

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Aurora High Point at DIA Metropolitan District (District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Aurora High Point at DIA Metropolitan District, as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

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

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
June 9, 2020

BASIC FINANCIAL STATEMENTS

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 71,567
Cash and Investments - Restricted	11,700
Accounts Receivable	37,109
Prepaid Expenses	9,746
Due from Colorado International Center Metro District No. 3	5,640
Due from Colorado International Center Metro District No. 4	37,267
Capital Assets:	
Capital Assets, Not Being Depreciated	1,029,690
Capital Assets, Net of Accumulated Depreciation	910,051
Total Assets	2,112,770
LIABILITIES	
Accounts Payable	209,036
Retainage Payable	1,833
Prepaid Maintenance Fees	14,930
Noncurrent Liabilities:	
Due in More Than One Year	3,981,080
Total Liabilities	4,206,879
NET POSITION	
Net Investment in Capital Assets	1,939,261
Restricted for:	
Emergencies (TABOR)	11,700
Unrestricted	(4,045,070)
Total Net Position	\$ (2,094,109)

See accompanying Notes to Basic Financial Statements.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 522,641	\$ 231,055	\$ 151,718	\$ 7,413,989	\$ 7,274,121
Interest and Related Costs on Long-Term Debt	334,937	-	-	-	(334,937)
Public Works - Dedication of Capital Assets to Other Governments	1,422,513	-	-	-	(1,422,513)
Total Governmental Activities	\$ 2,280,091	\$ 231,055	\$ 151,718	\$ 7,413,989	5,516,671
GENERAL REVENUES					
Other Revenue					5,244
Total General Revenues					5,244
CHANGE IN NET POSITION					
Net Position - Beginning of Year					(7,616,024)
NET POSITION - END OF YEAR					
					\$ (2,094,109)

See accompanying Notes to Basic Financial Statements.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 23,311	\$ 48,256	\$ 71,567
Cash and Investments - Restricted	11,700	-	11,700
Accounts Receivable	37,109	-	37,109
Prepaid Expenditures	9,746	-	9,746
Due from Colorado International Center Metro District No. 3	5,640	-	5,640
Due from Colorado International Center Metro District No. 4	10,000	27,267	37,267
	<u>\$ 97,506</u>	<u>\$ 75,523</u>	<u>\$ 173,029</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 14,006	\$ 195,030	\$ 209,036
Retainage Payable	-	1,833	1,833
Prepaid Maintenance Fees	14,930	-	14,930
Total Liabilities	<u>28,936</u>	<u>196,863</u>	<u>225,799</u>
FUND BALANCES			
Nonspendable:			
Prepaid Amounts	9,746	-	9,746
Restricted for:			
Emergencies (TABOR)	11,700	-	11,700
Assigned to:			
Subsequent Year's Expenditures	3,232	-	3,232
Unassigned	43,892	(121,340)	(77,448)
Total Fund Balances	<u>68,570</u>	<u>(121,340)</u>	<u>(52,770)</u>
Total Liabilities and Fund Balances	<u>\$ 97,506</u>	<u>\$ 75,523</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.			1,939,741
Long-term liabilities, including developer advances, are not due and payable in the current period and, therefore, are reported in the funds.			
Developer Advances			(2,355,335)
Accrued Interest - Developer Advances			(1,625,745)
Net Position of Governmental Activities			<u>\$ (2,094,109)</u>

See accompanying Notes to Basic Financial Statements.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Maintenance Fees	\$ 231,055	\$ -	\$ 231,055
Other Revenue	5,244	-	5,244
Intergovernmental Revenue from Colorado International Center Metro District No. 3	151,718	-	151,718
Intergovernmental Revenue from Colorado International Center Metro District No. 4	-	7,413,989	7,413,989
Total Revenues	388,017	7,413,989	7,802,006
EXPENDITURES			
Current:			
Accounting	74,027	990	75,017
Audit	11,500	-	11,500
Conferences/Seminars	893	-	893
Director Fees	5,400	-	5,400
District Management	78,058	-	78,058
Dues and Subscriptions	1,267	-	1,267
Electricity	1,577	-	1,577
Insurance and Bonds	13,031	-	13,031
Landscape Contract	44,529	-	44,529
Landscape Repairs and Maintenance	38,513	-	38,513
Legal	68,295	8,085	76,380
Miscellaneous	3,668	-	3,668
Other Repairs and Maintenance	9,204	-	9,204
Payroll Taxes	413	-	413
Snow Removal	7,767	-	7,767
Water	93,558	-	93,558
Debt Service:			
Interest on Developer Advances	-	494,383	494,383
Principal on Developer Advances	-	6,330,223	6,330,223
Capital Outlay	-	736,304	736,304
Total Expenditures	451,700	7,569,985	8,021,685
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,683)	(155,996)	(219,679)
OTHER FINANCING SOURCES (USES)			
Developer Advances	44,426	3,266	47,692
Total Other Financing Sources (Uses)	44,426	3,266	47,692
NET CHANGE IN FUND BALANCES	(19,257)	(152,730)	(171,987)
Fund Balances - Beginning of Year	87,827	31,390	119,217
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 68,570	\$ (121,340)	\$ (52,770)

See accompanying Notes to Basic Financial Statements.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ (171,987)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital related activity in the current period.

Capital Outlay	736,304
Dedication of Capital Assets to Other Governments	(1,422,513)
Depreciation Expense	(61,866)

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

Developer Advances - Current Year	(47,692)
Repayment of Developer Advances - Principal	6,330,223

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

Accrued Interest on Developer Advances - Change in Liability	159,446
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Change in Net Position of Governmental Activities	\$ 5,521,915
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**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Maintenance Fees	\$ 175,000	\$ 231,055	\$ 56,055
Other Revenue	-	5,244	5,244
Intergovernmental Revenue from Colorado International Center Metro District No. 3	148,738	151,718	2,980
Total Revenues	323,738	388,017	64,279
EXPENDITURES			
Accounting	75,000	74,027	973
Audit	12,000	11,500	500
Conferences/Seminars	-	893	(893)
Directors' Fees	3,500	5,400	(1,900)
District Management	55,000	78,058	(23,058)
Dues and Subscriptions	1,500	1,267	233
Electricity	2,000	1,577	423
Insurance and Bonds	15,000	13,031	1,969
Landscape Contract	45,000	44,529	471
Landscape Enhancements	20,000	-	20,000
Landscape Repairs and Maintenance	25,000	38,513	(13,513)
Legal	45,000	68,295	(23,295)
Miscellaneous	3,000	3,668	(668)
Payroll Taxes	268	413	(145)
Other Repairs and Maintenance	10,000	9,204	796
Snow Removal	15,000	7,767	7,233
Water	120,000	93,558	26,442
Contingency	22,732	-	22,732
Total Expenditures	470,000	451,700	18,300
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(146,262)	(63,683)	82,579
OTHER FINANCING SOURCES (USES)			
Developer Advance	150,000	44,426	(105,574)
Total Other Financing Sources (Uses)	150,000	44,426	(105,574)
NET CHANGE IN FUND BALANCE	3,738	(19,257)	(22,995)
Fund Balance - Beginning of Year	37,563	87,827	50,264
FUND BALANCE - END OF YEAR	\$ 41,301	\$ 68,570	\$ 27,269

See accompanying Notes to Basic Financial Statements.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 DEFINITION OF REPORTING ENTITY

Aurora High Point at DIA Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by an order and decree of the District Court recorded in Adams County on January 18, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Aurora (the City) on August 30, 2004, and modified on August 14, 2006. Concurrently with the formation of the District, the City approved the formation of Colorado International Center Metropolitan District No. 1 (subsequently dissolved on November 21, 2006) and Colorado International Center Metropolitan District Nos. 3–11 (collectively, the Taxing Districts). The District is the Management District, and together with the Taxing Districts, are collectively the Aurora High Point Districts.

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 and specific ownership taxes collected pursuant to the Facilities Funding, Construction and Operations Agreement and maintenance fees. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Facility Fee

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

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

Maintenance Fee

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

A monthly recurring maintenance fee is charged to each residential and commercial unit in CIC No. 3 for services provided in connection with the construction, operation, and maintenance of public facilities within CIC No. 3, including but not limited to the operation and maintenance of park and recreational facilities, landscaping, and common areas. The maintenance fee may be adjusted from time to time. In 2019, the fees were \$26.50 for residential units without underdrains and \$27.50 for residential units with underdrains. The maintenance fees are billed, collected, and retained by the District.

The Districts are also authorized to charge a one-time maintenance fee payable upon the transfer of a residential or commercial unit by an end user at a rate established by the Districts from time to time. As of December 31, 2019, no rate for the one-time maintenance fee had been established.

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

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

Capital Assets

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

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

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

Sandstone Sculpture	40 Years
Irrigation System, Sidewalks	20 Years
Playground Equipment	15 Years
Fencing	10 Years

Equity

Net Position

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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

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

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

Deficits

The Capital Projects Fund reported a deficit of \$(121,340) in the fund financial statements as of December 31, 2019. It is anticipated that this deficit will be eliminated with developer advances or intergovernmental revenues in 2020.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 71,567
Cash and Investments - Restricted	11,700
Total Cash and Investments	\$ 83,267

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 83,267
Total Cash and Investments	\$ 83,267

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, 2019, the District's cash deposits had a bank balance of \$124,208 and a carrying balance of \$83,267.

Investments

The District has adopted an investment policy by which it follows state statutes regarding investments.

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

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2019, the District had no investments.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance - December 31, 2018	Additions	Reclassification/ Retirement	Balance - December 31, 2019
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 737,742	\$ 736,304	\$ 1,422,513	\$ 51,533
Landscape Improvements/ Detention Pond	978,157	-	-	978,157
Total Capital Assets, Not Being Depreciated	1,715,899	736,304	1,422,513	1,029,690
Capital Assets, Being Depreciated:				
Sandstone Sculpture	57,137	-	-	57,137
Fencing	42,863	-	-	42,863
Playground Equipment	150,000	-	-	150,000
Irrigation System	907,295	-	-	907,295
Sidewalk	15,729	-	-	15,729
Total Capital Assets, Being Depreciated	1,173,024	-	-	1,173,024
Less Accumulated Depreciation for:				
Sandstone Sculpture	(12,140)	(1,429)	-	(13,569)
Fencing	(30,003)	(4,287)	-	(34,290)
Playground Equipment	(70,000)	(10,000)	-	(80,000)
Irrigation System	(83,852)	(45,364)	-	(129,216)
Sidewalk	(5,112)	(786)	-	(5,898)
Total Accumulated Depreciation	(201,107)	(61,866)	-	(262,973)
Total Capital Assets, Being Depreciated, Net	971,917	(61,866)	-	910,051
Governmental Activities - Capital Assets, Net	<u>\$ 2,687,816</u>	<u>\$ 674,438</u>	<u>\$ 1,422,513</u>	<u>\$ 1,939,741</u>

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

Governmental Activities:	
General Government	<u>\$ 61,866</u>

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

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

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance - December 31, 2018	Additions	Retirement	Balance - December 31, 2019	Due Within One Year
Governmental Activities					
Advances from Almond Palm					
Capital	\$ 6,091	\$ -	\$ -	\$ 6,091	\$ -
Accrued Interest	351	487	-	838	-
Operations	316,060	-	-	316,060	-
Accrued Interest	331,926	25,285	-	357,211	-
Advances from ACM					
Capital	6,326,957	3,266	6,330,223	-	-
Accrued Interest	344,596	149,787	494,383	-	-
Operations	1,988,758	44,426	-	2,033,184	-
Accrued Interest	1,108,318	159,378	-	1,267,696	-
Total	<u>\$ 10,423,057</u>	<u>\$ 382,629</u>	<u>\$ 6,824,606</u>	<u>\$ 3,981,080</u>	<u>\$ -</u>

Funding and Reimbursement Agreements

Almond Palm Reimbursement Agreement

On April 12, 2018, the District entered into a Reimbursement Agreement with Almond Palm (Almond Palm Reimbursement Agreement), pursuant to which Almond Palm assumed the reimbursement rights previously held by Colorado International Center LLC (CIC) under the CIC Funding Agreement entered into on January 25, 2005. Under the Almond Palm Reimbursement Agreement, the District acknowledged all prior advances made under the CIC Funding Agreement related to funds expended or advances made relative to the organization of the Aurora High Point Districts and the installation of public infrastructure for the benefit of the Aurora High Point Districts. As of the date of the Almond Palm Reimbursement Agreement, this amount was approximately \$4,562,264 in principal (\$2,309,751) and interest (\$2,252,513) (Almond Palm Reimbursement Obligation). The Almond Palm Reimbursement Agreement provided that interest would accrue on the Almond Palm Reimbursement Obligation at the rate of eight percent (8%) per annum until paid, and that all payments made by the District to Almond Palm shall be credited first to accrued or unpaid interest and then to the principal amount due.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Funding and Reimbursement Agreements (Continued)

Almond Palm Reimbursement Agreement (Continued)

On April 12, 2018, the District paid \$4,562,263.67 in principal and interest on the Almond Palm Reimbursement Obligation under the Almond Palm Reimbursement Agreement by transferring funds the District had received pursuant to the Denver High Point IGA (described below).

At December 31, 2019, the outstanding due to Almond Palm was \$6,091, plus \$838 of accrued interest.

ACM High Point Agreement

On July 20, 2017, the District and ACM entered into the Capital Funding and Reimbursement Agreement (Aurora High Point – Westside) (as amended, the ACM High Point Agreement) for the purposes of acknowledging all prior advances made by to the District under various agreements to the Districts, as assigned to ACM, and to provide for ACM's advancement of funds to the District for future capital costs of the District up to \$10,000,000 for the fiscal years 2017 through 2020. The ACM High Point Agreement provides that simple interest accrues on ACM's developer advances under the agreement, including all prior advances by a previous developer, at the rate of eight percent (8%) per annum until paid. The District intends to repay monies advanced under the ACM High Point Agreement from certain revenues received by the District, including ad valorem taxes and fees. The mill levy certified by the District for the purposes of repaying ACM pursuant to the ACM High Point Agreement shall not exceed 50 mills.

The ACM High Point Agreement was amended on April 10, 2018 and October 8, 2018 to increase the maximum developer advances to \$35,000,000 and to provide for repayment to Almond Palm upon the receipt by the District of any bond proceeds or proceeds received from other Districts. As of December 31, 2018, outstanding advances due to ACM totaled \$6,326,957, and accrued interest totaled \$344,596. The term of the ACM High Point Agreement is in effect until December 1, 2047. On April 18, 2019, the balance was paid in full consisting of \$6,330,223 in principal and \$494,383 in interest.

Operation Funding Agreements – CIC LLC

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Funding and Reimbursement Agreements (Continued)

Operation Funding Agreements – CIC LLC (Continued)

The District agreed to repay the advances from funds available after the payment of its debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest accrues at the rate of eight percent (8%) per annum. Payments were to be made on December 1 of each year and credited first against accrued and unpaid interest and then to the principal amount due. The terms of the Agreements extend through December 31, 2045 and 2046, respectively. At December 31, 2019, outstanding operations advances totaled \$316,060 and accrued interest totaled \$357,211.

Operation Funding Agreements - ACM

ACM, the District, and CIC Nos. 3, 4, 5, 6, 7, 8, 9, 10, and 11 entered into the Operations Funding and Reimbursement Agreement (Aurora High Point – Westside) (ACM OF&R Agreement) on July 20, 2017 for the purposes of acknowledging all prior advances made by a previous developer to the Districts, as assigned to ACM, and to provide for ACM's advancement of funds to the District for future operations costs of the District up to \$1,000,000 for the fiscal years 2017 through 2020. The payment obligation to pay ACM constitutes a multiple-fiscal year financial obligation of the District. Simple interest accrues on each developer advance, including the prior advances made to a previous developer at a rate of eight percent (8%) per annum until paid. The District intends to repay from certain revenues including ad valorem taxes and fees. Any mill levy certified by the District for the purpose of repaying advances shall not exceed the mill levy limitation in the Service Plan, and in any event, shall not exceed 50 mills. The term of this Agreement is in effect until the earlier of the repayment of the obligation or December 1, 2047. At December 31, 2019, the outstanding amount due to ACM was \$2,033,184, plus \$1,267,696 of accrued interest.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 2, 2004 and May 3, 2016, a majority of the qualified electors of the District authorized the issuance of general obligation debt totaling \$10,820,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District had authorized, but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 2, 2004 Election	Authorized May 3, 2016 Election	Authorization Used	Remaining at December 31, 2019
Streets	\$ 400,000,000	\$ 400,000,000	\$ -	\$ 800,000,000
Water Supply System	400,000,000	400,000,000	-	800,000,000
Storm and Sanitary Sewer	400,000,000	400,000,000	-	800,000,000
Parks and Recreation	400,000,000	400,000,000	-	800,000,000
Mosquito Control	400,000,000	400,000,000	-	800,000,000
Fire Protection	400,000,000	400,000,000	-	800,000,000
Television Relay/Translation	400,000,000	400,000,000	-	800,000,000
Public Transportation	400,000,000	400,000,000	-	800,000,000
Traffic and Safety Controls	400,000,000	400,000,000	-	800,000,000
Debt Refunding	400,000,000	400,000,000	-	800,000,000
Operations and Maintenance	20,000,000	400,000,000	-	420,000,000
Intergovernmental Agreements	400,000,000	400,000,000	-	800,000,000
Private Agreements	-	400,000,000	-	400,000,000
Special Assessments	-	400,000,000	-	400,000,000
Security	-	400,000,000	-	400,000,000
Multiple Fiscal Year Contracts	400,000,000	-	-	400,000,000
Total	<u>\$ 4,820,000,000</u>	<u>\$ 6,000,000,000</u>	<u>\$ -</u>	<u>\$ 10,820,000,000</u>

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

Per the District's Service Plan, the District is prohibited from issuing debt in excess of \$400,000,000. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 AGREEMENTS

Facilities Funding, Construction and Operations Agreement (FFCOA)

On January 21, 2005, and as amended on July 27, 2006, the District entered into a Facilities Funding, Construction and Operations Agreement with the Taxing Districts. The Management District will own, operate, maintain, finance, and construct facilities benefiting all of the Districts and the Taxing Districts will contribute to the costs of construction, operation, and maintenance of such facilities. Since all assessed valuation of property developed will be located in the Taxing Districts, the Taxing Districts will either use proceeds of general obligation bonds or pledge their ad valorem tax revenues to pay their obligations to the Management District.

Pursuant to the Facilities Funding, Construction and Operations Agreement, CIC No. 3 issued \$8,875,000 in General Obligation Bonds on February 3, 2006, and transferred the net bond proceeds to the District for use in construction of the facilities. On October 25, 2016, CIC No. 3 issued \$11,960,000 in General Obligation Refunding and Improvement Bonds. CIC No. 3 transferred \$6,832,441 of bond proceeds to the District, which was used to repay accrued interest on capital developer advances. On April 23, 2018, CIC No. 3 issued \$2,540,000 of Subordinate Limited Tax General Obligation Bonds and \$750,000 of Junior Lien Limited Tax General Obligations Bonds. \$2,915,200 of net bond proceeds was transferred to the District, which was used to repay accrued interest and principal on capital developer advances.

Additionally, the District received \$7,413,989 from CIC No. 4 from CIC No. 4's Series 2019 project funds.

Intergovernmental Agreement with Aurora

The District and the City are parties to an intergovernmental agreement (City IGA) dated February 4, 2005, pursuant to the requirements of the Service Plan. Under the City IGA, the District covenants to dedicate all public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The agreement states that the District is not authorized to operate and maintain improvements, other than park and recreation improvements, unless otherwise agreed to by the City. A First Amendment to the City IGA (First Amendment) was approved by the City on June 22, 2009, and became effective on July 13, 2009. The First Amendment allows the District to operate and maintain street and safety improvements outside of the public right-of-way, and to operate and maintain the underdrain systems and water quality control and drainage structures that are not owned and maintained by the City. The District is required to impose a mill levy for Aurora regional improvements (the ARI Mill Levy). The ARI Mill Levy is defined in the Service Plan as: (i) for the first 20 years (beginning in the first year of collection of a debt service mill levy by the District), one mill; (ii) for the next 20 years, five mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct nonregional improvements. The District does not currently impose this mill levy because the District does not impose a debt service mill levy.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 AGREEMENTS (CONTINUED)

Construction and Reimbursement Agreement

On March 17, 2006, the District entered into an agreement with LNR CPI High Point LLC (LNR) (a prior developer) and the City of Aurora regarding water transmission, sanitary sewer interceptor, and storm drainage improvements. Per an Annexation Agreement between LNR and the City, LNR is responsible for connection to the City's water and sewer facilities by construction of water, sewer, and storm drainage improvements. Additionally, LNR is obligated to pay certain sewer, water, and storm drainage fees upon platting within the property in the District. Under this Construction and Reimbursement Agreement, LNR has assigned its rights and obligations under the Annexation Agreement to the District with respect to the funding and construction of the improvements and payment of the fees. The District shall pay 100% of the improvement costs (subject to annual budget and appropriation), which are subject to partial reimbursement by the City's Water Department. The Water Department will reimburse the District for improvement costs, less the fees that were due to the City per the Annexation Agreement. The City's obligation to reimburse the District for such improvement costs is limited to the future development fees collected from water transmission fees, sewer interceptor development fees, and storm drainage development fees collected from adjacent and connecting developments. At the signing date of this Agreement, the fees were \$500 per acre for a Sewer Interceptor Development Fee, \$1,100 per acre for a Water Transmission Fee, and \$1,600 per acre for a Storm Drainage Fee, which fees are subject to increase in accordance with City policies and procedures. The City agrees to waive these fees at recordation of plats to the extent it is anticipated that the District will pay improvement costs equal to or in excess of the fees. Upon completion of the construction of the improvements, the District shall dedicate the improvements to the City. The estimated proposed cost of the improvements is \$7,663,189, of which \$4,990,789 is estimated to be eligible for reimbursement. As of December 31, 2019, the District had incurred costs of approximately \$7.14 million associated with this agreement. No fees were received by the District in 2019.

Construction Management Agreements

Silverbluff Companies, Inc.

Since May 29, 2012, the District and Silverbluff Companies, Inc. (Silverbluff) have entered into a construction management agreement, which has been amended and restated on several occasions. Under the agreement, Silverbluff is to provide construction management services for the District's various capital construction projects. Compensation shall be 5% of the total contract prices. The agreement was renewed for 2019. During 2019, the District paid \$27,500 to Silverbluff under this agreement.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 AGREEMENTS (CONTINUED)

Aurora Regional Transportation Authority

In 2006, the District, along with other metropolitan districts within Aurora, entered into the Aurora Regional Transportation Authority (ARTA) Establishment Agreement. This Agreement was amended on August 14, 2007, February 20, 2008, July 21, 2008, June 11, 2009, and June 6, 2013, to add additional metropolitan district members. ARTA will plan, design, acquire, construct, relocate, redevelop, and finance regional improvements within the boundaries of the metropolitan districts which are a party to the Agreement using the revenue from the ARI Mill Levy of each of the districts. In accordance with the Agreement, the City has been offered the right to appoint no less than 30% and no more than 49% of the ARTA Board, but as of December 31, 2019, had not exercised this right.

Denver High Point IGA

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

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 AGREEMENTS (CONTINUED)

Denver High Point IGA (Continued)

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

NOTE 7 NET POSITION

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

The net investment in capital assets component of net position consists of capital assets that are owned by the District, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2019, the District had net investment in capital assets calculated as follows:

	<u>Governmental Activities</u>
Net Investment in Capital Assets	
Capital Assets, Net	\$ 1,939,741
Less: Capital Related Debt	
Noncurrent Portion of Long-Term Obligations	(480)
Net Investment in Capital Assets	<u>\$ 1,939,261</u>

The restricted component of net position consists of assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$11,700 for Emergency Reserves as of December 31, 2019.

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

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 RELATED PARTIES

The property within the District is owned by and is being developed by ACM High Point VI LLC, a Delaware limited liability corporation (ACM). During 2019, a majority of the members of the Board of Directors were officers of, employees of, or associated with ACM. One Board member is the owner of Silverbluff Company, Inc., which provides construction management services to the District.

NOTE 9 ECONOMIC DEPENDENCY

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

NOTE 10 COMMITMENTS AND CONTINGENCIES

As of December 31, 2019, the District had unexpended construction related contract commitments of approximately \$81,221.

NOTE 11 RISK MANAGEMENT

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

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

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

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 12 TAX, SPENDING AND DEBT LIMITATIONS

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

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

On November 2, 2004, a majority of the District's electors authorized the District to collect and spend or retain taxes of up to \$20,000,000 annually for operations and maintenance and any revenues from any other sources without regard to any limitations imposed by TABOR beginning in 2005. On May 3, 2016, a majority of the District's electors authorized the District to collect and spend or retain taxes of up to \$20,000,000 annually for operations and maintenance and any revenues from any other sources without regard to any limitations imposed by TABOR beginning in 2016. Additionally, the District electors authorized the District to collect, retain, and spend all revenue without regard to limitation under TABOR in 2005 and 2016 and all subsequent years.

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

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

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

SUPPLEMENTARY INFORMATION

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue from Colorado International Center Metro District No. 4	\$ -	\$ 7,413,989	\$ 7,413,989
Total Revenues	<u>-</u>	<u>7,413,989</u>	<u>7,413,989</u>
EXPENDITURES			
Current:			
Accounting	3,000	990	2,010
Legal	5,000	8,085	(3,085)
Debt Service:			
Interest on Developer Advances	-	494,383	(494,383)
Principal on Developer Advances	-	6,330,223	(6,330,223)
Capital Outlay:			
Construction Management	610,000	27,500	582,500
Dry Utilities	545,000	-	545,000
Engineering	665,000	146,810	518,190
Erosion Control	250,000	11,608	238,392
Grading/Earthwork	855,000	-	855,000
Parks and Landscaping	970,000	30,528	939,472
Sanitary Sewer	790,000	555	789,445
Storm Drainage	2,305,000	17,755	2,287,245
Streets	3,810,000	501,548	3,308,452
Water Services	1,730,000	-	1,730,000
Total Expenditures	<u>12,538,000</u>	<u>7,569,985</u>	<u>4,968,015</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,538,000)	(155,996)	12,382,004
OTHER FINANCING SOURCES (USES)			
Developer Advance	12,538,000	3,266	(12,534,734)
Total Other Financing Sources (Uses)	<u>12,538,000</u>	<u>3,266</u>	<u>(12,534,734)</u>
NET CHANGE IN FUND BALANCE	-	(152,730)	(152,730)
Fund Balance - Beginning of Year	<u>-</u>	<u>31,390</u>	<u>31,390</u>
FUND BALANCE (Deficit) - END OF YEAR	\$ -	\$ (121,340)	\$ (121,340)