

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITOR’S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) – BUDGET AND ACTUAL	25



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Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Aurora High Point at DIA Metropolitan District (District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Aurora High Point at DIA Metropolitan District, as of December 31, 2021, 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.

Basis for Opinions

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

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary 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 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is listed in the table of contents and does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
September 28, 2022

BASIC FINANCIAL STATEMENTS

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 38,762
Cash and Investments - Restricted	1,337,797
Prepaid Expenses	1,800
Due from Colorado International Center Metro District No. 4	57,347
Due from Colorado International Center Metro District No. 8	7,383
Due from HM Metropolitan District No. 1	1,000,000
Capital Assets:	
Capital Assets, Not Being Depreciated	25,084,827
Capital Assets, Net of Accumulated Depreciation	<u>790,187</u>
Total Assets	<u>28,318,103</u>
LIABILITIES	
Accounts Payable	2,935,420
Retainage Payable	550,445
Noncurrent Liabilities:	
Due in More Than One Year	<u>6,298,616</u>
Total Liabilities	<u>9,784,481</u>
NET POSITION	
Net Investment in Capital Assets	1,765,289
Restricted for:	
Emergencies (TABOR)	100
Unrestricted	<u>16,768,233</u>
Total Net Position	<u><u>\$ 18,533,622</u></u>

See accompanying Notes to Basic Financial Statements.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		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	\$ 677,942	\$ -	\$ 41	\$ 14,811,226	\$ 14,133,325
Interest and Related Costs on Long-Term Debt	229,778	-	-	-	(229,778)
Transfer of Capital Assets to Other Governments	331,927	-	-	-	(331,927)
Total Governmental Activities	\$ 1,239,647	\$ -	\$ 41	\$ 14,811,226	13,571,620
CHANGE IN NET POSITION					13,571,620
Net Position - Beginning of Year					4,962,002
NET POSITION - END OF YEAR					\$ 18,533,622

See accompanying Notes to Basic Financial Statements.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 38,762	\$ -	\$ 38,762
Cash and Investments - Restricted	100	1,337,697	1,337,797
Prepaid Expenditures	1,800	-	1,800
Due from Colorado International Center Metro District No. 4	30,080	27,267	57,347
Due from Colorado International Center Metro District No. 8	7,383	-	7,383
Due from HM Metropolitan District No. 1	-	1,000,000	1,000,000
	<u>\$ 78,125</u>	<u>\$ 2,364,964</u>	<u>\$ 2,443,089</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 13,094	\$ 2,922,326	\$ 2,935,420
Retainage Payable	-	550,445	550,445
Total Liabilities	<u>13,094</u>	<u>3,472,771</u>	<u>3,485,865</u>
FUND BALANCES			
Nonspendable:			
Prepaid Amounts	1,800	-	1,800
Restricted for:			
Emergencies (TABOR)	100	-	100
Assigned to:			
Subsequent Year's Expenditures	14,443	-	14,443
Unassigned	48,688	(1,107,807)	(1,059,119)
Total Fund Balances	<u>65,031</u>	<u>(1,107,807)</u>	<u>(1,042,776)</u>
Total Liabilities and Fund Balances	<u>\$ 78,125</u>	<u>\$ 2,364,964</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.			25,875,014
Long-term liabilities, including developer advances, are not due and payable in the current period and, therefore, are reported in the funds.			
Developer Advances			(4,249,436)
Accrued Interest - Developer Advances			(2,049,180)
Net Position of Governmental Activities			<u>\$ 18,533,622</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, 2021**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Intergovernmental Revenue from Colorado			
International Center Metro District No. 4	\$ 40	\$ 4,492,182	\$ 4,492,222
International Center Metro District No. 5	1	-	1
International Center Metro District No. 8	-	9,215,044	9,215,044
Intergovernmental Revenue from HM Metro District No. 1	-	1,000,000	1,000,000
Reimbursed Expenditures/Donation	-	104,000	104,000
Total Revenues	<u>41</u>	<u>14,811,226</u>	<u>14,811,267</u>
EXPENDITURES			
Current:			
Accounting	93,276	10,716	103,992
Audit	11,900	-	11,900
Construction Trailer Lease	-	49,587	49,587
District Management	38,501	-	38,501
Dues and Subscriptions	2,808	-	2,808
Electricity	76	-	76
Insurance and Bonds	38,072	-	38,072
Intergovernmental Expenditures	34,924	88,000	122,924
Landscape Repairs and Maintenance	1,138	-	1,138
Legal	82,191	5,869	88,060
Miscellaneous	8,850	2,799	11,649
Organization Costs	-	94,326	94,326
Public Arts Fee	-	21,996	21,996
Snow Removal	1,440	-	1,440
Storm Drainage	189	-	189
Utility Relocation	-	4,088	4,088
Water	24,225	-	24,225
Capital Outlay			
Construction Management	-	938,000	938,000
Dry Utilities	-	150,631	150,631
Engineering	-	136,552	136,552
Erosion Control	-	609,711	609,711
Grading/Earthwork	-	4,958,856	4,958,856
Parks and Landscaping	-	833,669	833,669
Sanitary Sewer	-	1,547,865	1,547,865
Storm Drainage	-	1,990,017	1,990,017
Streets	-	3,625,689	3,625,689
Water Services	-	1,270,816	1,270,816
Total Expenditures	<u>337,590</u>	<u>16,339,187</u>	<u>16,676,777</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(337,549)	(1,527,961)	(1,865,510)
OTHER FINANCING SOURCES (USES)			
Developer Advances	265,167	1,345,505	1,610,672
Total Other Financing Sources (Uses)	<u>265,167</u>	<u>1,345,505</u>	<u>1,610,672</u>
NET CHANGE IN FUND BALANCES	(72,382)	(182,456)	(254,838)
Fund Balances - Beginning of Year	<u>137,413</u>	<u>(925,351)</u>	<u>(787,938)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 65,031	\$ (1,107,807)	\$ (1,042,776)

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, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ (254,838)

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	16,061,806
Depreciation Expense	(62,971)

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	(1,610,672)
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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.

Accrued Interest on Developer Advances - Change in Liability	<u>(229,778)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 13,571,620</u></u>
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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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
International Center Metro District No. 4	\$ 40	\$ 40	\$ -
International Center Metro District No. 5	68	1	(67)
International Center Metro District No. 8	2	-	(2)
Net Investment Income	2	-	(2)
Total Revenues	<u>112</u>	<u>41</u>	<u>(71)</u>
EXPENDITURES			
Accounting	90,000	93,276	(3,276)
Auditing	11,900	11,900	-
Contingency	19,140	-	19,140
Director's Fees	6,000	-	6,000
District Management	90,000	38,501	51,499
Dues and Licenses	4,000	2,808	1,192
Electricity	500	76	424
Insurance and Bonds	28,000	38,072	(10,072)
Intergovernmental Expenditures	-	34,924	(34,924)
Landscape Contract	10,000	-	10,000
Landscape Repairs and Maintenance	5,000	1,138	3,862
Legal	120,000	82,191	37,809
Miscellaneous	4,000	8,850	(4,850)
Other Repairs and Maintenance	5,000	-	5,000
Payroll Taxes	460	-	460
Snow Removal	4,000	1,440	2,560
Storm Drainage	-	189	(189)
Water	2,000	24,225	(22,225)
Total Expenditures	<u>400,000</u>	<u>337,590</u>	<u>62,410</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(399,888)	(337,549)	62,339
OTHER FINANCING SOURCES (USES)			
Developer Advance	385,000	265,167	(119,833)
Total Other Financing Sources (Uses)	<u>385,000</u>	<u>265,167</u>	<u>(119,833)</u>
NET CHANGE IN FUND BALANCE	(14,888)	(72,382)	(57,494)
Fund Balance - Beginning of Year	15,179	137,413	122,234
FUND BALANCE - END OF YEAR	<u>\$ 291</u>	<u>\$ 65,031</u>	<u>\$ 64,740</u>

See accompanying Notes to Basic Financial Statements.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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. Colorado International Center Metropolitan District No. 3 terminated its participation in the Facilities Funding, Construction and Operation Agreement (FFCOA) effective October 25, 2019, and Colorado International Center Metropolitan District No. 7 and Colorado International Center Metropolitan District No. 11 both terminated their participation in the FFCOA effective October 12, 2021. District No. 3, District No. 7, and District No. 11 are no longer operating in conjunction with the other the District or the Taxing 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.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

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.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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.

Budgets

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

Pooled Cash and Investments

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

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.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. 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.

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.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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 \$(1,107,807) in the fund financial statements as of December 31, 2021. It is anticipated that this deficit will be eliminated with developer advances or intergovernmental revenues in 2022.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 38,762
Cash and Investments - Restricted	<u>1,337,797</u>
Total Cash and Investments	<u><u>\$ 1,376,559</u></u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 1,376,559
Total Cash and Investments	<u><u>\$ 1,376,559</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, 2021, the District’s cash deposits had a bank balance of \$3,591,110 and a carrying balance of \$1,376,559.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

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, 2021, the District had no investments.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance - December 31, 2020	Additions	Reclassification/ Retirement	Balance - December 31, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 8,376,791	\$ 16,061,806	\$ 331,927	\$ 24,106,670
Landscape Improvements/ Detention Pond	978,157	-	-	978,157
Total Capital Assets, Not Being Depreciated	9,354,948	16,061,806	331,927	25,084,827
Capital Assets, Being Depreciated				
Sandstone Sculpture	57,137	-	-	57,137
Fencing	42,863	-	-	42,863
Playground Equipment	155,526	-	-	155,526
Irrigation System	907,295	-	-	907,295
Sidewalk	15,729	-	-	15,729
Total Capital Assets, Being Depreciated	1,178,550	-	-	1,178,550
Less Accumulated Depreciation for:				
Sandstone Sculpture	(14,997)	(1,428)	-	(16,425)
Fencing	(38,576)	(4,286)	-	(42,862)
Playground Equipment	(90,553)	(11,105)	-	(101,658)
Irrigation System	(174,581)	(45,365)	-	(219,946)
Sidewalk	(6,685)	(787)	-	(7,472)
Total Accumulated Depreciation	(325,392)	(62,971)	-	(388,363)
Total Capital Assets, Being Depreciated, Net	853,158	(62,971)	-	790,187
Governmental Activities - Capital Assets, Net	<u>\$ 10,208,106</u>	<u>\$ 15,998,835</u>	<u>\$ 331,927</u>	<u>\$ 25,875,014</u>

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

Governmental Activities:	
General Government	<u>\$ 62,971</u>

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021:

	Balance - December 31, 2020	Additions	Retirement	Balance - December 31, 2021	Due Within One Year
Other Debts:					
Almond Palm - Capital	\$ 6,091	\$ -	\$ -	\$ 6,091	\$ -
Almond Palm - Operations	316,060	-	-	316,060	-
ACM - Capital	-	1,345,505	-	1,345,505	-
ACM - Operations	2,316,613	265,167	-	2,581,780	-
Accrued Interest On:					
Almond Palm - Capital	1,327	487	-	1,814	-
Almond Palm - Operations	382,565	25,285	-	407,850	-
ACM - Capital	-	8,941	-	8,941	-
ACM - Operations	1,435,510	195,065	-	1,630,575	-
Subtotal of Other Debts	<u>4,458,166</u>	<u>1,840,450</u>	<u>-</u>	<u>6,298,616</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 4,458,166</u>	<u>\$ 1,840,450</u>	<u>\$ -</u>	<u>\$ 6,298,616</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 comprised of 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, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Funding and Reimbursement Agreements (Continued)

Almond Palm Reimbursement Agreement (Continued)

On April 12, 2018, the District paid \$4,562,264 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, 2021, the outstanding due to Almond Palm was \$6,091, plus \$1,814 of accrued interest.

Operation Funding Agreements – CIC LLC/Almond Palm

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

The District agreed to repay the advances from funds available after the payment of its debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest 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, 2021, outstanding operations advances totaled \$316,060 and accrued interest totaled \$407,850.

Operation Funding Agreement - 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. Debt authorization used under this agreement through December 31, 2020, is \$489,997. 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. It is anticipated that this agreement will be amended to increase the operational amount in 2022. On December 31, 2021, the outstanding amount due to ACM was \$2,581,780, plus \$1,630,575 of accrued interest.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Funding and Reimbursement Agreements (Continued)

Operation Funding Agreement – ACM (Continued)

On July 12, 2021, the agreement was amended to increase the maximum funds advanced to \$5,000,000 for fiscal years 2017 through 2025.

Capital Funding Agreement - ACM

ACM and the District entered into the Capital Funding and Reimbursement Agreement (Aurora High Point – Westside) (ACM CF&R Agreement) on July 20, 2017 for the purposes of acknowledging all prior advances made by a previous developer to the District, as assigned to ACM, and to provide for ACM’s advancement of funds to the District for future capital costs of the District up to \$10,000,000 for the fiscal years 2017 through 2020. The payment obligation to pay ACM constitutes a multiple-fiscal year 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. Debt authorization used under this agreement through December 31, 2021, is \$1,413,910. The District intends to repay advances under this agreement from any bond proceeds issued by the District or bond proceeds received from the Taxing Districts pursuant to the FFCO (see Note 6). The term of this Agreement is in effect until the earlier of the repayment of the obligation or December 1, 2047. On December 31, 2021, the outstanding amount due to ACM was \$1,345,505, plus \$8,941 of accrued interest.

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, 2021, 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, 2021
Streets	\$ 400,000,000	\$ 400,000,000	\$ 1,413,910	\$ 798,586,090
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	489,997	419,510,003
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>\$ 1,903,907</u>	<u>\$ 10,818,096,093</u>

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

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.

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 from CIC No. 4's Series 2019 project funds \$7,413,989 and \$6,714,527 in 2019 and 2020, respectively. The District received from CIC No. 8's Series 2020 project funds \$366,141 in 2020.

Effective October 25, 2019, CIC No. 3 terminated its participation in the FFCOA. During 2021, the District transferred tracts and underdrains to CIC No. 3 pursuant to the termination. Effective October 12, 2021, CIC Nos. 7 & 11 have terminated their participation in the FFCOA.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

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.

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, 2021, the District had incurred costs of approximately \$7.14 million associated with this agreement. No fees were received by the District in 2021.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

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 2021. During 2021, the District paid \$1,044,000 to Silverbluff under this agreement.

Aurora Regional Transportation Authority

In 2006, the District, along with other metropolitan districts within Aurora, entered into the Aurora Regional Transportation Authority (ARTA) Establishment Agreement. This Agreement was amended on August 14, 2007, February 20, 2008, July 21, 2008, June 11, 2009, and June 6, 2013, to add additional metropolitan district members. ARTA will plan, design, acquire, construct, relocate, redevelop, and finance regional improvements within the boundaries of the metropolitan districts which are a party to the Agreement using the revenue from the ARI Mill Levy of each of the districts. In accordance with the Agreement, the City has been offered the right to appoint no less than 30% and no more than 49% of the ARTA Board, but as of December 31, 2021, had not exercised this right.

High Point Academy Use and Cost Sharing Agreement

The District entered into a Use and Cost Sharing Agreement (HPA Agreement) on November 16, 2020 with High Point Academy (the Academy). The District has constructed an all-purpose artificial turf field (the Field) and the Academy contributed \$500,000 in 2020 to the construction of the Field. Under the terms of the HPA Agreement, the Academy has the right to the use of the Field from 7:00 a.m. to 5:00 p.m. during all days that the Academy is in session. The Academy also has rights to use the Field each year for annually occurring Academy events. The Academy shall reimburse the District 50% of all reasonable costs and expenses incurred by the District to operate, maintain, and repair the Field. The Academy shall also reimburse the District 50% of all costs and expenses to replace any Field improvements. The initial term of the HPA Agreement is for five (5) years from the date of the HPA Agreement and will automatically renew for successive five (5) year terms, unless either party provides written notice of non-renewal no later than three (3) months prior to the then-scheduled expiration date.

IGA for the Coordination of Bidding, Construction Management, and Cost Verification

The District entered into an Intergovernmental Agreement – Coordination of Public Bidding/Construction Management and Cost Verification 64th Avenue/Denali Road Improvements (the 64th Ave. IGA) on October 7, 2020 with the 64th Ave. ARI Authority (the Authority) in order to coordinate the bidding, construction management, and cost verification of 64th Ave. Regional Improvements and Denali Road Improvements. Per the 64th Ave. IGA, the Construction Manager is Silverbluff, who is the construction manager for the District.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

IGA for the Coordination of Bidding, Construction Management, and Cost Verification (Continued)

The Construction Manager shall publish one invitation to bid for the 64th Ave. Regional Improvements and the Denali Road Improvements. Any bidder shall have the option to bid on both improvements but must be the lowest responsible bidder on both scopes to be awarded both contracts. The Authority shall be the owner of the bid for the 64th Ave. Regional Improvements and shall have the ability to reject or award that contract. The District shall be the owner of the bid for the Denali Road Improvements and shall have the ability to reject or award that contract.

In the event that the District and the Authority award contracts for their respective improvements, it is agreed that the Construction Manager will also be engaged for the construction, initial acceptance, and final acceptance process. The District and the Authority have also agreed to engage a cost verification engineer to confirm that the costs are reasonable, comparable, and properly invoiced to either the District or the Authority.

IGA – Cost Sharing of Denali Street Extension

The District entered into an Intergovernmental Agreement-Regarding Cost Sharing of the Extension of Denali Street (Denali IGA) on October 7, 2020 with HM Metropolitan District No. 1 (HM). The purpose of the Denali IGA is to achieve efficiencies and cost savings by having the District coordinate the bidding and construction of the Denali Street Improvements, for which both districts will share in the costs. The Denali Street Improvements are comprised of South Denali Street Improvements and North Denali Street Improvements.

The bidding, construction management, and cost verification processes are similar to the terms of the above 64th Ave. IGA. Prior to awarding the bid for the Denali Street Improvements, the District and HM will determine HM's share of the costs for both South Denali Street and North Denali Street. Prior to the award of the South Denali Street Improvements, HM shall contribute \$1,000,000 to the District (less any amounts required to be paid by third parties under agreements with HM and the Authority). If such amount is less than HM's portion, such amount will be funded by the District and will be due from HM. No interest shall accrue on the amounts advanced by the District for HM's share. Prior to the award of the contract, the District may, after consultation with HM, reduce the scope of the improvements.

The District acknowledges that it is building the South and North Denali Street Improvements ahead of when they are needed or can be funded by HM. HM agrees to reimburse any remaining amounts due to the District upon the occurrence of the following: (i) a final plat (including the Denali Street Improvements) has been approved and recorded in Adams County; and (ii) the applicable HM Metropolitan District Nos. 1-9 (that has included such improvements into its boundaries) has issued bonds.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

IGA – Cost Sharing of Denali Street Extension (Continued)

The District shall keep an accounting of the total costs of the Denali Street Improvements and the amounts advanced by HM and provide this information on a monthly basis. The District will not approve any change orders that would increase HM's contribution over 5% or material design changes without the consent of HM. As of December 31, 2021, the District had receivables of \$1,000,000 from HM pursuant to the Denali IGA.

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, 2021, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets	
Capital Assets, Net	\$ 1,768,344
Less: Capital Related Debt	
Noncurrent Portion of Long-Term Obligations	(3,055)
Net Investment in Capital Assets	\$ 1,765,289

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 \$100 for Emergency Reserves as of December 31, 2021.

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.

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 2021, a majority of the members of the Board of Directors were officers of, employees of, or associated with ACM. One Board member is the owner of Silverbluff Company, Inc., which provides construction management services to the District.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021, the District had unexpended construction related contract commitments of approximately \$7,523,633.

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

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

NOTE 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.

**AURORA HIGH POINT AT DIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

On November 2, 2004, a majority of the District's electors authorized the District to collect and spend or retain taxes of up to \$20,000,000 annually for operations and maintenance and any revenues from any other sources without regard to any limitations imposed by TABOR beginning in 2005. 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
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Reimbursed Expenditures	\$ -	\$ 104,000	\$ 104,000
Intergovernmental - Transfer from CIC4	14,358,082	4,492,182	(9,865,900)
Intergovernmental Revenues - CIC 8	29,068,144	9,215,044	(19,853,100)
Intergovernmental Revenues - HM 1	-	1,000,000	1,000,000
Total Revenues	<u>43,426,226</u>	<u>14,811,226</u>	<u>(28,615,000)</u>
EXPENDITURES			
Current:			
Accounting	2,000	10,716	(8,716)
Construction Trailer Lease	36,000	49,587	(13,587)
Intergovernmental Expenditures	-	88,000	(88,000)
Legal	20,000	5,869	14,131
Organization Costs	-	94,326	(94,326)
Miscellaneous	1,000	2,799	(1,799)
Public Arts Fee	-	21,996	(21,996)
Utility Relocation	445,000	4,088	440,912
Capital Outlay:			
Construction Management	900,000	938,000	(38,000)
Dry Utilities	-	150,631	(150,631)
Engineering	650,000	136,552	513,448
Erosion Control	500,000	609,711	(109,711)
Grading/Earthwork	1,000,000	4,958,856	(3,958,856)
Parks and Landscaping	1,000,000	833,669	166,331
Sanitary Sewer	1,400,000	1,547,865	(147,865)
Storm Drainage	2,500,000	1,990,017	509,983
Streets	7,100,000	3,625,689	3,474,311
Water Services	1,000,000	1,270,816	(270,816)
Contingency	800,000	-	800,000
Total Expenditures	<u>17,354,000</u>	<u>16,339,187</u>	<u>1,014,813</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,072,226	(1,527,961)	(27,600,187)
OTHER FINANCING SOURCES (USES)			
Developer Advance	-	1,345,505	1,345,505
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,345,505</u>	<u>1,345,505</u>
NET CHANGE IN FUND BALANCE	26,072,226	(182,456)	(26,254,682)
Fund Balance - Beginning of Year	<u>16,803,661</u>	<u>(925,351)</u>	<u>(17,729,012)</u>
FUND BALANCE (Deficit) - END OF YEAR	<u>\$ 42,875,887</u>	<u>\$ (1,107,807)</u>	<u>\$ (43,983,694)</u>