

CORNERSTAR METROPOLITAN DISTRICT
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

**CORNERSTAR METROPOLITAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cornerstar Metropolitan District
Arapahoe County, Colorado

Opinions

We have audited the financial statements of the governmental activities and each major fund of Cornerstar Metropolitan District (the 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 District as of December 31, 2021, and the respective changes in financial position thereof, and the respective budgetary comparisons for the general fund and the special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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Fiscal Focus Partners, LLC

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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 to 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 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 and 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 and other information on pages 24 through 28 is presented for the purposes of additional analysis and legal compliance and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The continuing disclosure obligation information on page 29 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
September 29, 2022

BASIC FINANCIAL STATEMENTS

**CORNERSTAR METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,051,111
Cash and Investments - Restricted	3,113,263
Accounts Receivable	282,681
Prepaid Expenditures	8,918
Due from County Treasurer	14,353
Property Taxes Receivable	2,498,802
Capital Assets, not Being Depreciated:	
Land	1,222,504
Capital Assets, Being Depreciated	<u>20,295,222</u>
Total Assets	<u>28,486,854</u>
LIABILITIES	
Accounts Payable	70,974
Accrued Interest Payable	144,452
Noncurrent Liabilities:	
Due in One Year	1,181,554
Due in More Than One Year	<u>33,920,848</u>
Total Liabilities	<u>35,317,828</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>2,498,802</u>
Total Deferred Inflows of Resources	<u>2,498,802</u>
NET POSITION	
Net Investment in Capital Assets	(6,205,899)
Restricted for:	
Emergency Reserves	18,300
Aurora Regional Improvements	1,003
Debt Service	1,675,430
Unrestricted	<u>(4,818,610)</u>
Total Net Position	<u><u>\$ (9,329,776)</u></u>

See accompanying Notes to Basic Financial Statements.

**CORNERSTAR METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Expenses (Revenues) and Changes 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	\$ 351,573	\$ -	\$ -	\$ (351,573)	
Public Works - General Government	1,139,321	-	-	(1,139,321)	
Interest and Related Costs on Long-Term Debt	1,884,200	-	-	1,178,187	
Total Governmental Activities	\$ 3,375,094	\$ -	\$ -	\$ 1,178,187	
 GENERAL REVENUES					
Property Taxes				2,498,310	
Specific Ownership Taxes				175,866	
Net Investment Income				2,364	
Operations Fee				53,559	
Total General Revenues				2,730,099	
 CHANGE IN NET POSITION					
				533,192	
Net Position - Beginning of Year				(9,862,968)	
 NET POSITON - END OF YEAR					
				\$ (9,329,776)	

See accompanying Notes to Basic Financial Statements.

**CORNERSTAR METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund - 2017A</u>	<u>Debt Service Fund - 2017B</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 1,051,111	\$ -	\$ -	\$ -	\$ 1,051,111
Cash and Investments - Restricted	18,300	1,003	2,707,296	386,664	3,113,263
Accounts Receivable	48,100	-	-	-	48,100
A/R - City of Auroa	-	-	234,581	-	234,581
Receivable from County Treasurer	3,030	-	9,809	1,514	14,353
Property Taxes Receivable	474,432	42,187	1,679,461	302,722	2,498,802
Prepaid Expenditures	8,918	-	-	-	8,918
	<u>8,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,918</u>
Total Assets	<u>\$ 1,603,891</u>	<u>\$ 43,190</u>	<u>\$ 4,631,147</u>	<u>\$ 690,900</u>	<u>\$ 6,969,128</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 70,974	\$ -	\$ -	\$ -	\$ 70,974
Total Liabilities	<u>70,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,974</u>
DEFERRED INFLOWS OF RESOURCES					
Property Tax Revenue	474,432	42,187	1,679,461	302,722	2,498,802
Total Deferred Inflows of Resources	<u>474,432</u>	<u>42,187</u>	<u>1,679,461</u>	<u>302,722</u>	<u>2,498,802</u>
FUND BALANCES					
Nonspendable:					
Prepaid Expenditures	8,918	-	-	-	8,918
Restricted for:					
Emergency Reserves	18,300	-	-	-	18,300
Aurora Regional Improvements	-	1,003	-	-	1,003
Debt Service	-	-	2,951,686	388,178	3,339,864
Unassigned	1,031,267	-	-	-	1,031,267
Total Fund Balances	<u>1,058,485</u>	<u>1,003</u>	<u>2,951,686</u>	<u>388,178</u>	<u>4,399,352</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,603,891</u>	<u>\$ 43,190</u>	<u>\$ 4,631,147</u>	<u>\$ 690,900</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.					
Capital Assets, Net					21,517,726
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					
Bond Payable					(33,615,000)
Accrued Bond Interest Payable					(144,452)
Original Issue Discount					204,870
Developer Advance Payable					(876,412)
Developer Advance Interest Payable					(815,860)
Net Position of Governmental Activities					<u>\$ (9,329,776)</u>

See accompanying Notes to Basic Financial Statements.

**CORNERSTAR METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Debt Service Fund - 2017A	Debt Service Fund - 2017B	Total Governmental Funds
REVENUES					
Property Taxes	\$ 517,900	\$ 44,220	\$ 1,677,115	\$ 259,075	\$ 2,498,310
Specific Ownership Taxes	37,125	-	120,187	18,554	175,866
Sales Taxes	-	-	1,178,187	-	1,178,187
Net Investment Income	520	17	1,578	249	2,364
Operations Fee - Acadia at Cornerstar Apts	46,418	-	-	-	46,418
Operations Fee - Cornerstar Healthcare Plaza	7,141	-	-	-	7,141
Total Revenues	<u>609,104</u>	<u>44,237</u>	<u>2,977,067</u>	<u>277,878</u>	<u>3,908,286</u>
EXPENDITURES					
Current:					
Accounting	28,673	-	-	-	28,673
Audit	6,450	-	-	-	6,450
County Treasurer's Fee	7,771	663	25,164	3,887	37,485
Directors' Fees	1,600	-	-	-	1,600
District Management	23,355	-	-	-	23,355
Dues and Memberships	1,238	-	-	-	1,238
Insurance	9,166	-	-	-	9,166
Legal	22,983	-	-	-	22,983
Repairs and Maintenance	246,477	-	-	-	246,477
Repayment of Developer Advance	-	44,666	-	-	44,666
Miscellaneous	3,075	-	-	-	3,075
Payroll Taxes	122	-	-	-	122
Paying Agent Fee	-	-	3,000	1,500	4,500
Debt Service:					
Bond Principal - Series 2017A	-	-	980,000	-	980,000
Bond Interest - Series 2017A	-	-	1,494,988	-	1,494,988
Bond Principal - Series 2017B	-	-	-	15,000	15,000
Bond Interest - Series 2017B	-	-	-	273,525	273,525
Total Expenditures	<u>350,910</u>	<u>45,329</u>	<u>2,503,152</u>	<u>293,912</u>	<u>3,193,303</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>258,194</u>	<u>(1,092)</u>	<u>473,915</u>	<u>(16,034)</u>	<u>714,983</u>
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	(1,530)	1,530	-	-	-
Total Other Financing Sources (Uses)	<u>(1,530)</u>	<u>1,530</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	256,664	438	473,915	(16,034)	714,983
Fund Balances - Beginning of Year	<u>801,821</u>	<u>565</u>	<u>2,477,771</u>	<u>404,212</u>	<u>3,684,369</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,058,485</u>	<u>\$ 1,003</u>	<u>\$ 2,951,686</u>	<u>\$ 388,178</u>	<u>\$ 4,399,352</u>

See accompanying Notes to Basic Financial Statements.

**CORNERSTAR METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balance - Governmental Funds \$ 714,983

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.

Depreciation (1,139,321)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond Principal Payment 995,000
Repayment of Developer Advance - Principal 44,666

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

Amortization of Bond Discount (11,374)
Accrued Interest on Bonds Payable - Change in Liability 2,924
Accrued Interest on Developer Advances - Change in Liability (73,686)

Change in Net Position of Governmental Activities \$ 533,192

**CORNERSTAR 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			
Property Taxes	\$ 529,096	\$ 517,900	\$ (11,196)
Specific Ownership Taxes	37,037	37,125	88
Net Investment Income	3,945	520	(3,425)
Operations Fee - Acadia at Cornerstar Apts	46,418	46,418	-
Operations Fee - Cornerstar Healthcare Plaza	7,141	7,141	-
Land Contribution	2,426,437	-	(2,426,437)
Total Revenues	<u>3,050,074</u>	<u>609,104</u>	<u>(2,440,970)</u>
EXPENDITURES			
Current:			
Accounting	65,000	28,673	36,327
Audit	6,450	6,450	-
County Treasurer's Fee	7,936	7,771	165
Directors' Fees	1,600	1,600	-
District Management	31,000	23,355	7,645
Dues and Memberships	1,500	1,238	262
Insurance	9,500	9,166	334
Legal	30,000	22,983	7,017
Repairs and Maintenance	355,000	246,477	108,523
Miscellaneous	1,000	3,075	(2,075)
Contingency	1,427	-	1,427
Land - Tree Farm	2,426,437	-	2,426,437
Payroll Taxes	150	122	28
Total Expenditures	<u>2,937,000</u>	<u>350,910</u>	<u>2,586,090</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	113,074	258,194	145,120
OTHER FINANCING SOURCES (USES)			
Transfers (to) from Other Funds	-	(1,530)	(1,530)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,530)</u>	<u>(1,530)</u>
NET CHANGE IN FUND BALANCE	113,074	256,664	143,590
Fund Balance - Beginning of Year	<u>734,464</u>	<u>801,821</u>	<u>67,357</u>
FUND BALANCE - END OF YEAR	<u>\$ 847,538</u>	<u>\$ 1,058,485</u>	<u>\$ 210,947</u>

See accompanying Notes to Basic Financial Statements.

**CORNERSTAR METROPOLITAN DISTRICT
SPECIAL REVENUE 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			
Property Taxes	\$ 45,241	\$ 44,220	\$ (1,021)
Net Investment Income	4	17	13
Total Revenues	<u>45,245</u>	<u>44,237</u>	<u>(1,008)</u>
EXPENDITURES			
County Treasurer's Fees	679	663	16
Repayment of Developer Advance	44,666	44,666	-
Total Expenditures	<u>45,345</u>	<u>45,329</u>	<u>16</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(100)</u>	<u>(1,092)</u>	<u>(992)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (to) from Other Funds	-	1,530	1,530
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,530</u>	<u>1,530</u>
NET CHANGE IN FUND BALANCE	(100)	438	538
Fund Balance - Beginning of Year	<u>781</u>	<u>565</u>	<u>(216)</u>
FUND BALANCE - END OF YEAR	<u>\$ 681</u>	<u>\$ 1,003</u>	<u>\$ 322</u>

See accompanying Notes to Basic Financial Statements.

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Cornerstar Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by Court Order in August 25, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the city of Aurora, Arapahoe County, Colorado. The District was established to provide financing for the design, acquisition, installation and construction of water, sanitation, streets, safety protection, park and recreation facilities, public transportation, fire protection, television relay, security and mosquito control, as limited by the Service Plan. The District also provides the funding for infrastructure improvements and the tax base needed to support ongoing operations.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by 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 and the sum of liabilities and deferred inflows is reported as net position.

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 150 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, and city of Aurora sales taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. 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 Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with Aurora Regional Improvements.

The Debt Service Fund - Series 2017A accounts for the resources accumulated and payments made for principal, interest, and other costs related to the Series 2017A Bond.

The Debt Service Fund - Series 2017B accounts for the resources accumulated and payments made for principal, interest, and other costs related to the Series 2017B Bond.

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

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 and investments.

Property Taxes

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

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

Capital Assets

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

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

**CORNERSTAR 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.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Recreation	30 Years
Streets, Streetscape, and Storm Drainage System to Transport	30 Years
	30 Years

Deferred Inflow/Outflow of Resources

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

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.

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

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

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 1,051,111
Cash and Investments - Restricted	<u>3,113,263</u>
Total Cash and Investments	<u><u>\$ 4,164,374</u></u>

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

Deposits with Financial Institutions	\$ 28,339
Investments	<u>4,136,035</u>
Total Cash and Investments	<u><u>\$ 4,164,374</u></u>

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

As of December 31, 2021, the District's cash deposits had a bank balance and a carrying balance of \$28,339.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

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

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

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

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

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average under 60 Days	<u>\$ 4,136,035</u>

CSAFE

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

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2020	Additions	Transfers and Retirements	Balance at December 31, 2021
Capital Assets, Not Being Depreciated:				
Land	\$ 1,222,504	\$ -	\$ -	\$ 1,222,504
Total Capital Assets, Not Being Depreciated	1,222,504	-	-	1,222,504
Capital Assets, Being Depreciated:				
Park and Recreation	404,674	-	-	404,674
Streets, Streetscape, and Storm Drainage	33,320,130	-	-	33,320,130
System to Transport	454,780	-	-	454,780
Total Capital Assets, Being Depreciated	34,179,584	-	-	34,179,584
Less Accumulated Depreciation for:				
Park and Recreation	112,411	13,489	-	125,900
Streets, Streetscape, and Storm Drainage	12,456,596	1,110,671	-	13,567,267
System to Transport	176,034	15,161	-	191,195
Total Accumulated Depreciation	12,745,041	1,139,321	-	13,884,362
Total Capital Assets, Being Depreciated, Net	21,434,543	(1,139,321)	-	20,295,222
Governmental Activities - Capital Assets	<u>\$ 22,657,047</u>	<u>\$ (1,139,321)</u>	<u>\$ -</u>	<u>\$ 21,517,726</u>

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the public works – general government function/program of the District for the year ended December 31, 2021, in the amount of \$1,139,321.

NOTE 5 LONG-TERM OBLIGATIONS

The District's outstanding long-term obligations at December 31, 2021, were as follows:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Bonds:					
2017A General Obligation Refunding Bonds	\$ 29,400,000	\$ -	\$ 980,000	\$ 28,420,000	\$ 1,110,000
2017B General Obligation Refunding Bonds	5,210,000	-	15,000	5,195,000	30,000
2017A Original Issue Bond Discount	(149,903)	-	(8,011)	(141,892)	-
2017B Original Issue Bond Discount	(66,341)	-	(3,363)	(62,978)	-
Total Bonds:	<u>34,393,756</u>	<u>-</u>	<u>983,626</u>	<u>33,410,130</u>	<u>1,140,000</u>
Developer Advance:					
ARI Fund	921,078	-	44,666	876,412	41,554
Interest	742,174	73,686	-	815,860	-
Total Developer Advance:	<u>1,663,252</u>	<u>73,686</u>	<u>44,666</u>	<u>1,692,272</u>	<u>41,554</u>
Total	<u>\$ 36,057,008</u>	<u>\$ 73,686</u>	<u>\$ 1,028,292</u>	<u>\$ 35,102,402</u>	<u>\$ 1,181,554</u>

The detail of the District's long-term obligations is as follows:

2017A and 2017B General Obligation Refunding Bonds

On April 4, 2017 the District issued General Obligation Refunding Bonds Series 2017A and 2017B, in the respective amounts of \$32,745,000 and \$5,220,000. The proceeds from the sale of the 2017A Bonds were used to (i) prepay the District's Special Revenue Refunding Loan 2012, (ii) fund the 2017A Reserve Fund, and (iii) pay the costs of issuance. The Special Revenue Refunding Loan 2012 was paid in full on June 1, 2017. The proceeds from the sale of the 2017B bonds were used to (i) purchase the cancellation of the District's Taxable Subordinate Limited Tax Bonds, Series 2013; (ii) fund the 2017B Reserve Fund, and (iii) pay the costs of issuance. As part of the Tender and Purchase Agreement dated December 16, 2016, the bond holder of the Taxable Subordinate Limited Tax Bonds Series 2013 agreed to accept \$4,750,000 in full settlement of the bond and forgave all accrued interest.

The 2017A Bonds bear interest at rates ranging from 3.50% to 5.25%, payable semi-annually on June 1 and December 1, beginning on June 1, 2017. Annual mandatory sinking fund principal payments are due on December 1. The 2017A Bonds mature on December 1, 2047.

The 2017B Bonds bear interest at 5.25% payable semi-annually on June 1 and December 1, beginning on June 1, 2017. Annual mandatory sinking fund principal payments are due on December 1, beginning December 1, 2020. The 2017B Bonds mature on December 1, 2047.

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2017A and 2017B General Obligation Refunding Bonds (Continued)

The 2017A Bonds are secured by and payable solely from 2017A Pledged Revenue, net of any costs of collection, consisting of the following:

- (a) TIF Revenues;
- (b) Property taxes derived from the 2017A Required Mill Levy;
- (c) Specific Ownership Tax revenues attributable to the 2017A Required Mill Levy;
- (d) Any other legally available moneys which the District determines, in its absolute discretion, to credit to the 2017A Bond Fund.

TIF Revenues mean the Pledged Sales Tax Revenue, and any interest earned on such Pledged Revenue as defined in the Public Finance Agreement. TIF Revenues are pledged to the 2017A Bonds but are not pledged to the 2017B Bonds. Under the Public Finance Agreement, AURA is to transfer all TIF Revenues to the District until the expiration of the TIF Term. The District is to subsequently transfer the TIF Revenues to the Trustee for application to the payment of the 2017A Bonds.

The 2017A Bonds are further secured by the 2017A Reserve Fund of \$1,285,344, and by amounts, if any, accumulated in the 2017A Surplus Fund. Excess 2017A Pledged Revenue, if any, is to be accumulated in the 2017A Surplus Fund in accordance with the 2017A Indenture up to the 2017A Maximum Surplus Amount of \$850,000.

The 2017B Bonds are secured by and payable solely from 2017B Pledged Revenue, net of any costs of collection, consisting of the following:

- (a) Property taxes derived from the 2017B Required Mill Levy
- (b) Specific Ownership Tax revenues attributable to the 2017B Required Mill Levy;
- (c) Any other legally available moneys which the District determines, in its absolute discretion, to credit to the 2017B Bond Fund.

The 2017B Bonds are further secured by the 2017B Reserve Fund of \$234,638, and by amounts, if any, accumulated in the 2017B Surplus Fund. Excess 2017B Pledged Revenue, if any, is to be accumulated in the 2017B Surplus Fund in accordance with the 2017B Indenture up to the 2017B Maximum Surplus Amount of \$150,000.

Prior to the Conversion Date, 2017A Pledged Revenue that is not needed to pay debt service on the 2017A Bonds in any year will be deposited to and held in the 2017A Surplus Fund, up to the 2017A Maximum Surplus Amount. Prior to the Conversion Date, 2017B Pledged Revenue that is not needed to pay debt service on the 2017B Bonds in any year will be deposited to and held in the 2017B Surplus Fund, up to the 2017B Maximum Surplus Amount. On the Conversion Date, the 2017A Surplus Fund and the 2017B Surplus Fund will be terminated and any moneys therein may be applied to any legal purpose of the District.

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2017A and 2017B General Obligation Refunding Bonds (Continued)

The Conversion Date is the first date of which (a) the TIF Term has expired; (b) the Senior Debt to Assessed Value Ratio Test has been met; (c) no amounts of principal or interest on the 2017A Bonds are due but unpaid; and (d) no amount of principal or interest on the 2017B Bonds are due but unpaid. The Senior Debt to Assessed Value Ratio Test is met when the ratio derived by dividing the outstanding principal amount of all Senior Debt by the most recent final assessed valuation of the District Area is equal to or less than 50%. The current year Senior Debt to Assessed Ratio is calculated based on the outstanding debt at the end of the current year and the assessed valuation for the subsequent year. The Conversion Date, if it occurs, will occur simultaneously for the 2017A Bonds and the 2017B Bonds. As of December 31, 2021, the Senior Debt to Assessed Ratio is 69.19%.

The District's 2017A General Obligation Refunding Bond will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,110,000	\$ 1,460,688	\$ 2,570,688
2023	860,000	1,410,738	2,270,738
2024	215,000	1,372,038	1,587,038
2025	225,000	1,362,363	1,587,363
2026	305,000	1,352,238	1,657,238
2027-2031	2,215,000	6,503,381	8,718,381
2032-2036	3,980,000	5,768,374	9,748,374
2037-2041	6,300,000	4,515,811	10,815,811
2042-2046	9,565,000	2,541,261	12,106,261
2047	3,645,000	191,362	3,836,362
Total	<u>\$ 28,420,000</u>	<u>\$ 26,478,254</u>	<u>\$ 54,898,254</u>

The District's 2017B General Obligation Refunding Bond will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 30,000	\$ 272,738	\$ 302,738
2023	30,000	271,163	301,163
2024	45,000	269,588	314,588
2025	45,000	267,225	312,225
2026	60,000	264,863	324,863
2027-2031	445,000	1,267,875	1,712,875
2032-2036	780,000	1,117,724	1,897,724
2037-2041	1,225,000	869,400	2,094,400
2042-2046	1,845,000	486,149	2,331,149
2047	690,000	36,225	726,225
Total	<u>\$ 5,195,000</u>	<u>\$ 5,122,950</u>	<u>\$ 10,317,950</u>

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 7, 2006, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness, as indicated below, at an interest rate not to exceed 18% per annum.

	Authorized November 7, 2006 Election	Authorization Used 2007 Bonds	Authorization Used 2013 Bonds	Authorization Used 2017A Bonds	Authorization Used 2017B Bonds	Remaining at December 31, 2021
Streets	\$ 60,000,000	\$ 23,332,200	\$ 5,000,000	\$ -	\$ -	\$ 31,667,800
Sanitation	60,000,000	7,988,300	-	-	-	52,011,700
Parks and Recreation						
Facilities	60,000,000	3,211,600	-	-	-	56,788,400
Traffic and Safety	60,000,000	-	-	-	-	60,000,000
Public Transportation	60,000,000	-	-	-	-	60,000,000
Water	60,000,000	2,467,900	-	-	-	57,532,100
Fire Protection	60,000,000	-	-	-	-	60,000,000
Mosquito	60,000,000	-	-	-	-	60,000,000
Television Relay	60,000,000	-	-	-	-	60,000,000
Security	60,000,000	-	-	-	-	60,000,000
Refunding	60,000,000	-	-	32,745,000	5,220,000	22,035,000
Total	<u>\$ 660,000,000</u>	<u>\$ 37,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 32,745,000</u>	<u>\$ 5,220,000</u>	<u>\$ 580,035,000</u>

Per the First Amendment to the Service Plan, the District is limited to issuing \$120,000,000 in debt. In addition, the maximum debt service mill levy for the District is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

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.

NOTE 6 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District has net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net	\$ 21,517,726
Current Portion of Outstanding Long-Term Obligations	(931,179)
Noncurrent Portion of Outstanding Long-Term Obligations	(28,105,359)
Reserve Fund	1,312,913
Net Investment in Capital Assets	<u>\$ (6,205,899)</u>

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION (CONTINUED)

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2021, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 18,300
Aurora Regional Improvements	1,003
Debt Service	<u>1,675,430</u>
Total Restricted Net Position	<u>\$ 1,694,733</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTY

During 2021, the members of the Board of Directors were employed by ShopCore Properties TRS Management LLC, which is the property manager for the District and the Cornerstar Shopping Center. SITE Centers Corp. also indirectly holds a small percentage of the ownership of Cornerstar Shopping Center. Conflicts of interest in dealing with the District may exist as a result of these relationships.

On October 22, 2015, the District entered into a Property Management Agreement with DDR, Corp. that was later assigned to SITE Centers Corp. to provide management, oversight, and bidding of all maintenance contracts necessary to maintain the District Maintained Property in good condition, order, and repair. On November 19, 2020, the District entered into a Property Management Agreement with ShopCore Properties TRS Management LLC (the Manager) that replaces the prior agreement. Under the terms of this agreement, the Manager shall provide the following services: general property management, contract management, and assistance with financial matters. The District agreed to reimburse the manager for all expenses incurred in connection with the provision of services, provided that anticipated costs are approved by the District in the annual budget. The District agreed to pay the manager a management fee of 5% of the District's annual operations and maintenance budget which will be prorated and paid in 12 equal monthly installments. As of December 31, 2021, the Manager was owed \$43,641 for maintenance and operation expense reimbursements and \$17,750 for management fees.

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 RELATED PARTY (CONTINUED)

Advance and Reimbursement Agreement

On November 29, 2007, the District entered into an Advance and Reimbursement Agreement for construction, maintenance, and operation costs with the Developer. Under the terms of this agreement the Developer agreed to provide advances to the District for the purpose of funding construction, operations, and maintenance costs of the District. On August 10, 2012, the District adopted a Resolution Regarding Reimbursement of Funds Advanced for and on behalf of the District recognizing certain advances. On June 24, 2013, the District entered into a Termination, Acknowledgement and Release Agreement, where the Developer has agreed to forgive all remaining amounts due pursuant to the Reimbursement Agreement and Reimbursement Resolution, exclusive of the \$1,291,897 Regional Improvement Costs and associated interest of 8% per annum, and to terminate the Reimbursement Agreement, in return for the proceeds received by the Developer from the issuance by the District of the 2013 Bonds and other bonds previously issued. It was the intent of the Parties that upon issuance of the 2013 Bonds, the only remaining liability of the District under the Reimbursement Agreement and the Reimbursement Resolution shall be to reimburse the Developer for Regional Improvement Costs from funds available from the District's imposition of the ARI mill levy. As of December 31, 2021, the obligation under this agreement is \$876,412 plus accrued interest of \$815,860.

NOTE 8 AGREEMENTS

Aurora Regional Improvement Authority Establishment Agreement

In November 2008, the District entered into the Aurora Regional Improvement Authority No. 5 Establishment Agreement (IGA), as amended by the First Amendment to Establishment Agreement in September 2012, and as amended by the Second Amendment to Establishment Agreement in 2018, as amended by the Third Amendment to the Establishment Agreement in October 2019, between the District and other, unrelated metropolitan districts, to form the Aurora Regional Improvement Authority No. 5 (the Authority). Pursuant to the Service Plan, the District is required to impose the Aurora Regional Improvement (ARI) Mill Levy upon the taxable property within the District. This mill levy is 1.000 mill in the first year of collection of a debt service mill levy and continuing through the 20th year, which for this purpose begins the first year that the District certifies a debt service mill levy. The levy increases to 5.000 mills for year 21 through 40 or the date of repayment for the debt incurred for public improvement other than regional improvements, whichever occurs first. For the 10 years subsequent to the period where the 5.000 mills is imposed, the ARI mill levy is the average of the debt service mill levy for the previous 10 years.

As of December 31, 2021, the District has collected \$413,355, net of collection costs, under the ARI mill levy. The agreement was amended on July 24, 2008, to allow additional members to become parties to the agreements as is deemed necessary by the Authority.

On September 13, 2012 and on November 12, 2012, the District entered into a Project Committee Agreement with the members of the Authority for the purpose of exercising certain functions, services, or financing facilities and other improvements as permitted in accordance with the provisions of the Agreement. This Agreement authorized the approval of an ARI Master Plan in which the District is authorized to use revenues from its ARI Mill Levy for Regional Improvements totaling \$1,291,897, as such revenues are available.

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 AGREEMENTS (CONTINUED)

Public Finance and Redevelopment Agreement

On November 26, 2007, the District entered into an agreement with the Aurora Urban Renewal Authority (the Authority), city of Aurora, Colorado, and PCCP CS Alberta Cornerstar Colorado, LLC for funding of the public improvements. The Authority has pledged a portion of the sales tax revenue collected within the District to the payment of the principal and interest on the bonded debt for the public improvements. The maximum amount payable under the agreement is \$17,500,000 (plus 7% interest), and the sharing agreement terminates September 30, 2023.

As of December 31, 2021, \$14,138,372 of sales and use tax has been paid to the District under this agreement.

NOTE 8 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 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.

**CORNERSTAR METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 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.

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.

On November 7, 2006, District voters passed an election question to increase property taxes \$5,000,000 annually to pay the District's operational and maintenance costs, without regard to any limitations under TABOR.

NOTE 11 INTERFUND TRANSFERS

There was a transfer between the General Fund and Special Revenue fund of \$1,530 in order to fulfill the repayment of a Developer Advance.

SUPPLEMENTARY INFORMATION

**CORNERSTAR METROPOLITAN DISTRICT
DEBT SERVICE FUND – SERIES 2017A
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			
Property Taxes	\$ 1,712,883	\$ 1,677,115	\$ (35,768)
Specific Ownership Taxes	119,902	120,187	285
Sales Taxes	785,000	1,178,187	393,187
Net Investment Income	12,048	1,578	(10,470)
Total Revenues	<u>2,629,833</u>	<u>2,977,067</u>	<u>347,234</u>
EXPENDITURES			
Bond Interest - Series 2017A	1,494,988	1,494,988	-
Bond Principal - Series 2017A	980,000	980,000	-
County Treasurer's Fee	25,693	25,164	529
Paying Agent Fees	3,000	3,000	-
Contingency	319	-	319
Total Expenditures	<u>2,504,000</u>	<u>2,503,152</u>	<u>848</u>
NET CHANGE IN FUND BALANCES	125,833	473,915	348,082
Fund Balance - Beginning of Year	<u>2,352,644</u>	<u>2,477,771</u>	<u>125,127</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,478,477</u></u>	<u><u>\$ 2,951,686</u></u>	<u><u>\$ 473,209</u></u>

**CORNERSTAR METROPOLITAN DISTRICT
DEBT SERVICE FUND – SERIES 2017B
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			
Property Taxes	\$ 264,548	\$ 259,075	\$ (5,473)
Specific Ownership Taxes	18,518	18,554	36
Net Investment Income	1,975	249	(1,726)
Total Revenues	<u>285,041</u>	<u>277,878</u>	<u>(7,163)</u>
EXPENDITURES			
Bond Interest - Series 2017B	273,525	273,525	-
Bond Principal - Series 2017B	15,000	15,000	-
County Treasurer's Fee	3,968	3,887	81
Paying Agent Fees	1,500	1,500	-
Contingency	1,007	-	1,007
Total Expenditures	<u>295,000</u>	<u>293,912</u>	<u>1,088</u>
NET CHANGE IN FUND BALANCE	(9,959)	(16,034)	(6,075)
Fund Balance - Beginning of Year	<u>400,942</u>	<u>404,212</u>	<u>3,270</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 390,983</u></u>	<u><u>\$ 388,178</u></u>	<u><u>\$ (2,805)</u></u>

OTHER INFORMATION

**CORNERSTAR METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

Year Ended December 31,	\$32,745,000 General Obligation Refunding Bonds, Series 2017A Dated April 4, 2017 Interest Rate Varying from 3.50% to 5.25% Interest Payable June 1 and December 1,			\$5,220,000 General Obligation Refunding Bonds, Series 2017B Dated April 4, 2017 Interest Rate of 5.25% Interest Payable June 1 and December 1,			Total		
	Principal Due December 1			Principal Due December 1					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,110,000	\$ 1,460,688	\$ 2,570,688	\$ 30,000	\$ 272,738	\$ 302,738	\$ 1,140,000	\$ 1,733,426	\$ 2,873,426
2023	860,000	1,410,738	2,270,738	30,000	271,163	301,163	890,000	1,681,901	2,571,901
2024	215,000	1,372,038	1,587,038	45,000	269,588	314,588	260,000	1,641,626	1,901,626
2025	225,000	1,362,363	1,587,363	45,000	267,225	312,225	270,000	1,629,588	1,899,588
2026	305,000	1,352,238	1,657,238	60,000	264,863	324,863	365,000	1,617,101	1,982,101
2027	315,000	1,338,513	1,653,513	65,000	261,713	326,713	380,000	1,600,226	1,980,226
2028	405,000	1,324,337	1,729,337	80,000	258,300	338,300	485,000	1,582,637	2,067,637
2029	425,000	1,303,581	1,728,581	85,000	254,100	339,100	510,000	1,557,681	2,067,681
2030	520,000	1,281,800	1,801,800	105,000	249,637	354,637	625,000	1,531,437	2,156,437
2031	550,000	1,255,150	1,805,150	110,000	244,125	354,125	660,000	1,499,275	2,159,275
2032	655,000	1,226,962	1,881,962	130,000	238,350	368,350	785,000	1,465,312	2,250,312
2033	690,000	1,193,394	1,883,394	135,000	231,525	366,525	825,000	1,424,919	2,249,919
2034	805,000	1,158,031	1,963,031	160,000	224,437	384,437	965,000	1,382,468	2,347,468
2035	850,000	1,116,775	1,966,775	165,000	216,037	381,037	1,015,000	1,332,812	2,347,812
2036	980,000	1,073,212	2,053,212	190,000	207,375	397,375	1,170,000	1,280,587	2,450,587
2037	1,030,000	1,022,987	2,052,987	200,000	197,400	397,400	1,230,000	1,220,387	2,450,387
2038	1,175,000	970,200	2,145,200	230,000	186,900	416,900	1,405,000	1,157,100	2,562,100
2039	1,235,000	908,512	2,143,512	240,000	174,825	414,825	1,475,000	1,083,337	2,558,337
2040	1,395,000	843,675	2,238,675	270,000	162,225	432,225	1,665,000	1,005,900	2,670,900
2041	1,465,000	770,437	2,235,437	285,000	148,050	433,050	1,750,000	918,487	2,668,487
2042	1,645,000	693,525	2,338,525	320,000	133,087	453,087	1,965,000	826,612	2,791,612
2043	1,730,000	607,162	2,337,162	335,000	116,287	451,287	2,065,000	723,449	2,788,449
2044	1,925,000	516,337	2,441,337	370,000	98,700	468,700	2,295,000	615,037	2,910,037
2045	2,025,000	415,275	2,440,275	390,000	79,275	469,275	2,415,000	494,550	2,909,550
2046	2,240,000	308,962	2,548,962	430,000	58,800	488,800	2,670,000	367,762	3,037,762
2047	3,645,000	191,362	3,836,362	690,000	36,225	726,225	4,335,000	227,587	4,562,587
Total	<u>\$ 28,420,000</u>	<u>\$ 26,478,254</u>	<u>\$ 54,898,254</u>	<u>\$ 5,195,000</u>	<u>\$ 5,122,950</u>	<u>\$ 10,317,950</u>	<u>\$ 33,615,000</u>	<u>\$ 31,601,204</u>	<u>\$ 65,216,204</u>

**CORNERSTAR METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Prior Year Assessed Valuation for Current Year Property Tax Levy Debt Service	Mills Levied				Total Property Taxes		Percent Collected to Levied
			General	Debt Service	ARI	Total	Levied	Collected	
2017	\$ 33,368,593	\$ 5,776,467	14.000	50.000	1.000	65.000	\$ 2,481,108	\$ 2,479,285	99.9 %
2018	36,661,140	5,600,961	14.000	26.250	1.028	41.278	1,666,082	1,653,551	99.2
2019	35,946,079	5,585,480	14.000	36.225	1.028	51.253	2,050,419	2,060,682	100.5
2020	38,044,663	6,772,698	14.000	38.100	1.030	53.130	2,235,534	2,216,718	99.2
2021	37,792,604	6,474,799	14.000	45.694	1.022	60.716	2,551,768	2,498,310	97.9
Estimated for Year Ending December 31, 2022	\$ 33,888,044	\$ 7,189,645	14.000	49.818	1.027	64.845	\$ 2,498,802		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years.

**CORNERSTAR METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
DECEMBER 31, 2021
(UNAUDITED)**

2021 VALUATION OF CLASSES IN THE DISTRICT AND THE EXCLUSION ADJUSTED TAXING AREA

<u>Class</u>	<u>District Assessed Valuation</u>	<u>District Percent of Assessed Valuation</u>	<u>Excluded Property Assessed Valuation</u>	<u>Exclusion Adjusted Taxing Area Assessed Valuation</u>	<u>Exclusion Adjusted Percent of Valuation</u>
Commercial	\$ 30,441,634	89.83 %	\$ 83,755	\$ 30,525,389	74.31 %
Residential	2,802,800	08.27	6,864,000	9,666,800	23.54
Vacant	543,430	01.60	-	543,430	01.32
State Assessed	100,180	00.30	241,890	342,070	00.83
Total Assessed Valuation	<u>\$ 33,888,044</u>	<u>100.00 %</u>	<u>\$ 7,189,645</u>	<u>\$ 41,077,689</u>	<u>100.00 %</u>

	<u>Fiscal Years Ended December 31,</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Outstanding	\$ 36,990,000.00	\$ 36,290,000.00	\$ 35,520,000.00	\$ 34,610,000.00	\$ 33,615,000.00
Assessed Value	42,262,101.00	41,531,559.00	44,817,361.00	44,267,403.00	41,077,689.00
Ratio of Debt to Assessed Value	87.53 %	87.38 %	79.26 %	78.18 %	81.83 %