

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2019

with

Independent Auditor's Report

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Independent Auditor's Report

Board of Directors
Aviation Station North Metropolitan District No. 1
Denver County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Aviation Station North Metropolitan District No. 1 (the "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; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 Aviation Station North Metropolitan District No. 1 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.

Other Matters

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

July 27, 2020
Lakewood, Colorado

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments - restricted	\$ 17,781	\$ 43,358	\$ 6,177,086	\$ 6,238,225	\$ -	\$ 6,238,225
Receivable District No. 2	892	290	-	1,182	-	1,182
Receivable District No. 3	170	55	-	225	-	225
Receivable -Other	-	-	27,450	27,450	-	27,450
Prepaid expenses	121,800	-	-	121,800	-	121,800
Receivable DIA	159,080	-	-	159,080	-	159,080
Due (to)/from other funds	-	-	97,354	97,354	-	97,354
Capital assets not being depreciated	-	-	-	-	45,836,253	45,836,253
Total Assets	<u>\$ 299,723</u>	<u>\$ 43,703</u>	<u>\$ 6,301,890</u>	<u>\$ 6,645,316</u>	<u>45,836,253</u>	<u>52,481,569</u>
LIABILITIES						
Accounts payable	\$ 46,196	\$ -	\$ 1,057,161	\$ 1,103,357	-	1,103,357
Deposit	-	-	4,790,925	4,790,925	-	4,790,925
Due to other funds	97,354	-	-	97,354	-	97,354
Payable to DIA	-	43,703	-	43,703	-	43,703
Retainage payable	-	-	393,822	393,822	-	393,822
Long-term liabilities:						
Due in more than one year	-	-	-	-	44,560,099	44,560,099
Total Liabilities	<u>143,550</u>	<u>43,703</u>	<u>6,241,908</u>	<u>6,429,161</u>	<u>44,560,099</u>	<u>50,989,260</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	121,800	-	-	121,800	(121,800)	-
Restricted:						
Emergency reserves	17,781	-	-	17,781	(17,781)	-
Capital projects	-	-	59,982	59,982	(59,982)	-
Unassigned	16,592	-	-	16,592	(16,592)	-
Total Fund Balances	<u>156,173</u>	<u>-</u>	<u>59,982</u>	<u>216,155</u>	<u>(216,155)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 299,723</u>	<u>\$ 43,703</u>	<u>\$ 6,301,890</u>	<u>\$ 6,645,316</u>		
Net Position:						
Net investment in capital assets					1,276,154	1,276,154
Restricted for:						
Emergency reserves					17,781	17,781
Debt service					(393,822)	(393,822)
Unrestricted					532,214	532,214
Total Net Position					<u>\$ 1,492,309</u>	<u>\$ 1,492,309</u>

The notes to the financial statements are an integral part of these statements.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 54,610	\$ -	\$ -	\$ 54,610	\$ -	\$ 54,610
Management	42,813	-	-	42,813	-	42,813
Insurance	11,566	-	-	11,566	-	11,566
Legal	46,734	-	-	46,734	-	46,734
Annual fee	9,069	-	-	9,069	-	9,069
Miscellaneous expenses	3,915	-	-	3,915	-	3,915
Panasonic contract	115,176	-	-	115,176	-	115,176
Utilities	11,202	-	-	11,202	-	11,202
Snow Removal and landscaping	190,282	-	-	190,282	-	190,282
Paying agent fees	-	1,500	-	1,500	-	1,500
Capital improvements	-	-	6,449,961	6,449,961	(6,449,961)	-
Reimbursement to DIA	-	47,248	-	47,248	-	47,248
Loan Interest	-	-	592,961	592,961	(503,523)	89,438
Loan Principal	-	-	2,500,000	2,500,000	(2,500,000)	-
Repay developer advances	-	-	513,284	513,284	(513,284)	-
Developer advances - interest	-	-	-	-	2,611,505	2,611,505
Total Expenditures	<u>485,367</u>	<u>48,748</u>	<u>10,056,206</u>	<u>10,590,321</u>	<u>(7,355,263)</u>	<u>3,235,058</u>
GENERAL REVENUES						
Transfer from District No. 2	111,945	36,381	9,019,073	9,167,399	-	9,167,399
Transfer from District No. 3	28,194	9,163	-	37,357	-	37,357
Transfer from District No. 5	3,165	1,028	-	4,193	-	4,193
Interest income	-	-	20,133	20,133	-	20,133
Total General Revenues	<u>143,304</u>	<u>46,572</u>	<u>9,039,206</u>	<u>9,229,082</u>	<u>-</u>	<u>9,229,082</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(342,063)</u>	<u>(2,176)</u>	<u>(1,017,000)</u>	<u>(1,361,239)</u>	<u>7,355,263</u>	<u>5,994,024</u>
OTHER FINANCING SOURCES (USES)						
Developer advance	80,553	-	199,460	280,013	(291,139)	(11,126)
DIA Funding	159,080	-	290,109	449,189	(290,109)	159,080
Total Other Financing Sources (Uses)	<u>239,633</u>	<u>-</u>	<u>489,569</u>	<u>729,202</u>	<u>(581,248)</u>	<u>147,954</u>
NET CHANGES IN FUND BALANCES	<u>(102,430)</u>	<u>(2,176)</u>	<u>(527,431)</u>	<u>(632,037)</u>	<u>632,037</u>	
CHANGE IN NET POSITION					6,141,978	6,141,978
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>258,603</u>	<u>2,176</u>	<u>587,413</u>	<u>848,192</u>	<u>(5,497,861)</u>	<u>(4,649,669)</u>
END OF YEAR	<u>\$ 156,173</u>	<u>\$ -</u>	<u>\$ 59,982</u>	<u>\$ 216,155</u>	<u>\$ 1,276,154</u>	<u>\$ 1,492,309</u>

The notes to the financial statements are an integral part of these statements.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Budget</u>	<u>Budget</u>		
REVENUES				
Transfer from District No. 2	\$ 111,321	\$ 112,000	\$ 111,945	\$ (55)
Transfer from District No. 3	27,802	28,150	28,194	44
Transfer from District No. 5	-	-	3,165	3,165
Miscellaneous income	-	4,000	-	(4,000)
Total Revenues	<u>139,123</u>	<u>144,150</u>	<u>143,304</u>	<u>(846)</u>
EXPENDITURES				
Accounting and audit	23,000	53,000	54,610	(1,610)
Management	15,000	45,000	42,813	2,187
Insurance	11,000	12,000	11,566	434
Legal	23,000	49,500	46,734	2,766
Annual fee	9,000	18,500	9,069	9,431
Miscellaneous expenses	3,000	3,000	3,915	(915)
Panasonic contract	112,500	112,500	115,176	(2,676)
Utilities	15,000	17,000	11,202	5,798
Snow Removal and landscaping	100,000	180,000	190,282	(10,282)
Contingency	1,891	109,500	-	109,500
Emergency reserve	5,970	-	-	-
Total Expenditures	<u>319,361</u>	<u>600,000</u>	<u>485,367</u>	<u>114,633</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(180,238)</u>	<u>(455,850)</u>	<u>(342,063)</u>	<u>113,787</u>
OTHER FINANCING SOURCES (USES)				
Developer advance	-	109,500	80,553	(28,947)
DIA Funding	128,670	77,000	159,080	82,080
Total Other Financing Sources (Uses)	<u>128,670</u>	<u>186,500</u>	<u>239,633</u>	<u>53,133</u>
NET CHANGE IN FUND BALANCE	<u>(51,568)</u>	<u>(269,350)</u>	<u>(102,430)</u>	<u>166,920</u>
FUND BALANCE:				
BEGINNING OF YEAR	<u>51,568</u>	<u>269,350</u>	<u>258,603</u>	<u>(10,747)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,173</u>	<u>\$ 156,173</u>

The notes to the financial statements are an integral part of these statements.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

Note 1: Summary of Significant Accounting Policies

The accounting policies of Aviation Station North Metropolitan District No. 1 (the “District”), located in the City and County of Denver, Colorado (City), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units.

The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District, a quasi-municipal corporation and political subdivision of the State of Colorado was organized on May 29, 2013, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is generally located south of 71st Avenue, north of 56th Avenue, west of Tower Road and east of Pena Boulevard, in the City and County of Denver, Colorado. The District was established to provide for the planning, design, acquisition, construction, installation, relocation, operation and maintenance, repair and replacement of all public infrastructure and services within and without the 61st Avenue Aviation Station (the Project), including without limitation, all streets, safety protection, water, sewer, storm drainage, transportation, mosquito control and park and recreation facilities (the Improvements). The District was organized under a multiple district structure with Aviation Station North Metropolitan Districts No. 2 through 6 (collectively, the Aviation Districts), and in conjunction with Smith Metropolitan District No. 1 through 4 (collectively, the Smith Districts). Through the execution of a Memorandum of Understanding (MOU), the District was designated as the coordinating district for financing, construction, design, operation, and maintenance of the Improvements to serve the Aviation Districts. On July 27, 2015, the District and Aviation Station North District No. 5 (Aviation 5) executed a Partial Termination of Memorandum of Understanding, whereby Aviation 5 was released from further obligations and rights to services established under the MOU, with the exception of certain agreements related to Pena Station Improvements and related financing.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end. Total expenditures exceeded total appropriations in both the Debt Service Fund and the Capital Project Funds, this may be a violation of State budget law.

During 2019, the District amended its total appropriations in the General Fund from \$319,361 to \$600,000 due to a contingency reserve to repay Developer advances.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2019, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2019.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$121,800 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$17,781 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Capital Projects Fund in the amount of \$59,982 is restricted for the payment of the costs for capital improvements within the District.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2019

Note 2: Cash and Investments

As of December 31, 2019, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments - Restricted	<u>\$6,238,225</u>
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Cash and investments as of December 31, 2019 consist of the following:

Deposits with financial institutions	<u>\$6,238,225</u>
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Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District does not have a formal policy for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

As of December 31, 2019, the District had no investments.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2019

Note 3: Capital Assets

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

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 36,153,792	\$ 6,449,961	\$ -	\$ 42,603,753
Land	<u>3,232,500</u>	<u>-</u>	<u>-</u>	<u>3,232,500</u>
Total capital assets not being depreciated	<u>39,386,292</u>	<u>6,449,961</u>	<u>-</u>	<u>45,836,253</u>
Government type assets, net	<u>\$ 39,386,292</u>	<u>\$ 6,449,961</u>	<u>\$ -</u>	<u>\$ 45,836,253</u>

Upon completion and acceptance, some of the fixed assets, except for land, will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2019, is as follows:

Facilities Funding and Acquisition Agreement

On June 2, 2015, the District and Rail Stop LLC (the Developer) entered into the Facilities Funding and Acquisition Agreement (FFAA), whereby the Developer agrees to advance to the District amounts to pay certain organization expenses of the Aviation Districts, construction and/or acquisition of the Improvements, and the Developer's costs in securing its loan from MidFirst Bank (MidFirst Loan), the proceeds of which the Developer agreed to advance to the District. Repayment by the District for advances made under the FFAA are subject to cost verification by an independent engineer, certifying that costs are reasonable and comparable for similar projects in the Denver Metropolitan area, and verification by the District's accountant that the costs are reimbursable. The District agrees to make payment to the Developer for all Developer Advances, together with interest thereon at 5% compounded quarterly until advances are repaid. No payment by the District is required until the District issues bonds in an amount sufficient to reimburse the Developer for all or a portion of verified costs. Additionally, no repayment may be made by the District to the Developer until the MidFirst Loan and the Hensel Loan (as defined on page 13) are paid in full. The FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through a future bond issuance. On May 24, 2018, the FFAA was amended to reflect that the District shall incur a reimbursement obligation to the Developer in the amount of \$3,232,500 for the purchase by the District of certain real property pursuant to a Real Estate Purchase Agreement dated December 18, 2017 between the parties. On June 5, 2019, the FFAA was further amended to change the interest rate from 5% compounding quarterly to 8% compounding annually.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

Project Improvement Reimbursement Agreement (PIRA)

On June 12, 2015, the District, Smith Metropolitan District No. 1 (Smith 1) and the City and County of Denver (the City), on behalf of the Department of Aviation (DIA) entered into the Project Improvement Reimbursement Agreement (PIRA) for purposes of establishing terms for the repayment of \$17,000,000 (the Reimbursement Obligation) advanced by the City (on behalf of DIA) pursuant to an Intergovernmental Agreement regarding Pena Station Area Improvements (see Note 8). The District and Smith 1 agreed to impose a mill levy of ten mills on all taxable property within their respective boundaries (District Mill Levy Ten and Smith Mill Levy Ten) for the purpose of paying principal and interest on the Reimbursement Obligation (as defined in PIRA) on a joint and several basis. Revenues received from the District Mill Levy Ten and the Smith Mill Levy Ten shall be remitted to UMB Bank, n.a., pursuant to a Custodial Agreement. Outstanding principal bears interest at the annual rate of 5%, compounded semiannually, payable on June 1 and December 1 each year, commencing on June 1, 2016. The District and Smith 1 may prepay all or a portion of the outstanding principal, together with applicable accrued interest, at any time.

Additional Project Improvements Reimbursement Agreement

On June 12, 2015, the District and the City, on behalf of DIA, entered into the Additional Project Improvements Reimbursement Agreement (Additional PIRA), whereby the City agreed to fund a portion of the District's share of costs associated with additional public improvements in the amount of \$3,000,000 (Additional Reimbursement Obligation) and the District agreed to repay that amount. The District agreed to impose a mill levy in the amount of 3 mills upon all taxable property of each of the Aviation Districts (Aviation Mill Levy Three). Further, the Additional PIRA contemplates that at such time any real property is included within any of the Aviation Districts, such applicable Aviation District will be required to execute a pledge agreement whereby such district will agree to impose the Aviation Mill Levy Three and remit the revenues to the District for the purpose of repaying the Additional Reimbursement Obligation.

Inclusion Agreement

The District and Developer, as the owner of certain real property within the future inclusion area of one of the Aviation Districts, entered into that certain Inclusion Agreement on June 12, 2015, whereby Developer agreed to include certain real property into the District, or one of the other Aviation Districts, to facilitate revenue for certain improvements as well as repayment of the Reimbursement Obligation and the Additional Reimbursement Obligation pursuant to the PIRA and Additional PIRA, respectively.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2019

Loan Agreement

The District and Hensel Phelps Construction Co. (the General Contractor) entered into a Loan Agreement on June 2, 2015, whereby the General Contractor agreed to advance \$2,500,000 (the Loan Amount), as evidenced by a promissory note, to fund the completion of Phase I of the Pena Station Project (as defined in the Loan Agreement) and the District agreed to repay the Loan Amount with revenue derived from the District and the Aviation Districts imposition of a mill levy (not including any operation mill levy, the District Ten Mill Levy, or the District Three Mill Levy), any fees or charges collected by the District or Financing Districts, and the specific ownership taxes allocable to the amount of the mill levy (Hensel Loan). Principal is payable annually on December 1 in the amount of \$83,333 with the entirety of unpaid principal due December 1, 2020. The Loan bears interest at the rate of 6% per annum, compounded quarterly and payable semi-annually on June 1 and December 1 each year commencing on the date in which the MidFirst Loan (as defined in the Loan Agreement) is paid in full. The District may prepay the Hensel Loan in whole or in part without penalty at a price equal to the prepaid principal plus accrued interest thereon. During 2019, the Loan was paid in full with proceeds from the 2019A and 2019B bonds issued by Aviation Station North Metropolitan District No. 2 (Aviation 2).

The following is an analysis of changes in long-term debt for the period ending December 31, 2019:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019	Current Portion
Developer advance	\$ 15,298,054	\$ 765,308	\$ 513,284	\$ 15,550,078	\$ -
Developer advance interest	3,297,978	1,498,972	-	4,796,950	-
PIRA advance	20,000,000	-	-	20,000,000	-
PIRA accrued interest	3,100,538	1,112,533	-	4,213,071	-
Loan	2,500,000	-	2,500,000	-	-
Loan interest	503,523	89,438	592,961	-	-
Total	<u>\$ 44,700,093</u>	<u>\$ 3,466,251</u>	<u>\$ 3,606,245</u>	<u>\$ 44,560,099</u>	<u>\$ -</u>

Debt Authorization

At an election held on November 5, 2013, the voters of the Aviation Districts and the Smith Districts authorized the issuance of general obligation debt in the total aggregate amount of \$500,000,000 (Aggregate Debt Cap). Pursuant to Intergovernmental Agreements Regarding Debt Allocation, executed in June and August 2015, the Aviation Districts, exclusive of Aviation 5, are allocated \$359,969,737 of the total \$500,000,000 Aggregate Debt Cap. Aviation 5 is allocated \$30,819,736 in total debt authorization and the Smith Districts were allocated the sum of \$109,210,526. As of December 31, 2019, the District had \$311,365,345 in remaining debt authorization under the Service Plan and the aforementioned Intergovernmental Agreements Regarding Debt Allocation.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

In the future, the District may issue a portion or all of its 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. In addition, the maximum debt service mill levy for the District is 50 mills, as adjusted for the changes in the ratio of actual value to assessed value of property within the District.

Note 5: Related Party

L.C. Fulenwider, Inc. (Fulenwider) is involved in the development of the Project along with the Developer. Certain members of the Board of Directors of the District are employees, owners or otherwise associated with the Developer and/or Fulenwider and may have conflicts of interest in dealing with the District.

Note 6 Agreements

Intergovernmental Agreement Regarding Pena Station Improvements

On April 20, 2015, the District and Smith Metropolitan District No. 1 (Smith 1) entered into an Intergovernmental Agreement (Management IGA) whereby the District, on behalf of the Aviation Districts and Smith 1 on behalf of the Smith Districts agreed to coordinate, in conjunction with DIA, the design and construction of those improvements for the Pena Station project, as more specifically described in the Management IGA, excluding those improvements agreed to be constructed and financed by DIA, as specified in the same. The District agreed to contribute to the cost of completing those certain improvements to the extent the improvements benefit the property located within any of the Aviation Districts. Pursuant to the Construction Disbursing Agreement, Smith 1 deposited \$3,200,000 towards its share of the costs created pursuant to the Management IGA.

Intergovernmental Agreement Regarding Pena Station Area Improvements

On May 21, 2015, the District and the City, on behalf of DIA entered into an Intergovernmental Agreement Regarding Pena Station Area Improvements (Improvement IGA) to coincide with the Developer's closing of a loan for \$4,000,000 with MidFirst Bank (MidFirst). The Improvement IGA sets forth the rights and obligations under which the District agreed to undertake the design, construction and funding of certain Improvements within the Pena Station Area (as defined in the Improvements IGA).

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

Intergovernmental Agreement Regarding Operations and Maintenance of Pena Station Area Improvements

On December 5, 2017, the District and the City, on behalf of DIA entered into an Intergovernmental Agreement Regarding Operations and Maintenance of Pena Station Area Improvements (O&M IGA) to address each parties respective obligations for the ownership, operations and maintenance of the improvements constructed under the Improvement IGA.

Construction Disbursing Agreement

On June 12, 2015, the District, the City, Smith 1, MidFirst, the Developer, and Land Title Guarantee Company (Land Title) entered into the Construction Disbursing Agreement (CDA). Under the CDA the parties agreed to establish the construction accounts for the payment of construction of certain public improvements located in the proximity of the light rail station along Pena Boulevard. The CDA confirms the procedures to disburse the funds from each construction account. The District further agreed to enter into a separate written agreement with the General Contractor to construct the certain infrastructure and other improvements and each party agreed to pay its respective pro rata share of the costs thereof.

Custodial Agreement

On June 12, 2015, the District entered into a Custodial Agreement with Smith 1, Aviation 2, the City on behalf of DIA and UMB Bank, n.a. The Custodial Agreement establishes the Reimbursement Obligation for purposes of repaying \$17,000,000 pursuant to PIRA and the obligations of UMB Bank, n.a., as custodian of the Reimbursement Obligation Fund (as defined in the Custodial Agreement). On March 24, 2017, the City on behalf of DIA, the District, Smith 1, Aviation 2, UMB Bank N.A. as custodian, as joined by Aviation 5 pursuant to a Joinder Agreement dated August 18, 2015, entered into a Joinder Agreement to the Custodial Agreement with Aviation 3.

Intergovernmental Agreement – Pena Station Improvements

On August 3, 2015, the District entered into an Intergovernmental Agreement Regarding Pena Station Improvements with Aviation 5 (Aviation 5 IGA) whereby the District and Aviation 5 agreed that Aviation 5 would pay the District its initial allocation for the Pena Station Improvements (as defined in the Aviation 5 IGA) in the amount of \$721,858 (Aviation 5 Initial Share) and would impose the District Mill Levy Ten on property located within its boundaries and remit amounts collected therefrom to the District up to the maximum amount of \$17,000,000 (Aviation 5 Repayment Obligation) to repay the District for constructing the Pena Station Improvements which benefit Aviation 5.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

The parties further agreed to the terms and conditions of the use of the Aviation 5 Initial Share and the Aviation 5 Repayment Obligation, and to address funding and approval for change orders to the construction contract with the General Contractor that impact Aviation 5. Aviation 5 agreed to fund an escrow account, via developer advances, for the full amount of the Aviation 5 Initial Share. The Aviation 5 IGA further requires Aviation 5 to fund its proportionate share (1.9%) of Pena Station Improvement cost increases in excess of \$100,000. Aviation 5 fulfilled its obligation to fund the escrow account in 2015.

Capital Pledge Agreements

On June 2, 2015, the District entered into a Capital Pledge Agreement with Aviation 2 and the General Contractor, whereby Aviation 2 agreed to pledge certain revenues to the District to facilitate the repayment of the amount due under the Loan Agreement from the imposition of a mill levy as determined each year pursuant to the Capital Pledge Agreement (Required Mill Levy). The Required Mill Levy is the ad valorem mill levy necessary to make required payments to the General Contractor under the Hensel Loan, provided that the mill levy would not cause Aviation 2 to exceed the maximum amounts permitted under its Service Plan, the November 2013 election or any other applicable law. Aviation 2 is required to remit the pledged revenues to the District for payment to the General Contractor immediately upon receipt. The amount due to the General Contractor under this Capital Pledge Agreement was repaid in full with the proceeds from the 2019A and 2019B Bonds issued by Aviation 2.

On June 12, 2015, the District and Aviation 2 entered into a Capital Pledge Agreement whereby Aviation 2 agreed to pledge certain revenues generated from Aviation 2's imposition of the District Mill Levy Ten to the District. Aviation 2 is required to remit the aforementioned pledged revenues to the District under PIRA.

On June 12, 2015, the District entered into a Capital Pledge Agreement with Aviation 2 whereby Aviation 2 agreed to pledge certain revenues generated from Aviation 2's imposition of the District Mill Levy Three to the District. Aviation 2 is required to remit the pledged revenues from the District Mill Levy Three to the District under the Additional PIRA.

On August 18, 2015, the District entered into the Capital Pledge Agreement with Aviation 5 whereby Aviation 5 agreed to pledge certain revenues generated by Aviation 5's imposition of the District Mill Levy Ten to the District. Aviation 5 is required to remit the pledged revenues from the District Mill Levy Ten to the Custodian under the PIRA.

On March 24, 2017, the District and Aviation 3 entered into a Capital Pledge Agreement whereby Aviation 3 agreed to pledge certain revenues generated from Aviation 3's imposition of the District Mill Levy Ten to the District. Aviation 3 is required to remit the aforementioned pledged revenue to the District under PIRA.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

On March 24, 2017, the District and Aviation 3 entered into a Capital Pledge Agreement whereby Aviation 3 agreed to pledge certain revenues generated from Aviation 3's imposition of the District Mill Levy Three to the District. Aviation 3 is required to remit the pledged revenue from the District Mill Levy Three to the District under the Additional PIRA.

Operation Funding Agreement

The District entered into a 2015 Operation Funding Agreement (OFA) with Fulenwider on December 3, 2014, effective January 1, 2015 through March 15, 2016. Under the OFA, Fulenwider agrees to periodically advance the District amounts to pay operation and maintenance expenses. The District agrees to repay amounts advanced, to the extent that it has funds available from legally available revenue. Amounts advanced under the OFA bear simple interest at 8%. The repayment of advances shall not extend beyond December 31, 2045. The District previously entered into a 2013-2014 Operation Funding Agreement with Fulenwider (2013-2014 OFA). Repayment of the aforementioned advances are applied pursuant to the priority established in the 2013- 2014 OFA and the OFA.

The District entered into a 2016-2021 Operation Funding Agreement (2016-2021 OFA) with the Developer on December 7, 2016, with an effective date of January 1, 2016. Under the 2016-2021 OFA, the Developer agrees to periodically advance the District amounts to pay operation and maintenance expenses up to the potential shortfall amount of \$2,000,000. The District agrees to repay amounts advanced, to the extent that it has funds available from legally available revenue. Amounts advanced under the 2016-2021 OFA bear simple interest at 8%. The repayment of advances shall not extend beyond December 31, 2051. The District previously entered into the 2013- 2014 OFA and the OFA. Repayment of the aforementioned advances will be applied pursuant to the priority established in the 2013-2014 OFA, the OFA and the 2016-2021 OFA.

Facilities Funding, Construction and Operations Agreement

On July 8, 2019, the District, Aviation 2, Aviation 3, Aviation Station North Metropolitan District No. 4 and Aviation Station North Metropolitan District No. 6 entered into a Facilities Funding, Construction and Operations Agreement, effective January 1, 2019 (FFCOA). Pursuant to the FFCOA, the District accepts responsibility for constructing, designing, financing and operating the Public Improvements (as defined in the FFCOA) that benefit the Aviation Districts and establishes the Aviation Districts' obligation to pay for the services and benefit of the Public Improvements received from the District by the issuance of bonds and remittance of proceeds thereof to the District or a pledge of revenues to the District or the Issuing District.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

Intergovernmental Agreement Regarding the Reimbursement of Costs for Lift Station Improvements (Lift Station IGA)

On May 6, 2019, the District and Denver International Business Center Metropolitan District No. 1 (DIBC) entered into the Lift Station IGA in order to set forth the terms pursuant to which DIBC will reimburse the District for DIBC's proportionate share of the costs of construction of that certain lift station and connecting trunk sewer line(s) in connection with its Pena Station Filing No. 1 infrastructure project (the lift station together with connecting trunk sewer line(s) are collectively referred to herein as the Lift Station), including the property upon which the Lift Station is located.

Declaration of Covenants Imposing and Implementing the Aviation Station North Public Improvement Fee (the "PIF Covenant")

On June 12, 2015, Rail Stop LLC executed the PIF Covenant and caused the same to be recorded in the real property records of Denver County against real property located within the boundaries of the Aviation Station North Metropolitan Districts Nos. 1-4 and 6 (the "PIF Covenant Area"). The PIF Covenant was further amended in July, 2019. The PIF Covenant obligates retailers located within the PIF Covenant Area to collect a public improvement fee in the amount of 1% of all PIF Sales that occur within the PIF Covenant Area. A PIF Sale is a transaction which is either subject to lodging taxation pursuant to the City of Denver's lodging tax ordinance or subject to a sales tax pursuant to the City of Denver's sales tax ordinance (collectively, the "PIF Revenues"). Under the PIF Covenant, the PIF Revenues are intended to pay for eligible public improvements and may be pledged to repay bonded indebtedness of the District.

Wi-Fi Agreement

On June 8, 2017, effective June 5, 2017, the District and Panasonic Enterprise Solutions Company ("Panasonic") entered into the Pena Station Next Managed Wi-Fi Network Services Agreement ("WI-FI Agreement") whereby Panasonic shall perform certain managed wi-fi network services at Pena Station Next in accordance with the Scope of Services and Payment And Deliverable Schedule included in the Wi-Fi agreement for a term of five years.

Intergovernmental Agreement Regarding Cost Sharing of Pena Station Filing No. 2 and DIBC Filing No. 7 Improvements (Cost Sharing IGA)

On May 19, 2020, the District entered into the Cost Sharing IGA with DIBC whereas the District and DIBC will share the costs of the Pena Station Filing No. 2 and DIBC Filing No. 7 Improvements project. Total construction costs are estimated to total \$23,799,306 with the District's share being approximately \$17,272,270 including \$15,080,425 of District related costs and 53.4% of the agreed shared costs of \$4,104,529. During 2019 DIBC transferred \$7,049,959 of bond proceeds to the District pursuant to the terms of the Cost Sharing IGA. \$4,502,125 of those amounts transferred from DIBC and another \$288,800 from the Developer remain on deposit.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements December 31, 2019

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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

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 5, 2013 a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

Notes to Financial Statements
December 31, 2019

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2019

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Transfer from District No. 2	\$ 35,284	\$ 36,381	\$ 1,097
Transfer from District No. 3	9,040	9,163	123
Transfer from District No. 5	<u>48,529</u>	<u>1,028</u>	<u>(47,501)</u>
Total Revenues	<u>92,853</u>	<u>46,572</u>	<u>(46,281)</u>
EXPENDITURES			
Reimbursement to DIA	89,853	47,248	42,605
Paying agent fees	<u>3,000</u>	<u>1,500</u>	<u>1,500</u>
Total Expenditures	<u>92,853</u>	<u>48,748</u>	<u>44,105</u>
NET CHANGE IN FUND BALANCE	-	(2,176)	(2,176)
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>2,176</u>	<u>2,176</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of these statements.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2019

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Interest income	\$ -	\$ 20,133	\$ 20,133
Transfer from District No. 2	-	9,019,073	9,019,073
Transfer from District No. 5	440,000	-	(440,000)
Total Revenues	440,000	9,039,206	8,599,206
EXPENDITURES			
Capital improvements	16,500,000	6,449,961	10,050,039
Loan Interest	-	592,961	(592,961)
Loan Principal	-	2,500,000	(2,500,000)
Repay developer advances	-	513,284	(513,284)
Total Expenditures	16,500,000	10,056,206	6,443,794
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,060,000)	(1,017,000)	15,043,000
OTHER FINANCING SOURCES (USES)			
Denver International Business Center contribution	2,400,000	-	(2,400,000)
Developer advance	12,429,110	199,460	(12,229,650)
DIA Funding	1,000,000	290,109	(709,891)
Total Other Financing Sources (Uses)	15,829,110	489,569	(15,339,541)
NET CHANGE IN FUND BALANCE	(230,890)	(527,431)	(296,541)
FUND BALANCE:			
BEGINNING OF YEAR	230,890	587,413	356,523
END OF YEAR	\$ -	\$ 59,982	\$ 59,982

The notes to the financial statements are an integral part of these statements.