds	Authorization Used Series 2006 Bonds	Authorization Used Series 2008 Bonds	Authorized But Unissued
Sanitary sewer	\$ 5,855,000	\$ 6,345,000	\$ 12,200,000	\$ 7,525,000	\$ -	\$ 60,000	\$ 4,615,000
Water	8,000,000	1,000,000	9,000,000	6,700,000	-	680,000	1,620,000
Streets	15,700,000	50,000,000	65,700,000	16,500,000	19,640,000	3,285,000	26,275,000
Parks and recreation	7,650,000	3,000,000	10,650,000	450,000	-	2,610,000	7,590,000
Safety and traffic control	2,000,000	-	2,000,000	-	-	375,000	1,625,000
Transportation system	150,000	-	150,000	-	-	-	150,000
Television relay and translator	150,000	-	150,000	-	-	-	150,000
Mosquito control	150,000	-	150,000	-	-	-	150,000
Operations and maintenance	1,000,000	5,000,000	6,000,000	-	-	-	6,000,000
Refunding	39,655,000	60,345,000	100,000,000	-	-	18,990,000	81,010,000
Intergovernmental agreements	39,655,000	60,345,000	100,000,000	-	-	-	100,000,000
	<u>\$ 119,965,000</u>	<u>\$ 186,035,000</u>	<u>\$306,000,000</u>	<u>\$ 31,175,000</u>	<u>\$ 19,640,000</u>	<u>\$ 26,000,000</u>	<u>\$229,185,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$85,000,000.

No electoral authorization was required to be used for the issuance of the Series 2015 Loan.

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.

Developer Advances

The District has entered into Funding and Reimbursement Agreements with Park 36 Development, Inc. collectively with affiliated entities, including but not limited to Park 36 Investment, LLC (the Developer). Additionally, the District entered into an Agreement Regarding Priority of Developer Reimbursements with Park 36 Development, Inc., and Park 36 Investment, LLC on March 19, 2014, wherein it was established that the Developer Reimbursement Agreement established in 2005 will have reimbursement priority over all other reimbursement agreements. The Funding and Reimbursement Agreements are as follows:

Operation Funding Agreement

The District entered into an Operation Funding Agreement to repay advances made by the Developer for operations and maintenance costs. The District agrees to repay the Developer for such advances along with interest at the rate of 8.5%. As of December 31, 2017, outstanding advances under the agreement totaled \$442,330 and accrued interest totaled \$419,200.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Funding and Reimbursement Agreement

The District entered into a Funding and Reimbursement Agreement to repay advances made by the Developer for capital infrastructure costs. The District agrees to repay the Developer for such advances along with interest at the rate of 8.5%. As of December 31, 2017, outstanding advances under the agreement totaled \$80,723 and accrued interest totaled \$54,414.

Parking Structure Operation and Maintenance Funding Agreement

On June 27, 2006, the District entered into a Parking Structure Operation and Maintenance Funding Agreement with Broomfield Sports and Entertainment, LLC (BSE), to repay advances made by BSE for the operation and maintenance of the parking structure. The District agrees to repay BSE for such advances along with interest at the rate of two percent (2%) above the Wall Street Journal prime interest rate. Pledged Revenues or deposits in the trust funds pledged under the Indenture for debt service payment shall not be used to repay BSE for advances made under this agreement. As of December 31, 2017, outstanding advances totaled to \$0.

Developer Reimbursement Agreement

On October 26, 2005, the District entered into a Developer Reimbursement Agreement with the Developer to reimburse the Developer for amounts advanced by the Developer to the District for payment of principal and interest on the 2005 Bonds in connection with the Indenture's requirement to establish a Debt Service Guaranty which had been provided by the Developer in the form of a \$10,000,000 Letter of Credit. Outstanding advances due the Developer under the agreement bear an interest at the rate of 8.5% per annum. On June 1, 2010, Park 36 Development, Inc. delegated all duties and obligations and assigned all rights, including without limitation the rights to reimbursement, of the Developer under the agreement to Park 36 Investment, LLC, a Colorado limited liability company. As of December 31, 2017, outstanding advances under the agreement totaled \$4,631,323 and accrued interest totaled \$2,112,955.

Project Funding and Reimbursement Agreement for Destination Drive

On May 31, 2013, a Project Funding and Reimbursement Agreement for Destination Drive (PFRA) was entered into by and between the District, Park 36 Investment, LLC (Developer), and DD Arista Partners, LLC (Purchaser). Under the PFRA, the Developer sold to the Purchaser certain property within the boundaries of the District. As a condition of such sale and purchase, the Developer agreed to construct certain street improvements (Destination Drive) and a 1.1 acre portion remaining of the Sensory Park, both of which are important for the development of the property. The District, pursuant to the authority granted by its Service Plan as approved by the City and County of Broomfield, is authorized to construct Destination Drive, but does not have sufficient funds for pay for said construction. The Developer and the Purchaser have agreed that the Developer will advance funds to the District to pay for the construction of Destination Drive from a portion of the purchase price paid by Purchaser at closing in the amount of \$600,000 (DD Funds). Additionally, the Developer has agreed to advance funds to the District for construction costs in excess of the DD Funds and the District agrees to reimburse the Developer for such advances, including a simple interest at the rate of 8.5% per annum. As of December 31, 2017, outstanding advances under the agreement totaled \$2,307,928 and accrued interest totaled \$484,159.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Davis Parties

On October 12, 2017, the District was party to a Settlement Agreement with Exit 223, LLC, DD Arista Partners, LLC, Davis Development Inc. Co-Davis Development, Inc., TX Morrow Construction Inc. (collectively, "Davis Parties"), and Park 36 Investments, LLC. The settlement provided that the Davis Parties execute payment to Exit 223 to remedy the mechanic's lien assigned to Exit 223. Davis Parties is to then provide costs for reimbursement to the District. After approving costs, the District will enter into a funding and reimbursement agreement with Davis Parties.

NOTE 7 - RELATED PARTY

The developer of the property which constitutes the District is Park 36 Development, Inc. (Developer). The majority of the members of the Board of Directors are employees of, owners of, or are otherwise associated with Park 36 Development, Inc. or related entities and may have conflicts of interest in dealing with the District. All conflicts have been previously disclosed as required by law. Wiens Capital Management, LLC, a company related to the Developer, entered into the Reserve Fund Loan Agreement and Construction Management Agreement with the District. (See related notes in NOTE 6 and NOTE 11.)

NOTE 8 - NET POSITION

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

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

	Governmental Activities
Net investment in capital assets:	
Capital assets, net of depreciation	\$ 19,457,637
Outstanding bonds payable attributable to the capital assets	(19,971,000)
Unspent bonds proceeds (primarily Debt Service Reserve Funds)	1,717,733
	\$ 1,204,370

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 8 - NET POSITION (CONTINUED)

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2017, as follows:

Restricted net position:	
Emergencies	\$ 18,800
Capital Replacement – Parking Structure	<u>75,000</u>
	<u>\$ 93,800</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities.

NOTE 9 - INTERFUND AND OPERATING TRANSFERS

The following schedule summarizes the District's transfers for the year ended December 31, 2017:

Transfers Out	Transfers In					Total
	General Fund	DSF 2008 and 2015	DSF 2006A and C	DSF 2006B	CPF Infra- structure	
General Fund	\$ -	\$ 3,261	\$ -	\$ -	\$ 120,500	\$ 123,761
Debt Service Fund - 2006B	-	-	77,561	-	-	77,561
Transfers in	-	3,261	77,561	-	120,500	201,322
Transfers (out)	(123,761)	-	-	(77,561)	-	(201,322)
Net transfers in (out)	<u>\$(123,761)</u>	<u>\$ 3,261</u>	<u>\$ 77,561</u>	<u>\$ (77,561)</u>	<u>\$ 120,500</u>	<u>\$ -</u>

The major interfund transfers that occurred during 2017 were as follows:

- *Debt Service Fund - 2006B* to the *Debt Service Fund - 2006A&C*. Transfers were made to cover monthly interest and letter of credit payments. Pursuant to the bond indenture, funds may be transferred between the two Debt Service Funds as necessary.
- *General Fund to Capital Projects Fund – Infrastructure*. Transfers were made to pay for the costs of certain improvements.
- *General Fund to Debt Service Fund - 2008, and 2015*. Transfers were made to fund accounting and legal costs related to these bonds and to fund a shortfall for payments due December 1, 2017.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 10 - ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay the District's annual operational expenditures. Until an independent revenue base is established, continuation of District operations will be dependent upon funding by the Developer, increasing the District's General Fund mill levy and/or imposing District fees.

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS

Sales and Use Tax Reimbursement Agreement (SUTRA)

On August 1, 2005, the District entered into a Sales and Use Tax Reimbursement Agreement with the City. Pursuant to the Agreement, the City agrees to pledge the following revenue to the District for the repayment of the Series 2015 Loan: (i) 45% of the revenues derived from a 3.50% City sales tax collected within the boundaries of the District, less sales taxes collected and paid by a certain major retailer and retailers on certain RTD parcels; (ii) 50% of 3.50% of a total 4.15% Use Tax collected by the City within the boundaries of the District; and (iii) 50% of the Service Expansion Fees imposed on new residential construction, equal to \$1.00 per each square foot of total floor area for which a building permit has been issued, collected by the City on property within the boundaries of the District.

The City's revenue sharing obligation expires on earlier of November 28, 2028, or upon final repayment of the City Bond.

City Bond

On June 28, 2005, the City authorized the issuance of the City and County of Broomfield, Colorado, Sales and Use Tax Revenue Bond (Park 36 Metropolitan District), Series 2005, in a principal amount not to exceed \$29,361,000 (the City Bond). The purpose of the City Bond is to evidence the City's obligation to the District under the Sales and Use Tax Reimbursement Agreement. The City Bond is payable from SUTRA Revenues paid to the District and bears interest at the rate of the Series 2005 Bonds, which is 6.75%, compounded semiannually on May 15 and November 15. The City Bond matures on November 30, 2028. No amount of SUTRA Revenue will be paid to the District in excess of the amounts due under the City Bond.

Cooperation Agreement

The District is located in an urban renewal plan area established by the Broomfield Urban Renewal Authority (BURA). The urban renewal plan allocates all property taxes collected from assessed value above a base amount of \$2,051,480 (Base AV) to BURA; however, BURA and the District have entered into a Cooperation Agreement in which BURA agrees to transfer to the District any revenues received by BURA from the District's mill levies for operations and debt service. Between property taxes collected from the Base AV and property tax revenues received pursuant to the Cooperation Agreement, the District expects to collect all of the property tax revenues raised from the District's mill levies. The urban renewal plan terminates in 2030, and the District will collect its property tax revenues directly in all future years.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Parking Structure Development and Operation Agreement

On June 2, 2006, the District entered into a Parking Structure Development and Operation Agreement with Park 36 Investment, LLC (Developer) and Regional Transportation District (RTD) to define the mutual understanding and agreement of the parties concerning the design, construction, financing, maintenance and use of the Parking Structure. The Parking Structure, a multi-level garage with the capacity for parking approximately 1,500 vehicles, is owned by the District. Based on the agreement, RTD is entitled to the exclusive use of 200 spaces, the District has the exclusive use of 560 spaces and the remaining 740 spaces are shared and are available to RTD and District on a first-come-first-served-basis. The agreement stipulates that RTD shares 45.47% in the operation and maintenance expenses of the Parking Structure using the same percentage allocation discussed above. Following Broomfield Urban Renewal Authority's assumption of the role of Operator and Manager of the Parking Structure in August 2009, an agreement was executed to include the tenant's association of Arista Place in the allocation of annual operational costs of the Parking Structure. The tenant's association is contributing 11.69% of the annual operational costs, reducing the District's allocation to 42.84%.

Parking Structure Management and Maintenance Agreement

The District and Broomfield Sports and Entertainment, LLC (BSE) entered into a Parking Structure Management and Maintenance Agreement dated as of June 27, 2006, as amended on March 11, 2008 (the Parking Structure Management Agreement), pursuant to which the District engaged BSE to serve as the manager of the Parking Structure. Pursuant to the Assignment, Assumption and Consent Agreement, dated August 25, 2009, among BSE, BURA and the District (the Assigned Agreement), all of BSE's rights and responsibilities under the Parking Structure Management Agreement were assigned to and assumed by BURA. Pursuant to the Parking Structure Management Agreement, BURA is responsible for, among other things, coordinating the daily operations and maintenance of the Parking Structure and for paying all of the maintenance and capital replacement costs relating to the Parking Structure. Under the Assigned Agreement, the District allocated its rights to spaces in the Parking Structure to the BURA to the maximum extent available under the Assigned Agreement to utilize space in the Parking Structure for Event Center purposes during the time of all scheduled events at the Event Center and such reasonable time periods before and after such events. During the time that no events are scheduled at the Event Center, the District and BURA shall agree on the allocation of spaces as provided in the Assigned Agreement.

Construction Management Agreement

A Construction Management Agreement was entered into by and between the District and Wiens Capital Management, LLC (Construction Manager). The District is undertaking the construction and repairs of certain streets improvements within its boundaries and engaged the Construction Manager as an independent contractor to provide management services for such project. The Construction Manager has experience and expertise in managing such project and will ensure that the project is in compliance with the District's and the City's requirements. The District will pay the Construction Manager 3% of the actual costs of the project. See related comments on Note 7 – Related Party.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Operations and Maintenance Agreement

An Operations and Maintenance Agreement was entered into by and between the District and Arista Association (Association). The District has or will construct or install public improvements within its boundaries, including but not limited to monumentation, signage, lighting, landscape, irrigation systems, sidewalks, open space, and park and recreation facilities (Improvements). The Association is able and willing to provide administration, management and maintenance (Services) of the Improvements in a more cost-efficient manner than the District. The District and the Association agreed that it is in the best interest of their respective constituents for the Association to operate and maintain the Improvements. The District agreed to pay the Association a fee equivalent to 10% of its annual budget for Services performed by the Association.

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

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

NOTE 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 which apply to the State of Colorado and all local governments, except Enterprises.

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.

**ARISTA METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

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

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 benefit increases.

On November 5, 2002, and November 1, 2005, a majority of the District's electors authorized the District to increase property taxes \$1,000,000 and \$5,000,000, respectively, annually, without limitation to rate, to pay the District's operations and maintenance costs. Additionally, on November 5, 2002, the District's voters authorized the District to collect, retain and spend all revenue in excess of TABOR spending, revenue raising or other limitations.

The District's management has taken such steps as it believes necessary to comply 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

ARISTA METROPOLITAN DISTRICT
DEBT SERVICE FUND - SERIES 2008 and 2015
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 1,595,858	\$ 1,656,489	\$ 1,656,489	\$ -
Specific ownership taxes	79,790	108,000	108,594	594
Net investment income	8,000	23,000	27,770	4,770
Sales taxes	125,000	180,000	202,510	22,510
Use taxes	-	45,000	44,471	(529)
Service expansion fees	20,000	-	-	-
Total revenues	<u>1,828,648</u>	<u>2,012,489</u>	<u>2,039,834</u>	<u>27,345</u>
EXPENDITURES				
Accounting	1,500	-	-	-
Legal	1,500	-	-	-
County Treasurer's fees	3,250	3,261	3,261	-
Letter of credit fee	-	20,500	20,500	-
Loan principal - Series 2015	960,000	960,000	960,000	-
Loan interest - Series 2015	1,013,050	1,013,050	1,013,050	-
Paying agent/trustee fees	7,500	7,500	7,000	500
Total expenditures	<u>1,986,800</u>	<u>2,004,311</u>	<u>2,003,811</u>	<u>500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(158,152)</u>	<u>8,178</u>	<u>36,023</u>	<u>27,845</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	185,025	9,936	3,261	(6,675)
Total other financing sources (uses)	<u>185,025</u>	<u>9,936</u>	<u>3,261</u>	<u>(6,675)</u>
NET CHANGE IN FUND BALANCES	26,873	18,114	39,284	21,170
FUND BALANCES - BEGINNING OF YEAR	<u>2,513,705</u>	<u>2,522,464</u>	<u>2,522,464</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,540,578</u>	<u>\$ 2,540,578</u>	<u>\$ 2,561,748</u>	<u>\$ 21,170</u>

**ARISTA METROPOLITAN DISTRICT
DEBT SERVICE FUND - SERIES 2006A AND C
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net investment income	\$ 1,000	\$ 10,068	\$ 9,068
LID sales taxes	18,500	26,615	8,115
BURA deposit	150,000	150,000	-
Total revenues	<u>169,500</u>	<u>186,683</u>	<u>17,183</u>
EXPENDITURES			
Accounting	2,500	-	2,500
Bond principal - Series 2006A	365,000	365,000	-
Bond interest - Series 2006A	124,000	79,761	44,239
Contingency	706	-	706
District management	500	-	500
Letter of credit fees	350,000	333,547	16,453
Legal	2,500	-	2,500
LOC renewal	5,000	-	5,000
Paying agent/trustee fees	5,600	5,600	-
Rating fees	3,500	4,441	(941)
Remarketing fees	8,000	6,514	1,486
Total expenditures	<u>867,306</u>	<u>794,863</u>	<u>72,443</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(697,806)</u>	<u>(608,180)</u>	<u>89,626</u>
OTHER FINANCING SOURCES (USES)			
City support	650,000	350,000	(300,000)
Transfers in	10,000	77,561	67,561
Transfers out	(8,800)	-	8,800
Total other financing sources (uses)	<u>651,200</u>	<u>427,561</u>	<u>(223,639)</u>
NET CHANGE IN FUND BALANCES	(46,606)	(180,619)	(134,013)
FUND BALANCES - BEGINNING OF YEAR	<u>870,106</u>	<u>1,083,211</u>	<u>213,105</u>
FUND BALANCES - END OF YEAR	<u>\$ 823,500</u>	<u>\$ 902,592</u>	<u>\$ 79,092</u>

**ARISTA METROPOLITAN DISTRICT
DEBT SERVICE FUND - SERIES 2006B
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Net investment income	\$ 1,000	\$ 5,400	\$ 6,247	\$ 847
BURA - Event Center revenue	60,000	60,000	99,048	39,048
BURA deposit	100,000	100,000	100,000	-
Parking payment	363,000	369,783	369,783	-
Total revenues	<u>524,000</u>	<u>535,183</u>	<u>575,078</u>	<u>39,895</u>
EXPENDITURES				
Accounting	2,500	-	-	-
Bond principal - Series 2006B	210,000	210,000	210,000	-
Bond interest - Series 2006B	91,700	70,000	63,655	6,345
Contingency	-	6,783	-	6,783
District management	500	-	-	-
Letter of credit fees	212,000	212,000	211,382	618
Legal	2,500	-	-	-
LOC renewal	5,000	-	-	-
Paying agent/trustee fees	5,600	5,600	5,600	-
Rating fees	3,500	3,441	4,441	(1,000)
Remarketing fees	4,500	4,500	4,127	373
Total expenditures	<u>537,800</u>	<u>512,324</u>	<u>499,205</u>	<u>13,119</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,800)</u>	<u>22,859</u>	<u>75,873</u>	<u>53,014</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	13,800	-	-	-
Transfers out	-	(104,763)	(77,561)	27,202
Total other financing sources (uses)	<u>13,800</u>	<u>(104,763)</u>	<u>(77,561)</u>	<u>27,202</u>
NET CHANGE IN FUND BALANCES	-	(81,904)	(1,688)	80,216
FUND BALANCES - BEGINNING OF YEAR	<u>640,175</u>	<u>722,079</u>	<u>722,079</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 640,175</u>	<u>\$ 640,175</u>	<u>\$ 720,391</u>	<u>\$ 80,216</u>

**ARISTA METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND - INFRASTRUCTURE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - 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	\$ -	\$ -	\$ -
EXPENDITURES			
Capital outlay	10,866	-	10,866
Engineering	-	106	(106)
Parcel A	-	15,236	(15,236)
Parking garage renovations	110,000	27,011	82,989
Shepsfield Park	350,000	-	350,000
Signage - safety and security	80,000	53,523	26,477
Streets - Destination Drive	60,000	55,356	4,644
Uptown Park	380,000	8,769	371,231
Total expenditures	<u>990,866</u>	<u>160,001</u>	<u>830,865</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(990,866)</u>	<u>(160,001)</u>	<u>830,865</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	150,000	120,500	(29,500)
Total other financing sources (uses)	<u>150,000</u>	<u>120,500</u>	<u>(29,500)</u>
NET CHANGE IN FUND BALANCES	(840,866)	(39,501)	801,365
FUND BALANCES - BEGINNING OF YEAR	<u>840,866</u>	<u>886,916</u>	<u>46,050</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 847,415</u>	<u>\$ 847,415</u>

ARISTA METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

Bonds and Interest Maturing in the Year Ending December 31,	\$26,000,000			\$30,970,000		
	Subordinate Special Revenue Bonds Series 2008, Dated March 18, 2008 Interest Rate 9.25% Interest Payable December 15 Principal Due December 1			Tax-Free Loan Refunding Issue Series 2015, Dated November 13, 2015 Interest Rate 3.29% Interest Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 430,000	\$ 4,810,000	\$ 5,240,000	\$ 1,000,000	\$ 981,028	\$ 1,981,028
2019	590,000	2,365,225	2,955,225	1,015,000	947,671	1,962,671
2020	550,000	2,310,650	2,860,650	1,050,000	916,317	1,966,317
2021	620,000	2,259,775	2,879,775	26,345,000	835,451	27,180,451
2022	990,000	2,202,425	3,192,425	-	-	-
2023	1,285,000	2,110,850	3,395,850	-	-	-
2024	1,445,000	1,991,988	3,436,988	-	-	-
2025	1,605,000	1,858,325	3,463,325	-	-	-
2026	1,800,000	1,709,863	3,509,863	-	-	-
2027	1,985,000	1,543,363	3,528,363	-	-	-
2028	2,220,000	1,359,750	3,579,750	-	-	-
2029	490,000	1,154,400	1,644,400	-	-	-
2030	570,000	1,109,075	1,679,075	-	-	-
2031	620,000	1,056,350	1,676,350	-	-	-
2032	715,000	999,000	1,714,000	-	-	-
2033	780,000	932,863	1,712,863	-	-	-
2034	885,000	860,713	1,745,713	-	-	-
2035	960,000	778,850	1,738,850	-	-	-
2036	2,245,000	690,050	2,935,050	-	-	-
2037	5,215,000	482,388	5,697,388	-	-	-
	<u>\$ 26,000,000</u>	<u>\$ 32,585,903</u>	<u>\$ 58,585,903</u>	<u>\$ 29,410,000</u>	<u>\$ 3,680,467</u>	<u>\$ 33,090,467</u>

Bonds and Interest Maturing in the Year Ending December 31,	Total 2008 and 2015 Bonds		
	Principal	Interest	Total
2018	\$ 1,430,000	\$ 5,791,028	\$ 7,221,028
2019	1,605,000	3,312,896	4,917,896
2020	1,600,000	3,226,967	4,826,967
2021	26,965,000	3,095,226	30,060,226
2022	990,000	2,202,425	3,192,425
2023	1,285,000	2,110,850	3,395,850
2024	1,445,000	1,991,988	3,436,988
2025	1,605,000	1,858,325	3,463,325
2026	1,800,000	1,709,863	3,509,863
2027	1,985,000	1,543,363	3,528,363
2028	2,220,000	1,359,750	3,579,750
2029	490,000	1,154,400	1,644,400
2030	570,000	1,109,075	1,679,075
2031	620,000	1,056,350	1,676,350
2032	715,000	999,000	1,714,000
2033	780,000	932,863	1,712,863
2034	885,000	860,713	1,745,713
2035	960,000	778,850	1,738,850
2036	2,245,000	690,050	2,935,050
2037	5,215,000	482,388	5,697,388
	<u>\$ 55,410,000</u>	<u>\$ 36,266,370</u>	<u>\$ 91,676,370</u>

ARISTA METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017
(Continued)

Bonds and Interest Maturing in the Year Ending December 31,	\$10,100,000			\$7,840,000		
	Parking Structure Tax-Exempt Senior Bonds Series 2006A, Dated June 27, 2006 Remarketed on February 10, 2010, \$8,915,000 Interest Rate Estimated at 1.50% - 3.00% Interest Payable June 1 and December 1 Principal Due December 1			Parking Structure Taxable Senior Bonds Series 2006B, Dated June 27, 2006 Remarketed on February 10, 2010, \$5,600,000 Interest Rate Estimated at 2.00% - 4.50% Interest Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 385,000	\$ 233,400	\$ 618,400	\$ 225,000	\$ 222,750	\$ 447,750
2019	410,000	221,850	631,850	240,000	212,625	452,625
2020	430,000	209,550	639,550	255,000	201,825	456,825
2021	455,000	196,650	651,650	270,000	190,350	460,350
2022	480,000	183,000	663,000	290,000	178,200	468,200
2023	505,000	168,600	673,600	310,000	165,150	475,150
2024	535,000	153,450	688,450	330,000	151,200	481,200
2025	565,000	137,400	702,400	350,000	136,350	486,350
2026	595,000	120,450	715,450	375,000	120,600	495,600
2027	625,000	102,600	727,600	400,000	103,725	503,725
2028	660,000	83,850	743,850	425,000	85,725	510,725
2029	695,000	64,050	759,050	450,000	66,600	516,600
2030	1,440,000	43,200	1,483,200	1,030,000	46,350	1,076,350
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
	<u>\$ 7,780,000</u>	<u>\$ 1,918,050</u>	<u>\$ 9,698,050</u>	<u>\$ 4,950,000</u>	<u>\$ 1,881,450</u>	<u>\$ 6,831,450</u>

\$1,700,000
Parking Structure Subordinate Bonds
Series 2006C, Dated June 27, 2006
Remarketed on February 10, 2010
Interest Rate at 7.00%

Interest and Principal Payable on the Second Business Day of December			Total 2006 Series		
Principal	Interest	Total	Principal	Interest	Total
-	\$ 1,404,798	\$ 1,404,798	\$ 610,000	\$ 1,860,948	\$ 2,470,948
-	119,000	119,000	650,000	553,475	1,203,475
-	119,000	119,000	685,000	530,375	1,215,375
-	119,000	119,000	725,000	506,000	1,231,000
-	119,000	119,000	770,000	480,200	1,250,200
-	119,000	119,000	815,000	452,750	1,267,750
-	119,000	119,000	865,000	423,650	1,288,650
-	119,000	119,000	915,000	392,750	1,307,750
-	119,000	119,000	970,000	360,050	1,330,050
-	119,000	119,000	1,025,000	325,325	1,350,325
-	119,000	119,000	1,085,000	288,575	1,373,575
-	119,000	119,000	1,145,000	249,650	1,394,650
-	119,000	119,000	2,470,000	208,550	2,678,550
1,200,000	119,000	1,319,000	1,200,000	119,000	1,319,000
500,000	35,000	535,000	500,000	35,000	535,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,700,000</u>	<u>\$ 2,986,798</u>	<u>\$ 4,686,798</u>	<u>\$ 14,430,000</u>	<u>\$ 6,786,298</u>	<u>\$ 21,216,298</u>

**Bonds
and Interest
Maturing
in the
Year Ending
December 31,**

	Grand Totals		
	Principal	Interest	Total
2018	\$ 2,040,000	\$ 7,651,976	\$ 9,691,976
2019	2,255,000	3,866,371	6,121,371
2020	2,285,000	3,757,342	6,042,342
2021	27,690,000	3,601,226	31,291,226
2022	1,760,000	2,682,625	4,442,625
2023	2,100,000	2,563,600	4,663,600
2024	2,310,000	2,415,638	4,725,638
2025	2,520,000	2,251,075	4,771,075
2026	2,770,000	2,069,913	4,839,913
2027	3,010,000	1,868,688	4,878,688
2028	3,305,000	1,648,325	4,953,325
2029	1,635,000	1,404,050	3,039,050
2030	3,040,000	1,317,625	4,357,625
2031	1,820,000	1,175,350	2,995,350
2032	1,215,000	1,034,000	2,249,000
2033	780,000	932,863	1,712,863
2034	885,000	860,713	1,745,713
2035	960,000	778,850	1,738,850
2036	2,245,000	690,050	2,935,050
2037	5,215,000	482,388	5,697,388
	<u>\$ 69,840,000</u>	<u>\$ 43,052,668</u>	<u>\$ 112,892,668</u>

**ARISTA METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2017**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2013	\$ 16,595,640	20.000	57.475	\$ 1,285,747	\$ 1,018,088	79.18%
2014	\$ 21,214,180	20.000	57.475	\$ 1,643,569	\$ 1,300,202	79.11%
2015	\$ 21,717,290	20.000	57.475	\$ 1,682,545	\$ 1,682,547	100.00%
2016	\$ 25,499,850	20.000	57.475	\$ 1,975,599 *	\$ 1,560,424	78.98%
2017	\$ 28,809,050	20.000	57.475	\$ 2,231,982	\$ 2,232,911	100.04%
Estimated for the year ending December 31, 2018	\$ 42,091,530	20.000	60.498	\$ 3,388,284		

* In 2016, refunds and abatements totaled \$334,378.