

AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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June 28, 2018

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Board of Directors
Airways Business Center Metropolitan District
Adams County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Airways Business Center Metropolitan District, as of and for the year ended December 31, 2017, 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 of America; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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 the Airways Business Center Metropolitan District as of December 31, 2017, 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.

Other-Matters

Required Supplementary Information

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

Other Information

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

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

The continuing disclosure annual financial information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Simmons & Wheeler P.C.

Englewood, CO
June 22, 2018

BASIC FINANCIAL STATEMENTS

AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 305,995
Cash and investments - Restricted	273,157
Receivables - County treasurer	3,159
Property taxes receivable	440,124
Capital assets, not being depreciated	29,793
Total assets	<u>1,055,964</u>
LIABILITIES	
Accounts payable	4,408
Accrued interest payable	3,139
Noncurrent liabilities	
Due within one year	90,000
Due in more than one year	740,000
Total liabilities	<u>837,547</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	440,124
Total deferred inflows of resources	<u>440,124</u>
NET POSITION	
Net investment in capital assets	29,793
Restricted for:	
Emergency reserves	4,400
Debt service	267,528
Unrestricted	(523,428)
	<u>\$ (221,707)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 141,286	\$ -	\$ -	\$ -	\$ (141,286)
Interest and related costs on long-term debt	63,388	-	-	-	(63,388)
	<u>\$ 204,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(204,674)</u>
General revenues:					
Property taxes					361,412
Specific ownership taxes					38,884
Net investment income					9,605
Total general revenues					<u>409,901</u>
Change in net position					205,227
Net position - Beginning					(426,934)
Net position - Ending					<u>\$ (221,707)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 305,995	\$ -	\$ 305,995
Cash and investments - Restricted	4,400	268,757	273,157
Receivable - County Treasurer	1,099	2,060	3,159
Prepaid expense	3,736	-	3,736
Property taxes receivable	153,087	287,037	440,124
TOTAL ASSETS	\$ 468,317	\$ 557,854	\$ 1,026,171
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 4,258	\$ 150	\$ 4,408
Total liabilities	4,258	150	4,408
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	153,087	287,037	440,124
Total deferred inflows of resources	153,087	287,037	440,124
FUND BALANCES			
Nonspendable:			
Prepaid expense	3,736	-	3,736
Restricted for:			
Emergency reserve	4,400	-	4,400
Debt service	-	270,667	270,667
Assigned:			
Subsequent year's expenditures	43,073	-	43,073
Unassigned	259,763	-	259,763
Total fund balances	310,972	270,667	581,639
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 468,317	\$ 557,854	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,793
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(830,000)
Accrued bond interest payable	(3,139)
Net position of governmental activities	<u>\$ (221,707)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 125,708	\$ 235,704	\$ 361,412
Specific ownership taxes	13,525	25,359	38,884
Net investment income	4,803	4,802	9,605
Total revenues	<u>144,036</u>	<u>265,865</u>	<u>409,901</u>
EXPENDITURES			
Current			
Accounting	17,434	-	17,434
Audit	4,100	-	4,100
County Treasurer's fees	1,888	3,541	5,429
Directors' fees	600	-	600
District management	20,636	-	20,636
Dues and subscriptions	455	-	455
Insurance and bonds	3,574	-	3,574
Interest expense on tax abatements	4,411	7,758	12,169
Landscape maintenance	24,677	-	24,677
Legal	7,478	-	7,478
Miscellaneous	351	-	351
Payroll taxes	46	-	46
Property management	7,200	-	7,200
Stormwater maintenance	39,539	-	39,539
Water - Irrigation	8,897	-	8,897
Debt service			
Bond principal	-	340,000	340,000
Interest expense - Bonds	-	53,236	53,236
Paying agent fees	-	150	150
Total expenditures	<u>141,286</u>	<u>404,685</u>	<u>545,971</u>
NET CHANGE IN FUND BALANCES	2,750	(138,820)	(136,070)
FUND BALANCES - BEGINNING OF YEAR	308,222	409,487	717,709
FUND BALANCES - END OF YEAR	<u>\$ 310,972</u>	<u>\$ 270,667</u>	<u>\$ 581,639</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds	\$ (136,070)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond principal, current year	340,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	<u>1,297</u>
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Changes in net position of governmental activities	<u><u>\$ 205,227</u></u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 140,003	\$ 125,708	\$ (14,295)
Specific ownership taxes	11,200	13,525	2,325
Net investment income	-	4,803	4,803
Total revenues	<u>151,203</u>	<u>144,036</u>	<u>(7,167)</u>
EXPENDITURES			
Current			
Accounting	20,000	17,434	2,566
Audit	4,100	4,100	-
Contingency	15,585	-	15,585
County Treasurer's fees	2,100	1,888	212
Directors' fees	1,500	600	900
District management	30,000	20,636	9,364
Dues and subscriptions	500	455	45
Engineering	3,000	-	3,000
Insurance and bonds	3,900	3,574	326
Interest expense on tax abatements	-	4,411	(4,411)
Landscape maintenance	35,000	24,677	10,323
Legal	20,000	7,478	12,522
Miscellaneous	5,000	351	4,649
Payroll taxes	115	46	69
Property management	7,200	7,200	-
Stormwater maintenance	52,000	39,539	12,461
Water - Irrigation	15,000	8,897	6,103
Total expenditures	<u>215,000</u>	<u>141,286</u>	<u>73,714</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,797)	2,750	66,547
FUND BALANCES - BEGINNING OF YEAR	<u>285,148</u>	<u>308,222</u>	<u>23,074</u>
FUND BALANCES - END OF YEAR	<u>\$ 221,351</u>	<u>\$ 310,972</u>	<u>\$ 89,621</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1 - DEFINITION OF REPORTING ENTITY

Airways Business Center Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County on November 12, 2003, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the City of Aurora, Colorado (City) in Adams County, Colorado (County).

The District operates pursuant to a Service Plan (Service Plan) approved by the City Council of the City on September 8, 2003, to coordinate the construction, acquisition, financing and maintenance of public improvements, including streets and safety control, water, sanitary sewer, storm drainage, mosquito control and park and recreation improvements and facilities. Upon completion of construction and installation, the District will dedicate all public improvements to the City or its designee for operation and maintenance or, with the City's consent, to be retained by the District.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenues susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

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

AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are recorded in the Debt Service Fund.

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 taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are 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 inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the governmental-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Deferred Inflow of Resources

In addition to liabilities, the statement of net position reports 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

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

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 305,995
Cash and investments – Restricted	<u>273,157</u>
Total cash and investments	<u><u>\$ 579,152</u></u>

Cash and investments as of December 31, 2017, consist of the following:

Deposits with financial institutions	\$ 8,918
Investments	<u>570,234</u>
Total cash and investments	<u><u>\$ 579,152</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2017, the District’s cash deposits had a bank balance of \$9,738 and a carrying balance of \$8,918.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

The District has adopted a formal investment policy which is consistent with state statutes regarding investments.

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

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

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

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

As of December 31, 2017, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 570,234</u>

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities 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 any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017, follows:

<u>Governmental Activities</u>	<u>Balance at December 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2017</u>
Capital assets, not being depreciated:				
Land and land improvements	\$ 18,102	\$ -	\$ -	\$ 18,102
Public art	11,691	-	-	11,691
Total capital assets, not being depreciated	<u>\$ 29,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,793</u>

In accordance with the District's service plan, the District dedicated certain improvements and facilities to the City of Aurora in 2005. Upon acceptance by the City or its designee for maintenance and ownership, the facilities were removed from the District's property records.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Refunding Bonds, Series 2007	\$ 1,170,000	\$ -	\$ 340,000	\$ 830,000	\$ 90,000

General Obligation Bonds

\$1,925,000 General Obligation Refunding Bonds, Series 2007, dated March 21, 2007, with interest rates of 4.10% to 4.625%, consisting of serial bonds due on December 1 annually through 2018 and term bonds of \$190,000 due December 1, 2020; \$550,000 due December 1, 2025; \$675,000 due December 1, 2026; and \$725,000 due December 1, 2031. The bonds maturing on or after December 1, 2017, are subject to redemption at the option of the District on any date upon payment of par and accrued interest, without redemption premium. The bonds maturing on December 1, 2020, December 1, 2026, and December 1, 2031 are subject to a mandatory sinking fund redemption, in part, by lot.

The District's long-term obligations will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 90,000	\$ 37,668	\$ 127,668
2019	95,000	33,797	128,797
2020	95,000	29,618	124,618
2021	100,000	25,437	125,437
2022	105,000	20,813	125,813
2023-2025	345,000	32,375	377,375
	<u>\$ 830,000</u>	<u>\$ 179,708</u>	<u>\$ 1,009,708</u>

Authorized Debt

On November 4, 2003, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$15,112,500 at an interest rate not to exceed 18% per annum. At December 31, 2017, the District had authorized but unissued indebtedness from this election in the following amounts allocated for the following purposes:

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Authorized November 4, 2003</u>	<u>Authorization Used 2004 Bonds</u>	<u>Authorization Used 2007 Bonds</u>	<u>Remaining at December 31, 2017</u>
Street improvements	\$ 3,678,750	\$ 562,963	\$ -	\$ 3,115,787
Water supply system	925,000	611,847	-	313,153
Sanitary sewer	2,590,000	1,106,649	-	1,483,351
Parks and recreation	50,000	13,541	-	36,459
Operations and maintenance	625,000	-	-	625,000
Debt refunding	7,243,750	-	65,000	7,178,750
	<u>\$ 15,112,500</u>	<u>\$ 2,295,000</u>	<u>\$ 65,000</u>	<u>\$ 12,752,500</u>

The District's Service Plan establishes a mill levy cap of 45.29 mills for debt service and operations combined (the Mill Levy Cap). The Mill Levy Cap may be increased or decreased to reflect any change in law for calculating assessed valuation on property for taxation purposes.

The District's Service Plan establishes a limit on the issuance of debt in the amount of \$6,295,000. The District's debt limit may be increased, as described in the Service Plan, by the inclusion of additional property into the District. Any other increase in the debt limit will be considered a material modification of the District's Service Plan, which would require approval from the City of Aurora.

NOTE 6 - NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors or laws and regulations or other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as follows:

Restricted net position:	
Emergency reserves	\$ 4,400
Debt service	<u>267,528</u>
	<u>\$ 271,928</u>

AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the financing and repayment of bonds issued for the construction of public improvements which were conveyed to other governmental entities for maintenance and ownership. The costs of such public improvements were removed from the District's financial records.

NOTE 7 - AGREEMENTS

Operations and Maintenance Agreement

During 2011, the District entered into an Operations and Maintenance Agreement (Agreement) with Airways Business Center Owners Association, Inc. (Association), effective December 31, 2010. The Agreement sets forth the terms and conditions for the District to perform the operations and maintenance activities of the common areas and common facilities previously performed by the Association. The District and Association have entered into this Agreement to effect a net reduction in costs and fees payable by their respective users, members, owners and constituents by elimination and streamlining of duplicative and overlapping services. During the term of the Agreement, the District will perform the operations and maintenance activities at the District's sole cost and expense.

NOTE 8 - RELATED PARTY

All of the members of the Board of Directors are either employees of Trammell Crow Company or CBRE Inc. Trammell Crow Company is a wholly owned subsidiary of CBRE Inc. Trammell Crow Company provides development services for Principal Development Investors, LLC which owns property within the District. CBRE Inc. provides property management for certain buildings in the District and manages the Owner's Association within the District.

NOTE 9 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

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

On November 4, 2003, a majority of the District's electors approved the following ballot question:

Shall Airways Business Center Metropolitan District taxes be increased \$100,000 annually, or by such lesser annual amount as may be necessary to pay the District's operations, maintenance, and other expenses: such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the Board, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used for the purpose of paying the District's operations, maintenance and other expenses; and shall the proceeds of such taxes and investment income thereon be collected and spent by the District as a voter-approved revenue change in 2003 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes?

On November 4, 2014, a majority of the District's electors approved the following ballot question:

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

Shall Airways Business Center Metropolitan District taxes be increased \$5,000,000 annually or such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue change without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 262,506	\$ 235,704	\$ (26,802)
Specific ownership taxes	21,000	25,359	4,359
Net investment income	3,000	4,802	1,802
Total revenues	<u>286,506</u>	<u>265,865</u>	<u>(20,641)</u>
EXPENDITURES			
Current			
County Treasurer's fees	3,938	3,541	397
Contingency	6,826	-	6,826
Interest expense on abatements	-	7,758	(7,758)
Debt service			
Bond principal - Series 2007	340,000	340,000	-
Bond interest - Series 2007	53,236	53,236	-
Paying agent fees	1,000	150	850
Total expenditures	<u>405,000</u>	<u>404,685</u>	<u>315</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(118,494)	(138,820)	(20,326)
FUND BALANCES - BEGINNING OF YEAR	<u>408,263</u>	<u>409,487</u>	<u>1,224</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 289,769</u></u>	<u><u>\$ 270,667</u></u>	<u><u>\$ (19,102)</u></u>

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

Bonds and Interest Maturing in the Year Ending December 31,	\$1,925,000 General Obligation Refunding Bonds Series 2007 Interest 4.10% - 4.625% Dated March 21, 2007 Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2018	\$ 90,000	\$ 37,668	\$ 127,668
2019	95,000	33,797	128,797
2020	95,000	29,618	124,618
2021	100,000	25,437	125,437
2022	105,000	20,813	125,813
2023	110,000	15,956	125,956
2024	115,000	10,869	125,869
2025	120,000	5,550	125,550
	<u>\$ 830,000</u>	<u>\$ 179,708</u>	<u>\$ 1,009,708</u>

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2017**

<u>Year ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied for</u>		<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2013	\$ 10,514,700	12.000	25.000	\$ 389,044	\$ 389,044	100.00%
2014	\$ 11,881,800	12.000	25.000	\$ 439,627	\$ 422,243	96.05%
2015	\$ 11,203,800	12.000	22.500	\$ 386,532	\$ 386,532	100.00%
2016	\$ 11,830,200	12.000	22.500	\$ 408,142	\$ 405,413	99.33%
2017	\$ 11,666,950	12.000	22.500	\$ 402,509	\$ 361,412	89.79%

Estimated for
calendar year ending
December 31,

2018	\$	12,757,230	12.000	22.500	\$	440,124
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Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION
December 31, 2017**

**History of Assessed Valuations for the District
(unaudited)**

Levy Year	Collection Year	Assessed Valuation of District	Percent Change	Total District Mill Levy
2013	2014	\$ 11,881,800	13.00%	37.000
2014	2015	\$ 11,203,800	-5.71%	37.000
2015	2016	\$ 11,830,200	5.59%	34.500
2016	2017	\$ 11,666,950	-1.38%	34.500
2017	2018	\$ 12,757,230	9.35%	34.500

**History of Tax Collections in the District
(unaudited)**

Levy Year	Collection Year	Taxes Levied	Current Tax Collections	Current Collections as a Percentage of Tax Levied
2013	2014	\$ 439,627	\$ 422,243	96.05%
2014	2015	\$ 386,532	\$ 386,532	100.00%
2015	2016	\$ 408,142	\$ 405,413	99.33%
2016	2017	\$ 402,509	\$ 361,412	89.79%
2017	2018	\$ 440,125	N/A	N/A

**2017 Assessed Valuation of Classes of Property in the District
(unaudited)**

Class	Total Assessed Valuation	Percent of Total Assessed Valuation
Commercial	\$ 11,051,460	86.63%
Vacant land	30	0.00%
Personal	1,705,680	13.37%
State assessed	60	0.00%
	<u>\$ 12,757,230</u>	<u>100.00%</u>

**AIRWAYS BUSINESS CENTER METROPOLITAN DISTRICT
CONTINUING DISCLOSURE OBLIGATION**

December 31, 2017

(Continued)

Selected Debt Ratios of the District
(unaudited)

Direct debt	<u>\$ 830,000</u>
2017 District assessed valuation	\$ 12,757,230
District debt to assessed valuation	6.51%
2017 District estimated statutory actual value of real property	\$ 38,108,745
Direct debt to estimated statutory actual value of real property	2.18%

Largest Taxpayers in the District
(unaudited)

<u>Owner</u>	<u>2017 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
IPT Airways DC LLC	\$ 5,578,770	43.73%
Gavi Airways LLC	5,049,180	39.58%
Dunn Realty Inc	423,540	3.32%
Chep USA	388,320	3.04%
JE Dunn Construction	203,120	1.59%
Crown Credit Company	166,610	1.31%
Conns Appliance	161,770	1.27%
Factory Motorparts	140,010	1.10%
Ingersoll Rand	102,530	0.80%
Eaton Corporation	78,180	0.61%
	<u>\$ 12,292,030</u>	<u>96.35%</u>