

**COLORADO SCIENCE AND TECHNOLOGY PARK
METROPOLITAN DISTRICT NO. 1
Adams County, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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July 31, 2018

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Independent Auditor's Report

Board of Directors
Colorado Science and Technology Park
Metropolitan District No. 1
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Colorado Science and Technology Park Metropolitan District No. 1 (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 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 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 Colorado Science

and Technology Park Metropolitan District No. 1, 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages III through VI be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other

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 supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate 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.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
June 27, 2018

**COLORADO SCIENCE AND TECHNOLOGY PARK
METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

Our discussion and analysis of Colorado Science and Technology Park Metropolitan District No. 1's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the District's basic financial statements which begin on page 1.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplemental information and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes).

The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities).

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports governmental funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 3 through 5 of this report.

The District adopted an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is located on page 6 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-19 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information consisting of the schedules of revenues, expenditures and changes in fund balance – budget to actual – Debt Service Fund which can be found on page 20.

NET POSITION

	December 31,	
	2017	2016
ASSETS		
Current assets	\$ 2,244,582	\$ 1,864,364
Total assets	2,244,582	1,864,364
LIABILITIES		
Current liabilities	227,201	215,713
Long-term liabilities	19,517,833	19,818,195
Total liabilities	19,745,034	20,033,908
DEFERRED INFLOWS OF RESOURCES	1,680,000	660,000
NET POSITION		
Restricted	368,103	1,004,502
Unrestricted	(19,548,555)	(19,834,046)
Total net position	\$ (19,180,452)	\$ (18,829,544)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by \$19,180,452 at the close of the most recent fiscal year.

From 2016 to 2017, the District's current assets increased by \$380,218 due to an increase in the estimated incremental property tax receivable. Long-term liabilities had a net decrease of \$300,362 primarily due to principal payments on the 2015 loan of \$1,440,000 offset by developer advances of \$268,360 recorded in 2017 and interest of \$881,278 accrued on the developer advances.

CHANGES IN NET POSITION

	Years Ended December 31,	
	2017	2016
REVENUES		
General revenues:		
Specific ownership taxes	\$ 4	\$ 4
Incremental sales/use tax	145,025	227,191
Incremental property tax	939,371	1,377,083
Net investment income	5,426	2,022
Transfers from other districts	18,900	119,645
Total revenues	1,108,726	1,725,945
EXPENSES		
General government	352,039	341,291
Interest and related costs on long-term obligations	1,107,595	1,088,992
Total operating and debt service	1,459,634	1,430,283
CHANGE IN NET POSITION	(350,908)	295,662
NET POSITION - BEGINNING OF YEAR	(18,829,544)	(19,125,206)
NET POSITION - END OF YEAR	\$ (19,180,452)	\$ (18,829,544)

The District's overall financial position, as measured by net position, decreased \$350,908 during 2017. This decrease can be attributed primarily to decrease in total revenues of \$617,219 offset by an increase in interest expense and related costs of \$18,603 and an increase in general government expenses of \$10,748 or 3.15%.

Financial Analysis of the District's Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental funds follows.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$552,689. Of this fund balance, \$383,411 is restricted, meaning it is not available for new spending, because it has already been committed for emergencies under Taxpayers' Bill of Rights (TABOR) and debt service. \$83,082 is assigned for subsequent year's expenditures.

General Fund Budgetary Highlights

Budget Variances. The budget to actual comparison details for the General Fund can be seen on page 6 of the financial statements.

Debt Administration

Long-Term Obligations. At the end of the current fiscal year, the District had total outstanding general obligation bonds and developer advances of \$17,873,349 and accrued interest on developer advances of \$1,844,484. The analysis of changes in bonds payable is as follows:

LONG-TERM OBLIGATIONS

	<u>2016</u>	<u>Change</u>	<u>2017</u>
General obligation notes/loans	\$ 4,780,000	\$ (1,440,000)	\$ 3,340,000
Developer advances	15,228,195	1,149,638	16,377,833
	<u>\$ 20,008,195</u>	<u>\$ (290,362)</u>	<u>\$ 19,717,833</u>

During 2017, the District prepaid principal of \$1,250,000 on the Series 2015 Loan in addition to the scheduled interest payments on the loan.

Additional information on the District's long-term obligations can be found in Note 4 of this report.

Economic Factors and Next Year's Budgets and Rates

The District has budgeted \$78,918 of total revenue consisting of a transfer from the Debt Service Fund in the amount of \$75,000 along with a small amount of incremental property taxes to pay for \$162,000 in operating expenditures.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Colorado Science and Technology Park Metropolitan District No. 1 c/o Mulhern MRE, Inc, 188 Inverness Drive West #150, Englewood, CO 80112.

BASIC FINANCIAL STATEMENTS

COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2017

ASSETS

Cash and investments - unrestricted	\$ 181,075
Cash and investments - restricted	299,780
Cash with County Treasurer	83,727
Incremental property tax receivable	1,680,000
Total assets	2,244,582

LIABILITIES

Accounts payable	11,893
Accrued interest payable	15,308
Loan and advances payable:	
Due within one year	200,000
Due in more than one year	19,517,833
Total liabilities	19,745,034

DEFERRED INFLOWS OF RESOURCES

Incremental property tax revenue	1,680,000
Total deferred inflows of resources	1,680,000

NET POSITION

Restricted for emergencies	100
Restricted for debt service	368,003
Unrestricted	(19,548,555)
Total net position	\$ (19,180,452)

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

COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 352,039	\$ -	\$ -	\$ -	\$ (352,039)
Interest and fiscal charges	1,107,595	-	-	-	(1,107,595)
	<u>\$ 1,459,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,459,634)</u>
General revenues:					
					4
					145,025
					939,371
					18,896
					4
					5,426
					<u>1,108,726</u>
					(350,908)
					<u>(18,829,544)</u>
					<u>\$ (19,180,452)</u>

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

COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - unrestricted	\$ 181,075	\$ -	\$ 181,075
Cash and investments - restricted	-	299,780	299,780
Cash with County Treasurer	196	83,531	83,727
Property tax increment receivable	-	1,680,000	1,680,000
TOTAL ASSETS	\$ 181,271	\$ 2,063,311	\$ 2,244,582
LIABILITIES			
Accounts payable	\$ 11,893	\$ -	\$ 11,893
Total liabilities	11,893	-	11,893
DEFERRED INFLOWS OF RESOURCES			
Property tax increment revenue	-	1,680,000	1,680,000
Total deferred inflows of resources	-	1,680,000	1,680,000
FUND BALANCES			
Restricted for emergencies	100	-	100
Restricted for debt service	-	383,311	383,311
Assigned for subsequent year's expenditures	83,082	-	83,082
Unassigned	86,196	-	86,196
Total fund balances	169,378	383,311	552,689
TOTAL LIABILITIES AND FUND BALANCES			
BALANCES	\$ 181,271	\$ 2,063,311	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Loan payable	(3,340,000)
Developer advances - Fitzsimons Redevelopment Authority	(14,533,349)
Accrued interest payable - loan	(15,308)
Accrued interest payable - developer advances	(1,844,484)
	(19,733,141)
Net position of governmental activities	\$ (19,180,452)

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

COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	General	Debt Service	Total Governmental Funds
REVENUES			
Specific ownership taxes	\$ -	\$ 4	\$ 4
Incremental sales/use tax - AURA	-	145,025	145,025
Incremental property tax - AURA	-	939,371	939,371
Transfer from Colorado Science and Technology Metropolitan District No. 2	3,150	15,746	18,896
Transfer from Colorado Science and Technology Metropolitan District No. 3	-	4	4
Net investment income	-	5,426	5,426
Total revenues	3,150	1,105,576	1,108,726
EXPENDITURES			
Current			
Accounting	2,691	-	2,691
Audit	4,700	-	4,700
Legal	23,840	-	23,840
Insurance and bonds	8,972	-	8,972
District management	31,471	-	31,471
Street light maintenance/utilities	7,607	-	7,607
Miscellaneous	4,340	58	4,398
Planning and development	-	268,360	268,360
Debt service			
Stapleton Land loan principal	-	1,440,000	1,440,000
Stapleton Land loan interest	-	232,917	232,917
Total expenditures	83,621	1,941,335	2,024,956
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(80,471)	(835,759)	(916,230)
OTHER FINANCING SOURCES (USES)			
Developer advances	-	268,360	268,360
Transfers from other funds	75,000	-	75,000
Transfers to other funds	-	(75,000)	(75,000)
Total other financing sources (uses)	75,000	193,360	268,360
NET CHANGE IN FUND BALANCES	(5,471)	(642,399)	(647,870)
FUND BALANCES - BEGINNING OF YEAR	174,849	1,025,710	1,200,559
FUND BALANCES - END OF YEAR	\$ 169,378	\$ 383,311	\$ 552,689

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

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1
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**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ (647,870)</u>
<p>Long-term debt (e.g. bonds, developer advances) provide 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. These amounts represent these differences in the treatment of long-term debt and related items.</p>	
Developer advances	(268,360)
Loan principal payments	<u>1,440,000</u>
	<u>1,171,640</u>
<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>	
Change in accrued interest payable - loan	6,600
Change in accrued interest payable - developer advances	<u>(881,278)</u>
	<u>(874,678)</u>
Change in net position - Governmental activities	<u><u>\$ (350,908)</u></u>

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

COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Incremental property tax - AURA CSTP Districts	\$ -	\$ -	\$ -
Transfer from Colorado Science and Technology Metropolitan District No. 2	2,162	3,150	988
Total Revenues	<u>2,162</u>	<u>3,150</u>	<u>988</u>
EXPENDITURES			
Accounting	15,000	2,691	12,309
Audit	5,000	4,700	300
Legal	20,000	23,840	(3,840)
Insurance and bonds	10,000	8,972	1,028
District management	30,000	31,471	(1,471)
Street light maintenance/utilities	6,000	7,607	(1,607)
Miscellaneous	4,000	4,340	(340)
Contingency	10,000	-	10,000
Total Expenditures	<u>100,000</u>	<u>83,621</u>	<u>16,379</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(97,838)</u>	<u>(80,471)</u>	<u>17,367</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	75,000	75,000	-
Total other financing sources (uses)	<u>75,000</u>	<u>75,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(22,838)	(5,471)	17,367
FUND BALANCE - BEGINNING OF YEAR	69,045	174,849	105,804
FUND BALANCE - END OF YEAR	<u>\$ 46,207</u>	<u>\$ 169,378</u>	<u>\$ 123,171</u>

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

**COLORADO SCIENCE AND TECHNOLOGY PARK
METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Colorado Science and Technology Park Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for the County of Adams on November 30, 2007, concurrently with two other districts, Colorado Science and Technology Park Metropolitan Districts No. 2 and 3, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Aurora (City) on July 16, 2007. The District's service area is located in the City of Aurora in Adams County, Colorado. The District was established to provide construction and installation of public improvements, including water, sanitary sewer, streets, parks and recreation, transportation, traffic and safety, mosquito control, television relay and translation, security and upon an intergovernmental agreement with the City, fire protection.

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

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 is not financially accountable for any other 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 assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District is reported as net position.

**COLORADO SCIENCE AND TECHNOLOGY PARK
METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 incremental property taxes and sales/use taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

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

**COLORADO SCIENCE AND TECHNOLOGY PARK
METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

ensuing year. The appropriation is at the total fund expenditures 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.

Supplementary appropriations were approved by the District's Board of Directors in the Debt Service Fund.

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 funds' average equity balance in total cash.

Incremental Property Tax

The District receives incremental property tax revenue from the Aurora Urban Renewal Authority for the project area. Incremental property tax revenues are considered to be the excess of an amount equal to the ad valorem property taxes produced by the levy at rates fixed for such year by or for the governing bodies of the various taxing jurisdictions within or overlapping the project area upon a valuation for assessment equal to the property tax base amount. The property tax base amount is certified by the County Assessor as the valuation for assessment of all taxable property within the project area last certified by the county Assessor prior to the adoption of the plan. The base amount may be proportionately adjusted for general reassessments in accordance with Colorado law.

Property taxes are levied by various taxing entities within the project area by certification to the County Commissioners. 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. Taxes are payable by April 30 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 and December. The Aurora Urban Renewal Authority remits the incremental taxes collected to the District.

Incremental Sales and Use Tax

The District receives incremental sales and use tax revenue from the project area which is received by the Authority from the City's general sales tax of 3.5% in excess of the sales tax base. 85% of the incremental sales and use tax for each 12 month period

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METROPOLITAN DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
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following the base year shall be credited to the tax allocation account excluding a 0.25% dedicated tax.

Deferred Inflows/Outflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are property taxes levied for the ensuing year.

Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, with the unamortized amount included as a component of the debt. Debt issuance costs are treated as a period cost and expensed in the year incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

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

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH AND INVESTMENTS

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

Cash and investments - Unrestricted	\$ 181,075
Cash and investments - Restricted	299,780
	<u>\$ 480,855</u>

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

Deposits with financial institutions	\$ 215,211
Investments	265,644
	<u>\$ 480,855</u>

Cash Deposits

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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2017, the District's cash deposits had a bank balance of \$215,357 and carrying balance of \$215,211.

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Investments

The District's formal investment policy is to follow Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

At December 31, 2017, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 265,644</u>

COLOTRUST

At December 31, 2017, the District has invested in the Colorado Local Government Liquid Asset Trust (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 repurchase agreement collateralized by certain obligations of the U.S. government agencies. COLOTRUST is rated AAAM by Standard and Poor's.

Investment Valuation

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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The District has investments that are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend.

COLOTRUST

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

Restricted Cash and Investments

At December 31, 2017, cash and investments in the amount of \$299,780 are held in trust and are restricted for debt service in accordance with the Series 2015 Loan documents (Note 4).

NOTE 4 – LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2016</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
<u>General Obligation notes payable:</u>					
Series 2015 Loan	\$ 4,780,000	\$ -	\$ 1,440,000	\$ 3,340,000	\$ 200,000
<u>Developer Advances payable:</u>					
Fitzsimons Redevelopment Authority:					
Principal	14,264,989	268,360	-	14,533,349	-
Accrued interest	963,206	881,278	-	1,844,484	-
	<u>\$ 20,008,195</u>	<u>\$ 1,149,638</u>	<u>\$ 1,440,000</u>	<u>\$ 19,717,833</u>	<u>\$ 200,000</u>

\$5,585,000 Loan with Stapleton Land, LLC, Series 2015

On September 30, 2015, the District entered into the 2015 Loan Agreement (2015 Loan) with Stapleton Land, LLC with an interest rate of 5.50% payable on June 1 and December 1, commencing on December 1, 2015. The 2015 Loan matures on

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September 30, 2020 with mandatory principal payments due on December 1, commencing on December 1, 2015. The 2015 Loan is payable from pledged revenue as defined in the Public Finance and Redevelopment Agreement (PFRA) (as assigned to Fitzsimons Redevelopment Authority) dated August 25, 2008, which includes the debt service mill levy revenues pledged by Colorado Science and Technology Park Metropolitan Districts Nos. 2 and 3 pursuant to the Amended and Restated Capital Pledge Agreement.

Prior to any amendment to the PFRA, the District is required to levy 50.000 mills. After the PFRA amendment, the District is to levy a mill sufficient, when combined with the other pledged revenues anticipated to be received in the following calendar year, to pay debt service on the 2015 Loan provided, further however, that in no event may the mill levy excess 50.000 mills.

In connection with the 2015 Loan, the District is required to maintain a reserve of \$250,000. At December 31, 2017, the District was in compliance with this requirement.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 200,000	\$ 186,251	\$ 386,251
2019	215,000	175,099	390,099
2020	2,925,000	135,850	3,060,850
	<u>\$ 3,340,000</u>	<u>\$ 497,200</u>	<u>\$ 3,837,200</u>

Developer Advances

Amended and Restated Capital Pledge Agreement

On December 1, 2010, the District entered into the Capital Pledge Agreement with Colorado Science and Technology Park Metropolitan Districts No. 2 and 3 (the Taxing Districts). Pursuant to this Agreement, each Taxing District agreed to annually impose a mill levy at a rate of 50.000 mills subject to certain adjustments and pledged the revenue from such mill levy together with Taxing District specific ownership tax revenues, to the District for repayment of the Series 2010A and Series 2010B Notes and any additional debt issued by the District until all such obligations are repaid.

On September 30, 2015, the District entered into the Amended and Restated Capital Pledge Agreement with Colorado Science and Technology Park Metropolitan Districts No. 2 and 3 (the Taxing Districts). This Amended and Restated Capital Pledge Agreement amends and restates in its entirety the Capital Pledge Agreement dated as of December 1, 2010 by and among the Districts. Pursuant to this Agreement, prior to any amendment to the PFRA, the Taxing Districts are required to levy 50.000 mills. After the PFRA amendment, the Taxing Districts are to levy mills sufficient, when combined with the other pledged revenues anticipated to be received in the following calendar year, to pay debt service on the 2015 Loan provided, further however, that in no event may the mill levy excess 50.000 mills. The required mill levy revenues include the portion of the

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specific ownership tax revenues attributable to the required mill levy, net of any collection fees withheld by the County Treasurer.

Operation and Capital Funding Agreements

On September 30, 2015, the District entered into the 2015 Operation and Capital Funding Agreement (2015 Funding Agreement) with Fitzsimons Redevelopment Authority (FRA). Pursuant to the 2015 Funding Agreement FRA advanced \$14,000,000 in connection with the Termination Agreement which, the District shall repay the Series 2010A and Series 2010B Notes.

On June 21, 2018, the District entered into the 2017 Operation and Capital Funding Agreement (2017 Funding Agreement) with Fitzsimons Redevelopment Authority with an effective date of January 1, 2017. The 2017 Funding Agreement provides for FRA to make additional advances to the District for operations and maintenance expenses and for capital purposes in fiscal year 2017 and future years. The advances in any years shall be treated as two separate and distinct components, the first being for capital purposes and the second being for operation and maintenance purposes.

Repayments under the 2015 Funding Agreement and 2017 Funding Agreement are subject to funds available from the imposition of its taxes, fees, rates, tolls, penalties and charges and from any other revenue legally available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. The advances bear interest at the rate of 200 basis points above the published Wall Street Journal Prime Rate, to be adjusted weekly. Any obligation of the District to reimburse the FRA made pursuant to the 2015 Funding Agreement and 2017 Funding Agreement shall expire on December 31, 2055.

At December 31, 2017, the District had unpaid capital developer advances of \$16,377,833 which includes \$14,533,349 of principal and \$1,844,484 of interest.

NOTE 5 – DEBT AUTHORIZATION

On November 6, 2007, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$750,000,000 at an interest rate not to exceed 18% per annum. On May 6, 2015, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$750,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocation for the following purposes:

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	<u>Authorized November 6, 2007 Election</u>	<u>Authorized May 6, 2014 Election</u>	<u>Authorization Used</u>	<u>Remaining at December 31, 2016</u>
Streets	\$ 750,000,000	\$ 750,000,000	\$ 5,437,684	\$ 1,494,562,316
Traffic and safety	\$ 750,000,000	\$ 750,000,000	-	\$ 1,500,000,000
Water	\$ 750,000,000	\$ 750,000,000	2,746,565	\$ 1,497,253,435
Sanitary sewer	\$ 750,000,000	\$ 750,000,000	9,131,607	\$ 1,490,868,393
Parks and recreation	\$ 750,000,000	\$ 750,000,000	-	\$ 1,500,000,000
Public transportation	\$ 750,000,000	\$ 750,000,000	-	\$ 1,500,000,000
Mosquito control	\$ 750,000,000	\$ 750,000,000	-	\$ 1,500,000,000
Fire Protection	\$ 750,000,000	\$ 750,000,000	-	\$ 1,500,000,000
Operations & maintenance	\$ 750,000,000	\$ 750,000,000	-	\$ 1,500,000,000
Intergovernmental agreements/contracts	\$ 750,000,000	\$ 750,000,000	-	\$ 1,500,000,000
Refunding	\$ 750,000,000	\$ 750,000,000	-	\$ 1,500,000,000
Television relay and translation	\$ 750,000,000	\$ 750,000,000	-	\$ 1,500,000,000
Security	\$ -	\$ 750,000,000	-	\$ 750,000,000

Pursuant to their Service Plans, the District, together with Colorado Science and Technology Metropolitan District Nos. 2 and 3, are permitted to issue aggregate indebtedness of up to \$750,000,000.

In the future, the District may issue a portion or all of the remaining authorized, but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, the amount and timing of any debt issuances is not determinable.

NOTE 6 – AGREEMENTS

Facilities Funding, Construction and Operation Intergovernmental Agreement

On December 3, 2007, District No. 1 entered into a Facilities Funding, Construction and Operations Agreement with Colorado Science and Technology Park Districts No. 2 and No. 3. Pursuant to the agreement, District No. 1 is the Operating District and is responsible for managing the financing, construction, operations and maintenance of the project for the benefit of the Districts. District No. 2 and District No. 3 are the Taxing Districts and are responsible for funding the costs of the infrastructure improvements and funding the costs of services provided by District No. 1.

Public Finance and Redevelopment Agreement

On August 25, 2008, the District entered into an agreement with the Aurora Urban Renewal Authority (the Authority) and Fitzsimons Developer, LLC. The Developer has agreed to develop the Project in a manner consistent with the CSTP Master Plan. The District has agreed to construct and install the Public Improvements. The Authority has pledged portions of incremental tax revenues received by the Authority to the District, including 100% of incremental tax revenues derived from the levy of property tax by Colorado Science and Technology Park Metropolitan District Nos. 1-3 and portions of incremental tax revenues derived from property taxes levied by other taxing jurisdictions on property within the Districts, as well as City of Aurora sales, use and lodger taxes (collectively, the Pledged Revenues). The agreement terminates on December 31,

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2058. On September 30, 2015, the agreement was assigned from Fitzsimons Developer, LLC to Fitzsimons Redevelopment Authority. See Assignment and Assumption Agreement below.

NOTE 7 - FUND EQUITY

At December 31, 2017, the District reported the following classifications of fund equity.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$100 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11). The restricted fund balance in the Debt Service Fund in the amount of \$383,311 is to be used exclusively for debt service requirements (see Note 4).

Assigned Fund Balance

The assigned fund balance in the General Fund of \$83,082 represents the amount appropriated for use in the budget for the year ending December 31, 2018.

NOTE 8 - NET POSITION

The District's net position consists of two components – restricted and unrestricted.

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District's restricted net position as of December 31, 2017 is as follows:

Restricted net position:

Emergency reserves (see Note 12)	\$ 100
Debt Service	368,003
	<u>\$ 368,103</u>

The District's unrestricted net position at December 31, 2017 totaled \$(19,548,555). This deficit amount was a result of the District being responsible for repayment of debt issued for public improvements conveyed to other governmental entities.

NOTE 9 – RELATED PARTY

The Developer of the property which constitutes the District is Fitzsimons Developer, LLC. During 2015, Fitzsimons Redevelopment Authority (FRA) replaced Fitzsimons Developer, LLC as the developer of the property within the District. The majority of the Board of Directors are employees of, owners of or otherwise associated with the FRA, and may have conflicts of interest in dealing with the District.

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NOTE 10 - RISK MANAGEMENT

The District is 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) as of December 31, 2017. 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 fund 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 11 - 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 that 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.

On May 4, 2007, the District's electors authorized the District to collect and spend or retain ad valorem taxes up to \$10,000,000 annually for operations and maintenance expenses of the District without regard to any limitation imposed by TABOR beginning in 2008. The electors also authorized the District to increase taxes up to \$10,000,000 annually to pay the District operations and maintenance expenses by the imposition of fees without limitation as to rate or amount. The electors also authorized the District to increase taxes of up to \$750,000,000 annually to pay for regional improvements for which it is obligated per its service plan and other intergovernmental agreements.

On May 6, 2014, the District's electors authorized the District to collect and spend or retain ad valorem taxes up to \$10,000,000 annually for operations and maintenance expenses of the District without regard to any limitation imposed by TABOR beginning in 2015. The electors also authorized the District to increase taxes up to \$10,000,000

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annually to pay the District operations and maintenance expenses by the imposition of fees without limitation as to rate or amount. The electors also authorized the District to increase taxes of up to \$750,000,000 annually to pay for regional improvements for which it is obligated per its service plan and other intergovernmental agreements.

On May 6, 2014, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and other revenue of the District for 2015 and any year thereafter, without regard to any limitations under TABOR.

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.

NOTE 12 – INTERFUND TRANSFERS

The transfer of \$75,000 from the Debt Service Fund to the General Fund was transferred for the purpose of assisting with operating costs as allowed by the 2015 Loan Agreement.

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

SUPPLEMENTAL INFORMATION

COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 1	\$ 2	\$ -	\$ (2)
Specific ownership taxes	4	10	4	(6)
Incremental sales/use tax - AURA	230,000	150,000	145,025	(4,975)
Incremenatl property tax - AURA	660,000	1,000,000	939,371	(60,629)
Transfer from Colorado Science and Technology Metropolitan District No. 2	10,772	18,900	15,746	(3,154)
Transfer from Colorado Science and Technology Metropolitan District No. 3	5	5	4	(1)
Net investment income	2,000	4,000	5,426	1,426
Total revenues	<u>902,782</u>	<u>1,172,917</u>	<u>1,105,576</u>	<u>(67,341)</u>
EXPENDITURES				
Miscellaneous	-	-	58	(58)
Planning and development	-	300,000	268,360	31,640
Stapleton Land loan principal	600,000	1,490,000	1,440,000	50,000
Stapleton Land loan interest	267,000	267,000	232,917	34,083
Total Expenditures	<u>867,000</u>	<u>2,057,000</u>	<u>1,941,335</u>	<u>115,665</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>35,782</u>	<u>(884,083)</u>	<u>(835,759)</u>	<u>48,324</u>
OTHER FINANCING SOURCES (USES)				
Developer advances	-	300,000	268,360	(31,640)
Transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses)	<u>(75,000)</u>	<u>225,000</u>	<u>193,360</u>	<u>(31,640)</u>
NET CHANGE IN FUND BALANCE	(39,218)	(659,083)	(642,399)	16,684
FUND BALANCE - BEGINNING OF YEAR	298,735	1,025,710	1,025,710	-
FUND BALANCE - END OF YEAR	<u>\$ 259,517</u>	<u>\$ 366,627</u>	<u>\$ 383,311</u>	<u>\$ 16,684</u>