

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3

**AURORA
ADAMS COUNTY, COLORADO**



**FINANCIAL STATEMENTS
As of and for the 12-month period ended
December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Colorado International Center Metropolitan District No. 3

Adams County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Colorado International Center Metropolitan District No. 3 (the "District") as of and for the year ended December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of District, as of December 31, 2023, and the respective changes in financial position and the 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.

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.

Auditor's Responsibilities 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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

Other Matters

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 the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is 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 as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of legal compliance and additional analysis 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 combining and individual nonmajor fund financial statements are 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, as identified in the table of contents. The other information 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 provide any 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.



Castle Pines, Colorado
August 13, 2024

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 137,774
Cash and investments – restricted	2,320,610
Accounts receivable	10,099
Accounts receivable – specific ownership taxes	9,810
Property taxes receivable	2,059,400
Prepaid expenses	10,236
Land and water rights	118,800
Depreciable capital assets, net	4,511,551
Total Assets	9,178,280
LIABILITIES	
Accounts payable and accrued liabilities	34,399
Accrued interest payable	809,644
Bond Premium	41,817
Current portion of general obligation refunding bonds	190,000
General obligation refunding bonds	14,525,000
Total Liabilities	15,600,860
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	2,059,400
NET POSITION (DEFICIT)	
Restricted:	
Emergency reserves	16,100
Debt service	2,172,894
Capital projects	110,793
ARI funds	132
Non-spendable	10,236
Unassigned:	(10,792,135)
Net Position (Deficit)	\$ (8,481,980)

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
STATEMENT OF ACTIVITIES
For the 12-Month Period Ended
December 31, 2023

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government:					
Government Activities:					
General government activities	\$ (420,734)	\$ -	\$ 9,965	\$ -	(410,769)
Interest and related costs on long-term debt	(1,159,422)	-	-	-	(1,159,422)
Capital project activities	(189,238)	-	-	-	(189,238)
Aurora Regional Trans. Authority	(27,783)	-	-	-	(27,783)
	<u>\$ (1,797,177)</u>	<u>\$ -</u>	<u>\$ 9,965</u>	<u>\$ -</u>	<u>(1,787,212)</u>
General Revenues					
Property taxes					1,744,440
Specific ownership taxes					125,777
Net investment income					149,398
Total general revenue					2,019,615
Change in net position					232,403
Net Position (Deficit) – Beginning of Year - as restated [See NOTE 7]					(8,714,383)
Net Position (Deficit) – End of Year					\$ (8,481,980)

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	Debt Service Fund	Capital Project Fund	ARI Fund	Total Government Funds
ASSETS					
Cash and investments	\$ 137,774	\$ -	\$ -	\$ -	\$ 137,774
Cash and investments - Restricted	16,100	2,166,287	110,793	27,430	2,320,610
Accounts receivable	10,099	-	-	-	10,099
Specific ownership tax receivable	3,071	6,607	-	132	9,810
Property taxes receivable	545,900	1,483,800	-	29,700	2,059,400
Prepaid expenses	10,236	-	-	-	10,236
TOTAL ASSETS	\$ 723,180	\$ 3,656,694	\$ 110,793	\$ 57,262	\$ 4,547,929
LIABILITIES					
Accounts payable and accrued liabilities	\$ 6,969	\$ -	\$ -	\$ 27,430	\$ 34,399
DEFERRED INFLOWS OF RESOURCES					
Property tax revenue	545,900	1,483,800	-	29,700	2,059,400
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	552,869	1,483,800	-	57,130	2,093,799
FUND BALANCES					
Restricted:					
Emergencies (TABOR)	16,100	-	-	-	16,100
Debt service	-	2,172,894	-	-	2,172,894
Capital projects	-	-	110,793	-	110,793
ARI fund	-	-	-	132	132
Non-spendable	10,236	-	-	-	10,236
Unrestricted	143,975	-	-	-	143,975
TOTAL FUND BALANCES	170,311	2,172,894	110,793	132	2,454,130
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 723,180	\$ 3,656,694	\$ 110,793	\$ 57,262	

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

Other long-term assets are not available or otherwise cannot be converted to cash to pay for current expenditures and, therefore, are recorded as expenditures in the funds	
Land and water rights	118,800
Property, structures and equipment, net	4,511,551
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds	(14,715,000)
Accrued interest payable	(809,644)
Unamortized premium on 2016 bonds	(41,817)
Net position of governmental activities	\$ (8,481,980)

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
12-Month Period Ended
December 31, 2023

	General Fund	Debt Service Fund	Capital Project Fund	ARI Fund	Total Government Funds
REVENUES					
Property taxes	\$ 545,851	\$ 1,175,094	\$ -	\$ 23,495	\$ 1,744,440
Specific ownership taxes	38,349	85,714	-	1,714	125,777
Landscape cost sharing contrib. from HOA	9,965	-	-	-	9,965
Net investment income	11,622	137,767	-	9	149,398
Total Revenues	605,787	1,398,575	-	25,218	2,029,580
EXPENDITURES					
General and administration	40,588	-	-	353	40,941
Landscaping maintenance	345,982	-	-	-	345,982
Other district expenses	34,164	-	-	-	34,164
Transfers to Aurora Regional Trans. Auth.	-	-	-	27,430	27,430
Debt service					
Direct and indirect collection costs	-	52,130	-	-	52,130
Interest payments on bonds	-	1,170,413	-	-	1,170,413
Principal payments on bonds	-	170,000	-	-	170,000
Major capital projects	-	-	-	-	-
Total Expenditures	420,734	1,392,543	-	27,783	1,841,060
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	185,053	6,032	-	(2,565)	188,520
OTHER FINANCING SOURCES (USES)					
Fund Transfers In / (Out)	(60,000)	-	60,000	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	125,053	6,032	60,000	(2,565)	188,520
FUND BALANCES – BEGINNING	45,258	2,166,862	50,793	2,697	2,265,610
FUND BALANCES – END OF YEAR	\$ 170,311	\$ 2,172,894	\$ 110,793	\$ 132	\$ 2,454,130

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

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
12-Month Period Ended
December 31, 2023**

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

Net change in fund balances – Total government funds	\$	188,520
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bonds - principal payments		170,000
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Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the net capital outlay activity for the year:

Acquisition of public infrastructure		-
Depreciation expense on property, structures and equipment		(189,238)

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 2016 bonds		-
Accrued interest 2018B bonds		222,006
Accrued interest 2018C bonds		(163,063)
Amortization of bond premium - 2016 bonds		4,178

Changes in net position of governmental activities	\$	232,403
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These financial statements should be read only in connection with
the accompanying notes to the financial statements.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 545,900	\$ 545,851	\$ (49)
Specific ownership taxes	35,400	38,349	2,949
Maintenance fees	-	-	-
Contributions from Aurora High Point at DIA MD	-	-	-
Reimb expenses - collection costs	4,000	-	(4,000)
Landscape cost sharing contributions from HOA	-	9,965	9,965
Net investment income	300	11,622	11,322
Total Revenues	<u>585,600</u>	<u>605,787</u>	<u>20,187</u>
EXPENDITURES			
General and administration	49,700	40,588	9,112
Landscaping maintenance	418,900	345,982	72,918
Other district expenses	57,000	34,164	22,836
Total Expenditures	<u>525,600</u>	<u>420,734</u>	<u>104,866</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>60,000</u>	<u>185,053</u>	<u>125,053</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(60,000)	(60,000)	-
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER	<u>-</u>	<u>125,053</u>	<u>125,053</u>
FUND BALANCE – BEGINNING OF YEAR	<u>60,500</u>	<u>45,258</u>	<u>(15,242)</u>
FUND BALANCE – END OF YEAR	<u>\$ 60,500</u>	<u>\$ 170,311</u>	<u>\$ 109,811</u>

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
GENERAL FUND
EXPENDITURE DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
GENERAL AND ADMINISTRATION			
District management and accounting fees	\$ 45,000	\$ 45,000	\$ -
Administrative costs	4,000	1,392	2,608
Audit fees	7,500	7,150	350
Collection fees – County Treasurer	7,400	8,191	(791)
Board of Directors’ fees	3,000	2,200	800
Board training and conferences	5,000	-	5,000
Insurance	4,000	3,655	345
Legal fees	3,000	-	3,000
Indirect Cost Allocation	(33,200)	(27,000)	(6,200)
Miscellaneous expenses	4,000	-	4,000
Total General and Administration	\$ 49,700	\$ 40,588	\$ 9,112
LANDSCAPING MAINTENANCE			
Ground maintenance fees	\$ 91,100	\$ 80,456	\$ 10,644
Tree maintenance & replacement	25,000	25,315	(315)
Sprinkler repairs	42,000	25,143	16,857
Sprinklers – water	155,000	152,434	2,566
Sprinklers – electricity	1,800	1,901	(101)
Backflow maintenance	-	16,810	(16,810)
Landscape improvement projects	45,000	20,587	24,413
Playground maintenance	6,000	7,171	(1,171)
Perimeter fence maintenance	12,000	3,300	8,700
Property insurance	4,000	6,255	(2,255)
Detention pond maintenance	5,000	3,470	1,530
Miscellaneous landscape costs	32,000	3,140	28,860
Total Landscaping Maintenance	\$ 418,900	\$ 345,982	\$ 72,918
OTHER DISTRICT EXPENSES			
Snow removal	\$ 39,000	\$ 32,868	\$ 6,132
Vandalism	1,500	-	1,500
Board election	10,000	61	9,939
Newsletter publication	1,500	388	1,112
Park and recreation events	5,000	847	4,153
Total Other District Expenses	\$ 57,000	\$ 34,164	\$ 22,836

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
12-Month Period Ended December 31, 2023

NOTE 1 – DEFINITION OF REPORTING ENTITY

Colorado International Center Metropolitan District No. 3 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on January 18, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a service plan approved by City of Aurora (City) on August 30, 2004 and amended with City approval on August 14, 2006. The District's service area is located in Adams County, Colorado entirely within the boundaries of the City and is comprised of 658 single family homes on the southeast corner of E 64th Avenue and Dunkirk Street. The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities, television relay and translation, mosquito control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District was created to provide certain essential public-purpose facilities for the use and benefit of all its anticipated residents and taxpayers of real property located within the boundaries of the District.

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 organizations 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 organizations 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 significant accounting policies of the District are as follows:

Government-wide and Fund Financial Statements

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

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

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 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 taxes and specific ownership 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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

The Aurora Regional Improvement Fund is used to account for all resources accumulated and payments made under an intergovernmental agreement between the District and the City. See Note 8 for detail regarding this agreement.

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

Budgets

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

Investments are carried at fair value.

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.

On November 02, 2004, District voters authorized the District to assess property taxes at no more than \$20 million annually, without limitation to rate, to pay the District's operations, maintenance and other expenses. Additionally, the District voters approved a revenue change to allow the District to retain and spend all revenue, other than ad valorem taxes, in excess of TABOR spending, revenue raising or other limitations.

The District's Service Plan establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District's total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since August 30, 2004. As of August 30, 2004, the ratio was 7.96%. The ratio for 2023 was 6.95%, which caused the District's Maximum Mill Levy for debt service for 2023 to be 57.266.

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.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. For 2023, the District's share of specific ownership taxes received from the State was approximately 7.2% of total property taxes collected.

Specific ownership tax is allocated proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Collection Costs

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District's ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District's right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District's annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

Based on the District services provided in 2023, the District allocated indirect collection costs between its general fund (60% cost allocation) and its debt fund (40% cost allocation). Direct collection costs such as county treasurer collection fees are proportionally allocated to each fund on the basis of each property tax revenue allocable to each fund proportion to total property tax revenue assessed by the District.

Amortization of Series 2016 Bond Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premium and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate. Deferred inflows of resources in the governmental fund financial statements of the District for the 12-month period ended December 31, 2023 are comprised of property taxes due from Adams County that will not be collected within 60 days of the end of the current calendar year. Deferred inflows of resources in the government-wide financial statements represents property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District has 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 that are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of the net investment in capital assets.

When purchased or constructed, the District classifies newly acquired property, equipment and structures by functional area. The estimated depreciable lives assigned to each asset class are based on the assumption that such assets are reasonably and regularly maintained and used for their intended purpose.

Equity

Net Position

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

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: non-spendable, 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:

- **Non-spendable fund balance** – The portion of a fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts) or legally or contractually required to be maintained intact.
- **Restricted fund balance** – The portion of a 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 a 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 a 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 a 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 policy to use the most restrictive classification first.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments – unrestricted	\$ 137,774
Cash and investments – restricted	2,320,610
Total cash and investments	<u>\$ 2,458,384</u>

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$ 44,475
Investments	2,413,909
Total cash and investments	<u>\$ 2,458,384</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.

As of December 31, 2023, the District's cash deposits had a bank balance of \$46,115 and carrying balance of \$44,475.

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 listed 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 disclosure requirements or subject to 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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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 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 purchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

- Local government investment pools

As of December 31, 2023, the District’s investments were comprised of the following:

Investment	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 2,409,736
ColoTrust Plus+ (Colotrust)	Weighted Average Under 60 Days	4,173
	Total	\$ 2,413,909

CSAFE

The District holds investments in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE operates similarly to a money market fund and each share is equal in value to \$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. CSAFE measures its investments at amortized cost, which value is not materially different (less than 0.005% difference) than the fair value measurement of such investments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period notice. 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. No limitations exist on the District’s ability to withdraw funds invested in CSAFE. CSAFE is rated AAAM by Standard & Poor's.

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. No limitations exist on the District’s ability to withdraw funds invested in Colotrust. Colotrust is rated AAAM by Standard & Poor's.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the 12-month period ended December 31, 2023, follows:

	Balance at Dec. 31, 2022	Additions	Dedications	Balance at Dec. 31, 2023	Accumulated Depreciation
Capital assets not being depreciated					
Land	\$ 27,800	\$ -	\$ -	\$ 27,800	
Water rights and taps	91,000	-	-	91,000	
Total capital assets not being depreciated	118,800	-	-	118,800	
Capital assets subject to depreciation					
Perimeter walls	801,000	-	-	801,000	(64,080)
Perimeter fencing	262,125	-	-	262,125	(52,426)
Playground and park equipment	235,000	-	-	235,000	(31,334)
Sidewalks	1,200,000	-	-	1,200,000	(60,000)
Pavilion	60,000	-	-	60,000	(6,000)
Monument signs	60,000	-	-	60,000	(8,000)
Parking lot	35,000	-	-	35,000	(3,500)
Detention pond outlet structures	40,000	-	-	40,000	(2,000)
Underdrains	2,100,000	-	-	2,100,000	(140,000)
ET controllers	54,285	-	-	54,285	(3,619)
Backflow valves	39,000	-	-	39,000	(3,900)
Total capital assets subject to depreciation	4,886,410	-	-	4,886,410	(374,859)
Capital assets, net	\$ 5,005,210	\$ -	\$ -	\$ 5,005,210	(\$ 374,859)

As of December 31, 2022, the District owns approximately 27.8 acres of parks and open spaces throughout the Grove neighborhood (aka Aurora High Point at DIA subdivision). In addition, the District is responsible for maintaining the right-of-way landscaping along the east side of Dunkirk Street, the west side of Himalaya Street and the landscaping in the medians on 64th Avenue (between Dunkirk Street and Himalaya Street). The District records its public land holdings at a nominal value of \$27,800.

NOTE 5 – LONG-TERM DEBT

The following is a summary of the changes in the District's long-term debt for the 12-month period ended December 31, 2023:

	Balance at Dec. 31, 2022	Additions	Retirements	Balance at Dec. 31, 2023	Due within one year
Series 2016 G.O. Bonds	\$ 11,595,000	\$ -	(\$ 170,000)	\$ 11,425,000	\$ 190,000
Accrued Interest – Series 2016 G.O. Bonds	48,792	571,613	(571,613)	48,792	-
Series 2018B G.O. Bonds	2,540,000	-	-	2,540,000	-
Accrued Interest – Series 2018B G.O. Bonds	420,080	222,006	(598,800)	43,286	-
Series 2018C Junior Lien Bonds	750,000	-	-	750,000	-
Accrued Interest – Series 2018C Junior Lien Bonds	554,503	163,063	-	717,566	-
Total	\$ 15,908,375	\$ 956,682	(\$1,340,413)	\$ 15,524,644	\$ 190,000

Details regarding the District's long-term obligations are as follows:

Series 2016 General Obligation Refunding and Improvement Bonds (Senior Bonds)

On October 28, 2016, the District issued Limited Tax (Convertible to Unlimited Tax) G.O. Refunding and Improvement Bonds, Series 2016 in the amount of \$11,960,000. The Senior Bonds were issued as two term bonds that bear interest at 4.625% and 5.000%, and are payable semi-annually on June 1 and December 1, beginning on December 1, 2016. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2020. The Senior Bonds mature on December 1, 2046.

The proceeds from the sale of the Senior Bonds were used as follows:

Bond proceeds	\$ 11,960,000
Bond premium	61,828
Less:	
Refunding of the Series 2006 G.O. Bonds	(2,869,219)
Capitalized interest costs	(1,225,503)
Funds deposited to the restricted Senior Reserve Fund	(920,750)
Funds deposited to the restricted Surplus Fund	(200,000)
Underwriter's discount	(239,200)
Legal, accounting and other costs of issuance	(187,785)
Net bond proceeds available for funding costs of public improvements within and without the District	\$ 6,379,371

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Amounts on deposit in the Senior Reserve Fund and, prior to the Conversion Date, amounts on deposit in the Senior Surplus Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Surplus Fund in accordance with the Senior Indenture up to the Maximum Surplus Amount of \$1,196,000. The Senior Reserve Fund was funded with bond proceeds in the amount of \$920,750.

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount. Pursuant to the Senior Indenture, the Senior Surplus Fund and Senior Reserve Fund will be terminated upon the Conversion Date, if it occurs, and any moneys therein applied to any legal purpose of the District. The balance in the Senior Surplus Fund and Senior Reserve Fund at December 31, 2023, was \$1,209,877 and \$929,115, respectively.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2021, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 1, 2023, to November 30, 2024	1.0%	\$ 114,250
December 1, 2024, and thereafter	0.0%	\$ -

Outstanding bond principal and interest on the Senior Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 190,000	\$ 563,756	\$ 753,756
2025	200,000	554,962	754,962
2026	225,000	545,713	770,713
2027	235,000	535,306	770,306
2028	260,000	524,436	784,436
2029-2033	1,600,000	2,423,172	4,023,172
2034-2038	2,275,000	1,966,250	4,241,250
2039-2043	3,125,000	1,317,000	4,442,000
2044-2046	3,315,000	382,250	3,697,250
Total	<u>\$14,425,000</u>	<u>\$ 8,812,845</u>	<u>\$20,237,845</u>

The District's detail debt service schedule for its Senior Bonds is provided on page 23.

Series 2018B Subordinate Bonds and Series 2018C Junior Lien Bonds – Issuance

On April 18, 2018 (20 days prior to an election where all directors on the District's board – all of whom served as directors on the AHPDMD board, three of whom were owners/managers of ACM and one who reported other conflicts of interest serving as a director – were replaced with five independent, homeowner directors), the District issued \$2,540,000 Subordinate Limited tax general Obligation Bonds (Subordinate Bonds) and \$750,000 Junior Lien Limited Tax General Obligation Bonds, (Junior Lien Bonds). The net proceeds from the sale of the Subordinate and Junior Lien Bonds were transferred to AHPDMD under a 2005 Facilities Funding, Construction and Operations Agreement where the District agreed to reimburse AHPDMD for costs AHPDMD incurred related to installing public infrastructure within the District.

Series 2018B Subordinate Bonds – Terms

The Subordinate Bonds were issued at the rate of 7.75% per annum and are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2038. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amounts due and owing on the Subordinate Bonds remain outstanding on December 15, 2046, such amounts shall be deemed discharged and shall no longer be due and outstanding.

No payments on the 2018B Bonds are permitted to be made until (a) the Senior Surplus Fund reaches the Maximum Surplus Amount in the amount of \$1,196,000 established pursuant to the 2016 Senior Indenture, and (b) annual debt service on the 2016 Senior Bonds and any obligations issued on parity therewith are paid in full.

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy); and
- c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2023, to December 14, 2024	3.0%	\$ 76,200
December 15, 2024, to December 14, 2025	2.0%	\$ 50,800
December 15, 2025, to December 14, 2026	1.0%	\$ 25,400
December 15, 2026, and thereafter	0.0%	\$ -

Series 2018C Junior Lien Limited Tax G.O. Bonds (Junior Lien Bonds)

The Junior Lien Bonds were issued at the rate of 12.5% per annum and are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Junior Lien Pledged Revenue available, if any, and mature on December 15, 2038. The Junior Lien Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Junior Lien Bonds compounds annually on each December 15. In no event is any principal or interest to be paid on the Junior Lien Bonds until the Subordinate Bonds, and to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations, have been paid in full or defeased.

The Junior Lien Bonds are secured by and payable from Junior Lien Pledged Revenue, net of any costs of collection, which includes:

- a) all Junior Lien Property Taxes (generated by the imposition of the Junior Lien Required Mill Levy);
- b) all Junior Lien Specific Ownership Taxes (attributable to the Junior Lien Required Mill Levy);
- c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund.

The Junior Lien Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2023, to December 14, 2024	3.0%	\$ 22,500
December 15, 2024, to December 14, 2025	2.0%	\$ 15,000
December 15, 2025, to December 14, 2026	1.0%	\$ 750
December 15, 2026, and thereafter	0.0%	\$ -

In no event is any principal or interest to be paid on the 2018C Bonds until the 2018B Bonds, and to the extent required by the applicable 2016 Senior Indenture and 2018B Indenture, any other 2016 Bond and 2018B Bond Obligations, have been paid in full or defeased.

Per section 4.05(f) of the Junior Lien Indenture of Trust, if the Junior Lien Pledged Revenue is insufficient or is anticipated to be insufficient to pay the principal of, premium if any, and interest on the Junior Lien Bonds when due, the District has irrevocably covenanted to use its best efforts to refinance, refund, or otherwise restructure the Bonds so as to avoid such payment shortfall. In the event any amount of principal or interest on the Junior Lien Bonds remains unpaid on December 15, 2046 after application of (1) all Junior Lien Pledged Revenue and (2) proceeds from refinancing, refunding or restructuring the Junior Lien Bonds, the Junior Lien Bonds will be discharged and the bondholders will have no recourse against the District.

Per the 2018 Financial Forecast included with the Junior Lien Bond Offering document, the Junior Lien Bonds are projected to be repaid in full by 2038. Interest payments per the 2018 Financial Forecast totaled \$5,080,131, which equates to an annual net effective interest rate of **32.3%**.

Events of Default – Series 2016 Bonds and Series 2018 Bonds

The following events are considered events of default under the bond indentures of trust: (1) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust, (2) the District fails to pay the principal of, premium if any, or interest on the Bonds when due, (3) the District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof is provided to the District by the Trustee, Bond Insurer or Bond Owners or (4) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default if the District has levied the Required Mill Levy, complied with all covenants and conditions of the Indenture of Trust and remitted all Pledged Revenues to the Trustee. Available remedies for an Event of Default are (1) placing the District in receivership, (2) Trustee initiating a lawsuit against the District and (3) compelling the District to cure the default via mandamus or any other suit, action, or proceeding at law or in equity. Acceleration of the repayment of the Bonds is not an available remedy for an Event of Default.

Debt Authorization – Service Plan

The District’s Amended and Restated Service Plan, which was approved by the City of Aurora on August 14, 2006, authorizes the District to issue up to \$400 million in debt over a term not to exceed 40 years. The Amended and Restated Service Plan also establishes a Maximum Mill levy the District is permitted to impose on taxable property within the District for the payment of debt. As long as the District’s total outstanding debt exceeds 50% of the assessed valuation of all taxable property within the District, the Maximum Debt Mill Levy is 50 mills, as adjusted by the State

of Colorado for changes in the ratio of taxable valuation to assessed valuation of real property since January 1, 2004. As of January 1, 2004, the ratio was 7.96%. The ratio for 2023 was 6.95%, which caused the District’s Maximum Mill Levy for debt service for 2023 to be 57.266.

As of December 31, 2023, total remaining debt issuance authorization under the District’s second Amended and Restated Service Plan is as follows:

Authorized maximum debt issuance per Amended and Restated Service Plan	\$ 400,000,000
Less:	
2006 Bonds	(8,875,000)
2016 Bonds	(8,372,000)
2018 Bonds	(3,290,000)
Unused, authorized debt issuance as of Dec. 31, 2023	\$ 379,463,000

Debt Authorization – TABOR

On November 2, 2004, the District’s nine electors (all of whom were qualified to vote by the owner of all land within the District at that time) unanimously voted to authorize the issuance of indebtedness in an amount not to exceed \$4.82 billion for infrastructure improvements and operations at an interest rate not to exceed 18%.

On November 8, 2022, 464 of the District’s electors voted to (1) repeal and rescind all but \$1 million of the unused debt authorization approved by the nine electors in November 2, 2004 and (2) reduced the maximum allowable net effective interest rate on the remaining debt authorization to 8%. The voters also approved a separate ballot measure prohibiting the District from entering into any multiple fiscal year financial obligations evidenced by intergovernmental agreements.

Per C.R.S 32-1-1101(2), the remaining, unused TABOR debt issuance authorization of \$1 million will expire in November 2024 – 20 years after the original debt authorization election.

NOTE 6 – CONTINGENT OBLIGATIONS

The District has entered into two contingent obligation agreements with certain developers of the land within the District – CIC, LLC (CIC LLC) and ACM High Point VI, LLC (ACM). The District has neither registered nor filed a notice of claim of exemption regarding these contingent obligation agreements with the Colorado Securities Commissioner (“Commissioner”). Interpretative Order No. 06-IN-001 issued by the Commissioner provides that neither a registration application nor notice of claim of exemption is required to be filed with the Commissioner for a contractual obligation to repay a developer for advanced funds if such obligation provides that it is not transferable. These contingent obligation agreements may be transferred to third parties upon obtaining the consent of all parties to these respective agreements. The contingent obligations of the District contemplated in the agreements identified below are subject to annual appropriation at the sole discretion of the District and are not multiple-fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution. The following contingent obligations exist, but are not necessarily owing:

2005 and 2006 Operations Funding Agreements. On January 25, 2005, AHPDMD, CIC LLC, and the District entered into the 2005 Operation Funding Agreement (2005 OFA), and on January 20, 2006, the AHPDMD, CIC LLC, and the District entered into the 2006 Operation Funding Agreement (2006 OFA). At the time these Agreements were executed, the directors on the District’s board were also directors on AHPDMD’s board and all directors were either employees and/or officers of CIC, LLC or reported other conflicts of interest serving as directors on the District’s board. Per the

2005 OFA and 2006 OFA, CIC LLC agreed to provide funding to the District for its required payments to AHPDMD pursuant to a District Facilities Agreement. Funds provided under both agreements accrue simple interest at a rate of 8% per annum. Any repayments of funding provided by CIC LLC under the 2006 OFA are limited to property tax revenues derived from the District's Operations Mill Levy of no more than 15 mills if appropriated by the District through its annual budgeting process. Both Agreements are effective through December 31, 2046, unless terminated earlier by mutual agreement.

For the 12-month period ending December 31, 2023, the projected changes in advances and accrued interest under the 2005 OFA and 2006 OFA are as follows:

	Balance as of 12/31/2022	Additions	Deletions	Balance as of 12/31/2023
Funding/advances	\$ 100,316	\$ -	\$ -	\$ 100,316
Accrued Interest	135,447	8,025	-	143,472
	<u>\$ 235,763</u>	<u>\$ 8,025</u>	<u>\$ -</u>	<u>\$ 243,788</u>

2017 Operations Funding and Reimbursement Agreement. On July 20, 2017, AHPDMD, ACM, and the District entered into an Operation Funding and Reimbursement Agreement (2017 OFRA). At the time this Agreement was executed, the directors on the District's board were also directors on AHPDMD's board and all directors were either employees and/or officers of ACM or reported other conflicts of interest serving as directors on the District's board. Per the 2017 OFRA, all funding from LNR to the District and related accrued interest under the 2016 OFRA were assigned to ACM. Amounts accrued and claimed by LND and ACM under the 2017 OFRA accrue simple interest at a rate of 8% per annum. Annual repayments by the District under the 2017 OFA are limited to an amount calculated as follows: (1) property tax revenue generated from a combined annual mill levy of 50 mills less (2) annual required debt service costs less (3) total costs to fund the District's annual administrative, operations and maintenance costs. The 2017 OFRA terminates upon the earlier of (1) December 01, 2046 – regardless of whether any funding and accrued interest remains outstanding under the 2017 OFRA – or (2) the date on which all amounts funded under the 2017 OFRA plus accrued interest is paid back to ACM.

Although the OFRA indicates amounts accrued as owing to ACM under this agreement constitutes a multiple-fiscal year obligation, the District did not contact the holders of the majority of outstanding Series 2016 Bonds to obtain their consent to the District entering into the 2016 OFRA. The District also represented in the 2016 bond offering document that amounts accrued under the 2016 OFRA were not multiple fiscal year obligations requiring voter approval.

For the 12-month period ending December 31, 2023, the projected changes in advances and accrued interest under the 2017 OFRA are as follows:

	Balance as of 12/31/2022	Additions	Deletions	Balance as of 12/31/2023
Funding/advances	\$ 113,718	\$ -	\$ -	\$ 113,718
Accrued Interest	139,233	9,097	-	148,330
	<u>\$ 252,951</u>	<u>\$ 9,097</u>	<u>\$ -</u>	<u>\$ 262,048</u>

NOTE 7 – NET POSITION (DEFICIT)

Correction of Error

In prior years, the District understated accrued, unpaid interest on the Series 2018B bonds. This understatement caused both liabilities and net deficit to be understated. The impact of restating net deficit's beginning balance is as follows:

Net deficit - December 31, 2022, as originally stated	(\$ 8,535,689)
Correct understatement of accrued interest on Series 2018B Bonds	(177,968)
Other adjustments	(726)
Net deficit - December 31, 2022, as restated	(\$ 8,714,383)

Non-Spendable Net Position

The District's non-spendable net position as of December 31, 2023 in the general fund, debt service fund, capital project fund and ARI fund totaled \$10,236, \$0, \$0 and \$0, respectively.

Restricted Net Position

The District's restricted net position as of December 31, 2023 in the general fund, debt service fund, capital project fund and ARI fund totaled \$16,100, \$2,172,894, \$110,793 and \$132, respectively. The restricted net position within the general fund is due to spending restrictions established by TABOR. See Note 11 for further details. The restricted net position within the debt service fund is comprised of funds that are restricted to servicing the District's Bonds. The restricted net position within the capital project fund is comprised of funds restricted for funding the construction and maintenance of assets owned and operated by the District.

Unassigned Net Position

The District's unassigned net position as of December 31, 2023 totaled (\$10,792,135). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements conveyed to the City of Aurora and the District.

NOTE 8 – AGREEMENTS

Intergovernmental Agreement with the City of 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. 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, 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 ARI Mill Levy is not pledged to the payment of the 2016 Bonds or the 2018 Bonds.

ARTA Agreement

In 2006, the District, along with 15 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.

Of the 16 district members of ARTA, the majority of directors on 14 such member districts reported conflicts of interest regarding their service on such district boards and multiple district members were controlled by the same individuals/companies. Due to the multiple member conflicts of interest within ARTA, the District terminated its membership with ARTA effective November 15, 2023. The District remitted the net proceeds of the 2023 ARI Mill Levy to ARTA. Beginning with the 2024 ARI Mill Levy, the District will be remitting the net proceeds of the ARI Mill Levy to the City.

NOTE 9 – RELATED PARTIES

For the 12-month period ended December 31, 2023, none of the directors serving on the District’s board reported conflicts of interest regarding their service on the Board.

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 11 – TAX, SPENDING AND DEBT LIMITATIONS

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

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

On November 2, 2004, nine electors (all of whom were qualified to vote by the owner of all land within the District at that time) unanimously voted to authorize the District to assess property taxes up to \$20 million annually, without limitation to rate, to pay the District's operations, maintenance and other expenses.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). TABOR prohibits the District from using its emergency reserves to compensate for economic conditions and revenue shortfalls.

TABOR is complex and subject to legal interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

SUPPLEMENTARY INFORMATION

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Amend Budget
REVENUES			
Property taxes	\$ 1,175,200	\$ 1,175,094	\$ (106)
Specific ownership taxes	76,400	85,714	9,314
Net investment income	15,000	137,767	122,767
Total Revenues	<u>1,266,600</u>	<u>1,398,575</u>	<u>131,975</u>
EXPENDITURES			
Direct and indirect collection costs	63,800	52,130	11,670
Debt service			
Interest payments - Series 2016 Bonds	571,700	571,613	87
Interest payments - Series 2018B Bonds	600,000	598,800	1,200
Interest payments - Series 2018C Bonds	-	-	-
Principal payments – 2016 Series Bonds	170,000	170,000	-
Principal payments – 2018 Series Bonds	-	-	-
Principal payments – 2018B Series Bonds	-	-	-
Total Expenditures	<u>1,405,500</u>	<u>1,392,543</u>	<u>12,957</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(138,900)</u>	<u>6,032</u>	<u>144,932</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(138,900)</u>	<u>6,032</u>	<u>144,932</u>
FUND BALANCE – BEGINNING	<u>2,116,800</u>	<u>2,166,862</u>	<u>50,062</u>
FUND BALANCE – END OF YEAR	<u>\$ 1,977,900</u>	<u>\$ 2,172,894</u>	<u>\$ 194,994</u>

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
DEBT SERVICE FUND
COLLECTION COST DETAILS - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
DIRECT AND INDIRECT COLLECTION COSTS			
Collection fees – County Treasurer	\$ 18,100	\$ 17,630	\$ 470
Indirect Collection Cost Allocation	33,200	27,000	6,200
Legal fees	-	-	-
Bond paying agent fees	7,500	7,500	-
Miscellaneous	5,000	-	5,000
Total Direct and Indirect Collection Costs	\$ 63,800	\$ 52,130	\$ 11,670

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

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Net investment income	\$ 100	\$ -	\$ (100)
Contribution from Aurora High Point at DIA Metro	-	-	-
Total Revenues	<u>100</u>	<u>-</u>	<u>(100)</u>
EXPENDITURES			
General and administrative fees	-	-	-
Capital projects			
Major capital projects	50,000	-	50,000
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,900)</u>	<u>-</u>	<u>(50,100)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	60,000	60,000	-
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>60,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	10,100	60,000	50,100
FUND BALANCE – BEGINNING OF YEAR	<u>59,400</u>	<u>50,793</u>	<u>(8,607)</u>
FUND BALANCE – END OF YEAR	<u><u>\$ 69,500</u></u>	<u><u>\$ 110,793</u></u>	<u><u>\$ 41,493</u></u>

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

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO 3
AURORA REGIONAL IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
12-Month Period Ended
December 31, 2023**

	Original Budget	Actual Amounts	Positive / (Negative) Variance with Original Budget
REVENUES			
Property taxes	\$ 23,500	\$ 23,495	\$ (5)
Specific ownership taxes	1,600	1,714	114
Interest income	100	9	(91)
Total Revenues	<u>25,200</u>	<u>25,218</u>	<u>18</u>
EXPENDITURES			
County Treasurer collection fees	400	353	47
Transfers to Aurora Regional Transportation Authority	24,800	27,430	(2,630)
Other	-	-	-
Total Expenditures	<u>25,200</u>	<u>27,783</u>	<u>(2,583)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(2,565)</u>	<u>2,565</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCIAL SOURCES	<u>-</u>	<u>(2,565)</u>	<u>(2,565)</u>
FUND BALANCE – BEGINNING OF YEAR	<u>-</u>	<u>2,697</u>	<u>2,697</u>
FUND BALANCE – END OF YEAR	<u>\$ -</u>	<u>\$ 132</u>	<u>\$ 132</u>

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

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2023

The District anticipates the Surplus Fund will remain fully funded in 2022. The District's repayment schedule for its Series 2016 general obligation bonds is as follows:

Year Ended December 31,	Principal	Interest	Total
2024	\$ 190,000	\$ 563,756	\$ 753,756
2025	200,000	554,962	754,962
2026	225,000	545,713	770,713
2027	235,000	535,306	770,306
2028	260,000	524,436	784,436
2029	275,000	512,412	787,412
2030	300,000	499,692	799,692
2031	315,000	485,818	800,818
2032	345,000	471,250	816,250
2033	365,000	454,000	819,000
2034	400,000	435,750	835,750
2035	420,000	415,750	835,750
2036	455,000	394,750	849,750
2037	480,000	372,000	852,000
2038	520,000	348,000	868,000
2039	545,000	322,000	867,000
2040	590,000	294,750	884,750
2041	620,000	265,250	885,250
2042	670,000	234,250	904,250
2043	700,000	200,750	900,750
2044	755,000	165,750	920,750
2045	790,000	128,000	918,000
2046	1,770,000	88,500	1,858,500
	<u>\$ 11,425,000</u>	<u>\$ 8,812,845</u>	<u>\$ 20,237,845</u>

The original face value of these bonds totaled \$11,960,000. The interest rate on the bonds range between 4.625% to 5.000% and the bonds are payable each year on June 1st and December 1st. Principal payments are due each year on December 1st.

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3
**SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED**
December 31, 2023

Year Ended Dec. 31,	Prior Year Assessed Valuation for Current Year tax Levy	Mills Levied			Total Property Taxes		Percent Collected to Levied
		Operations	ARI	Debt	Levied	Collected (Note A)	
2020	\$ 15,995,920	11.133	1.113	55.663	\$1,086,267	\$1,068,233	98.3%
2021	16,423,290	11.132	1.113	55.663	1,115,273	1,112,165	99.7%
2022	20,473,940	25.027	1.113	55.664	1,675,100	1,644,682	98.2%
2023	20,522,080	26.601	1.145	57.266	1,744,600	1,744,440	100.0%
2024	24,978,880	21.854	1.188	59.403	2,059,400	[TBD]	[TBD]

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

OTHER SUPPLEMENTARY INFORMATION

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3
CHANGE IN TOTAL OVERLAPPING MILL LEVY
 December 31, 2023

	2022 Mill Levy *	2023 Mill Levy **	Change
Colorado International Center Metro District No. 3	85.012	82.445	(2.567)
Brighton School District No. 27J	56.290	56.290	0.000
Adams County	26.967	26.835	(0.132)
City of Aurora	7.816	8.407	0.591
Rangeview Library District	3.615	3.653	0.038
Urban Drainage and Flood Control	0.900	0.900	0.000
Urban Drainage and Flood Control – South Platte	0.100	0.100	0.000
Total Mill Levy	180.700	178.630	(2.070)

* -- For property tax collections in 2023

** -- For property tax collections in 2024

COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3

HISTORICAL DEBT RATIOS

December 31, 2023

	2019	2020	2021	2022	2023
General Obligation Bonds	\$15,250,000	\$ 15,185,000	\$ 15,045,000	\$ 15,045,000	\$14,715,000
Accrued, unpaid interest - Bonds	393,911	405,173	670,349	376,492	809,644
Restricted Cash	(2,140,960)	(2,128,969)	(2,287,270)	(2,319,741)	(2,166,694)
Combined assessed property values within the District	15,995,920	16,423,290	20,473,940	20,522,080	24,978,880
Ratio of debt to assessed property values	84%	82%	66%	64%	53.5%