

COLORADO TECH CENTER METROPOLITAN DISTRICT
Boulder County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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Office of the State Auditor

June 8, 2018

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Independent Auditor's Report

Board of Directors
Colorado Tech Center Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Colorado Tech 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 an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Colorado Tech 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 conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 opinions on the basic financial statements are not affected by this missing information.

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

A handwritten signature in cursive script that reads "L. Paul Goedecke P.C.".

L. Paul Goedecke, P.C.
March 30, 2018

BASIC FINANCIAL STATEMENTS

COLORADO TECH CENTER METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,037,035
Cash and investments - Restricted	1,392,843
Receivable from County Treasurer	7,033
Prepaid insurance	5,167
Property taxes receivable	1,446,988
Total assets	3,889,066
LIABILITIES	
Accounts payable	35,272
Deposit - Louisville Corp Campus	3,089
Accrued interest payable	12,984
Noncurrent liabilities	
Due within one year	1,170,000
Due in more than one year	5,700,000
Total liabilities	6,921,345
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	1,446,988
Total deferred inflows of resources	1,446,988
NET POSITION	
Restricted for:	
Emergencies (TABOR)	6,000
Debt service	198,134
Capital projects	1,175,805
Unrestricted	(5,859,206)
Total net position	\$ (4,479,267)

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

**COLORADO TECH 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	\$ 201,466	\$ -	\$ 16,911	\$ -	\$ (184,555)
Interest and fees on long-term debt	199,034	-	-	-	(199,034)
Total governmental activities	<u>\$ 400,500</u>	<u>\$ -</u>	<u>\$ 16,911</u>	<u>\$ -</u>	<u>(383,589)</u>
General revenues:					
Property taxes					1,395,726
Specific ownership taxes					79,495
Net investment income					<u>34,575</u>
Total general revenues					<u>1,509,796</u>
Change in net position					1,126,207
Net position - Beginning					<u>(5,605,474)</u>
Net position - Ending					<u>\$ (4,479,267)</u>

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

**COLORADO TECH CENTER METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 1,037,035	\$ -	\$ -	\$ 1,037,035
Cash and investments - Restricted	6,000	211,038	1,175,805	1,392,843
Receivable from County Treasurer	6,953	80	-	7,033
Property taxes receivable	109,948	1,337,040	-	1,446,988
Prepaid insurance	5,167	-	-	5,167
Total assets	<u>\$ 1,165,103</u>	<u>\$ 1,548,158</u>	<u>\$ 1,175,805</u>	<u>\$ 3,889,066</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 35,272	\$ -	\$ -	\$ 35,272
Deposit - Louisville Corp Campus	3,089	-	-	3,089
Total liabilities	<u>38,361</u>	<u>-</u>	<u>-</u>	<u>38,361</u>
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	109,948	1,337,040	-	1,446,988
Total deferred inflows of resources	<u>109,948</u>	<u>1,337,040</u>	<u>-</u>	<u>1,446,988</u>
Fund balances:				
Fund balances:				
Nonspendable:	5,167	-	-	5,167
Restricted for:				
Emergency reserve	6,000	-	-	6,000
Debt service	-	211,118	-	211,118
Capital Projects	-	-	1,175,805	1,175,805
Assigned for:				
Subsequent year's expenditures	883,657	-	-	883,657
Unassigned:				
General government	121,970	-	-	121,970
Total fund balances	<u>1,016,794</u>	<u>211,118</u>	<u>1,175,805</u>	<u>2,403,717</u>
Total liabilities and fund balances	<u>\$ 1,165,103</u>	<u>\$ 1,548,158</u>	<u>\$ 1,175,805</u>	

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds/notes payable	(6,870,000)
Accrued bond interest	(12,984)
Net position of governmental activities	<u>\$ (4,479,267)</u>

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

COLORADO TECH CENTER METROPOLITAN DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUE				
Property taxes	\$ 96,951	\$ 1,298,775	\$ -	\$ 1,395,726
Specific ownership tax	79,495	-	-	79,495
Net investment income	11,886	10,430	12,259	34,575
Reimbursements	16,911	-	-	16,911
Total revenue	<u>205,243</u>	<u>1,309,205</u>	<u>12,259</u>	<u>1,526,707</u>
EXPENDITURES				
Current				
Accounting	30,151	-	-	30,151
Audit	3,080	-	-	3,080
County Treasurer's fee	1,456	19,505	-	20,961
Directors' fees	1,700	-	-	1,700
Insurance and bonds	3,799	-	-	3,799
Legal	10,309	-	-	10,309
Miscellaneous	1,436	-	-	1,436
Management fees	34,084	-	-	34,084
Payroll taxes	130	-	-	130
Dues and subscriptions	983	-	-	983
Sponsorship	11,868	-	-	11,868
Landscaping	54,752	-	-	54,752
Signalization and transportation	28,749	-	-	28,749
Subdistrict formation costs	18,969	-	-	18,969
Debt service				
Bond principal	-	1,105,000	-	1,105,000
Bond interest	-	181,057	-	181,057
Paying agent fees	-	550	-	550
Total expenditures	<u>201,466</u>	<u>1,306,112</u>	<u>-</u>	<u>1,507,578</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	<u>3,777</u>	<u>3,093</u>	<u>12,259</u>	<u>19,129</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	-	25,000	-	25,000
Transfer to other funds	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(21,223)	28,093	12,259	19,129
FUND BALANCES -				
BEGINNING OF YEAR	<u>1,038,017</u>	<u>183,025</u>	<u>1,163,546</u>	<u>2,384,588</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,016,794</u>	<u>\$ 211,118</u>	<u>\$ 1,175,805</u>	<u>\$ 2,403,717</u>

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

**COLORADO TECH CENTER METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE,
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 changes in fund balances - Total governmental funds	\$ 19,129
<p>The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:</p>	
Bond/note principal payment	1,105,000
<p>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:</p>	
Accrued interest on bonds/notes - Change in liability	<u>2,078</u>
Change in net position of governmental activities	<u><u>\$ 1,126,207</u></u>

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

**COLORADO TECH CENTER METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Property taxes	\$ 97,095	\$ 96,951	\$ (144)
Specific ownership tax	69,890	79,495	9,605
Reimbursements	-	16,911	16,911
Net investment income	4,000	11,886	7,886
Total revenue	<u>170,985</u>	<u>205,243</u>	<u>34,258</u>
EXPENDITURES			
Accounting	35,000	30,151	4,849
Audit	3,000	3,080	(80)
County Treasurer's fee	1,456	1,456	-
Directors' fees	2,000	1,700	300
Engineering	10,000	-	10,000
Insurance and bonds	4,200	3,799	401
Legal	10,000	10,309	(309)
Miscellaneous	500	1,436	(936)
Management fees	30,000	34,084	(4,084)
Payroll taxes	153	130	23
Dues and subscriptions	450	983	(533)
Sponsorship	7,000	11,868	(4,868)
Website	5,000	-	5,000
Landscaping	40,000	54,752	(14,752)
Signalization and transportation	850,000	28,749	821,251
Subdistrict formation costs	10,000	18,969	(8,969)
Contingency	10,241	-	10,241
Total expenditures	<u>1,019,000</u>	<u>201,466</u>	<u>817,534</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(80,025)	(25,000)	55,025
Total other financing sources (uses)	<u>(80,025)</u>	<u>(25,000)</u>	<u>55,025</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)			
	(928,040)	(21,223)	906,817
FUND BALANCES - BEGINNING OF YEAR			
	<u>1,052,823</u>	<u>1,038,017</u>	<u>(14,806)</u>
FUND BALANCES - END OF YEAR			
	<u>\$ 124,783</u>	<u>\$ 1,016,794</u>	<u>\$ 892,011</u>

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

COLORADO TECH CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Colorado Tech 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 Boulder County on July 12, 1983, 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 Louisville (City), Boulder County, Colorado. The District was established primarily to provide financing for streets, safety protection, transportation, water, sewer and parks and recreation improvements. Except for certain landscaping improvements, it is intended that all improvements be transferred to the City or other entities for maintenance.

Additionally, these Financial Statements include the financial activities of the Colorado Tech Center District Subdistrict. The Subdistrict, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized in conjunction with Colorado Tech Center Metropolitan District (the "District") by Resolution of Louisville City ("City") Council on December 19, 2017, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The primary objective of the Subdistrict is to furnish public improvements for the Louisville Corporate Campus at Colorado Tech Center Planned Unit Development ("Development"). The Development is planned for commercial, industrial, office, and related uses as allowed by the City and is located within the boundaries of the newly included territory of the District. The Subdistrict was formed to assist in the funding, construction and acquisition of such public improvements within the boundaries of the Subdistrict, limited to public improvements authorized under the City-Approved Plans within the categories of street improvements, park and recreation related improvements, water distribution system, sanitary sewer system, storm sewer and detention facilities. The Subdistrict had no financial activity during 2017.

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

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

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

COLORADO TECH CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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 and investment income. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

COLORADO TECH CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for financial resources provided from Series 2015 bond closing and is to be used for the acquisition or construction of major capital facilities.

Budgets

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

The District amended its annual budget for the year ended December 31, 2017.

Pooled Cash and Investments

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

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.

COLORADO TECH CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

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

**COLORADO TECH 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	\$ 1,037,035
Cash and investments - Restricted	<u>1,392,843</u>
Total cash and investments	<u>\$ 2,429,878</u>

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

Deposits with financial institutions	\$ 7,128
Investments	<u>2,422,750</u>
Total cash and investments	<u>\$ 2,429,878</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 and a carrying balance of \$7,128.

**COLORADO TECH CENTER METROPOLITAN DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase and 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 Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 2,422,750</u>

**COLORADO TECH CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

CSAFE

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

NOTE 4 - LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2017</u>	<u>Due within One Year</u>
Series 2012 G.O. Refunding Notes Partial Refunding of Series 2003	\$ 2,710,000	\$ -	\$ 630,000	\$ 2,080,000	\$ 685,000
Series 2015 G.O. Improvement and Refunding Bonds Partial Refunding of Series 2007	5,265,000	-	475,000	4,790,000	485,000
	<u>\$ 7,975,000</u>	<u>\$ -</u>	<u>\$ 1,105,000</u>	<u>\$ 6,870,000</u>	<u>\$ 1,170,000</u>

On May 3, 2012, the District issued \$4,750,000 of General Obligation Refunding Notes, Series 2012. Interest on the Series 2012 Notes is due semi-annually on June 1 and December 1 at the rate of 2.240% per annum through December 1, 2022. The notes are subject to redemption prior to maturity, at the option of the District on any date upon payment of par, accrued interest, and no redemption premium. The notes are also subject to mandatory sinking fund redemption prior to the maturity date of such notes beginning on December 1, 2012, through December 1, 2021, with final maturity on December 1, 2022.

On April 30, 2015, the District issued \$5,935,000 of General Obligation Refunding and Improvement Bonds, Series 2015. The bonds have fixed interest rate of 2.28%. Interest is payable semi-annually on June 1 and December 1, and principal is payable annually on December 1. The bonds consist of term bonds with maturities beginning on December 1, 2015, through December 1, 2026. The term bonds that mature on December 1, 2026, are subject to mandatory sinking fund redemption commencing on December 1, 2015 and on each December 1 thereafter prior to the maturity date.

**COLORADO TECH CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Outstanding bond principal and interest mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,170,000	\$ 155,804	\$ 1,325,804
2019	940,000	129,402	1,069,402
2020	965,000	108,148	1,073,148
2021	985,000	86,328	1,071,328
2022	560,000	64,056	624,056
2023-2026	2,250,000	129,618	2,379,618
	<u>\$ 6,870,000</u>	<u>\$ 673,356</u>	<u>\$ 7,543,356</u>

In addition to the above bond issues, other bonds previously issued by the District have been defeased (debt legally satisfied) by the issuance of refunding bonds. The remaining balance of the \$4,500,000 General Obligation Bonds, Series 2007, as of December 31, 2017, is \$2,080,000 and will be called on December 1, 2018.

Debt Authorization

As of December 31, 2017, the District has no authorized but unused debt.

NOTE 5 - NET POSITION

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

The restricted component of net position consists of assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2017, the District had restricted net position of \$6,000 for Emergency Reserves, \$198,134 for debt service and \$1,175,805 for capital projects.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows or resources that are not included in the determination of the restricted component of net position.

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

**COLORADO TECH CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 - RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors are officers, employees, owners or otherwise associated with land owners of the property within the District and the Colorado Tech Center Owners Association and may have conflicts of interest in dealing with the District.

During 2017, the District paid \$29,054 to the Colorado Tech Center Owners Association to reimburse for certain landscaping expenses.

In September 2017, the District received the deposit of \$10,000 from the land owner to fund the costs forming the Subdistrict.

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS

Sanitary Sewer Lift Station

On April 24, 2007, the District entered into a reimbursement agreement with the City in regard to the construction of a sanitary sewer lift station to serve a portion of the property located within the District's boundaries. In addition to serving property within the District, there are six parcels that are identified as the benefited area for this lift station that are outside the District boundaries. The City will collect a reimbursement fee from each of the property owners of these six parcels at the time the first building permit for each parcel is applied for. The reimbursement fee shall be a pro rata share of the total cost of the lift station based upon that parcel's acreage as compared to the total acreage of property served by the lift station. Any fees collected by the City will be held by the City in a separate interest-bearing account and remitted to the District on no less than a quarterly basis, until the total amount due from the six parcels is paid or 15 years has elapsed from the date of final acceptance, whichever comes first. The District received final acceptance of the lift station on November 5, 2010. Therefore, the period that the city will collect reimbursement fees under this agreement will end on November 5, 2025.

The six parcels and amounts owed to the District under this agreement are as follows:

<u>Parcels Within Benefitted Area</u>	<u>Total Acreage</u>	<u>Percent of Total Area Served</u>	<u>Final Reimbursement</u>
Bennett Parcel (Property No. 1)	5.0	0.9%	\$ 10,610
Hoyle Parcel (Property No. 2)	35.8	6.2%	73,090
Self Parcel (Property No. 3)	4.0	0.7%	8,252
Games Parcel (Property No. 4)	5.4	0.9%	10,610
Johnson Parcel (Property No. 5)	11.9	2.1%	24,756
Archdiocese Parcel (Property No. 6)	34.4	6.0%	70,733
			<u>\$ 198,051</u>

COLORADO TECH CENTER METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - 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, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 9 - 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.

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.

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

SUPPLEMENTARY INFORMATION

**COLORADO TECH CENTER METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ 1,300,698	\$ 1,298,775	\$ 1,298,775	\$ -
Net investment income	1,600	10,430	10,430	-
Total revenue	<u>1,302,298</u>	<u>1,309,205</u>	<u>1,309,205</u>	<u>-</u>
EXPENDITURES				
County Treasurer's fees	19,510	19,505	19,505	-
Bond principal - Series 2015	475,000	475,000	475,000	-
Bond principal - Series 2012	430,000	630,000	630,000	-
Bond interest - Series 2015	120,042	120,042	120,042	-
Bond interest - Series 2012	60,704	61,015	61,015	-
Paying agent fees	1,500	550	550	-
Contingency	6,244	1,888	-	1,888
Total expenditures	<u>1,113,000</u>	<u>1,308,000</u>	<u>1,306,112</u>	<u>1,888</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	39,000	11,000	25,000	14,000
Total other financing sources (uses)	<u>39,000</u>	<u>11,000</u>	<u>25,000</u>	<u>14,000</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)				
	228,298	12,205	28,093	15,888
FUND BALANCES - BEGINNING OF YEAR				
	<u>187,163</u>	<u>183,025</u>	<u>183,025</u>	<u>-</u>
FUND BALANCES - END OF YEAR				
	<u>\$ 415,461</u>	<u>\$ 195,230</u>	<u>\$ 211,118</u>	<u>\$ 15,888</u>

**COLORADO TECH CENTER METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Net investment income	\$ 3,000	\$ 12,259	\$ 9,259
Total revenue	<u>3,000</u>	<u>12,259</u>	<u>9,259</u>
EXPENDITURES			
Engineering	50,000	-	50,000
Public Improvements	<u>1,157,237</u>	<u>-</u>	<u>1,157,237</u>
Total expenditures	<u>1,207,237</u>	<u>-</u>	<u>1,207,237</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,204,237)</u>	<u>12,259</u>	<u>1,216,496</u>
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds	<u>41,025</u>	<u>-</u>	<u>(41,025)</u>
Total other financing sources (uses)	<u>41,025</u>	<u>-</u>	<u>(41,025)</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(1,163,212)	12,259	1,175,471
FUND BALANCES - BEGINNING OF YEAR	<u>1,163,212</u>	<u>1,163,546</u>	<u>334</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 1,175,805</u>	<u>\$ 1,175,805</u>

**COLORADO TECH CENTER METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

Bonds/Notes and Interest Maturing in the Year Ending December 31,	\$4,750,000		\$5,935,000		Total All Bonds/Notes
	General Obligation		General Obligation		
	Refunding Notes, Series 2012 Partial Advance Refunding of Series 2003 Dated April 30, 2012 Interest Rate 2.240% Interest Payable June 1, December 1 Principal Due December 1		Refunding and Improvement Bonds Series 2015 Refunding of Series 2007 Dated April 30, 2015 Interest Rate 2.280% Interest Payable June 1, December 1 Principal Due December 1		
	Principal	Interest	Principal	Interest	
2018	\$ 685,000	\$ 46,592	\$ 485,000	\$ 109,212	\$ 1,325,804
2019	445,000	31,248	495,000	98,154	1,069,402
2020	455,000	21,280	510,000	86,868	1,073,148
2021	465,000	11,088	520,000	75,240	1,071,328
2022	30,000	672	530,000	63,384	624,056
2023	-	-	545,000	51,300	596,300
2024	-	-	555,000	38,874	593,874
2025	-	-	570,000	26,220	596,220
2026	-	-	580,000	13,224	593,224
	\$ 2,080,000	\$ 110,880	\$ 4,790,000	\$ 562,476	\$ 7,543,356

**COLORADO TECH CENTER METROPOLITAN DISTRICT
SCHEDULE 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</u>		<u>Total Property Taxes</u>		<u>Percentage Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2009	\$ 64,756,150	1.121	18.771	\$ 1,288,129	\$ 1,284,221	99.70%
2010	\$ 77,691,600	1.089	18.850	\$ 1,549,093	\$ 1,525,683	98.49%
2011	\$ 79,333,771	1.089	18.805	\$ 1,578,266	\$ 1,580,556	100.15%
2012	\$ 75,927,569	1.089	15.765	\$ 1,279,683	\$ 1,269,021	99.17%
2013	\$ 75,812,398	1.089	14.950	\$ 1,215,955	\$ 1,205,188	99.11%
2014	\$ 72,422,152	1.089	14.950	\$ 1,161,579	\$ 1,122,838	96.66%
2015	\$ 76,304,110	1.035	14.950	\$ 1,219,721	\$ 1,192,656	97.78%
2016	\$ 88,542,935	1.035	14.095	\$ 1,339,655	\$ 1,364,907	101.88%
2017	\$ 93,811,607	1.035	13.865	\$ 1,397,793	\$ 1,395,726	99.85%
Estimated for the year ending December 31, 2018	\$ 120,161,767	0.915	11.127	\$ 1,446,988		

NOTE:

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