

**CORNERSTAR METROPOLITAN DISTRICT  
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**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 accompanying 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, 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 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, 2023, 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.

I

**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 (together, the information) as identified in the table of contents 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 as listed in the table of contents 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 Parnters, LLC*

Arvada, Colorado  
September 12, 2024

## **BASIC FINANCIAL STATEMENTS**

**CORNERSTAR METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,499,239
Cash and Investments - Restricted	3,913,145
Prepaid Expenses	9,794
Receivable from County Treasurer	9,298
Property Tax Receivable	2,470,908
Capital Assets:	
Capital Assets Not Being Depreciated	1,222,504
Capital Assets Net of Depreciation	<u>18,016,582</u>
Total Assets	<u>27,141,470</u>
<b>LIABILITIES</b>	
Accounts Payable	71,209
Accrued Bond Interest	136,802
Noncurrent Liabilities:	
Due Within One Year	309,000
Due in More Than One Year	<u>31,886,481</u>
Total Liabilities	<u>32,403,492</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax	<u>2,470,908</u>
Total Deferred Inflows of Resources	<u>2,470,908</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(5,164,838)
Restricted for:	
Emergency Reserve	19,500
Debt Service	2,241,153
Aurora Regional Improvements	2,900
Net Position - Unrestricted	<u>(4,831,645)</u>
Total Net Position	<u><u>\$ (7,732,930)</u></u>

See accompanying Notes to Basic Financial Statements.

**CORNERSTAR METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 413,598	\$ -	\$ -	\$ -	\$ (413,598)
Public Works - General Government	1,139,319	-	-	-	(1,139,319)
Interest on Long-Term Debt and Related Costs	1,718,937	-	-	745,797	(973,140)
Total Governmental Activities	\$ 3,271,854	\$ -	\$ -	\$ 745,797	(2,526,057)
<b>GENERAL REVENUES</b>					
Property Taxes					2,192,031
Specific Ownership Taxes					148,287
Interest Income					313,589
Operation Fees					45,222
Total General Revenues					2,699,129
<b>CHANGES IN NET POSITION</b>					173,072
Net Position - Beginning of Year					(7,906,002)
<b>NET POSITION - END OF YEAR</b>					\$ (7,732,930)

See accompanying Notes to Basic Financial Statements.



**CORNERSTAR METROPOLITAN DISTRICT  
BALANCE SHEET –  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Special Revenue	Debt Service 2017A	Debt Service 2017B	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 1,499,239	\$ -	\$ -	\$ -	\$ 1,499,239
Cash and Investments - Restricted	19,500	2,900	3,440,948	449,797	3,913,145
Receivable from County Treasurer	2,106	-	5,889	1,303	9,298
Prepaid Expenses	9,794	-	-	-	9,794
Property Tax Receivable	520,876	48,428	1,587,032	314,572	2,470,908
	<u>\$ 2,051,515</u>	<u>\$ 51,328</u>	<u>\$ 5,033,869</u>	<u>\$ 765,672</u>	<u>\$ 7,902,384</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 71,209	\$ -	\$ -	\$ -	\$ 71,209
Total Liabilities	<u>71,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,209</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Tax	520,876	48,428	1,587,032	314,572	2,470,908
Total Deferred Inflows of Resources	<u>520,876</u>	<u>48,428</u>	<u>1,587,032</u>	<u>314,572</u>	<u>2,470,908</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid Expense	9,794	-	-	-	9,794
Restricted for:					
Emergency Reserves	19,300	-	-	-	19,300
Debt Service	-	-	3,446,837	451,100	3,897,937
Aurora Regional Improvements	-	2,900	-	-	2,900
Unassigned	1,430,336	-	-	-	1,430,336
Total Fund Balances	<u>1,459,430</u>	<u>2,900</u>	<u>3,446,837</u>	<u>451,100</u>	<u>5,360,267</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,051,515</u>	<u>\$ 51,328</u>	<u>\$ 5,033,869</u>	<u>\$ 765,672</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.

19,239,086

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

Accrued Bond Interest Payable  
Bonds Payable  
Unamortized Bond Discount  
Developer Advance Payable

(136,802)  
(31,585,000)  
182,796  
(793,277)

Net Position of Governmental Activities

\$ (7,732,930)

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, 2023**

	General	Special Revenue	Debt Service 2017A	Debt Service 2017B	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 487,069	\$ 42,087	\$ 1,361,690	\$ 301,185	\$ 2,192,031
Specific Ownership Taxes	33,587	-	93,925	20,775	148,287
Interest Income	77,355	1,465	207,902	26,867	313,589
Sales/Use Taxes	-	-	745,797	-	745,797
Operation Fee - Acadia at Cornerstar Apts	38,362	-	-	-	38,362
Operation Fee - Cornerstar Healthcare Plaza	6,860	-	-	-	6,860
Total Revenues	<u>643,233</u>	<u>43,552</u>	<u>2,409,314</u>	<u>348,827</u>	<u>3,444,926</u>
<b>EXPENDITURES</b>					
Current:					
Accounting	45,674	-	-	-	45,674
Auditing	7,400	-	-	-	7,400
County Treasurer's Fee	7,322	633	20,471	4,528	32,954
Detention Pond Maintenance	38,427	-	-	-	38,427
Directors' Fees	2,000	-	-	-	2,000
District Management	27,176	-	-	-	27,176
Dues and Membership	647	-	-	-	647
Election	2,683	-	-	-	2,683
Electricity	37,823	-	-	-	37,823
Insurance	9,548	-	-	-	9,548
Irrigation Repairs	8,499	-	-	-	8,499
Landscape Maintenance - Contract	35,984	-	-	-	35,984
Landscape Maintenance - Special	7,996	-	-	-	7,996
Legal	30,984	-	-	-	30,984
Miscellaneous	1,579	-	-	-	1,579
Payroll Taxes	153	-	-	-	153
Property Management	20,672	-	-	-	20,672
Repairs and Maintenance	665	-	-	-	665
Site Lighting	16,230	-	-	-	16,230
Snow Removal	64,699	-	-	-	64,699
Streets Repairs and Maintenance	8,342	-	-	-	8,342
Street Sweeping	28,440	-	-	-	28,440
Water	10,022	-	-	-	10,022
Debt Service:					
Bond Interest	-	-	1,410,738	271,163	1,681,901
Bond Principal	-	-	860,000	30,000	890,000
Paying Agent Fees	-	-	3,000	1,500	4,500
Total Expenditures	<u>412,965</u>	<u>633</u>	<u>2,294,209</u>	<u>307,191</u>	<u>3,014,998</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	230,268	42,919	115,105	41,636	429,928
<b>OTHER FINANCING SOURCES (USES)</b>					
Repay Developer Advance	-	(41,581)	-	-	(41,581)
Total Other Financing Uses	<u>-</u>	<u>(41,581)</u>	<u>-</u>	<u>-</u>	<u>(41,581)</u>
<b>NET CHANGE IN FUND BALANCES</b>	230,268	1,338	115,105	41,636	388,347
Fund Balances - Beginning of Year	<u>1,229,162</u>	<u>1,562</u>	<u>3,331,732</u>	<u>409,464</u>	<u>4,971,920</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,459,430</u>	<u>\$ 2,900</u>	<u>\$ 3,446,837</u>	<u>\$ 451,100</u>	<u>\$ 5,360,267</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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 388,347

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

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

Depreciation Expense (1,139,319)

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 government funds. Neither transaction, however, has any effect on net position.

Bond Principal 890,000

Repay Developer Advance 41,581

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

Amortization of Bond Discount (10,893)

Accrued Interest on Bonds Payable - Change in Liability 3,356

Changes in Net Position of Governmental Activities \$ 173,072

**CORNERSTAR METROPOLITAN DISTRICT  
GENERAL FUND –  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 486,900	\$ 487,012	\$ 487,069	\$ 57
Specific Ownership Taxes	29,214	29,214	33,587	4,373
Interest Income	19,320	45,000	77,355	32,355
Operation Fee - Acadia at Cornerstar Apts	46,418	50,708	38,362	(12,346)
Operation Fee - Cornerstar Healthcare Plaza	7,141	7,801	6,860	(941)
Total Revenues	<u>588,993</u>	<u>619,735</u>	<u>643,233</u>	<u>23,498</u>
<b>EXPENDITURES</b>				
Accounting	35,000	45,000	45,674	(674)
Auditing	7,000	7,400	7,400	-
Contingency	946	3,697	-	3,697
County Treasurer's Fee	7,304	7,321	7,322	(1)
Detention Pond Maintenance	6,000	6,000	38,427	(32,427)
Directors' Fees	1,600	1,600	2,000	(400)
District Management	20,000	20,000	27,176	(7,176)
Dues and Membership	2,000	647	647	-
Election	3,500	2,637	2,683	(46)
Electricity	27,000	27,000	37,823	(10,823)
Floral	10,400	10,400	-	10,400
Grounds - Repair and Maintenance	3,000	3,000	-	3,000
Grounds Maintenance - Contingency	31,045	31,045	-	31,045
Insurance	10,000	9,548	9,548	-
Irrigation Repairs	4,500	4,500	8,499	(3,999)
Janitorial and Porter	30,000	30,000	-	30,000
Landscape Improvements	12,000	12,000	-	12,000
Landscape Maintenance - Contract	30,000	30,000	35,984	(5,984)
Landscape Maintenance - Special	-	-	7,996	(7,996)
Legal	25,000	25,000	30,984	(5,984)
Miscellaneous	2,500	2,000	1,579	421
Payroll Taxes	150	150	153	(3)
Property Management	18,330	18,330	20,672	(2,342)
Repairs and Maintenance	-	-	665	(665)
Seasonal Decor	20,000	20,000	-	20,000
Sidewalk and Concrete Repairs	5,000	5,000	-	5,000
Site Lighting	43,300	43,300	16,230	27,070
Snow Removal	61,281	61,281	64,699	(3,418)
Storm Drainage	2,000	2,000	-	2,000
Streets Repairs and Maintenance	30,290	30,290	8,342	21,948
Street Sweeping	22,120	22,120	28,440	(6,320)
Striping	8,734	8,734	-	8,734
Water	20,000	20,000	10,022	9,978
Total Expenditures	<u>500,000</u>	<u>510,000</u>	<u>412,965</u>	<u>97,035</u>
<b>NET CHANGE IN FUND BALANCE</b>	88,993	109,735	230,268	120,533
Fund Balance - Beginning of Year	<u>1,251,486</u>	<u>1,229,162</u>	<u>1,229,162</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,340,479</u>	<u>\$ 1,338,897</u>	<u>\$ 1,459,430</u>	<u>\$ 120,533</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, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 42,096	\$ 42,087	\$ (9)
Interest Income	250	1,465	1,215
Total Revenues	<u>42,346</u>	<u>43,552</u>	<u>1,206</u>
<b>EXPENDITURES</b>			
County Treasurer's Fee	631	633	(2)
Total Expenditures	<u>631</u>	<u>633</u>	<u>(2)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	41,715	42,919	1,204
<b>OTHER FINANCING SOURCES (USES)</b>			
Repay Developer Advance	(41,581)	(41,581)	-
Total Other Financing Uses	<u>(41,581)</u>	<u>(41,581)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	134	1,338	1,204
Fund Balance - Beginning of Year	<u>1,144</u>	<u>1,562</u>	<u>418</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,278</u>	<u>\$ 2,900</u>	<u>\$ 1,622</u>

See accompanying Notes to Basic Financial Statements.

**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Cornerstar Metropolitan District (the District), previously known as Commons at Arapahoe Metropolitan 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, 2023**

**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, 2023**

**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.

The District has amended its annual budget for the year ended December 31, 2023.

The Special Revenue Fund expenditures exceeded the appropriated budget for 2023 and this may be a violation of State Law.

**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, 2023**

**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.

*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.

**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*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, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,499,239
Cash and Investments - Restricted	3,913,145
Total Cash and Investments	\$ 5,412,384

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

Deposits with Financial Institutions	\$ 8,251
Investments	5,404,133
Total Cash and Investments	\$ 5,412,384

**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.

**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Deposits with Financial Institutions (Continued)**

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 and a carrying balance of \$8,251.

**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

As of December 31, 2023, 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	\$ 5,404,133
		<u>\$ 5,404,133</u>

**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**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 currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates 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, any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for 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 CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 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.

**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2023, follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
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:				
Parks & Recreation	404,674	-	-	404,674
System to Transport	454,780	-	-	454,780
Streets, Streetscape and Storm Drainage	33,320,130	-	-	33,320,130
Total Capital Assets, Being Depreciated	34,179,584	-	-	34,179,584
Less Accumulated Depreciation for:				
Parks & Recreation	139,389	13,489	-	152,878
System to Transport	206,356	15,160	-	221,516
Streets, Streetscape and Storm Drainage	14,677,938	1,110,670	-	15,788,608
Total Accumulated Depreciation	15,023,683	1,139,319	-	16,163,002
Total Capital Assets, Being Depreciated, Net	19,155,901	(1,139,319)	-	18,016,582
Governmental Activities Capital Assets, Net	<u>\$ 20,378,405</u>	<u>\$ (1,139,319)</u>	<u>\$ -</u>	<u>\$ 19,239,086</u>

Depreciation expense was charged to the public works – general government function/program of the District for the year ended December 31, 2023, in the amount of \$1,139,319.

**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS**

The District's outstanding long-term obligations at December 31, 2023, were as follows:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
<b>Bonds Payable</b>					
General Obligation Bonds Series 2017A	\$ 27,310,000	\$ -	\$ 860,000	\$ 26,450,000	\$ 215,000
General Obligation Bonds Series 2017B	5,165,000	-	30,000	5,135,000	45,000
Subtotal Bonds Payable	<u>32,475,000</u>	<u>-</u>	<u>890,000</u>	<u>31,585,000</u>	<u>260,000</u>
<b>Other Debts</b>					
ARI Fund	834,858	-	41,581	793,277	49,000
Subtotal Other Debts	<u>834,858</u>	<u>-</u>	<u>41,581</u>	<u>793,277</u>	<u>49,000</u>
<b>Bond Premium/Discount</b>					
Bond Discount - Series 2017A	(134,064)	-	(7,559)	(126,505)	-
Bond Discount - Series 2017B	(59,625)	-	(3,334)	(56,291)	-
Subtotal Bond Premium / Discount	<u>(193,689)</u>	<u>-</u>	<u>(10,893)</u>	<u>(182,796)</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 33,116,169</u>	<u>\$ -</u>	<u>\$ 920,688</u>	<u>\$ 32,195,481</u>	<u>\$ 309,000</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 (Limited Tax Convertible to Unlimited Tax) 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, 2023**

**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.

The 2017A Indentures defines TIF Revenues as (a) all Pledged Sales Tax Revenues, as defined in the Public Finance Agreement; (b) all Pledged Use Tax Revenues, as defined in the Public Finance Agreement; and (c) any interest earned on the Pledged Sales Tax Revenues and Pledged Use Tax Revenues while on deposit with AURA in the Pledged Revenue Fund (as defined in the Public Finance Agreement).

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, 2023**

**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, 2023, the Senior Debt to Assessed Ratio is 58.82%.

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

<u>Year Ending December 31,</u>	<u>Bonded Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 260,000	\$ 1,641,626	\$ 1,901,626
2025	270,000	1,629,588	1,899,588
2026	365,000	1,617,101	1,982,101
2027	380,000	1,600,226	1,980,226
2028	485,000	1,582,637	2,067,637
2029-2033	3,405,000	7,478,624	10,883,624
2034-2038	5,785,000	6,373,354	12,158,354
2039-2043	8,920,000	4,557,785	13,477,785
2044-2047	11,715,000	1,704,936	13,419,936
Total	<u>\$ 31,585,000</u>	<u>\$ 28,185,877</u>	<u>\$ 59,770,877</u>

**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.

	<u>Amount Authorized on November 7, 2006</u>	<u>Authorization Used 2007 Bonds</u>	<u>Authorization Used 2013 Bonds</u>	<u>Authorization Used 2017A Bonds</u>	<u>Authorization Used 2017B Bonds</u>	<u>Remaining at December 31, 2023</u>
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>



**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt (Continued)**

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, 2023, the District has net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 19,239,087
Current Portion of Outstanding Long Term Obligations	(309,000)
Noncurrent Portion of Outstanding Long Term Obligations	(24,094,925)
Net Investment in Capital Assets	\$ (5,164,838)

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, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 19,500
Debt Service Reserve	2,241,153
ARI Fund	2,900
Total Restricted Net Position	\$ 2,263,553

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.

**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 7 RELATED PARTY**

During 2023, 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. For the year ended December 31, 2023, the District recorded \$37,353 in maintenance and operation expense reimbursements and \$20,672 in management fees as expenditures under the agreements.

On November 15, 2023, DLC Management Corporation became the owner of the Cornerstar Shopping Center. Conflicts of interest in dealing with the District may exist as a result of these relationships. For the year ended December 31, 2023, the District recorded a liability of \$10,492 for maintenance and operation expense reimbursements.

**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 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, 2023, the obligation under this agreement is \$793,277.

**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**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, between the District and 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, 2023, the District has collected \$496,404, 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.

**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, 2023, \$16,012,812 of sales and use tax has been paid to the District under this agreement.

**CORNERSTAR METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 9 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.

**NOTE 10 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.

## **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, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,361,216	\$ 1,361,690	\$ 474
Specific Ownership Taxes	81,673	93,925	12,252
Sales/Use Taxes	919,645	745,797	(173,848)
Interest Income	50,400	207,902	157,502
Total Revenues	<u>2,412,934</u>	<u>2,409,314</u>	<u>(3,620)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fee	20,418	20,471	(53)
Paying Agent Fees	3,000	3,000	-
Bond Interest	1,410,738	1,410,738	-
Bond Principal	860,000	860,000	-
Contingency	844	-	844
Total Expenditures	<u>2,295,000</u>	<u>2,294,209</u>	<u>791</u>
<b>NET CHANGE IN FUND BALANCE</b>	117,934	115,105	(2,829)
Fund Balance - Beginning of Year	<u>3,308,765</u>	<u>3,331,732</u>	<u>22,967</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,426,699</u>	<u>\$ 3,446,837</u>	<u>\$ 20,138</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, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 301,148	\$ 301,185	\$ 37
Specific Ownership Taxes	18,069	20,775	2,706
Interest Income	6,200	26,867	20,667
Total Revenues	<u>325,417</u>	<u>348,827</u>	<u>23,410</u>
<b>EXPENDITURES</b>			
County Treasurer's Fee	4,517	4,528	(11)
Paying Agent Fees	1,500	1,500	-
Bond Interest	271,163	271,163	-
Bond Principal	30,000	30,000	-
Contingency	2,820	-	2,820
Total Expenditures	<u>310,000</u>	<u>307,191</u>	<u>2,809</u>
<b>NET CHANGE IN FUND BALANCE</b>	15,417	41,636	26,219
Fund Balance - Beginning of Year	<u>404,589</u>	<u>409,464</u>	<u>4,875</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 420,006</u>	<u>\$ 451,100</u>	<u>\$ 31,094</u>

## **OTHER INFORMATION**



**CORNERSTAR METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2023**

The Year Ending 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 Payable December 1			Principal Payable December 1					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
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
<b>Total</b>	<b>\$ 26,450,000</b>	<b>\$ 23,606,828</b>	<b>\$ 50,056,828</b>	<b>\$ 5,135,000</b>	<b>\$ 4,579,049</b>	<b>\$ 9,714,049</b>	<b>\$ 31,585,000</b>	<b>\$ 28,185,877</b>	<b>\$ 59,770,877</b>

**CORNERSTAR METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2023**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	Prior Year Assessed Valuation for Current Year Property Tax Levy Debt Service	Total Mills Levied				Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	ARI	Total	Levied	Collected	
2019	\$ 35,946,079	5,585,480	14.000	36.225	1.028	51.253	\$ 2,050,419	\$ 2,060,682	100.50 %
2020	38,044,663	6,772,698	14.000	38.100	1.030	53.130	2,235,534	2,216,718	99.16
2021	37,792,604	6,474,799	14.000	45.694	1.022	60.716	2,551,768	2,498,310	97.91
2022	33,888,044	7,189,645	14.000	49.818	1.027	64.845	2,498,802	2,498,834	100.00
2023	34,778,558	6,777,687	14.000	41.415	1.013	56.428	2,191,360	2,192,031	100.03
Estimated for Year Ending December 31, 2024	\$ 37,205,461	7,760,592	14.000	43.749	1.077	\$ 2,470,908			

Note:  
Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: Arapahoe Assessor and Treasurer.

**CORNERSTAR METROPOLITAN DISTRICT  
CONTINUING DISCLOSURE OBLIGATION  
DECEMBER 31, 2023  
(UNAUDITED)**

**2023 VALUATION OF CLASSES IN THE DISTRICT AND THE EXCLUSION ADJUSTED TAXING  
AREA**

Class	District Assessed Valuation	District Percent of Assessed Valuation	Excluded Property Assessed Valuation	Exclusion Adjusted Taxing Area Assessed Valuation	Exclusion Adjusted Percent of Valuation
Valuation Year - 2023					
Commercial	\$ 33,362,899	89.67%	\$ 72,957	\$ 33,435,856	74.36%
Residential	3,044,815	8.19%	7,500,315	10,545,130	23.45%
Vacant	644,717	1.73%	-	644,717	1.43%
State Assessed	153,030	0.41%	187,320	340,350	0.76%
Total	<u>\$ 37,205,461</u>	<u>100.00%</u>	<u>7,760,592</u>	<u>44,966,053</u>	<u>100.00%</u>

	Fiscal Years Ended December 31,				
	2019	2020	2021	2022	2023
Debt Outstanding	\$ 35,520,000	\$ 34,610,000	\$ 33,615,000	\$ 32,475,000	\$ 31,585,000
Assessed Value	44,817,361	44,267,403	41,077,689	41,556,245	44,966,053
Ratio of Debt Assessed Value	79.26%	78.18%	81.83%	78.15%	70.24%