

ACC METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	20
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	21

Independent Auditor's Report

Board of Directors
ACC Metropolitan District
Adams County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of ACC Metropolitan District (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of ACC Metropolitan District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

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

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

Sincerely,



Wipfli LLP
Lakewood, Colorado

July 28, 2021

ACC METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2020

	<u>General</u>	Debt <u>Service</u>	Capital <u>Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of Net <u>Position</u>
ASSETS						
Cash and investments	\$ 16,589	\$ -	\$ -	\$ 16,589	\$ -	\$ 16,589
Cash and investments - restricted	-	479,154	2,476,369	2,955,523	-	2,955,523
Receivable - County Treasurer	301	1,642	-	1,943	-	1,943
Property taxes receivable	55,549	551,096	-	606,645	-	606,645
Prepaid expenses	2,973	-	-	2,973	-	2,973
Capital assets, not being depreciated	-	-	-	-	8,791,225	8,791,225
Total Current Assets	<u>\$ 75,412</u>	<u>\$ 1,031,892</u>	<u>\$ 2,476,369</u>	<u>\$ 3,583,673</u>	<u>8,791,225</u>	<u>12,374,898</u>
LIABILITIES						
Accounts payable	\$ 984	\$ -	\$ 170,175	\$ 171,159	-	171,159
Retainage payable	-	-	24,228	24,228	-	24,228
Accrued interest payable	-	-	-	-	25,822	25,822
Long-term liabilities - due in more than one year						
Due within one year	-	-	-	-	70,000	70,000
Developer advances payable	-	-	-	-	5,729,299	5,729,299
Developer advances interest payable	-	-	-	-	84,249	84,249
Note payable	-	-	-	-	9,455,000	9,455,000
Total Liabilities	<u>984</u>	<u>-</u>	<u>194,403</u>	<u>195,387</u>	<u>15,364,370</u>	<u>15,559,757</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>55,549</u>	<u>551,096</u>	<u>-</u>	<u>606,645</u>	<u>-</u>	<u>606,645</u>
Total Deferred Inflows of Resources	<u>55,549</u>	<u>551,096</u>	<u>-</u>	<u>606,645</u>	<u>-</u>	<u>606,645</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	2,973	-	-	2,973	(2,973)	-
Restricted:						
Emergencies	1,800	-	-	1,800	(1,800)	-
Debt service	-	480,796	-	480,796	(480,796)	-
Capital projects	-	-	2,281,966	2,281,966	(2,281,966)	-
Unassigned	<u>14,106</u>	<u>-</u>	<u>-</u>	<u>14,106</u>	<u>(14,106)</u>	<u>-</u>
Total Fund Balances	<u>18,879</u>	<u>480,796</u>	<u>2,281,966</u>	<u>2,781,641</u>	<u>(2,781,641)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 75,412</u>	<u>\$ 1,031,892</u>	<u>\$ 2,476,369</u>	<u>\$ 3,583,673</u>		
Net Position:						
Net investment in capital assets					(6,547,323)	(6,547,323)
Restricted for:						
Emergencies					1,800	1,800
Debt service					454,974	454,974
Capital projects					2,281,966	2,281,966
Total Net Position					<u>\$ (3,791,504)</u>	<u>\$ (3,791,504)</u>

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

ACC METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting	\$ 8,540	\$ -	\$ 8,232	\$ 16,772	\$ -	\$ 16,772
District management	4,831	-	5,881	10,712	-	10,712
Audit	10,256	-	-	10,256	-	10,256
Election	856	-	-	856	-	856
Insurance	3,415	-	-	3,415	-	3,415
Legal	12,206	-	24,287	36,493	-	36,493
Legal condemnation	-	-	24,154	24,154	-	24,154
Engineering	-	-	707,032	707,032	(707,032)	-
Capital outlay	-	-	6,672,924	6,672,924	(6,672,924)	-
Miscellaneous expenses	2,535	10	-	2,545	-	2,545
Paying agent fees	-	4,793	-	4,793	-	4,793
Professional services	-	-	11,966	11,966	-	11,966
Statutory Compliance	36	-	-	36	-	36
Treasurer's fees	825	4,354	-	5,179	-	5,179
Note interest	-	234,002	-	234,002	9,218	243,220
Note principal	-	100,000	-	100,000	(100,000)	-
ARTA-1 mill levy	-	15,419	-	15,419	-	15,419
Developer advance interest	-	-	-	-	76,407	76,407
Total Expenditures	<u>43,500</u>	<u>358,578</u>	<u>7,454,476</u>	<u>7,856,554</u>	<u>(7,394,331)</u>	<u>462,223</u>
GENERAL REVENUES						
Property taxes	54,998	290,298	-	345,296	-	345,296
Specific ownership taxes	4,036	22,008	-	26,044	-	26,044
Interest income	-	129	10	139	-	139
ARI revenue	-	9,592	-	9,592	-	9,592
Total General Revenues	<u>59,034</u>	<u>322,027</u>	<u>10</u>	<u>381,071</u>	<u>-</u>	<u>381,071</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	15,534	(36,551)	(7,454,466)	(7,475,483)	7,475,483	-
OTHER FINANCING SOURCES (USES)						
City of Aurora project cost share	-	-	447,750	447,750	(447,750)	-
Developer advance proceeds	-	-	5,657,987	5,657,987	(5,657,987)	-
Loan proceeds	-	35,233	3,464,767	3,500,000	(3,500,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>35,233</u>	<u>9,570,504</u>	<u>9,605,737</u>	<u>(9,605,737)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES						
	15,534	(1,318)	2,116,038	2,130,254	(2,130,254)	-
CHANGE IN NET POSITION						
					(81,152)	(81,152)
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR AS RESTATED	<u>3,345</u>	<u>482,114</u>	<u>165,928</u>	<u>651,387</u>	<u>(4,361,739)</u>	<u>(3,710,352)</u>
END OF YEAR	<u>\$ 18,879</u>	<u>\$ 480,796</u>	<u>\$ 2,281,966</u>	<u>\$ 2,781,641</u>	<u>\$ (6,573,145)</u>	<u>\$ (3,791,504)</u>

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

ACC METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 54,998	\$ 54,998	\$ 54,998	\$ -
Specific ownership taxes	<u>2,200</u>	<u>2,200</u>	<u>4,036</u>	<u>1,836</u>
Total Revenues	<u>57,198</u>	<u>57,198</u>	<u>59,034</u>	<u>1,836</u>
EXPENDITURES				
Accounting	11,000	11,000	8,540	2,460
District management	15,000	15,000	4,831	10,169
Audit	4,250	4,250	10,256	(6,006)
Election	1,500	1,500	856	644
Insurance	4,000	4,000	3,415	585
Legal	15,000	19,925	12,206	7,719
Miscellaneous expenses	1,500	1,500	2,535	(1,035)
Statutory compliance	-	-	36	(36)
Treasurer's fees	825	825	825	-
Emergency reserve	<u>1,716</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>54,791</u>	<u>58,000</u>	<u>43,500</u>	<u>14,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	2,407	(802)	15,534	16,336
NET CHANGE IN FUND BALANCE				
	2,407	(802)	15,534	16,336
FUND BALANCE:				
BEGINNING OF YEAR	<u>138,812</u>	<u>138,812</u>	<u>3,345</u>	<u>(135,467)</u>
END OF YEAR	<u>\$ 141,219</u>	<u>\$ 138,010</u>	<u>\$ 18,879</u>	<u>\$ (119,131)</u>

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

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of the ACC Metropolitan District (the “District”), located in Adams County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on November 12, 2003, as a quasi-municipal organization established under the State of Colorado Special District Act. A First Amended and Restated Service Plan was approved by the City of Aurora (the “City”) on August 22, 2011 and was additionally amended on May 21, 2018. The District’s service area is located in Adams County, Colorado. The District was established to finance and construct streets, water systems, sanitary sewer, parks and recreation, and other public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

The District reports the following major governmental funds:

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

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

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

Budgetary Accounting

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

The District amended its total appropriation in the General Fund from \$54,791 to \$58,000 due to the increase in expenditures over the amount budgeted.

Subsequent to December 31, 2020, the District amended its total appropriations in the Capital Fund from \$651,500 to \$7,500,000 due to the increase in capital outlay expenditures over the amount budgeted.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District only has one item that qualifies for reporting in this category: Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Equity

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$1,800 of the General Fund balance has been restricted in compliance with this requirement.

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

The restricted fund balance in the Debt Service Fund in the amount of \$480,796 is restricted for the payment of the costs associated with the Series 2019A loan (See Note 4). The restricted fund balance in the Capital Projects Fund in the amount of \$2,281,966 is restricted for the payment of costs related to capital improvements within the District.

Committed Fund Balance

Committed fund balance includes amounts 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

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

Unassigned Fund Balance

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

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

Net Position

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

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

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

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

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

Note 2: Cash and Investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$	16,589
Cash and investments - restricted		<u>2,955,523</u>
Total	\$	<u><u>2,972,112</u></u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$	2,969,631
Investments - COLOTRUST		<u>2,481</u>
Total	\$	<u><u>2,972,112</u></u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. As of December 31, 2020, none of the District's deposits were exposed to custodial credit risk.

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 2: Cash and Investments (Continued)

Investments

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment, is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value ("NAV") per share.

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2020, the District had the following investment:

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 2: Cash and Investments (Continued)

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$2,481 invested in COLOTRUST.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020 is as follows:

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	<u>\$ 1,859,019</u>	<u>\$ 7,379,956</u>	<u>\$ 447,750</u>	<u>\$ 8,791,225</u>

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 4: Long-Term Debt

An analysis of changes in long-term debt for the year ending December 31, 2020 is as follows:

	Balance 1/1/2020	Restated Balance 1/1/2020	Additions	Retirements	Balance 12/31/2020	Current Portion
Series 2019A Loan	6,125,000	6,125,000	3,500,000	100,000	9,525,000	70,000
<u>Developer Advances</u>						
<u>Facilities Funding:</u>						
Capital - principal	-	-	5,657,987	-	5,657,987	-
Capital - interest	-	-	70,686	-	70,686	-
<u>Operation Funding</u>						
General - principal	64,359	71,312	-	-	71,312	-
General - interest	7,842	7,842	5,721	-	13,563	-
Total	<u>\$ 6,197,201</u>	<u>\$ 6,204,154</u>	<u>\$ 9,234,394</u>	<u>\$ 100,000</u>	<u>\$ 15,338,548</u>	<u>\$ 70,000</u>

A description of the District's long-term obligations as of December 31, 2020 is as follows:

Developer Advances

Facilities Funding

The District entered into a Facilities Funding and Acquisition Agreement as amended ("Funding Agreement") with Aurora Partners, LLC ("Developer") on January 1, 2004, whereby the Developer agreed to provide up to \$12,200,000 to the District in order for the District to undertake the design, testing, engineering, acquisition, construction, related consultant fees and construction management of its infrastructure improvements. On June 23, 2006, the District approved an Assignment and Amendment to the Funding Agreement which assigned the obligations to advance funds as well as all claims for reimbursement related to the Funding Agreement to Denver Venture I, LLC ("DVI").

The Funding Agreement was terminated in 2018 and the District entered into a new funding agreement, see "New Developer Advance Agreements" below.

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 4: Long-Term Debt (Continued)

Operation Funding Agreement

The District entered into an Operation Funding Agreement ("OFA") with DVI on August 15, 2017, with an effective date of January 1, 2017, whereby DVI agrees to advance funds necessary to fund, or will directly pay, the District's operations and maintenance expenses on a periodic basis, as needed for the fiscal year 2017 up to an aggregate amount of \$50,000.

The OFA was terminated in 2018 and the District entered into a new operation funding agreement, see "New Developer Advance Agreements" below.

New Developer Advance Agreements

On June 18, 2018, the District entered into the Termination of Facilities Funding and Acquisition Agreement and Operation Funding Agreements with DVI and concurrently the District entered into a new Facilities Funding and Acquisition Agreement ("New FFA") and new 2018 Operation Funding Agreement ("New OFA") with FR Aurora Commerce Center Phase I, LLC ("FR Aurora") and all amounts due under the Funding Agreement and OFA to DVI will be paid to FR Aurora under the New FFA and New OFA, as described in more detail below.

New FFA

On June 18, 2018, the District entered into the New FFA with FR Aurora, whereby FR Aurora shall advance funds necessary to fund the construction related expenses incurred by the District for fiscal years 2018 through 2025, up to the Shortfall Amount of \$13,826,745. The District agrees to make payment to FR Aurora for all Prior Advances due to DVI, advances for construction related expenses and/or Verified Costs, together with interest thereon. The advances and/or verified costs and prior advances due DVI will bear simple interest at the rate of 8.0% per annum. In the event the District has not paid or reimbursed the Developer for any amounts due under the New FFA by December 31, 2058 or if the average useful life of the Improvements for which payment by the Developer is being sought has terminated, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Balances of \$5,657,987 in principal and \$70,686 in accrued interest were outstanding as of December 31, 2020.

ACC METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Note 4: Long-Term Debt (Continued)

New OFA

On June 18, 2018, the District entered into the New OFA with FR Aurora, whereby FR Aurora shall advance funds necessary to fund, or shall directly pay, the operations and maintenance expenses needed for fiscal years 2018 through 2019, up to the Shortfall Amount of \$60,000. Pursuant to the New OFA, the District agrees to make payment to FR Aurora for all Prior Advances due to DVI, together with interest thereon. The advances and prior advances due DVI will bear simple interest at the rate of 8.0% per annum. In the event the District has not paid or reimbursed the Developer for any amounts due under the New OFA by December 31, 2059, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Balances of \$71,312 in principal and \$13,563 in accrued interest were outstanding as of December 31, 2020.

Notes Payable

Series 2019A & Series 2019B Loan Agreements

On September 26, 2019, the District entered into two loan agreements with Vectra Bank of Colorado.

Series 2019A Loan

The Series 2019A Loan (“2019A Loan”) provides for a maximum aggregate borrowing in the amount of \$10,000,000, \$1,666,867 of which is for the purpose of refunding the existing Taxable/Tax-Exempt General Obligation Limited Tax Note, Series 2013 and \$8,333,133 is for the purpose of paying project costs (including all advances). \$6,125,000 of the total became immediately available upon execution of the 2019A Loan and \$3,875,000 is to be made available when, and if, advanced in the future. During July 2020, an additional \$3,500,000 was advanced on the loan. The 2019A Loan is secured by pledged revenue consisting of monies derived by the District from the required mill levy, the portion of specific ownership taxes allocable to the amount of the required mill levy and any other legally available monies which the Board determines in its sole discretion to apply as pledged revenue. Interest is due on June 1 and December 1 of each year commencing December 1 2019 at an initial rate of 3.192%. The interest rate is based upon the Federal Home Loan Bank Board Fixed-Rate Advance rate plus 175 basis points times 80%, resetting December 1, 2024 and every three years thereafter. Principal repayments are required annually beginning December 1, 2020 and the 2019A Loan matures on December 1, 2049.

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 4: Long-Term Debt (Continued)

The following is a summary of the annual long-term debt principal and interest requirements for the 2019A Loan:

	Series 2019A Loan		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 70,000	\$ 280,375	\$ 350,375
2022	110,000	278,390	388,390
2023	120,000	275,393	395,393
2024	130,000	272,816	402,816
2025	155,000	268,525	423,525
2026-2030	945,000	1,268,910	2,213,910
2031-2035	1,327,500	1,111,106	2,438,606
2036-2040	1,847,500	886,016	2,733,516
2041-2045	2,480,000	576,854	3,056,854
2046-2049	<u>2,340,000</u>	<u>173,640</u>	<u>2,513,640</u>
	<u>\$ 9,525,000</u>	<u>\$ 5,392,025</u>	<u>\$ 14,917,025</u>

Series 2019B Loan

The Series 2019B loan (“2019B Loan”) provides for a maximum borrowing of \$9,000,000 to be used for the purpose of paying or reimbursing the Project Costs as authorized in the 2003 Election.

The 2019B Loan is secured by pledged revenue consisting of monies derived by the District from the required mill levy, the portion of specific ownership taxes allocable to the amount of the required mill levy and any other legally available monies which the Board determines in its sole discretion to apply as pledged revenue. Interest is due on June 1 and December 1 of each year commencing December 1, 2019 at an initial rate of 3.192%. The interest rate is based upon the Federal Home Loan Bank Board Fixed-Rate Advance rate plus a varying percentage of 1.00% to 2.00%. Principal repayments are required annually beginning December 1, 2020 and the Loan matures on December 1, 2049.

As of December 31, 2020, no advances were made on the 2019B Loan.

Debt Authorization

As of December 31, 2020, the District had voted authorized but unissued indebtedness of \$169,730,000. The District has not budgeted to issue any debt during 2021.

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 5: Fee-In-Lieu Improvement Agreement and Project Cost Share Revenue

The District entered into an Agreement Regarding Design, Permitting, and Construction of Fee-In-Lieu Drainage and Flood Control Improvements for First Creek Upstream of 26th Avenue, Aurora Commerce Center, City of Aurora, Agreement No. 18-11.14, with the Urban Drainage and Flood Control District dated February 5, 2019 (“Fee-In-Lieu Agreement”). Under the Fee-In-Lieu Agreement the District agreed that the Urban Drainage and Flood Control District will manage the design, permitting, and construction of the drainage and flood control improvements for First Creek from Smith Road to 26th Avenue and the District shall pay the costs for the 1) Final Design and Permitting Phase and 2) Construction Phase (as defined therein), including an administrative fee. The costs paid by the District are not to exceed \$368,820 without an amendment to the Fee-In-Lieu Agreement.

On March 24, 2020, the Fee-In-Lieu Agreement was amended to increase the not to exceed level of funding made by the District from \$368,820 to \$466,420. The District has satisfied its requirements under the Fee-In-Lieu Agreement, as amended, by payment of \$447,750 in 2019. Once final design and permitting were complete, the amount was subject to reimbursement from the City. The amount was repaid to the District during 2020.

Note 6: Tax, Spending and Debt Limitations

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the "Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 8: Related Party

The owner and developer of the property located within the boundaries of the District is FR Aurora. The members of the Board of Directors are employees of First Industrial Realty Trust, Inc., which is affiliated with FR Aurora, and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts of interest, if any, have been disclosed to the Board of Directors.

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

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

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

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

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;

ACC METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

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

- 2) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) Governmental funds report developer advances and/or loan proceeds as revenue; and,
- 4) Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

Note 10: Restatement of Prior Period Net Position

The beginning of year balance of net position was restated to correct an error in the recording of advances from a prior year that represent long-term debt of the District.

Beginning of year net position, as previously stated	\$ (3,703,400)
Additional developer advance	<u>(6,952)</u>
Beginning of year net position, as restated	<u><u>\$ (3,710,352)</u></u>

SUPPLEMENTAL INFORMATION

ACC METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2020

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 290,298	\$ 290,298	\$ -
Specific ownership taxes	17,418	22,008	4,590
ARI revenue	9,592	9,592	-
Interest income	300	129	(171)
Total Revenues	317,608	322,027	4,419
EXPENDITURES			
Note interest	249,974	234,002	15,972
Note principal	25,000	100,000	(75,000)
Miscellaneous expenses	-	10	(10)
Paying agent fees	2,500	4,793	(2,293)
ARTA-1 mill levy	9,448	15,419	(5,971)
Treasurer's fees	4,498	4,354	144
Contingency	5,000	-	5,000
Total Expenditures	296,420	358,578	(62,158)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21,188	(36,551)	(57,739)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	35,233	35,233
Transfer (to) from other funds	(600,000)	-	600,000
Total Other Financing Sources (Uses)	(600,000)	35,233	635,233
NET CHANGE IN FUND BALANCE	(578,812)	(1,318)	577,494
FUND BALANCE:			
BEGINNING OF YEAR	2,641,837	482,114	(2,159,723)
END OF YEAR	\$ 2,063,025	\$ 480,796	\$ (1,582,229)

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

ACC METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Interest income	\$ 100	\$ 100	\$ 10	\$ (90)
Total Revenues	<u>100</u>	<u>100</u>	<u>10</u>	<u>(90)</u>
EXPENDITURES				
Accounting	-	15,000	8,232	6,768
District management	15,000	6,000	5,881	119
Legal	15,000	25,000	24,287	713
Legal condemnation	-	25,000	24,154	846
Engineering	600,000	717,000	707,032	9,968
Capital outlay	1,500	6,700,000	6,672,924	27,076
Contingency	20,000	-	-	-
Professional services	-	12,000	11,966	34
Total Expenditures	<u>651,500</u>	<u>7,500,000</u>	<u>7,454,476</u>	<u>45,524</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(651,400)	(7,499,900)	(7,454,466)	45,434
OTHER FINANCING SOURCES (USES)				
City of Aurora project cost share	-	-	447,750	447,750
Developer advance proceeds	-	-	5,657,987	5,657,987
Loan proceeds	600,000	600,000	3,464,767	2,864,767
Transfer (to) from other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>600,000</u>	<u>600,000</u>	<u>9,570,504</u>	<u>8,970,504</u>
NET CHANGES IN FUND BALANCE				
	(51,400)	(6,899,900)	2,116,038	9,015,938
FUND BALANCE:				
BEGINNING OF YEAR	<u>1,030,802</u>	<u>1,030,802</u>	<u>165,928</u>	<u>(864,874)</u>
END OF YEAR	<u>\$ 979,402</u>	<u>\$ (5,869,098)</u>	<u>\$ 2,281,966</u>	<u>\$ 8,151,064</u>

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