

**AIRWAYS BUSINESS CENTER  
METROPOLITAN DISTRICT  
Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2019**

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2019**

|   |           |
|---|-----------|
| <b>INDEPENDENT AUDITOR’S REPORT</b>   | <b>1</b>  |
| <b>BASIC FINANCIAL STATEMENTS</b>   |           |
| <b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>   |           |
| <b>STATEMENT OF NET POSITION</b>  | <b>1</b>  |
| <b>STATEMENT OF ACTIVITIES</b>  | <b>2</b>  |
| <b>FUND FINANCIAL STATEMENTS</b>  |           |
| <b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>   | <b>3</b>  |
| <b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN<br/>        FUND BALANCES – GOVERNMENTAL FUNDS</b>   | <b>4</b>  |
| <b>RECONCILIATION OF THE STATEMENT OF REVENUES,<br/>        EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE<br/>        GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b> | <b>5</b>  |
| <b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND<br/>        CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>  | <b>6</b>  |
| <b>NOTES TO BASIC FINANCIAL STATEMENTS</b>  | <b>7</b>  |
| <b>SUPPLEMENTARY INFORMATION</b>  |           |
| <b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,<br/>    AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>  | <b>19</b> |
| <b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY<br/>    TAXES COLLECTED</b>  | <b>20</b> |

Board of Directors  
Airways Business Center Metropolitan District  
Adams County, Colorado

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Airways Business Center Metropolitan District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

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

***Other-Matters***

*Required Supplementary Information*

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

*Other Information*

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

The supplementary 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. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Simmons & Wheeler P.C.*

Englewood, CO  
April 29, 2020

## **BASIC FINANCIAL STATEMENTS**

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>                          |                            |
| Cash and Investments                   | \$ 398,282                 |
| Cash and Investments - Restricted      | 5,400                      |
| Accounts Receivable - County Treasurer | 2,705                      |
| Prepaid Expenses                       | 3,917                      |
| Property Taxes Receivable              | 201,894                    |
| Capital Assets, Not Being Depreciated  | 29,793                     |
| Total Assets                           | 641,991                    |
| <b>LIABILITIES</b>                     |                            |
| Accounts Payable                       | 4,940                      |
| Total Liabilities                      | 4,940                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                            |
| Deferred Property Tax Revenue          | 201,894                    |
| Total Deferred Inflows of Resources    | 201,894                    |
| <b>NET POSITION</b>                    |                            |
| Net Investment in Capital Assets       | 29,793                     |
| Restricted for:                        |                            |
| Emergency Reserves                     | 5,400                      |
| Unrestricted                           | 399,964                    |
| Total Net Position                     | \$ 435,157                 |

See accompanying Notes to Basic Financial Statements.



**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

|   | General    | Debt<br>Service | Total<br>Governmental<br>Funds |
|---|------------|-----------------|--------------------------------|
| <b>ASSETS</b>   |            |                 |                                |
| Cash and Investments  | \$ 398,282 | \$ -            | \$ 398,282                     |
| Cash and Investments - Restricted   | 5,400      | -               | 5,400                          |
| Receivable - County Treasurer   | 2,705      | -               | 2,705                          |
| Prepaid Expense   | 3,917      | -               | 3,917                          |
| Property Taxes Receivable   | 201,894    | -               | 201,894                        |
| Total Assets  | \$ 612,198 | \$ -            | \$ 612,198                     |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b>  |            |                 |                                |
| <b>LIABILITIES</b>  |            |                 |                                |
| Accounts Payable  | \$ 4,940   | \$ -            | \$ 4,940                       |
| Total Liabilities   | 4,940      | -               | 4,940                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |            |                 |                                |
| Deferred Property Tax Revenue   | 201,894    | -               | 201,894                        |
| Total Deferred Inflows of Resources   | 201,894    | -               | 201,894                        |
| <b>FUND BALANCES</b>  |            |                 |                                |
| Nonspendable:   |            |                 |                                |
| Prepaid Expense   | 3,917      | -               | 3,917                          |
| Restricted For:   |            |                 |                                |
| Emergency Reserve   | 5,400      | -               | 5,400                          |
| Unassigned  | 396,047    | -               | 396,047                        |
| Total Fund Balances   | 405,364    | -               | 405,364                        |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances  | \$ 612,198 | \$ -            |                                |
| 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. |            |                 | 29,793                         |
| Net Position of Governmental Activities   |            |                 | \$ 435,157                     |

See accompanying Notes to Basic Financial Statements.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2019**

|   | General    | Debt<br>Service | Total<br>Governmental<br>Funds |
|---|------------|-----------------|--------------------------------|
| <b>REVENUES</b>   |            |                 |                                |
| Property Taxes  | \$ 148,072 | \$ 277,003      | \$ 425,075                     |
| Specific Ownership Taxes                                | 18,187     | 17,121          | 35,308                         |
| Net Investment Income                                   | 11,323     | 8,286           | 19,609                         |
| Total Revenues  | 177,582    | 302,410         | 479,992                        |
| <b>EXPENDITURES</b>                                     |            |                 |                                |
| Current:  |            |                 |                                |
| Accounting  | 25,151     | -               | 25,151                         |
| Audit   | 4,500      | -               | 4,500                          |
| County Treasurer's Fees                                 | 2,226      | 4,164           | 6,390                          |
| Directors' Fees   | 300        | -               | 300                            |
| District Management                                     | 20,272     | -               | 20,272                         |
| Dues and Subscriptions                                  | 452        | -               | 452                            |
| Engineering   | 1,359      | -               | 1,359                          |
| Insurance and Bonds                                     | 3,797      | -               | 3,797                          |
| Landscape Maintenance                                   | 38,429     | -               | 38,429                         |
| Legal   | 15,204     | -               | 15,204                         |
| Miscellaneous   | 3,066      | -               | 3,066                          |
| Payroll Taxes   | 23         | -               | 23                             |
| Property Management                                     | 5,400      | -               | 5,400                          |
| Water - Irrigation                                      | 3,444      | -               | 3,444                          |
| Debt Service:   |            |                 |                                |
| Bond Principal  | -          | 620,000         | 620,000                        |
| Interest Expense - Bonds                                | -          | 25,894          | 25,894                         |
| Paying Agent Fees                                       | -          | 150             | 150                            |
| Total Expenditures                                      | 123,623    | 650,208         | 773,831                        |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> |            |                 |                                |
|   | 53,959     | (347,798)       | (293,839)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |            |                 |                                |
| Transfers In / (Out)                                    | (9,882)    | 9,882           | -                              |
| Total Other Financing Sources (Uses)                    | (9,882)    | 9,882           | -                              |
| <b>NET CHANGE IN FUND BALANCES</b>                      |            |                 |                                |
|   | 44,077     | (337,916)       | (293,839)                      |
| Fund Balances - Beginning of Year                       | 361,287    | 337,916         | 699,203                        |
| <b>FUND BALANCES - END OF YEAR</b>                      | \$ 405,364 | \$ -            | \$ 405,364                     |

See accompanying Notes to Basic Financial Statements.

**AIRWAYS BUSINESS CENTER 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, 2019**

Net Change in Fund Balances - Governmental Funds \$ (293,839)

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

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

Bond Principal, Current Year 620,000

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.

Change in Accrued Interest Payable 2,354

Change in Net Position of Governmental Activities \$ 328,515

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

|   | Original<br>and<br>Final Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------|---|
| <b>REVENUES</b>   |                                 |                   |   |
| Property Taxes  | \$ 151,009                      | \$ 148,072        | \$ (2,937)  |
| Specific Ownership Taxes                                | 9,061                           | 18,187            | 9,126   |
| Net Investment Income                                   | 7,000                           | 11,323            | 4,323   |
| Total Revenues  | <u>167,070</u>                  | <u>177,582</u>    | <u>10,512</u>   |
| <b>EXPENDITURES</b>                                     |                                 |                   |   |
| Accounting  | 20,000                          | 25,151            | (5,151)   |
| Audit   | 4,500                           | 4,500             | -   |
| Capital Expenses  | 12,000                          | -                 | 12,000  |
| Contingency   | 11,921                          | -                 | 11,921  |
| County Treasurer's Fees                                 | 2,265                           | 2,226             | 39  |
| Directors' Fees   | 1,500                           | 300               | 1,200   |
| District Management                                     | 30,000                          | 20,272            | 9,728   |
| Dues and Subscriptions                                  | 500                             | 452               | 48  |
| Engineering   | 3,000                           | 1,359             | 1,641   |
| Insurance and Bonds                                     | 4,000                           | 3,797             | 203   |
| Landscape Maintenance                                   | 50,000                          | 38,429            | 11,571  |
| Legal   | 20,000                          | 15,204            | 4,796   |
| Miscellaneous   | 5,000                           | 3,066             | 1,934   |
| Payroll Taxes   | 114                             | 23                | 91  |
| Property Management                                     | 7,200                           | 5,400             | 1,800   |
| Stormwater Maintenance                                  | 25,000                          | -                 | 25,000  |
| Water - Irrigation                                      | 15,000                          | 3,444             | 11,556  |
| Total Expenditures                                      | <u>212,000</u>                  | <u>123,623</u>    | <u>88,377</u>   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (44,930)                        | 53,959            | 98,889  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                                 |                   |   |
| Transfers Out   | -                               | (9,882)           | (9,882)   |
| Total Other Financing Sources (Uses)                    | <u>-</u>                        | <u>(9,882)</u>    | <u>(9,882)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (44,930)                        | 44,077            | 89,007  |
| Fund Balance - Beginning of Year                        | <u>358,927</u>                  | <u>361,287</u>    | <u>2,360</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ 313,997</u>               | <u>\$ 405,364</u> | <u>\$ 91,367</u>  |

See accompanying Notes to Basic Financial Statements.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Airways Business Center Metropolitan District (the District), a quasi-municipal corporation, and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County on November 12, 2003, 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 in the City of Aurora, Colorado (City) in Adams County, Colorado (County).

The District operates pursuant to a Service Plan (Service Plan) approved by the City Council of the City on September 8, 2003, to coordinate the construction, acquisition, financing, and maintenance of public improvements, including streets and safety control, water, sanitary sewer, storm drainage, mosquito control, and park and recreation improvements and facilities. Upon completion of construction and installation, the District will dedicate all public improvements to the City or its designee for operation and maintenance or, with the City's consent, to be retained by 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 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 District 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. For the most part, 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 assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Government-Wide and Fund Financial Statements (Continued)**

The statement of 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 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. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

The 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.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Budgets**

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

The District has amended its annual budget for the year ended December 31, 2019.

**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 account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

**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 property tax revenues are recorded as revenue in the year they are available or collected.

**Capital Assets**

Capital assets, which include equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the governmental-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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 that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**Deferred Inflows 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 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: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

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

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

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Equity (Continued)**

Fund Balance (Continued)

*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, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

|                                   |                   |
|-----------------------------------|-------------------|
| Cash and Investments              | \$ 398,282        |
| Cash and Investments - Restricted | 5,400             |
| Total Cash and Investments        | <u>\$ 403,682</u> |

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

|                                      |                   |
|--------------------------------------|-------------------|
| Deposits with Financial Institutions | \$ 9,884          |
| Investments                          | 393,798           |
| Total Cash and Investments           | <u>\$ 403,682</u> |

**Deposits with Financial Institutions**

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

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

At December 31, 2019, the District’s cash deposits had a bank balance of \$9,884 and a carrying balance of \$9,884.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**Investments**

The District has adopted a formal investment policy which is consistent with 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, 2019, the District had the following investments:

| <u>Investment</u>  | <u>Maturity</u>                   | <u>Amount</u> |
|--|-----------------------------------|---------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted Average<br>Under 60 Days | \$ 393,798    |

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (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 any security allowed under CRS 24-75-601. 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. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**NOTE 4 CAPITAL ASSETS**

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

| <u>Governmental Activities</u>              | Balance -<br>December 31,<br>2018 | Increases   | Decreases   | Balance -<br>December 31,<br>2019 |
|---|-----------------------------------|-------------|-------------|-----------------------------------|
| Capital Assets, Not Being Depreciated:      |                                   |             |             |                                   |
| Land and Land Improvements                  | \$ 18,102                         | \$ -        | \$ -        | \$ 18,102                         |
| Public Art                                  | 11,691                            | -           | -           | 11,691                            |
| Total Capital Assets, Not Being Depreciated | <u>\$ 29,793</u>                  | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 29,793</u>                  |

In accordance with the District's service plan, the District dedicated certain improvements and facilities to the City of Aurora in 2005. Upon acceptance by the City or its designee for maintenance and ownership, the facilities were removed from the District's property records.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 LONG-TERM OBLIGATIONS**

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

|  | Balance -<br>December 31,<br>2018 | Additions | Reductions | Balance -<br>December 31,<br>2019 | Due<br>Within<br>One Year |
|--|-----------------------------------|-----------|------------|-----------------------------------|---------------------------|
| <b>Governmental Activities:</b>                    |                                   |           |            |                                   |                           |
| General Obligation Refunding<br>Bonds, Series 2007 | \$ 620,000                        | \$ -      | \$ 620,000 | \$ -                              | \$ -                      |

**General Obligation Bonds**

\$1,925,000 General Obligation Refunding Bonds, Series 2007, dated March 21, 2007, with interest rates of 4.10% to 4.75%, consisting of serial bonds due on December 1 annually through 2018 and term bonds of \$190,000 due December 1, 2020; \$550,000 due December 1, 2025; \$675,000 due December 1, 2026; and \$725,000 due December 1, 2031. The bonds maturing on or after December 1, 2017, are subject to redemption at the option of the District, on December 1, 2016, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The bonds maturing on December 1, 2020, December 1, 2026, and December 1, 2031 are subject to a mandatory sinking fund redemption, in part, by lot.

In 2019, using current available funds and the \$229,500 debt service reserve, the District paid the remaining principal balance on the 2007 General Obligation Refunding Bonds.

**Authorized Debt**

On November 4, 2003, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$15,112,500 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District had authorized but unissued indebtedness from this election in the following amounts allocated for the following purposes:

|                            | Authorized<br>November 4,<br>2003 | Authorization<br>Used<br>2004 Bonds | Authorization<br>Used<br>2007 Bonds | Remaining at<br>December 31,<br>2019 |
|----------------------------|-----------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| Street Improvements        | \$ 3,678,750                      | \$ 562,963                          | \$ -                                | \$ 3,115,787                         |
| Water Supply System        | 925,000                           | 611,847                             | -                                   | 313,153                              |
| Sanitary Sewer             | 2,590,000                         | 1,106,649                           | -                                   | 1,483,351                            |
| Parks and Recreation       | 50,000                            | 13,541                              | -                                   | 36,459                               |
| Operations and Maintenance | 625,000                           | -                                   | -                                   | 625,000                              |
| Debt Refunding             | 7,243,750                         | -                                   | 65,000                              | 7,178,750                            |
| Total                      | <u>\$ 15,112,500</u>              | <u>\$ 2,295,000</u>                 | <u>\$ 65,000</u>                    | <u>\$ 12,752,500</u>                 |

The District's Service Plan establishes a mill levy cap of 45.29 mills for debt service and operations combined (the Mill Levy Cap). The Mill Levy Cap may be increased or decreased to reflect any change in law for calculating assessed valuation on property for taxation purposes.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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

The District's Service Plan establishes a limit on the issuance of debt in the amount of \$6,295,000. The District's debt limit may be increased, as described in the Service Plan, by the inclusion of additional property into the District. Any other increase in the debt limit will be considered a material modification of the District's Service Plan, which would require approval from the City of Aurora.

**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.

Restricted net position consists of assets 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 a restricted net position as of December 31, 2019, as follows:

|                               |                 |
|-------------------------------|-----------------|
| Restricted Net Position:      |                 |
| Emergency Reserves            | \$ 5,400        |
| Total Restricted Net Position | <u>\$ 5,400</u> |

The District's unrestricted net position as of December 31, 2019 is \$399,964.

**NOTE 7 AGREEMENTS**

**Operations and Maintenance Agreement**

During 2011, the District entered into an Operations and Maintenance Agreement (Agreement) with Airways Business Center Owners Association, Inc. (Association), effective December 31, 2010. The Agreement sets forth the terms and conditions for the District to perform the operations and maintenance activities of the common areas and common facilities previously performed by the Association. The District and Association have entered into this Agreement to effect a net reduction in costs and fees payable by their respective users, members, owners, and constituents by elimination and streamlining of duplicative and overlapping services. During the term of the Agreement, the District will perform the operations and maintenance activities at the District's sole cost and expense. The Association is managed by CBRE | Property Management. During 2019, the District paid CBRE \$5,400 for property management services.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 RELATED PARTY**

The member of the Board of Directors is an employee of CBRE Inc. CBRE Inc. provides property management for certain buildings in the District and manages the Owner's Association within the District.

**NOTE 9 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 (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, 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, and public officials' liability 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 which apply to the State of Colorado and all local governments, except Enterprises.

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.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

On November 4, 2003, a majority of the District's electors approved the following ballot question:

Shall Airways Business Center Metropolitan District taxes be increased \$100,000 annually, or by such lesser annual amount as may be necessary to pay the District's operations, maintenance, and other expenses: such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the Board, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used for the purpose of paying the District's operations, maintenance and other expenses; and shall the proceeds of such taxes and investment income thereon be collected and spent by the District as a voter-approved revenue change in 2003 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes?

On November 4, 2014, a majority of the District's electors approved the following ballot question:

Shall Airways Business Center Metropolitan District taxes be increased \$5,000,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

**NOTE 11 INTERFUND AND OPERATING TRANSFERS**

The transfer from the General Fund to the Debt Service Fund was related to the payoff of the District's debt.

## **SUPPLEMENTARY INFORMATION**

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

|   | Budgets           |                | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|----------------|-------------------|---|
|   | Original          | Final          |                   |   |
| <b>REVENUES</b>   |                   |                |                   |   |
| Property Taxes  | \$ 283,142        | \$ 283,142     | \$ 277,003        | \$ (6,139)  |
| Specific Ownership Taxes                                | 16,989            | 22,400         | 17,121            | (5,279)   |
| Net Investment Income                                   | 4,608             | 9,500          | 8,286             | (1,214)   |
| Total Revenues  | <u>304,739</u>    | <u>315,042</u> | <u>302,410</u>    | <u>(12,632)</u>   |
| <b>EXPENDITURES</b>                                     |                   |                |                   |   |
| County Treasurer's Fees                                 | 4,247             | 4,247          | 4,164             | 83  |
| Contingency   | 6,505             | 3,546          | -                 | 3,546   |
| Bond Principal - Series 2007                            | 320,000           | 620,000        | 620,000           | -   |
| Bond Interest - Series 2007                             | 28,248            | 25,894         | 25,894            | -   |
| Paying Agent Fees                                       | 1,000             | 1,000          | 150               | 850   |
| Total Expenditures                                      | <u>360,000</u>    | <u>654,687</u> | <u>650,208</u>    | <u>4,479</u>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (55,261)          | (339,645)      | (347,798)         | (8,153)   |
| <b>OTHER FINANCING SOURCES</b>                          |                   |                |                   |   |
| Transfers In  | -                 | 1,729          | 9,882             | 8,153   |
| Total Other Financing Sources                           | <u>-</u>          | <u>1,729</u>   | <u>9,882</u>      | <u>8,153</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (55,261)          | (337,916)      | (337,916)         | -   |
| Fund Balance - Beginning of Year                        | <u>335,105</u>    | <u>337,916</u> | <u>337,916</u>    | <u>-</u>  |
| <b>FUND BALANCE - END OF YEAR</b>                       | <u>\$ 279,844</u> | <u>\$ -</u>    | <u>\$ -</u>       | <u>\$ -</u>   |

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2019**

| Year Ended<br><u>December 31,</u>                     | Prior Year<br>Assessed Valuation<br>for Current Year<br>Property Tax Levy | Mills Levied for |              | Total<br>Property Taxes |            | Percent<br>Collected<br>to Levied |
|---|---|------------------|--------------|-------------------------|------------|-----------------------------------|
|   |   | General          | Debt Service | Levied                  | Collected  |                                   |
| 2015  | \$ 11,203,800   | 12.000           | 22.500       | \$ 386,532              | \$ 386,532 | 100.00 %                          |
| 2016  | 11,830,200  | 12.000           | 22.500       | 408,142                 | 405,413    | 99.33                             |
| 2017  | 11,666,950  | 12.000           | 22.500       | 402,509                 | 361,412    | 89.79                             |
| 2018  | 12,757,230  | 12.000           | 22.500       | 440,124                 | 437,874    | 99.49                             |
| 2019  | 12,584,100  | 12.000           | 22.500       | 434,151                 | 425,075    | 97.91                             |
| Estimated for the Year<br>Ending December 31,<br>2020 | \$ 16,824,500   | 12.000           | -            | \$ 201,894              |            |                                   |

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