

**AEROTROPOLIS AREA
COORDINATING METROPOLITAN DISTRICT
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

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YEAR ENDED DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Aerotropolis Area Coordinating Metropolitan District
Adams County, Colorado

Opinions

We have audited the financial statements of the governmental activities and each major fund of The Aerotropolis Area Coordinating Metropolitan District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters

Economic Dependency

As disclosed in Note 9 of the financial statements, the District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, the District may be dependent upon the developer of the District's service area for funding of continued operations.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
July 26, 2022

BASIC FINANCIAL STATEMENTS

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 13,719
Cash and Investments - Restricted	3,056,880
Accounts Receivable	18,436
ARTA Advance Funding Receivable	1,418,075
TAHCAB Funding Receivable	6,531,469
Security Deposits	101,045
Prepaid Insurance	900
Capital Assets:	
Capital Assets, Net of Accumulated Depreciation	45,823
Total Assets	11,186,347
LIABILITIES	
Accounts Payable	7,749,252
Retainage Payable	2,667,357
Due to TAHCAB	45,148
Total Liabilities	10,461,757
NET POSITION	
Net Investment in Capital Assets	45,823
Restricted for:	
Emergencies (TABOR)	4,300
Unrestricted	674,467
Total Net Position	\$ 724,590

See accompanying Notes to Basic Financial Statements.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 13,719	\$ -	\$ 13,719
Cash and Investments - Restricted	4,300	3,052,580	3,056,880
Accounts Receivable - Green Valley Aurora	18,386	50	18,436
ARTA Advance Funding Receivable	-	1,418,075	1,418,075
TAHCAB Funding Receivable	-	6,531,469	6,531,469
Prepaid Insurance	900	-	900
Security Deposits	-	101,045	101,045
Total Assets	\$ 37,305	\$ 11,103,219	\$ 11,140,524
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts Payable	\$ 29,447	\$ 7,719,805	\$ 7,749,252
Retainage Payable	-	2,667,357	2,667,357
Due to TAHCAB	148	45,000	45,148
Total Liabilities	29,595	10,432,162	10,461,757
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	-	228,550	228,550
Total Deferred Inflows of Resources	-	228,550	228,550
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid Amounts	900	-	900
Restricted for:			
Emergencies (TABOR)	4,300	-	4,300
Assigned for:			
Designated for Next Year's Expenditures	2,510	-	2,510
Capital Projects	-	442,507	442,507
Total Fund Balances (Deficits)	7,710	442,507	450,217
Total Liabilities and Fund Balances (Deficits)	\$ 37,305	\$ 11,103,219	
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.			45,823
Revenues that are deferred on the Balance Sheet because they are not available currently are recognized as revenue in the Statement of Activities			228,550
Net Position of Governmental Activities			\$ 724,590

See accompanying Notes to Basic Financial Statements.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Intergovernmental Revenue - ARTA	\$ -	\$ 12,198,103	\$ 12,198,103
Intergovernmental Revenue - CAB	72,364	-	72,364
Intergovernmental Revenue - CAB ARTA	-	6,192,500	6,192,500
Intergovernmental Revenue - CAB Construction	-	31,922,133	31,922,133
Intergovernmental Revenue - CAB Developer	85,000	621,046	706,046
Intergovernmental Revenue - CAB Reserve	-	2,000,000	2,000,000
Intergovernmental Transfer - TAH 6	71,400	-	71,400
Net Investment Income	-	128,572	128,572
Total Revenues	228,764	53,062,354	53,291,118
EXPENDITURES			
Current:			
Accounting	93,897	53,439	147,336
Audit	6,000	-	6,000
Construction Trailer Expenses	-	25,126	25,126
District Management	58,695	51,184	109,879
Dues and Licenses	1,171	-	1,171
Furniture and Equipment	-	11,487	11,487
Insurance	44,617	-	44,617
Legal	4,291	240,690	244,981
Miscellaneous	196	10,606	10,802
Capital:			
Capital Outlay - Other	-	13,590,727	13,590,727
Capital Outlay - Construction in Process	-	35,515,019	35,515,019
Total Expenditures	208,867	49,498,278	49,707,145
NET CHANGE IN FUND BALANCES	19,897	3,564,076	3,583,973
Fund Balances (Deficits) - Beginning of Year	(12,187)	(3,121,569)	(3,133,756)
FUND BALANCES - END OF YEAR	\$ 7,710	\$ 442,507	\$ 450,217

See accompanying Notes to Basic Financial Statements.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 3,583,973

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

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

Capital Outlay	49,105,746
Dedication of Capital Assets to Other Governments	(49,783,760)
Depreciation Expense	(6,770)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment 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. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt Assumption by Other Governments	420,906
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Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.

Deferred Revenue	228,550
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Change in Net Position of Governmental Activities	\$ 3,548,645
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**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue - CAB	\$ -	\$ 72,808	\$ 72,364	\$ (444)
Intergovernmental Revenue - CAB Developer	-	85,000	85,000	-
Intergovernmental Transfer - TAH 6	72,238	87,000	71,400	(15,600)
Total Revenues	<u>72,238</u>	<u>244,808</u>	<u>228,764</u>	<u>(16,044)</u>
EXPENDITURES				
Accounting	10,000	93,000	93,897	(897)
Audit	7,000	7,000	6,000	1,000
District Management	18,000	60,000	58,695	1,305
Dues and Licenses	3,000	1,171	1,171	-
Insurance	30,000	43,367	44,617	(1,250)
Legal	25,000	5,600	4,291	1,309
Miscellaneous	-	200	196	4
Contingency	12,000	14,662	-	14,662
Total Expenditures	<u>105,000</u>	<u>225,000</u>	<u>208,867</u>	<u>16,133</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(32,762)	19,808	19,897	89
OTHER FINANCING SOURCES (USES)				
Developer Advance	33,000	-	-	-
Total Other Financing Sources (Uses)	<u>33,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	238	19,808	19,897	89
Fund Balance (Deficit) - Beginning of Year	<u>2,758</u>	<u>(12,187)</u>	<u>(12,187)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,996</u>	<u>\$ 7,621</u>	<u>\$ 7,710</u>	<u>\$ 89</u>

See accompanying Notes to Basic Financial Statements.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

Aerotropolis Area Coordinating Metropolitan District (the District), formerly known as Green Valley Ranch East Metropolitan District No. 1, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court in and for Adams County, Colorado on December 7, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). Throughout 2021, the District operated under its First Amended and Restated Service Plan approved by the City of Aurora (City) on October 16, 2017 (subsequently amended by the Second Amended and Restated Service Plan approved by the City on February 28, 2022) (the Service Plan). The District's service area is located in Adams County, Colorado, entirely within the City. The District was formed in conjunction with seven other metropolitan districts: The Aurora Highlands Metropolitan District Nos. 1-3 (formerly known as Green Valley Ranch East Metropolitan District Nos. 2-4) (TAH 1-3), Green Valley Aurora Metropolitan District No. 1 (formerly known as Green Valley Ranch East Metropolitan District No. 5) (GVA), and Green Valley Ranch East Metropolitan District Nos. 6-8 (the GVRE Districts).

As set forth in the District's Service Plan, the primary purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop, and finance the Public Improvements (as defined in the Service Plan). The District's Service Plan does not authorize the District to provide fire protection, television relay and translation services, or golf course construction unless the District enters into an intergovernmental agreement with the City. The District is authorized to provide for the funding of Regional Improvements pursuant to the Aerotropolis Regional Transportation Authority (ARTA) Establishment Agreement (as supplemented) or the Regional Intergovernmental Improvements Agreement described in the Service Plan and Note 6. Except for park and recreational facilities, the operation and maintenance of most District services and facilities is anticipated to be provided by other Special Districts, the City, or ARTA.

On November 21, 2019, the District, TAH 1-3, and ATEC Metropolitan District Nos. 1-2 (ATEC 1-2) (collectively, the CAB Districts), formed The Aurora Highlands Community Authority Board (CAB) pursuant to the CAB Establishment Agreement (as amended) to govern the relationships between and among the CAB Districts with respect to the financing, construction, and operation of public improvements within their combined service area. It is anticipated that three additional metropolitan districts, the Aurora Highlands Metropolitan District Nos. 4-6, will adopt the CAB Establishment Agreement and become CAB Districts in 2022. One or more of the CAB Districts may enter into additional intergovernmental agreements concerning the financing, construction, and operation of public improvements benefitting the CAB Districts and their residents and owners.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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

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

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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and inter-governmental revenues.

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

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

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

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District 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 Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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 amended its annual budget for the year ended December 31, 2021.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property and infrastructure improvements, are reported in the government-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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Any construction in process that will be dedicated to another entity is not depreciated.

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

Construction Trailer	10 Years
Furniture and Equipment	5 Years

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments - Unrestricted	\$ 13,719
Cash and Investments - Restricted	3,056,880
Total Cash and Investments	<u>\$ 3,070,599</u>

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

Deposits with Financial Institutions	\$ 3,022,291
Investments	48,308
Total Cash and Investments	<u>\$ 3,070,599</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.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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

On December 31, 2021, the District's cash deposits had a bank balance of \$4,327,583 and a carrying balance of \$3,022,291.

Investments

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

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

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

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 48,308</u>

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. As of December 31, 2021, CSAFE was rated AAAM by Standard & Poor. CSAFE records its investments at amortized cost, and the District records its investments in CSAFE at net asset value using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance - December 31, 2020	Additions	Deductions	Balance - December 31, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress - CAB	\$ -	\$ 35,515,019	\$ 35,515,019	\$ -
Construction in Progress - ARTA	-	12,198,103	12,198,103	-
Construction in Progress - Developer Portion	678,014	38,697	716,711	-
Construction in Progress - ATEC	-	1,353,927	1,353,927	-
Total Capital Assets, Not Being Depreciated	678,014	49,105,746	49,783,760	-
Capital Assets, Being Depreciated				
Construction Trailer	57,792	-	-	57,792
Construction Trailer Furniture and Equipment	4,957	-	-	4,957
Total Capital Assets, Being Depreciated	62,749	-	-	62,749
Less Accumulated Depreciation for:				
Construction Trailer	(8,669)	(5,779)	-	(14,448)
Construction Trailer Furniture and Equipment	(1,487)	(991)	-	(2,478)
Total Accumulated Depreciation	(10,156)	(6,770)	-	(16,926)
Total Capital Assets, Being Depreciated, Net	52,593	(6,770)	-	45,823
Governmental Activities - Capital Assets, Net	\$ 730,607	\$ 49,098,976	\$ 49,783,760	\$ 45,823

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

General Government	<u>\$ 6,770</u>
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The District acts as Project Manager to the CAB per a Project Management Intergovernmental Agreement (CAB Project Management IGA), described in Note 6. In accordance with the CAB Project Management IGA, all construction in progress benefitting the CAB Districts was transferred to the CAB during 2021. The CAB shall own, operate, and maintain all public improvements unless and until such public improvements are dedicated to the City or other appropriate governmental entity for perpetual ownership and maintenance.

The District also acts as Project Manager to ARTA per an Intergovernmental Agreement Regarding Project Management of the Design and Construction of the Aerotropolis Regional Transportation Authority Regional Transportation System. See Note 6.

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, 2021:

	Balance - December 31, 2020	Additions	Retirements	Debt Assumption	Balance - December 31, 2021
Other Debts:					
Developer Advances - Capital TAH LLC	\$ 415,353	\$ -	\$ -	\$ 415,353	\$ -
Accrued Interest on:					
Developer Advances - Capital TAH LLC	5,553	-	-	5,553	-
Subtotal of Other Debts	<u>420,906</u>	<u>-</u>	<u>-</u>	<u>420,906</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 420,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,906</u>	<u>\$ -</u>

Facilities Funding and Acquisition Agreements

On August 23, 2018, the District and the Developer entered into a First Amended and Restated Facilities Funding and Acquisition Agreement (Amended FFAA) to amend and restate the earlier Facilities Funding and Acquisition Agreement, which was effective as of January 1, 2017.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Facilities Funding and Acquisition Agreements (Continued)

Pursuant to the Amended FFAA, the Developer agreed to make advances to the District not to exceed \$20,000,000, including contingencies and related administrative costs (Shortfall Amount) without prior authorization for Construction Related Expenses (as defined in the Amended FFAA) on a periodic basis and as needed through the 2058 fiscal year, and the District agreed, in reliance on the Developer's commitment to provide funding, to design, construct, and complete certain public improvements, to acquire public improvements completed by the Developer, and to reimburse the Developer for amounts advanced to the District when funding is available.

The cost of the Improvements to be acquired by the District, the Aurora Regional Transportation Authority (ARTA), and other appropriate governmental entities pursuant to the Amended FFAA were certified by an independent engineer as being reasonable and comparable for similar projects constructed in the local community. Amounts advanced to the District by the Developer for the verified cost of Construction Related Expenses accrued interest at the rate of 8% per annum for District Improvements and 9% per annum for ARTA Improvements (as defined in the Amended FFAA). On July 4, 2019, the interest rate of the principal amount of the ARTA Improvements was changed to 8% per annum as agreed to by the Developer. No payment required of the District until the District issued bonds in an amount sufficient to reimburse the Developer for all or a portion of the Improvement costs.

On December 22, 2021, following the CAB's issuance of the 2021A Bonds (below) the parties agreed to terminate the Amended FFAA due to fulfillment of the District's advance obligations to the Developer.

CAB Bonds

On June 30, 2020, the CAB issued Special Tax Revenue Draw-Down Bonds Series 2020A (2020A Bonds) with a par amount of \$165,159,327 and Subordinate Special Tax Revenue Draw-Down Bonds Series 2020B (2020B Bonds) with a par amount of \$32,338,830 and a final maturity of December 15, 2059.

The 2020A Bonds bore interest at the rate of 8% per annum which is payable from available pledged revenues on each December 15, beginning in 2020. The principal on the 2020A Bonds was payable at final maturity or upon optional redemption. The 2020B Bonds bore interest at the rate of 9% per annum which was payable on each December 15, beginning in 2020, to the extent that pledged revenue was available after payments due on the 2020A Bonds were satisfied.

On December 22, 2021, the CAB issued Special Tax Revenue Refunding and Improvement Bonds, Series 2021A (2021A Bonds) in the amount of \$297,464,000 and Subordinate Special Tax Revenue Draw Down Bonds, Series 2021B (2021B Bonds) with an estimated par amount of \$70,000,000. The 2021A Bonds were issued to refund the 2020A and 2020B bonds, to pay project costs and certain costs incurred in connection with the issuance of the 2021A Bonds.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

CAB Bonds (Continued)

The 2021A Bonds are structured as “cash flow” bonds, meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Instead, principal is payable on each December 1 from and to the extent of Pledged Revenue, if any, pursuant to a mandatory redemption. To the extent principal of any Bond is not paid when due, such principal is to remain outstanding until the earlier of its payment or the Termination Date and is to continue to bear interest at the rate then borne by the Bond.

The 2021A Bonds bear interest at 5.75% per annum and mature on December 1, 2051. To the extent interest on any Bond is not paid when due, such unpaid interest shall compound annually on each December 1, at the interest rate then borne by the Bond.

The 2021B Bonds constitute draw down obligations of the CAB, and the principal amount thereof at issuance was zero. The 2021B Bonds bear interest at a variable rate reset annually on each anniversary of the Initial Draw Date. The interest rate is the Municipal Market Data (MMD) BBB, 30-year index on the Annual Interest Reset Date plus 5.0%, with a maximum interest rate of 9.0% per annum. The 2021B Bonds are payable to the extent of Subordinate Pledged Revenue available on December 15 of each year, commencing on December 15 of the first year in which no Series 2021A Senior Bond is outstanding, and mature on December 15, 2061.

Pledged revenue for the interest and principal payments on the 2021A Bonds will come from the required debt service mill levies, associated specific ownership taxes, capital fees, and payments in lieu of tax revenues (PILOT) of the District, TAH. 1-3 and ATEC 2.

Pledged revenue for the interest and principal payments on the 2021B Bonds are a subordinate lien on the pledged revenues of 2021A Bonds.

The District has pledged revenue for interest and principal payments on the 2021A Bonds pursuant to the District’s Revenue Pledge Agreement dated December 22, 2021 (Pledge Agreement). The Pledge Agreement requires the District to impose a debt service mill levy after the date that the assessed valuation of the District is equal to or greater than \$10,000,000. The District’s debt service mill levy will be determined under the pledge Agreement based upon whether the property within the District’s boundaries developed for residential, non-residential, or high-density residential uses. Pledged revenue for the interest and principal payments on the 2021B Bonds are a subordinate lien on the pledged revenues of the 2021A Bonds.

In 2021, pursuant to the CAB Establishment Agreement and the Project IGA (Note 6) the CAB transferred \$31,922,133 to the District to fund current capital expenditures that includes \$21,141,977 of funding from 2020A Bonds and \$10,997,727 from 2021A Bonds less capital administrative costs of \$217,571.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 7, 2017, a voting majority of the qualified electors of the District authorized the issuance of general obligation debt totaling \$104,000,000,000 at an interest rate not to exceed 18% per annum. This election supersedes all prior elections. On December 31, 2021, the District had authorized, but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 7, 2017 Election	Used for 2020 Bonds (1)	Used for 2021 Bonds (1)	Remaining at December 31, 2021
Streets	\$ 8,000,000,000	\$ 65,177,160	\$ 172,914,424	\$ 7,761,908,416
Water Supply System	8,000,000,000	654,230	1,735,666	7,997,610,104
Storm and Sanitary Sewer	8,000,000,000	3,575,580	9,485,982	7,986,938,438
Parks and Recreation	8,000,000,000	633,600	1,680,935	7,997,685,465
Mosquito Control	8,000,000,000	-	-	8,000,000,000
Fire Protection	8,000,000,000	-	-	8,000,000,000
Television Relay/Translation	8,000,000,000	-	-	8,000,000,000
Public Transportation	8,000,000,000	-	-	8,000,000,000
Traffic and Safety Controls	8,000,000,000	-	-	8,000,000,000
Debt Refunding	8,000,000,000	-	111,646,993	7,888,353,007
Operations and Maintenance	8,000,000,000	-	-	8,000,000,000
Intergovernmental Agreements	8,000,000,000	-	-	8,000,000,000
Security	8,000,000,000	-	-	8,000,000,000
Total	<u>\$ 104,000,000,000</u>	<u>\$ 70,040,570</u>	<u>\$ 297,464,000</u>	<u>\$ 103,632,495,430</u>

(1) Debt issued by The Aurora Highlands Community Authority Board

Per the District's Service Plan, the District is prohibited from issuing debt in excess of \$8,000,000,000. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS

Intergovernmental Agreement with Aurora

Throughout 2021, the District and the City were parties to an Intergovernmental Agreement dated October 30, 2017, (subsequently amended by the Amended and Restated Intergovernmental Agreement dated April 21, 2022) (City IGA) pursuant to the requirements of the Service Plan. Under the City IGA, the District covenants to dedicate public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The City IGA states that the District is authorized to operate and maintain improvements that are not dedicated to the City or another entity. Pursuant to the District's Service Plan and the Intergovernmental Agreement Regarding Imposition, Collection, and Transfer of ARI Mill Levies by and between the District and ARTA dated May 22, 2019 (ARI Mill Levy IGA), the District is required to impose a mill levy for Aurora Regional Improvements (ARI Mill Levy) in each year the District imposes a debt service mill levy.

Tax revenues derived from the ARI Mill Levy (which shall be five (5.00) mills, plus Gallagher Adjustment, minus any ARTA Mill Levy) from property located within the ARTA boundaries shall be remitted to ARTA for payment of the costs associated with the planning, design, permitting, construction, acquisition, and financing of the regional transportation system improvements described in the ARI Master Plan. The District shall cease to be obligated to impose the ARI Mill Levy at such time as the area within the District's boundaries is included within a different district organized under the Special District Act, a Business Improvement District, or a General Improvement District which has been organized to fund a part or all of the Regional Improvements.

Intergovernmental Agreement Regarding Sharing of Tax Revenue

On October 20, 2015, the District entered into an Intergovernmental Agreement Regarding Sharing of Tax Revenue (Tax IGA) with First Creek Ranch Metropolitan District (now known as The Aurora Highlands Metropolitan District No. 6) (TAH 6), Second Creek Ranch Metropolitan District (Second Creek), and Central Adams County Water and Sanitation District (Central Adams) in order to provide for the efficiency and management of revenues and expenses of all the districts subject to the Tax IGA. Pursuant to the Tax IGA, TAH 6, Second Creek, and Central Adams agreed to remit all net tax revenues to the District. The District was to utilize such tax revenues to pay for the collective operations, administrative and capital infrastructure costs incurred by each of the districts, to the extent as allowed for and provided by each district's respective Service Plan. Further, for the benefit of all districts, the District was authorized to provide for the reimbursement of costs or other payables that may be owed to developers with whom each individual district may have a contractual advance and reimbursement agreement. The Tax IGA was terminated on March 31, 2022.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

Aerotropolis Regional Transportation Authority Agreements

On February 27, 2018, Adams County Board of Commissioners (County), the City and the District entered into an Intergovernmental Agreement Establishing ARTA (as supplemented by the First Supplement dated July 19, 2021). The purpose of ARTA is to construct or cause to have constructed a Regional Transportation System within or outside the boundaries of ARTA for the primary benefit of those residing or owning property within the boundaries through the issuance on bonded indebtedness. The Regional Transportation System improvements will be conveyed to the appropriate governing jurisdiction, regardless of whether such jurisdiction is a member of ARTA, for ownership, operation, maintenance, repair, and replacement. On November 7, 2017, eligible voters within ARTA authorized the incurrence of general obligation debt totaling \$600,000,000 at an interest rate not to exceed 9% per annum for funding the Regional Transportation System improvements. Sources of revenue from within the boundaries of ARTA for the repayment of the bonded indebtedness include: (1) City – 100% of City Use Tax on construction materials less 0.25% dedicated to increasing staffing of the City police department and operation and maintenance of the City detention facilities and 100% of a City Transportation Impact Fee for residential development; (2) County – 50% of County General Fund Property Tax and 100% of County Road and Bridge Fund Tax; and (3) District – 100% of a mill levy of 5.000 mills on all taxable real property through the imposition of an ARTA Mill Levy, imposed either by the District or by ARTA. The ARTA Mill Levy will replace the ARI Mill Levy to the extent that the ARTA Mill Levy is not less than 5.000 mills (as adjusted by the Gallagher Adjustment) in any tax collection year.

As there is no funding source available to ARTA upon initial establishment, ARTA, the County, the City, and the District entered into the ARTA Member Contribution Funding Agreement, dated September 5, 2018 (Funding IGA). Pursuant to the Funding IGA, each of the members agreed to make a one-time funding contribution to ARTA in the amount of \$350,000 to support the initial operations of ARTA. ARTA has no obligation to reimburse, repay or otherwise refund the funding contributions. The District paid its \$350,000 contribution to ARTA in 2018.

On August 23, 2018, the District and ARTA entered into an Intergovernmental Agreement for Project Funding and Reimbursement for Initial Design of ARTA Phase I Improvements (Phase I Agreement). The Regional Transportation System contemplated in the establishment of ARTA included design of certain improvements (Phase I Improvements), together with such adjacent improvements that are an integrated part of the roads included in the Phase I Improvements (Adjacent Improvements). As ARTA does not have funds available to begin the design of the Phase I Improvements or Adjacent Improvements, it was agreed that the District shall fund the Initial Design and the Adjacent Improvements Initial Design on behalf of ARTA in an amount not to exceed \$750,000. The District shall coordinate, administer, and oversee the preparation of all budgets, timetables, and other documents pertaining to the Initial Design and the Adjacent Improvements, as well as engage engineers, surveyors, and other consultants pertaining to the Initial Design and the Adjacent Improvements as required.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

Aerotropolis Regional Transportation Authority Agreements (Continued)

The Initial Design Costs and Adjacent Improvements Initial Design Costs will be subject to verification by a third-party engineer. ARTA agrees to make payment to the District for all verified costs, together with interest thereon at the rate of 9% per annum, at such time when ARTA issues bonds or any other indebtedness or contractual obligation in an amount sufficient to pay the verified costs and interest thereon.

On January 15, 2019, ARTA and the District entered into the First Amended and Restated Intergovernmental Agreement for Project Funding and Reimbursement for Design and Construction of Phase I Improvements (Amended Phase I Agreement). The Amended Phase I Agreement increased the Interim Phase I Funding amount from \$750,000 to \$6,635,000, plus applicable interest. ARTA shall make payments on the amounts due out of the first available proceeds of any bonds and pledged revenues and may, at its discretion, make such payments from any other legally available revenues of ARTA.

On June 26, 2019, ARTA issued \$19,290,000 of Special Revenue Bonds, Series 2019 (Series 2019 Bonds). Upon issuance of the Series 2019 Bonds, ARTA has repaid the amounts owing to the District, plus accrued interest.

On May 22, 2019, the District and ARTA entered into the Intergovernmental Agreement Regarding Management of the Design and Construction of the Aerotropolis Regional Transportation Authority Regional Transportation System (Project Management IGA), and the Intergovernmental Agreement Regarding Interim Maintenance of Aerotropolis Regional Transportation Authority Regional Transportation System Improvements (Interim Maintenance IGA). The Project Management IGA obligates the District to coordinate, administer, and oversee (i) the preparation of all budgets, schedules, contracts, and other documents pertaining to; and (ii) to design and construct the development of ARTA regional transportation system improvements. No more frequently than once a month, the District may submit a draw request to ARTA for payment of the verified costs incurred in performance of the District's obligations under the Project Management IGA. The District will operate and maintain the ARTA regional transportation system improvements and certain other ancillary, connective improvements prior to final acceptance by the City or other appropriate accepting jurisdiction pursuant to the Project Management IGA, and the costs associated with such interim maintenance are to be reimbursed by ARTA to the District.

On August 12, 2020, the District and ARTA entered into the Intergovernmental Agreement Regarding Design and Construction of the Aurora Highlands Parkway, as amended on July 28, 2021 (TAH Parkway IGA). Per the TAH Parkway IGA, the District agrees that it will advance on ARTA's behalf any and all funds reasonably necessary to plan, design and construct the Aurora Highlands Parkway Improvements (TAH Improvements) beyond the Available TAH Parkway Funds (as defined in the TAH Parkway Agreement). The District will plan, design, and construct the TAH Improvements consistent with the provisions of the Project Management IGA. The parties agree that in order to maintain consistency with estimated and allocated costs as set forth in the Capital Plan, 58% of all costs actually incurred to complete the TAH Improvements are allocated to the District and 42% are allocated to ARTA.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

Aerotropolis Regional Transportation Authority Agreements (Continued)

On October 7, 2021, ARTA issued additional bonds, Series 2021 Bonds, in part in order to reimburse the District for the TAH Parkway Advances. Upon issuance of the 2021 Bonds, ARTA has repaid the amount owing to the District plus accrued interest as of October 7, 2021 in the total amount of \$8,336,246. On December 31, 2021, the amount of the ARTA receivable to the District was \$1,418,075.

ARI Mill Levy Intergovernmental Agreements

The District is a party to four Intergovernmental Agreements Regarding Imposition, Collection, and Transfer of ARI Mill Levies with (i) ARTA (dated May 22, 2019), (ii) ARTA and TAH 1-3, (iii) ARTA and ATEC 1-2, and (iv) ARTA and the GVRE Districts (ARI Mill Levy IGAs) (ARI Mill Levy IGAs (ii) through (iv) are dated October 12, 2021). Pursuant to the ARI Mill Levy IGAs, each of the CAB Districts and the GVRE Districts are required to impose an ARI Mill Levy equal to five (5) mills, plus any applicable Gallagher Adjustment, minus any mill levy imposed by ARTA, on all property within their respective boundaries and transfer the revenues derived therefrom to ARTA within sixty (60) days of the receipt thereof for use by ARTA.

Inclusion Agreements

Effective June 29, 2020, the District entered into Inclusion Agreements with landowners (Owners) within its service area. The Inclusion Agreements were amended and restated on December 22, 2021, with the following Owners: Aurora Highlands, LLC, GVR King LLC, GVRE 470 LLC, Green Valley East LLC, SJSA Investments LLC, Aurora Highlands Holdings, LLC, Aurora Tech Center Development, LLC, and GVR King Commercial LLC (Amended and Restated Inclusion Agreements). Under the Amended and Restated Inclusion Agreements, the Owners and the District agree to execute and process petitions for inclusion of real property into one of the CAB Districts upon the earlier to occur of (a) the transfer of title to real property to a third party, or (b) the issuance of a building permit for the real property.

Mill Levy Policy Agreement

Effective June 30, 2020, the CAB and the CAB Districts entered into a Mill Levy Policy Agreement, which was amended on December 22, 2021. The Amended and Restated Mill Levy Allocation Policy Agreement evidences the mutual benefits enjoyed by the CAB and CAB Districts by the provision, operation and maintenance of the Public Improvements (as defined in the Amended and Restated mill Levy Policy Agreement) and the obligations of the CAB and the CAB Districts under the CAB Establishment Agreement and certain capital pledge agreements to impose and collect required debt service mill levies to ensure the timely repayment of the Series 2021A and 2021B Bonds.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 AGREEMENTS (CONTINUED)

Water Line Construction and Cost Reimbursement Agreement

On July 28, 2020, the District and the City entered into a Water Line Construction and Cost Reimbursement Agreement (Water Line Reimbursement Agreement) to set forth the terms under which the District will undertake and fund the installation of certain portions of the Aurora Pipeline Project and the City will reimburse the District for certain approved incremental costs associated with installation of said improvements. The terms of the Water Line Reimbursement Agreement were amended by the Letter of Agreement regarding Payment to Accelerate Installation and the Letter of Agreement regarding Request to Expedite Installation of Pipeline Section.

Relocation Reimbursement Agreement

In November 2020, the District entered into a Relocation and Reimbursement Agreement with Zayo Group, LLC (Relocation Agreement). Pursuant to the Relocation Agreement, the District agreed to reimburse Zayo Group, LLC for the costs of relocating fiber conduit to accommodate the District's development. In 2021, the District paid to Zayo Group, LLC \$177,270.

Project Management Intergovernmental Agreements

On May 22, 2019, the District and ARTA entered into an Intergovernmental Agreement Regarding Project Management of the Design and Construction of the ARTA Regional Transportation System (ARTA Project Management IGA). ARTA shall provide funds sufficient to complete its Phase I Improvements and the District shall coordinate, administer and oversee: (i) the preparation of all budgets, schedules, contracts, and other documents pertaining to the Phase I Improvements; and (ii) the design and construction of the Phase I Improvements. The District has engaged and will continue to engage engineers, surveyors, and other consultants and construction contractors as reasonably necessary to complete the Phase I Improvements.

The District and ARTA acknowledge that the remaining ARTA improvements are intended to be phased for design and construction as set for the in the Capital Plan and the Establishment Agreement. ARTA intends to issue future ARTA bonds in order to fund the design and construction of the remaining ARTA improvements beyond the Phase I Improvements.

On April 10, 2020, the District entered into a Project Management Intergovernmental Agreement (Project IGA) with the CAB. Pursuant to the Project IGA, the District shall provide project management services for public improvements to be owned, operated, and maintained by the CAB. The District shall coordinate, administer, and oversee: (1) the preparation of all budgets, schedules, contracts, and other documents pertaining to the public improvements; and (2) the planning, design, engineering, testing, construction, and installation for the public improvements. The District has engaged and will continue to engage engineers, surveyors, and other consultants and construction contractors as reasonably necessary to complete the public improvements.

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2021, the District had net investment in capital assets of \$45,823.

The restricted component of net position consists of assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$4,300 for Emergency Reserves as of December 31, 2021.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. As of December 31, 2021, the unrestricted net position was \$674,467.

NOTE 8 RELATED PARTIES

The property within the District is owned by and is being developed by the Developer/TAH LLC and/or entities affiliated with the Developer. Three of the District's Board members are officers of, employees of, or are associated with the Developer in consulting capacities. The fourth District Board member is an employee of a company providing consulting services to the District. As such, these Board members may have conflicts of interest in dealing with the District.

NOTE 9 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay all operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the CAB.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 RISK MANAGEMENT (CONTINUED)

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

NOTE 11 COMMITMENTS AND CONTINGENCIES

As of December 31, 2021, the District had unexpended construction-related commitments of \$25,153,775.

NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 7, 2017, a majority of the District's electors authorized the District to collect, retain, and spend all revenues without regard to limitation under TABOR in 2017 and all subsequent years.

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. As of December 31, 2021, the District had provided \$4,300 for an Emergency Reserve.

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.

SUPPLEMENTARY INFORMATION

**AEROTROPOLIS AREA COORDINATING METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budgets		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue - ARTA	\$ 5,000,000	\$ 9,500,000	\$ 12,198,103	\$ 2,698,103
Intergovernmental Revenue - CAB ARTA	-	6,192,500	6,192,500	-
Intergovernmental Revenue - CAB Construction	40,000,000	41,386,454	31,922,133	(9,464,321)
Intergovernmental Revenue - CAB Developer	150,000	671,046	621,046	(50,000)
Intergovernmental Revenue - CAB Reserve	-	2,000,000	2,000,000	-
Net Investment Income	5,000	50	128,572	128,522
Total Revenues	<u>45,155,000</u>	<u>59,750,050</u>	<u>53,062,354</u>	<u>(6,687,696)</u>
EXPENDITURES				
Current:				
Accounting	25,000	58,000	53,439	4,561
Construction Trailer Expenses	60,000	60,000	25,126	34,874
District Management	90,000	58,000	51,184	6,816
Furniture and Equipment	-	10,000	11,487	(1,487)
Legal	100,000	200,000	240,690	(40,690)
Legal - In-Tract	10,000	-	-	-
Miscellaneous	5,000	15,000	10,606	4,394
Other:				
Infrastructure Improvements - ARTA	5,000,000	9,500,000	12,198,103	(2,698,103)
Infrastructure Improvements - ATEC	-	200,000	1,353,927	(1,153,927)
Infrastructure Improvements - Developer	150,000	50,000	38,697	11,303
Capital Outlay:				
Architecture	300,000	300,000	10,017	289,983
Camera Monitoring	100,000	90,000	64,358	25,642
Capital Outlay:	-	4,700,000	-	4,700,000
Civil Engineering	3,000,000	3,000,000	1,223,913	1,776,087
Construction Assistance	200,000	300,000	335,001	(35,001)
Cost Verification	250,000	250,000	327,547	(77,547)
Erosion Control	500,000	500,000	147,382	352,618
GIS Services	150,000	150,000	87,310	62,690
Grading/Earthwork	4,000,000	4,000,000	7,490,540	(3,490,540)
Landscape, Hardscape and Monumentation	2,000,000	4,000,000	6,850,745	(2,850,745)
Permits and Fees	150,000	5,000	2,925	2,075
Program Management	700,000	2,800,000	2,419,482	380,518
Project Assistance	500,000	475,000	517,092	(42,092)
Sanitary Sewer Interceptor	3,000,000	5,000	1,625	3,375
Storm Drainage	6,000,000	-	-	-
Storm Water Management	500,000	500,000	210,798	289,202
Streets	13,000,000	13,000,000	4,905,705	8,094,295
Surveying	500,000	500,000	94,345	405,655
Trib T Geomorphology	2,000,000	6,000,000	9,117,978	(3,117,978)
Utilities	2,000,000	1,500,000	1,417,357	82,643
Waterline	2,000,000	2,000,000	290,899	1,709,101
Contingency	865,000	120,840	-	120,840
Total Expenditures	<u>47,155,000</u>	<u>54,346,840</u>	<u>49,498,278</u>	<u>4,848,562</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,000,000)	5,403,210	3,564,076	(1,839,134)
OTHER FINANCING SOURCES (USES)				
Developer Advance	2,000,000	-	-	-
Total Other Financing Sources (Uses)	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	5,403,210	3,564,076	(1,839,134)
Fund Balance (Deficit) - Beginning of Year	-	(3,121,569)	(3,121,569)	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 2,281,641</u>	<u>\$ 442,507</u>	<u>\$ (1,839,134)</u>