

64TH AVE. ARI AUTHORITY

Financial Statements

Year Ended December 31, 2023

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



Board of Directors
64th Ave ARI Authority
Adams County, Colorado

Independent Auditor’s Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of 64th Ave ARI Authority (the “Authority”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority’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 64th Ave ARI Authority 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 Authority 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 Authority’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 Authority'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 Authority'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.

Supplemental Information

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

Wipfli LLP

Wipfli LLP
Denver, Colorado

July 24, 2024

64th Ave ARI Authority

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments - restricted	\$ -	\$ 14	\$ 6,265,778	\$ 6,265,792	\$ -	\$ 6,265,792
Receivable other governments	18,450	55,798	-	74,248	-	74,248
Prepaid expenses	4,404	-	-	4,404	-	4,404
Capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,277,649</u>	<u>35,277,649</u>
Total Assets	<u>\$ 22,854</u>	<u>\$ 55,812</u>	<u>\$ 6,265,778</u>	<u>\$ 6,344,444</u>	<u>35,277,649</u>	<u>41,622,093</u>
LIABILITIES						
Accounts payable	\$ 15,476	\$ 55,812	\$ 1,559,063	\$ 1,630,351	-	1,630,351
Retainage payable	-	-	856,874	856,874	-	856,874
Accrued interest	-	-	-	-	5,262,755	5,262,755
Long-term liabilities:						
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,000,000</u>	<u>24,000,000</u>
Total Liabilities	<u>15,476</u>	<u>55,812</u>	<u>2,415,937</u>	<u>2,487,225</u>	<u>29,262,755</u>	<u>31,749,980</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	4,404	-	-	4,404	(4,404)	-
Restricted:						
Emergencies	2,190	-	-	2,190	(2,190)	-
Capital projects	-	-	3,849,841	3,849,841	(3,849,841)	-
Unassigned	<u>784</u>	<u>-</u>	<u>-</u>	<u>784</u>	<u>(784)</u>	<u>-</u>
Total Fund Balances	<u>7,378</u>	<u>-</u>	<u>3,849,841</u>	<u>3,857,219</u>	<u>(3,857,219)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 22,854</u>	<u>\$ 55,812</u>	<u>\$ 6,265,778</u>	<u>\$ 6,344,444</u>		
Net Position:						
Net investment in capital assets					12,202,948	12,202,948
Restricted for:						
Emergencies					2,190	2,190
Capital projects					3,849,841	3,849,841
Unrestricted					<u>(6,182,866)</u>	<u>(6,182,866)</u>
Total Net Position					<u>\$ 9,872,113</u>	<u>\$ 9,872,113</u>

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

64th Ave ARI Authority

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 22,726	\$ -	\$ -	\$ 22,726	\$ -	\$ 22,726
Insurance	3,564	-	-	3,564	-	3,564
Legal	31,892	-	29,909	61,801	(29,909)	31,892
Management fees	14,254	-	-	14,254	-	14,254
Miscellaneous expenses	1,169	-	-	1,169	-	1,169
Trustee fees	-	8,733	-	8,733	-	8,733
Capital improvements	-	-	10,878,191	10,878,191	(10,878,191)	-
Bond interest expense	-	47,630	-	47,630	1,741,025	1,788,655
	<u>73,605</u>	<u>56,363</u>	<u>10,908,100</u>	<u>11,038,068</u>	<u>(9,167,075)</u>	<u>1,870,993</u>
GENERAL REVENUE						
Interest income	<u>62,787</u>	<u>565</u>	<u>348,332</u>	<u>411,684</u>	<u>-</u>	<u>411,684</u>
Total General Revenue	<u>62,787</u>	<u>565</u>	<u>348,332</u>	<u>411,684</u>	<u>-</u>	<u>411,684</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(10,818)	(55,798)	(10,559,768)	(10,626,384)	9,167,075	(1,459,309)
OTHER FINANCING SOURCE						
Intergovernmental revenue	<u>65,528</u>	<u>55,665</u>	<u>4,714,559</u>	<u>4,835,752</u>	<u>-</u>	<u>4,835,752</u>
NET CHANGES IN FUND BALANCES						
	54,710	(133)	(5,845,209)	(5,790,632)	5,790,632	
CHANGE IN NET POSITION						
					3,376,443	3,376,443
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>(47,332)</u>	<u>133</u>	<u>9,695,050</u>	<u>9,647,851</u>	<u>(3,152,181)</u>	<u>6,495,670</u>
END OF YEAR	<u>\$ 7,378</u>	<u>\$ -</u>	<u>\$ 3,849,841</u>	<u>\$ 3,857,219</u>	<u>\$ 6,014,894</u>	<u>\$ 9,872,113</u>

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

64th Ave ARI Authority

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

For the Year Ended December 31, 2023

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUE			
Interest income	\$ -	\$ 62,787	\$ 62,787
Total Revenue	-	62,787	62,787
EXPENDITURES			
Accounting and audit	20,000	22,726	(2,726)
Insurance	2,500	3,564	(1,064)
Legal	30,000	31,892	(1,892)
Management fees	20,000	14,254	5,746
Miscellaneous expenses	500	1,169	(669)
Contingency	15,036	-	15,036
Emergency reserve	2,190	-	2,190
Total Expenditures	90,226	73,605	16,621
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(90,226)	(10,818)	79,408
OTHER FINANCING SOURCE			
Intergovernmental revenue	77,000	65,528	(11,472)
Total Other Financing Source	77,000	65,528	(11,472)
NET CHANGE IN FUND BALANCE			
	(13,226)	54,710	67,936
FUND BALANCE:			
BEGINNING OF YEAR	13,226	(47,332)	(60,558)
END OF YEAR	\$ -	\$ 7,378	\$ 7,378

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

64TH AVE. ARI AUTHORITY

Notes to Financial Statements December 31, 2023

Note 1: Summary of Significant Accounting Policies

The accounting policies of the 64th Ave. ARI Authority (“Authority”), located in the City of Aurora 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 Authority is a political subdivision and public corporation and was formed pursuant to the 64th Ave. ARI Authority Establishment Agreement dated as of April 7, 2020. The Authority operates pursuant to the Amended and Restated 64th Ave. ARI Authority Establishment Agreement effective as of July 28, 2020 (the “Establishment Agreement”), by and among Colorado International Center Metropolitan District No. 6 (“CIC District No. 6”), Colorado International Center Metropolitan District No. 7 (“CIC District No. 7”), Colorado International Center Metropolitan District No. 8 (“CIC District No. 8”), Colorado International Center Metropolitan District No. 9 (“CIC District No. 9”), Colorado International Center Metropolitan District No. 10 (“CIC District No. 10”), Colorado International Center Metropolitan District No. 11 (“CIC District No. 11” and, together with CIC District No. 6, CIC District No. 7, CIC District No. 8, CIC District No. 9, and CIC District No. 10, the “CIC Districts”), HM Metropolitan District No. 2 (“HM District No. 2”), Velocity Metropolitan District No. 4 (“Velocity District No. 4”), Velocity Metropolitan District No. 5 (“Velocity District No. 5”), and Velocity Metropolitan District No. 6 (“Velocity District No. 6” and, together with Velocity District No. 4 and Velocity District No. 5, the “Velocity Districts”). The CIC Districts, HM District No. 2, and the Velocity Districts are collectively the “Member Districts”. The primary revenues of the Authority will be property taxes transferred from the Member Districts. The Authority is governed by a Board of Directors appointed by the Member Districts.

As required by GAAP, these financial statements present the activities of the Authority, which is legally separate and financially independent of other state and local governments. The Authority 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.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements
December 31, 2023

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

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

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the Authority. The statement of net position reports all financial and capital resources of the Authority. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the Authority 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.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements December 31, 2023

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 Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The Authority reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Authority. 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 the financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

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

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the Authority'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 Authority's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end. Total appropriations in the Capital Projects Fund were amended for the year ending December 31, 2023.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The Authority's financial instruments include cash and investments and accounts payable. The Authority estimates that the fair value of all financial instruments at December 31, 2023, 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.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements December 31, 2023

Deposits and Investments

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

The Authority 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 Authority 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 Authority 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 Authority has no items that qualify for reporting in this category.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Authority 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 acquisition 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.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements
December 31, 2023

Depreciation on property that will remain assets of the Authority 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.

Long-Term Obligations

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

Fund Equity

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

Nonspendable Fund Balance

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

The nonspendable fund balance represents prepaid expenses.

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 \$2,190 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Capital Projects Fund in the amount of \$3,849,841 is restricted for capital improvements.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements
December 31, 2023

Committed Fund Balance

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

Assigned Fund Balance

Assigned fund balance includes amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Authority'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 funds can report negative amounts.

Net Position

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

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

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

64TH AVE. ARI AUTHORITY

Notes to Financial Statements
December 31, 2023

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments - restricted	\$ <u>6,265,792</u>
Total	\$ <u>6,265,792</u>

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

Deposits	\$ 599,347
COLOTRUST	<u>5,666,445</u>
Total	\$ <u>6,265,792</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 Authority follows state statutes for deposits. None of the Authority’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

Certain investments are measured at fair value 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 Authority’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (NAV) per share.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements December 31, 2023

Credit risk

The Authority has not adopted a formal investment policy; however, the Authority follows state statutes regarding 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 Authority'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, 2023, the Authority had the following investment:

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 three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. At December 31, 2023, the Authority had \$5,666,445 invested in COLOTRUST PLUS+.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements
December 31, 2023

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2023</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 24,369,549	\$ 10,908,100	\$ -	\$ 35,277,649
Total capital assets not being depreciated	<u>24,369,549</u>	<u>10,908,100</u>	<u>-</u>	<u>35,277,649</u>
Government type assets, net	<u>\$ 24,369,549</u>	<u>\$ 10,908,100</u>	<u>\$ -</u>	<u>\$ 35,277,649</u>

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

Note 4: Long-Term Obligations

A description of the long-term obligations as of December 31, 2023, is as follows:

\$24,000,000 Special Revenue Bonds, Series 2020

On October 29, 2020, the Authority issued \$24,000,000 of Special Revenue Bonds, Series 2020 (“Series 2020 Bonds”), for the purpose of paying Project Costs and other costs in connection with the issuance of the Series 2020 Bonds. The Series 2020 Bonds bear interest at 6.50%, payable annually on each December 1, commencing on December 1, 2020 to the extent of Pledged Revenue available and mature on December 1, 2043. The Series 2020 Bonds are cash flow bonds with annual payments anticipated to be made on December 1, commencing December 1, 2020. Unpaid interest compounds annually on December 1 at the rate of 6.500%. The Series 2020 Bonds are subject to redemption prior to maturity, at the option of the Authority, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2025, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. In the event that any amount of principal of or interest on the Series 2020 Bonds remains unpaid after the application of all Pledged Revenue available therefor on December 1, 2060, the Series 2020 Bonds and the lien of the Indenture securing payment thereof shall be deemed discharged.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements
December 31, 2023

The Series 2020 Bonds are Special Revenue Bonds of the Authority and are secured by a required ARI mill levy of 5.000 mills (subject to adjustment as described in Note 1) from the Member Districts less the Permitted Operations Amount, the portion of specific ownership taxes attributable to the property taxes imposed on the ARI Mill Levy from the Member Districts and Shared Use Tax and Shared Lodges Tax Revenue and any other legally available moneys which the Authority determines to credit to the Bond Fund.

No summary of the annual long-term debt principal and interest requirements for the Series 2020 Bonds is available as they are cash flow bonds.

The following is an analysis of changes in long-term debt for the year ending December 31, 2023:

	<u>Balance</u> <u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Current</u> <u>Portion</u>
Special Revenue Bonds					
Series 2020 Bonds	\$24,000,000	\$ -	\$ -	\$ 24,000,000	\$ -
Total	<u>\$24,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,000,000</u>	<u>\$ -</u>

Debt Authorization

Pursuant to Section 29-1-203.5, C.R.S., bonds, notes, or other financial obligations issued under paragraph (a) of Section 29-1-203.5(3) of the Authority Act (such as the Bonds), which are payable solely from the revenue received under contracts entered into by the Issuer, are not an indebtedness of the Issuer within the meaning of any provision or limitation specified in the State constitution or law. Consequently, because the Bonds are payable solely from revenue received from the Districts in accordance with the Pledge Agreements, the Authority was not required to receive voter approval for the issuance of the Bonds and the Bonds do not constitute an indebtedness of the Authority within the meaning of any provision of limitation specified in the State constitution or law.

Note 5: Agreements

Amended and Restated 64th Ave. ARI Authority Establishment Agreement

The Authority was organized on April 7, 2020 pursuant to the Establishment Agreement as amended and restated on July 28, 2020 among the Member Districts. The Authority was established in accordance with the Establishment Agreement to effect the development of the 64th Ave. Regional Improvements, in whole or in part, for the benefit of the Member Districts and their inhabitants, and others.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements December 31, 2023

The functions, services and general powers of the Authority are, to the extent permitted by law, as follows: (i) To plan, design, acquire, construct, install, maintain, relocate and/or redevelop and finance the 64th Ave. Regional Improvements; (ii) To acquire, hold, lease (as lessor or lessee), sell, or otherwise dispose of any legal or equitable interest in real or personal property utilized for the authorized purposes of the Authority; (iii) To conduct its business and affairs for the benefit of the Member Districts and the City and their inhabitants and others, in the discretion of the Board; (iv) To enter into, make and perform contracts of every kind with the Member Districts, the City, the United States, any state or political subdivision thereof, or any other city, town, municipality, city and county, special district formed pursuant to Title 32, C.R.S., or any predecessor thereof, or any individual, firm, association, partnership, corporation or any other organization of any kind with the capacity to contract for any of the purposes contemplated under the Establishment Agreement; (v) To contract for goods and services and to retain agents, consultants, professional services and support services; (vi) To incur debts, liabilities, or obligations to the extent and in the manner permitted by law and as provided herein, and to borrow money and, from time to time, to make, accept, endorse, execute, issue and deliver bonds, notes and other obligations of the 64th Ave.

The Establishment Agreement also provides the Authority certain enumerated powers, which may be exercised by the Authority to the extent permitted by law and subject to the limitations of the Establishment Agreement. These powers are described in the Establishment Agreement. The Authority will be governed by a Board of Directors, in which all of the legislative power of the Authority is vested and which shall exercise and perform all the powers, rights and duties vested in and imposed on the Authority by the Establishment Agreement and applicable law.

Capital Pledge Agreement

On October 1, 2020, the Authority, the Member Districts and UMB Bank as Trustee (“Trustee”) entered into the Capital Pledge Agreement whereby the Member Districts have pledged to remit revenues generated by the Member Districts’ imposition of the ARI Mill Levy, and the Specific Ownership Tax Revenue collected as a result of the imposition of the ARI Mill Levy.

Intergovernmental Contribution Agreement (64th Avenue Regional Improvements)

The Authority and the City have entered into an Intergovernmental Contribution Agreement (64th Avenue Regional Improvements) (“City Contribution Agreement”) as adopted by the City Council on September 14, 2020. Pursuant to the City Contribution Agreement, the City has agreed, subject to annual appropriations, to contribute the Shared Use Taxes and Lodgers Taxes with the Authority for the purpose of paying the costs of the Project, including the payment of the Series 2020 Bonds.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements
December 31, 2023

Amended and Restated Intergovernmental Agreement Between the E-470 Public Highway Authority and The 64th Ave. ARI Authority Regarding E-470 and 64th Avenue Interchange Widening Funding and Design

The Authority and the E-470 Public Highway Authority (the “E-470 Authority”) have entered into an Intergovernmental Agreement Between the E-470 Public Highway Authority and the 64th Ave. ARI Authority Regarding E-470 and 64th Avenue Interchange Widening Funding and Design dated October 6, 2020, as amended on April 8, 2021, June 10, 2021, August 12, 2021, July 20, 2022, and February 9, 2023, and as amended and restated on July 20, 2023 (as amended and restated, the “E-470 Contribution Agreement”). Pursuant to the E-470 Contribution Agreement, the E-470 Authority has agreed to contribute \$8,000,000 towards the Project to be held in a designated and segregated E-470 account to be used solely for the purpose of paying out the escrow funds. As a result, the 64th Ave. Interchange Widening Funding and Design Escrow Agreement dated as of October 6, 2020 (the “E-470 Escrow Agreement”) by and among the Authority, the E-470 Authority and the Trustee, as Escrow Agent, was terminated on August 1, 2023.

Intergovernmental Agreement Regarding 64th Avenue Regional Improvements

The Authority and the County have entered into an Intergovernmental Agreement Regarding 64th Avenue Regional Improvements dated September 22, 2020 (the “County Contribution Agreement”). Pursuant to the County Contribution Agreement, the County has agreed to contribute \$2,000,000 towards the Project. Pursuant to the County Contribution Agreement and that certain 64th Ave. Regional Improvements Escrow Agreement dated as of September 22, 2020 (the “County Escrow Agreement”) by and among the Authority, the County and the Trustee, as Escrow Agent, the County deposited such funds into an escrow account prior to October 7, 2020, with release to the Authority to pay the costs of the Project contingent on the verification of eligible costs, as further described in the County Contribution Agreement.

Intergovernmental Facilities Funding and Reimbursement Agreement

The Authority, CIC District No. 11, and Westside Property Investment Company, Inc. ("Westside") have entered into the Intergovernmental Facilities Funding and Reimbursement Agreement, effective July 28, 2020, which governs the rights, responsibilities, and obligations of the parties related to payment of all Prior Advances and Project Cost Advances by CIC District No. 11 and Westside to the Authority, as well as the reimbursement of same, including interest, by the Authority to CIC District No. 11. The Authority, the CIC Districts and Westside have entered into an Amended and Restated Facilities Funding and Reimbursement Agreement, effective July 28, 2020, to add CIC District No. 6, CIC District No. 7, CIC District No. 8, CIC District No. 9, and CIC District No. 10 as parties to the original Facilities Funding and Reimbursement Agreement entered into between the Authority, CIC District No. 11, and Westside.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements December 31, 2023

Intergovernmental Facilities Funding and Reimbursement Agreement

The Authority, HM District No. 2, and L.C. Fulenwider, Inc. ("Fulenwider") have entered into the Intergovernmental Facilities Funding and Reimbursement Agreement, effective July 28, 2020, which governs the rights, responsibilities, and obligations of the parties related to payment of all Prior Advances and Project Cost Advances by HM District No. 2 and Fulenwider to the Authority, as well as the reimbursement of same, including interest, by the Authority to HM District No. 2.

Facilities Funding and Reimbursement Agreement

The Authority, the Velocity Districts, and ACP DIA 1287 Investors, LLC ("Velocity Developer") have entered into the Facilities Funding and Reimbursement Agreement, effective July 28, 2020, which governs the rights, responsibilities, and obligations of the parties related to payment of all Prior Advances and Project Cost Advances by the Velocity Districts and the Velocity Developer to the Authority, as well as the reimbursement of same, including interest, by the Authority to the Velocity Districts.

Post-Bond Project Budget Shortfall FFRA with CIC

The Authority, the CIC Districts and Westside entered into a Facilities Funding and Reimbursement Agreement dated October 7, 2020, setting forth how much the CIC Districts and HM District No. 2 will each contribute towards the Project Budget and any potential Project Budget Shortfall, as those terms are defined in the Establishment Agreement.

Post-Bond Project Budget Shortfall FFRA with HM

The Authority, HM District No. 2, and Fulenwider entered into a Facilities Funding and Reimbursement Agreement dated October 7, 2020, setting forth how much HM District No. 2 and the CIC Districts will each contribute towards the Project Budget and any potential Project Budget Shortfall, as those terms are defined in the Establishment Agreement.

IGA Coordination of Public Bidding/Construction Management and Cost Verification 64th Avenue/Denali Road Improvements

The Authority and Aurora High Point at DIA Metropolitan District entered into an Intergovernmental Agreement Coordination of Public Bidding/Construction Management and Cost Verification 64th Avenue/Denali Road Improvements dated October 7, 2020, which sets forth the parties' rights, responsibilities and obligations related to the coordination of the bidding, construction management and cost certification of certain portions of the 64th Ave. Regional Improvements from East 470 to Jackson Gap Road and Denali Road.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements December 31, 2023

Intergovernmental Operation Funding Agreement

The Authority, CIC District No. 11, and Westside have entered into the Intergovernmental Operation Funding Agreement, effective July 28, 2020, which sets forth (a) the rights, obligations, and procedures for the advancing of funds for operation and maintenance expenses of the Authority above the amount already allocated from the revenue generated by the ARI Mill Levy of CIC District No. 11 designated for operations and maintenance, and (b) the procedure by which the Authority can request additional advances from CIC District No. 11 and Westside to cover any shortfall amount above and beyond the ARI Mill Levy Revenue pledged by CIC District No. 11 and designated for the Authority's annual operations and maintenance, and the procedure by which CIC District No. 11 and Westside advance such funds. The Authority, the CIC Districts and Westside have entered into an Amended and Restated Intergovernmental Operation Funding Agreement, effective July 28, 2020, to add CIC District No. 6, CIC District No. 7, CIC District No. 8, CIC District No. 9, and CIC District No. 10 as parties to the original Intergovernmental Operation Funding Agreement entered into between the Authority, CIC District No. 11, and Westside.

Intergovernmental Operation Funding Agreement

The Authority, HM District No. 2, and Fulenwider have entered into the Intergovernmental Operation Funding Agreement, effective July 28, 2020, which sets forth (a) the rights, obligations, and procedures for the advancing of funds for operation and maintenance expenses of the Authority above the amount already allocated from the revenue generated by the ARI Mill Levy of HM District No. 2 designated for operations and maintenance, and (b) the procedure by which the Authority can request additional advances from HM District No. 2 and Fulenwider to cover any shortfall amount above and beyond the ARI Mill Levy Revenue pledged by HM District No. 2 and designated for the Authority's annual operations and maintenance, and the procedure by which HM District No. 2 and Fulenwider advance such funds.

Operation Funding Agreement

The Authority, the Velocity Districts, and the Velocity Developer have entered into the Operation Funding Agreement, effective July 28, 2020, which sets forth (a) the rights, obligations, and procedures for the advancing of funds for operation and maintenance expenses of the Authority above the amount already allocated from the revenue generated by the ARI Mill Levy of the Velocity Districts designated for operations and maintenance, and (b) the procedure by which the Authority can request additional advances from the Velocity Districts and the Velocity Developer to cover any shortfall amount above and beyond the ARI Mill Levy Revenue pledged by the Velocity Districts and designated for the Authority's annual operations and maintenance, and the procedure by which the Velocity Districts and the Velocity Developer advance such funds.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements
December 31, 2023

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 Authority’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.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the Authority 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 Authority has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Authority 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 Authority 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.

64TH AVE. ARI AUTHORITY

Notes to Financial Statements
December 31, 2023

Note 8: Related Parties

All of the Board of Directors are employees, owners or are otherwise associated with the Developer Entities within each of the Member Districts' service areas, and may have conflicts of interest in dealing with the Authority. Management believes that all potential conflicts, if any, have been disclosed to the Board.

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

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

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

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

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

SUPPLEMENTAL INFORMATION

64th Ave ARI Authority

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

For the Year Ended December 31, 2023

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUE			
Interest income	\$ -	\$ 565	\$ 565
Total Revenue	<u>-</u>	<u>565</u>	<u>565</u>
EXPENDITURES			
Bond interest expense	701,667	47,630	654,037
Trustee fees	<u>4,000</u>	<u>8,733</u>	<u>(4,733)</u>
Total Expenditures	<u>705,667</u>	<u>56,363</u>	<u>649,304</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(705,667)	(55,798)	649,869
OTHER FINANCING SOURCE			
Intergovernmental revenue	<u>705,667</u>	<u>55,665</u>	<u>(650,002)</u>
Total Other Financing Source	<u>705,667</u>	<u>55,665</u>	<u>(650,002)</u>
NET CHANGE IN FUND BALANCE	-	(133)	(133)
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>133</u>	<u>133</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

64th Ave ARI Authority

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

For the Year Ended December 31, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUE				
Interest income	\$ -	\$ -	\$ 348,332	\$ 348,332
Total Revenue	<u>-</u>	<u>-</u>	<u>348,332</u>	<u>348,332</u>
EXPENDITURES				
Legal	-	30,000	29,909	91
Capital improvements	<u>7,755,540</u>	<u>11,000,000</u>	<u>10,878,191</u>	<u>121,809</u>
Total Expenditures	<u>7,755,540</u>	<u>11,030,000</u>	<u>10,908,100</u>	<u>121,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,755,540)	(11,030,000)	(10,559,768)	470,232
OTHER FINANCING SOURCES				
Intergovernmental revenue	<u>-</u>	<u>5,000,000</u>	<u>4,714,559</u>	<u>(285,441)</u>
Total Other Financing Sources	<u>-</u>	<u>5,000,000</u>	<u>4,714,559</u>	<u>(285,441)</u>
NET CHANGE IN FUND BALANCE	(7,755,540)	(6,030,000)	(5,845,209)	184,791
FUND BALANCE:				
BEGINNING OF YEAR	<u>7,755,540</u>	<u>9,695,050</u>	<u>9,695,050</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 3,665,050</u>	<u>\$ 3,849,841</u>	<u>\$ 184,791</u>

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