

**AVIATION STATION NORTH METROPOLITAN
DISTRICT NO. 1
Denver County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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YEAR ENDED DECEMBER 31, 2023**

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

Independent Auditor's Report

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Aviation Station North Metropolitan District No. 1 as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 financial statements as a whole. The supplementary 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 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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
Denver, Colorado

August 30, 2024

BASIC FINANCIAL STATEMENTS

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 43,694
Cash and Investments - Restricted	850,584
Receivable from Aviation Station North Metro District No. 2	1,153
Receivable from Aviation Station North Metro District No. 3	4,831
Receivable from Developer	175
Capital Assets, Not Being Depreciated	68,144,328
Total Assets	69,044,765
LIABILITIES	
Accounts Payable	434,594
Retainage Payable	25,000
Payable to DIA	4,186
Noncurrent Liabilities:	
Due in More Than One Year	63,297,198
Total Liabilities	63,760,978
NET POSITION	
Restricted For:	
Emergency Reserves	6,700
Capital Projects	430,867
Unrestricted	4,846,220
Total Net Position	\$ 5,283,787

See accompanying Notes to Basic Financial Statements.

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	\$ 340,279	\$ 1,071,188	\$ 535,476	\$ 1,266,385
Interest and Related Costs on Long-Term Debt	<u>3,237,423</u>	<u>-</u>	<u>-</u>	<u>(3,237,423)</u>
Total Governmental Activities	<u>\$ 3,577,702</u>	<u>\$ 1,071,188</u>	<u>\$ 535,476</u>	<u>(1,971,038)</u>
GENERAL REVENUES				
Net Investment Revenue				3,751
Other Revenue				7,949
Total General Revenues				<u>11,700</u>
CHANGE IN NET POSITION				(1,959,338)
Net Position - Beginning of Year				<u>7,243,125</u>
NET POSITION - END OF YEAR				<u>\$ 5,283,787</u>

See accompanying Notes to Basic Financial Statements.

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 43,694	\$ -	\$ -	\$ 43,694
Cash and Investments - Restricted	6,700	841	843,043	850,584
Receivable from Aviation Station North Metro District No. 2	501	652	-	1,153
Receivable from Aviation Station North Metro District No. 3	2,138	2,693	-	4,831
Receivable from Developer	-	-	175	175
	<u>\$ 53,033</u>	<u>\$ 4,186</u>	<u>\$ 843,218</u>	<u>\$ 900,437</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 47,243	\$ -	\$ 387,351	\$ 434,594
Retainage Payable	-	-	25,000	25,000
Payable to DIA	-	4,186	-	4,186
Total Liabilities	<u>47,243</u>	<u>4,186</u>	<u>412,351</u>	<u>463,780</u>
FUND BALANCES				
Restricted for:				
Emergency Reserves	6,700	-	-	6,700
Capital Projects	-	-	430,867	430,867
Unassigned	(910)	-	-	(910)
Total Fund Balances	<u>5,790</u>	<u>-</u>	<u>430,867</u>	<u>436,657</u>
Total Liabilities and Fund Balances	<u>\$ 53,033</u>	<u>\$ 4,186</u>	<u>\$ 843,218</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds Capital Assets, Not Being Depreciated				68,144,328
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Developer Advances Payable				(23,160,339)
Accrued Interest on Developer Advances				(10,614,819)
PIRA/ APIRA Advances				(20,000,000)
Accrued Interest on PIRA/ APIRA Advances				(9,522,040)
Net Position of Governmental Activities				<u>\$ 5,283,787</u>

See accompanying Notes to Basic Financial Statements.

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Transfers from Aviation Station North Metro District No. 2	\$ 131,744	\$ 171,268	\$ 582,305	\$ 885,317
Transfers from Aviation Station North Metro District No. 3	78,043	98,319	-	176,362
Transfers from Aviation Station North Metro District No. 4	-	5	-	5
Transfers from Aviation Station North Metro District No. 5	-	9,504	-	9,504
Net Investment Income	2,709	-	1,042	3,751
Other Revenue	7,949	-	-	7,949
City Contribution	-	-	535,301	535,301
Total Revenues	<u>220,445</u>	<u>279,096</u>	<u>1,118,648</u>	<u>1,618,189</u>
EXPENDITURES				
General, Administrative, and Maintenance:				
Accounting	44,864	-	4,237	49,101
Audit	13,850	-	-	13,850
Denver Annual Fee	12,000	-	-	12,000
District Management	44,357	-	-	44,357
Dues and Licenses	1,629	-	-	1,629
Election	3,090	-	-	3,090
Engineering	-	-	8,695	8,695
Insurance	16,798	-	-	16,798
Landscaping	47,976	-	-	47,976
Legal	37,281	-	51	37,332
Miscellaneous	1,791	-	-	1,791
Repairs and Maintenance	88,574	-	-	88,574
Snow Removal	1,880	-	-	1,880
Utilities	13,206	-	-	13,206
Debt Service:				
Paying Agent Fees	-	1,500	-	1,500
Reimbursement to DIA	-	277,596	-	277,596
Capital:				
Capital Outlay	-	-	2,354,806	2,354,806
Total Expenditures	<u>327,296</u>	<u>279,096</u>	<u>2,367,789</u>	<u>2,974,181</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(106,851)	-	(1,249,141)	(1,355,992)
OTHER FINANCING SOURCES				
Developer Advance	144,500	-	1,306,934	1,451,434
Developer Contribution	-	-	175	175
Total Other Financing Sources	<u>144,500</u>	<u>-</u>	<u>1,307,109</u>	<u>1,451,609</u>
NET CHANGE IN FUND BALANCE	37,649	-	57,968	95,617
Fund Balance (Deficit) - Beginning of Year	<u>(31,859)</u>	<u>-</u>	<u>372,899</u>	<u>341,040</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,790</u>	<u>\$ -</u>	<u>\$ 430,867</u>	<u>\$ 436,657</u>

See accompanying Notes to Basic Financial Statements.

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds \$ 95,617

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 any cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay 2,354,806

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

Developer Advance (1,451,434)

Repayment of PIRA/APIRA Advances Interest 273,491

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

Accrued Interest on Developer Advance - Change in Liability (1,797,891)

Accrued Interest on PIRA/ APIRA Advances - Change in Liability (1,433,927)

Change in Net Position of Governmental Activities \$ (1,959,338)

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfers from Aviation Station North Metro District No. 2	\$ 132,366	\$ 131,744	\$ (622)
Transfers from Aviation Station North Metro District No. 3	84,126	78,043	(6,083)
Net Investment Income	-	2,709	2,709
Other Revenue	-	7,949	7,949
Total Revenues	216,492	220,445	3,953
EXPENDITURES			
Accounting	60,000	44,864	15,136
Audit	14,500	13,850	650
Contingency	4,400	-	4,400
Denver Annual Fee	12,000	12,000	-
District Management	54,100	44,357	9,743
Dues and Licenses	2,000	1,629	371
Election	7,000	3,090	3,910
Insurance	21,500	16,798	4,702
Landscaping	100,000	47,976	52,024
Legal	46,000	37,281	8,719
Miscellaneous	5,000	1,791	3,209
Panasonic Contract	112,500	-	112,500
Repairs and Maintenance	40,000	88,574	(48,574)
Snow Removal	70,000	1,880	68,120
Utilities	17,000	13,206	3,794
Total Expenditures	566,000	327,296	238,704
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(349,508)	(106,851)	242,657
OTHER FINANCING SOURCES			
Developer Advance	350,000	144,500	(205,500)
Total Other Financing Sources	350,000	144,500	(205,500)
NET CHANGE IN FUND BALANCE	492	37,649	37,157
Fund Balance (Deficit) - Beginning of Year	6,952	(31,859)	(38,811)
FUND BALANCE - END OF YEAR	\$ 7,444	\$ 5,790	\$ (1,654)

See accompanying Notes to Basic Financial Statements.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Aviation Station North Metropolitan District No. 1 (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 provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the city and County of Denver on February 25, 2013. The District is located entirely within the city and County of Denver, Colorado (Denver).

The District was established to provide financing for the acquisition, construction, completion, and operation and maintenance of public improvements, including all streets, traffic and safety, water, sanitation, storm drainage, safety protection, transportation, mosquito control, operations and maintenance, covenant enforcement, fire protection, 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, constructing, design, operation, and maintenance of the Improvements to serve the Aviation Districts. On July 27, 2015, the District and Aviation Station North Metropolitan District No. 5 (Aviation 5) executed a Partial Termination of MOU, 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.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

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

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

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 as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds is recorded as a reduction in liabilities.

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

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

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

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

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

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.

Pooled Cash and Investments

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

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 43,694
Cash and Investments - Restricted	850,584
Total Cash and Investments	\$ 894,278

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

Deposits with Financial Institutions	\$ 763,004
Investments	131,274
Total Cash and Investments	\$ 894,278

Deposits with Financial Institutions

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

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

At December 31, 2023, the District's cash deposits had a bank and carrying balance of \$763,004.

Investments

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

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

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

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 131,274</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under CRS 24-75-601.

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE 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, 2023 follows:

	Balance - December 31, 2022	Increases	Decreases	Balance - December 31, 2023
Capital Assets, Not Being Depreciated:				
Land	\$ 3,232,500	\$ -	\$ -	\$ 3,232,500
Construction in Progress	<u>62,557,022</u>	<u>2,354,806</u>	<u>-</u>	<u>64,911,828</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 65,789,522</u>	<u>\$ 2,354,806</u>	<u>\$ -</u>	<u>\$ 68,144,328</u>

Upon completion and acceptance, all capital assets except for the landscaping and the monument wall will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

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, 2023:

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

	Balance - December 31, 2022	Additions	Retirements	Balance - December 31, 2023	Due Within One Year
Developer Advances:					
Operations	\$ 1,390,543	\$ 144,500	\$ -	\$ 1,535,043	\$ -
Capital	20,318,362	1,306,934	-	21,625,296	-
Accrued Interest on Developer Advances:					
Operations	425,874	117,953	-	543,827	-
Capital	8,391,054	1,679,938	-	10,070,992	-
Other Debt:					
PIRA/ APIRA Advances	20,000,000	-	-	20,000,000	-
Accrued Interest on Other Debt:					
PIRA/APIRA Advances	8,361,604	1,433,927	273,491	9,522,040	-
Total	<u>\$ 58,887,437</u>	<u>\$ 4,683,252</u>	<u>\$ 273,491</u>	<u>\$ 63,297,198</u>	<u>\$ -</u>

Developer Advances

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 is 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. As of December 31, 2023, the amount outstanding totaled \$31,696,288, comprised of principal \$21,625,296 and accrued interest of \$10,070,992.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

Facilities Funding and Acquisition Agreement (Continued)

On April 20, 2022, the FFAA was further amended to reflect that the District incurred a reimbursement obligation to the Developer in the amount of \$628,302 pursuant to the January 24, 2022 Real Estate Purchase Agreement entered into between the District and the Developer. On June 1, 2022, the FFAA was further amended to reflect that the District incurred a reimbursement obligation to the Developer in the amount of \$757,200 pursuant to the August 5, 2022 Real Estate Purchase Agreement entered into between the District and the Developer.

Other Debt

Project Improvements Reimbursement Agreement

On June 12, 2015, the District, Smith Metropolitan District No. 1 (Smith 1) and Denver, on behalf of the Department of Aviation (DIA), entered into a Project Improvements Reimbursement Agreement (PIRA) whereby the District and Smith 1 set forth the terms of the payment of the Reimbursement Obligation (as defined in the PIRA). Denver agreed to fund a portion of the costs allocated to the District and Smith 1 for certain project improvements in the amount of \$17,000,000. The District and Smith 1 agreed to impose a mill levy of ten mills on all taxable property within their respective boundaries (the Aviation Station Mill Levy Ten and the Smith Mill Levy Ten, respectively) for the purpose of paying principal and interest on the Reimbursement Obligation on a joint and several basis. Further, the PIRA contemplates that at such time any real property is included within any of the Aviation Districts or the Smith Districts such applicable Aviation District or Smith District will be required to execute a pledge agreement whereby such district will agree to impose the Aviation Mill Levy Ten or the Smith Mill Levy Ten, as applicable, and remit the revenues therefrom to UMB Bank, n.a., pursuant to the Custodial Agreement (defined in Note 7). Outstanding principal bears interest at the annual rate of 5%, compounded semiannually, payable on June 1 and December 1 each year. The PIRA is terminated on the date on which the aggregate amount of all payments of principal and interest paid by the Districts equals \$35,600,000 or the date on which the principal amount and all accrued and unpaid interest is paid in full, whichever date occurs first. As of December 31, 2023, the amount outstanding was \$25,093,734, comprised of principal of \$17,000,000 and accrued interest of \$8,093,734.

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Other Debt (Continued)

Additional Project Improvements Reimbursement Agreement

On June 12, 2015, the District and Denver, on behalf of DIA, entered into the Additional Project Improvements Reimbursement Agreement (the APIRA), whereby Denver agreed to fund a portion of the District's share of costs associated with additional public improvements in the amount of \$3,000,000 (the 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 within each of the Aviation Districts (the Aviation Station Mill Levy Three). Further, the APIRA 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 Station Mill Levy Three and remit the revenues to the District for the purpose of repaying the Additional Reimbursement Obligation. Outstanding principal bears interest at the annual rate of 5%, compounded semiannually, payable on June 1 and December 1 each year. The APIRA is terminated on the date on which the aggregate amount of all payments of principal and interest paid by the District equals \$6,000,000 or the date on which the principal amount and all accrued and unpaid interest is paid in full, whichever date occurs first. As of December 31, 2023, the amount outstanding totaled \$4,428,306, comprised of principal \$3,000,000 and accrued interest of \$1,428,306.

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.

Debt Authorization

As of December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 5, 2013 Election	Authorization Used Hensel Loan	Authorization Used 2015 PIRA	Authorization Used 2015 APIRA	Authorization Used Series 2019A	Authorization Used Series 2019A	Remaining at December 31, 2023
Street Improvements	\$ 500,000,000	\$ 2,500,000	\$ 1,575,000	\$ -	\$ 2,369,488	\$ 531,000	\$ 493,024,512
Parks and Recreation	500,000,000	-	820,000	-	2,369,488	531,000	496,279,512
Water	500,000,000	-	290,000	-	2,369,488	531,000	496,809,512
Sanitation/Storm Sewer	500,000,000	-	2,315,000	3,000,000	2,369,488	531,000	491,784,512
Transportation	500,000,000	-	12,000,000	-	2,369,488	531,000	485,099,512
Mosquito Control	500,000,000	-	-	-	2,369,488	531,000	497,099,512
Traffic and Safety Protection	500,000,000	-	-	-	2,369,488	531,000	497,099,512
Fire Protection	500,000,000	-	-	-	2,369,488	531,000	497,099,512
TV Relay and Translation	500,000,000	-	-	-	2,369,488	531,000	497,099,512
Operations and Maintenance	500,000,000	-	-	-	-	-	500,000,000
Refunding of Debt	500,000,000	-	-	-	3,689,608	-	496,310,392
Governmental IGA's	500,000,000	-	-	-	-	-	500,000,000
Regional Improvements	500,000,000	-	-	-	-	-	500,000,000
Total	\$ 6,500,000,000	\$ 2,500,000	\$ 17,000,000	\$ 3,000,000	\$ 25,015,000	\$ 4,779,000	\$ 6,447,706,000

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Continued)

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 the 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 \$109,210,527. As of December 31, 2023, the District had \$311,365,345 remaining authority under the Service Plan and the aforementioned Intergovernmental Agreements Regarding Debt Allocation.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position of \$6,700 as of December 31, 2023 for emergencies and \$430,867 for capital projects.

NOTE 7 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 Denver, 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

Intergovernmental Agreement Regarding Operations and Maintenance of Pena Station Area Improvements

On December 5, 2017, the District and Denver, 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.

The District and Denver, on behalf of DIA, entered into an Intergovernmental Agreement Regarding Pena Station CORE Infrastructure Improvements, effective November 7, 2022 (CORE IGA), wherein Denver agreed to contribute to the costs of the Additional Improvements (as defined in the CORE IGA) which will benefit the Service Area of the District.

Construction Disbursing Agreement

On June 12, 2015, the District, Denver, 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.

Custodial Agreement

On June 12, 2015, the District, Smith 1, Aviation Station Metropolitan District No. 2 (Aviation 2), Denver and UMB Bank, n.a., entered into that certain Custodial Agreement relating to the Reimbursement Obligation (defined above in Note 5) in the principal amount of \$17,000,000, as agreed to in the PIRA. The Custodial Agreement establishes 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 Station North Metropolitan District No. 3 (Aviation 3). On December 21, 2022 the foregoing parties entered into another Joinder Agreement to the Custodial Agreement with Aviation Station North Metropolitan District No. 4 (Aviation 4).

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

Intergovernmental Agreement – Pena Station Improvements (Continued)

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 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 Station Metropolitan District No. 3 (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 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 Three to the District. Aviation 3 is required to remit the pledged revenue from the District Mill Levy Three to the District under the APIRA.

On December 21, 2022, the District and Aviation 4 entered into a Capital Pledge Agreement whereby Aviation 4 agreed to pledge certain revenues generated from Aviation 4's imposition of the District Mill Levy Ten to the District. Aviation 4 is required to remit the aforementioned pledged revenue to the District under the PIRA.

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

Capital Pledge Agreements (Continued)

On December 21, 2022, the District and Aviation 4 entered into a Capital Pledge Agreement whereby Aviation 4 agreed to pledge certain revenues generated from Aviation 4's imposition of the District Mill Levy Three to the District. Aviation 4 is required to remit the pledged revenue from the District Mill Levy Three to the District under the APIRA.

Operation Funding Agreements

The District entered into a 2015 Operation Funding Agreement (OFA) with L.C Fulenwider, Inc. (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 Fulenwider, as amended on December 1, 2021 to extend the term of the Agreement through December 31, 2022 and on December 7, 2022 to further extend the term of the Agreement through December 31, 2023 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, 2052. 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. As of December 31, 2023, the amount outstanding totaled \$2,078,870, comprised of principal \$1,535,043 and accrued interest of \$543,827.

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 AGREEMENTS (CONTINUED)

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, the Developer 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 Denver's lodging tax ordinance or subject to a sales tax pursuant to 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. In 2022, the District and Developer entered into a supplement to the PIF Covenant whereby residential property was removed from the PIF Covenant Area.

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 pursuant to which 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 total \$26,059,945 with the District's share being \$18,029,128, DIBC's share being \$6,968,235, and District noneligible costs of \$1,062,582. As of December 31, 2023, there was no amount due from DIBC under this IGA.

Real Estate Purchase Agreement

On March 30, 2020, the District entered into the Real Estate Purchase Agreement with the Developer. The Developer will sell to the District title and interests in and to the real property located in Denver as defined in the Real Estate Purchase Agreement. The purchase price for the real property will be \$550,000 to be funded under the FFAA.

On January 24, 2022, the District and Developer entered into a Real Estate Purchase Agreement pursuant to which the Developer sold to the District title and interests in and to the Real Property set forth on Exhibit A to the agreement. The purchase price for the Real Property was \$628,302 to be funded under the FFAA.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Real Estate Purchase Agreement

On August 3, 2022, the District and Developer entered into the Real Estate Purchase Agreement pursuant to which the Developer sold to the District title and interests in and to the Real Property set forth on Exhibit A to the agreement. The purchase price for the Real Property was \$757,200 to be funded under the FFAA.

NOTE 8 RELATED PARTIES

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

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 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.

AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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.

SUPPLEMENTARY INFORMATION

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Transfers from Aviation Station North Metro District No. 2	\$ 171,943	\$ 171,268	\$ (675)
Transfers from Aviation Station North Metro District No. 3	106,029	98,319	(7,710)
Transfers from Aviation Station North Metro District No. 4	5	5	-
Transfers from Aviation Station North Metro District No. 5	10,600	9,504	(1,096)
Other Revenue	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total Revenues	<u>293,577</u>	<u>279,096</u>	<u>(14,481)</u>
EXPENDITURES			
Paying Agent Fees	1,500	1,500	-
Reimbursement to DIA	<u>292,077</u>	<u>277,596</u>	<u>14,481</u>
Total Expenditures	<u>293,577</u>	<u>279,096</u>	<u>14,481</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfers from Aviation Station North Metro District No. 2	\$ 500,000	\$ 582,305	\$ 82,305
Net Investment Income	-	1,042	1,042
City Contribution	-	535,301	535,301
Total Revenues	<u>500,000</u>	<u>1,118,648</u>	<u>618,648</u>
EXPENDITURES			
Accounting	18,000	4,237	13,763
Capital Outlay - Phase I	33,850	92,618	(58,768)
Capital Outlay - Phase III	272,000	590,062	(318,062)
Capital Outlay - Phase V	98,929	217,961	(119,032)
Capital Outlay - Phase VI	1,665,143	96,260	1,568,883
Capital Outlay - Phase VII	-	78,393	(78,393)
Capital Outlay - Park Phase II	35,000	-	35,000
Capital Outlay - Pena Station CORE Infrastructure Project	500,000	1,279,512	(779,512)
Contingency	865,867	-	865,867
Engineering	20,000	8,695	11,305
Legal	5,000	51	4,949
Total Expenditures	<u>3,513,789</u>	<u>2,367,789</u>	<u>1,146,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,013,789)	(1,249,141)	1,764,648
OTHER FINANCING SOURCES (USES)			
Developer Advance	2,000,000	1,306,934	(693,066)
Developer Contribution	71,072	175	(70,897)
Total Other Financing Sources (Uses)	<u>2,071,072</u>	<u>1,307,109</u>	<u>(763,963)</u>
NET CHANGE IN FUND BALANCE	(942,717)	57,968	1,000,685
Fund Balance - Beginning of Year	<u>1,053,567</u>	<u>372,899</u>	<u>(680,668)</u>
FUND BALANCE - END OF YEAR	<u>\$ 110,850</u>	<u>\$ 430,867</u>	<u>\$ 320,017</u>

**AVIATION STATION NORTH METROPOLITAN DISTRICT NO. 1
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
		General	Levied	Collected	
2019	\$ 30	0.000	\$ -	\$ -	N/A
2020	60	0.000	-	-	N/A
2021	960	0.000	-	-	N/A
2022	960	0.000	-	-	N/A
2023	9,760	0.000	-	-	N/A
Estimated for the Year Ending December 31, 2024	\$ 10,870	0.000	\$ -		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.