

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
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## **Independent Auditor's Report**

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

### **Report for the Financial Statements**

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, 2018 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, 2018, 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 VII 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  
July 16, 2019

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

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, 2018. Please read it in conjunction with the District's basic financial statements beginning 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 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, deferred outflows of resources, 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.

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.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, reconciliation schedules are included in the governmental funds statements explaining the relationship (or difference) between them.

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 7-21 of this report.

**Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents supplementary information consisting of the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Debt Service Fund which can be found on page 23.

**Financial Analysis of the District as a Whole**

**NET POSITION**

	12/31/2018	12/31/2017
<b>ASSETS</b>		
Current Assets	\$ 31,133,141	\$ 2,244,582
Capital Assets	1,340,150	-
Total Assets	32,473,291	2,244,582
 <b>LIABILITIES</b>		
Current Liabilities	97,835	227,201
Long-Term Liabilities	48,565,941	19,517,833
Total Liabilities	48,663,776	19,745,034
 <b>DEFERRED INFLOWS OF RESOURCES</b>	2,014,002	1,680,000
 <b>NET POSITION</b>		
Restricted	2,012,996	368,103
Unrestricted	(20,217,483)	(19,548,555)
Total Net Position	\$ (18,204,487)	\$ (19,180,452)

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 \$18,204,487 at the close of the most recent fiscal year.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

From 2017 to 2018, the District's current assets increased by \$28,888,559 and long-term liabilities increased by \$29,048,108 primarily due to the issuance of the Special Refunding and Improvement Bonds, Series 2018.

**CHANGES IN NET POSITION**

	12/31/2018	12/31/2017
<b>REVENUES</b>		
Program Revenues:		
Operating Grants and Contributions	\$ 55,522	\$ 3,150
Capital Grants and Contributions	3,349,701	1,100,146
General Revenues:		
Property Taxes	2	-
Specific Ownership Taxes	7	4
Interest Income	9,219	5,426
Total Revenues	3,414,451	1,108,726
<b>EXPENSES</b>		
General Government	68,308	352,039
Interest and Related Costs on Long-Term Debt	2,370,178	1,107,595
Total Expenses	2,438,486	1,459,634
<b>CHANGE IN NET POSITION</b>	975,965	(350,908)
Net Position - Beginning of Year	(19,180,452)	(18,829,544)
<b>NET POSITION - END OF YEAR</b>	\$ (18,204,487)	\$ (19,180,452)

The District's overall financial position, as measured by net position, increased \$1,326,873 from 2017 to 2018. This increase can be attributed primarily to an increase in total revenues of \$2,305,725 offset by an increase in interest expense and related costs of \$1,262,583 and a decrease in general government expenses of \$283,731.

**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.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$29,037,296. Of this fund balance, \$28,798,485 is restricted, meaning it is not available for new spending, because it has already been committed for emergencies under Taxpayers' Bill of Rights (TABOR), capital projects and debt service. \$473 is committed 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.

**Capital Assets**

The activity related to capital assets during 2018 is as follows:

	<u>2017</u>	<u>Change</u>	<u>2018</u>
Construction in Progress	\$ -	\$ 1,340,150	\$ 1,340,150
Total Capital Assets	<u>\$ -</u>	<u>\$ 1,340,150</u>	<u>\$ 1,340,150</u>

Additional information on the District's capital assets can be found in Note 4.

**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 \$45,671,218 and accrued interest on Developer advances of \$2,894,723. The analysis of changes in long-term obligations is as follows:

	<u>2017</u>	<u>Change</u>	<u>2018</u>
Government Activities:			
General Obligation Notes/Loans	\$ 3,340,000	\$ 26,457,719	\$ 29,797,719
Developer Advances	16,377,833	2,390,389	18,768,222
Total	<u>\$ 19,717,833</u>	<u>\$ 28,848,108</u>	<u>\$ 48,565,941</u>

During 2018, the District issued Special Refunding and Improvement Bonds, Series 2018 to refund the outstanding principal amount of the Series 2015 Loan, to pay Project Costs, fund the Reserve Fund and to pay costs in connection with the issuance.

Additional information on the District's long-term obligations can be found in Note 5 of this report.

**Economic Factors and Next Year's Budgets**

For 2019, the District has budgeted \$2,420,633 of total revenue in the Debt Service Fund and \$171,527 of revenue in the General Fund. The District has budgeted \$21,600,000 of total expenditures in the Debt Service Fund consisting of \$12,500,000 for public infrastructure spending and \$8,600,000 of principal and interest payments on bonds and notes payable.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

**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 CliftonLarsonAllen LLP 8390 E. Crescent Parkway, Suite 300, Greenwood Village, CO 80111.

## **BASIC FINANCIAL STATEMENTS**

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 209,258
Cash and Investments - Restricted	28,400,505
Due from Colorado Science and Technology Park Metropolitan District Nos. 2 and 3	2,483
Due from Aurora URA	506,893
Incremental Taxes Receivable	2,014,002
Capital Assets, Not Being Depreciated:	
Construction in Progress	1,340,150
Total Assets	32,473,291
<b>LIABILITIES</b>	
Accounts Payable	81,843
Accrued interest payable	15,992
Noncurrent Liabilities:	
Due in More Than One Year	48,565,941
Total Liabilities	48,663,776
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Incremental Tax Revenue	2,014,002
Total Deferred Inflows of Resources	2,014,002
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	2,000
Debt Service	2,010,996
Unrestricted	(20,217,483)
Total Net Position	\$ (18,204,487)

See accompanying Notes to Basic Financial Statements.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Governmental Activities:					
General Government	\$ 68,308	\$ -	\$ 55,522	\$ -	\$ (12,786)
Interest and Related Costs on Long-Term Debt	2,370,178	-	-	3,349,701	979,523
Total Governmental Activities	\$ 2,438,486	\$ -	\$ 55,522	\$ 3,349,701	966,737
<b>GENERAL REVENUES</b>					
					2
					7
					9,219
					9,228
<b>CHANGE IN NET POSITION</b>					975,965
					(19,180,452)
<b>NET POSITION - END OF YEAR</b>					<b>\$ (18,204,487)</b>

See accompanying Notes to Basic Financial Statements.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 209,258	\$ -	\$ 209,258
Cash and Investments - Restricted	2,000	28,398,505	28,400,505
Due from Colorado Science and Technology Park Metropolitan District No. 2 and 3	414	2,069	2,483
Due from Aurora URA	35,467	471,426	506,893
Incremental Taxes Receivable	64,000	1,950,002	2,014,002
Total Assets	\$ 311,139	\$ 30,822,002	\$ 31,133,141
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 6,328	\$ 75,515	\$ 81,843
Total Liabilities	6,328	75,515	81,843
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Incremental Tax Revenue	64,000	1,950,002	2,014,002
Total Deferred Inflows of Resources	64,000	1,950,002	2,014,002
<b>FUND BALANCES</b>			
Restricted:			
Emergency Reserves	2,000	-	2,000
Debt Service	-	4,284,279	4,284,279
Capital Projects	-	24,512,206	24,512,206
Committed:			
Designated for Next Year's Expenditures	473	-	473
Unrestricted:			
General Government	238,338	-	238,338
Total Fund Balances	240,811	28,796,485	29,037,296
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 311,139	\$ 30,822,002	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Not Being Depreciated

1,340,150

Long-term liabilities, including bonds and Developer advances, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds

Bonds Payable - Series 2018

(29,635,000)

Bonds Premium

(162,719)

Accrued Interest Payable - Bonds payable

(15,992)

Developer Advance Payable - Capital

(15,832,534)

Developer Advance Payable - Operations

(40,965)

Developer Advance Interest Payable - Capital

(2,889,254)

Developer Advance Interest Payable - Operations

(5,469)

Net Position of Governmental Activities

\$ (18,204,487)

See accompanying Notes to Basic Financial Statements.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ -	\$ 2	\$ 2
Specific Ownership Taxes	-	7	7
Incremental Sales & Use Taxes - AURA	-	1,067,631	1,067,631
Incremental Property Taxes - AURA	35,467	1,651,171	1,686,638
Payments in Lieu of Taxes	-	600,000	600,000
Interest income	9,219	-	9,219
Transfers from Colorado Science and Technology Park Metropolitan District No. 2	20,055	30,890	50,945
Transfers from Colorado Science and Technology Park Metropolitan District No. 3	-	9	9
Total Revenues	64,741	3,349,710	3,414,451
<b>EXPENDITURES</b>			
General and Administrative:			
Accounting	11,415	-	11,415
Audit	4,700	-	4,700
District Management	18,643	-	18,643
Insurance	9,004	-	9,004
Legal	14,882	-	14,882
Miscellaneous	4,183	-	4,183
Maintenance	5,481	-	5,481
Debt Service:			
Loan Interest - Series 2015	-	174,225	174,225
Loan Principal - Series 2015	-	3,340,000	3,340,000
Bond Issue Costs	-	1,144,456	1,144,456
Bank Fees	-	574	574
Capital Outlay:			
Planning and Development	-	1,340,150	1,340,150
Total Expenditures	68,308	5,999,405	6,067,713
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,567)	(2,649,695)	(2,653,262)
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	-	1,340,150	1,340,150
Bond Issuance	-	29,635,000	29,635,000
Bond Premium	-	162,719	162,719
Transfers (to) from Other Funds	75,000	(75,000)	-
Total Other Financing Sources (Uses)	75,000	31,062,869	31,137,869
<b>NET CHANGE IN FUND BALANCES</b>	71,433	28,413,174	28,484,607
Fund Balances - Beginning of Year	169,378	383,311	552,689
<b>FUND BALANCES - END OF YEAR</b>	\$ 240,811	\$ 28,796,485	\$ 29,037,296

See accompanying Notes to Basic Financial Statements.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Governmental Funds \$ 28,484,607

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation/amortization expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay - Current Year 1,340,150

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Repayment of 2015 Loan	3,340,000
Bond Issuance	(29,635,000)
Bond Premium	(162,719)
Developer Advances - Current Year	(1,340,150)

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.

Accrued Interest on Developer Advances - Change in Liability	(1,050,239)
Accrued Interest on Loan and Bonds - Change in Liability	(684)
	(1,050,923)

Change in Net Position of Governmental Activities \$ 975,965

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Incremental Property Taxes - AURA	\$ -	\$ 35,467	\$ 35,467
Transfers from Colorado Science and Technology Park Metropolitan District No. 2	3,918	20,055	16,137
Interest Income	-	9,219	9,219
Total Revenues	<u>3,918</u>	<u>64,741</u>	<u>60,823</u>
<b>EXPENDITURES</b>			
Accounting	15,000	11,415	3,585
Audit	5,000	4,700	300
District Management	50,000	18,643	31,357
Insurance	10,000	9,004	996
Legal	50,000	14,882	35,118
Miscellaneous	4,000	4,183	(183)
Maintenance	8,000	5,481	2,519
Contingency	20,000	-	20,000
Total Expenditures	<u>162,000</u>	<u>68,308</u>	<u>93,692</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(158,082)	(3,567)	154,515
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Fund	<u>75,000</u>	<u>75,000</u>	-
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	-
<b>NET CHANGE IN FUND BALANCE</b>	(83,082)	71,433	154,515
Fund Balance - Beginning of Year	<u>168,562</u>	<u>169,378</u>	<u>816</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 85,480</u>	<u>\$ 240,811</u>	<u>\$ 155,331</u>

See accompanying Notes to Basic Financial Statements.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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 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.

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

**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 property 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.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
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**DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

Separate financial statements are provided for the 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. 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 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 incremental property taxes and sales/use taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds. It is also currently being used to account for bond proceeds to be used for construction and/or acquisition of public improvements.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

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

The District amended its annual budget for the year ended December 31, 2018.

**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.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

**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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
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**DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes (Continued)**

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**Incremental Property Taxes**

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.

**Incremental Sales and Use Taxes**

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 3.75% in excess of the sales tax base. 85% of the incremental sales and use tax for each 12-month period following the base year shall be credited to the tax allocation account excluding a 0.25% dedicated tax.

**Deferred Inflows 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.

**Original Issue Discount/Premium**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds 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 bond premiums and discounts, as well as bond 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 expenditures.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

**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.

*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.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 209,258
Cash and Investments - Restricted	<u>28,400,505</u>
Total Cash and Investments	<u><u>\$ 28,609,763</u></u>

Cash and investments as of December 31, 2018, consist of the following:

Deposits with Financial Institutions	\$ 866,069
Investments	<u>27,743,694</u>
Total Cash and Investments	<u><u>\$ 28,609,763</u></u>

**Deposits with Financial Institutions**

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

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

At December 31, 2018, the District's cash deposits had a bank balance of \$930,660 and carrying balance of \$866,069.

**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 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 SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

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

As of December 31, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 27,743,694</u>

**COLOTRUST**

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

**Restricted Cash and Investments**

At December 31, 2018, cash and investments in the amount of \$28,398,505 are held in trust, of which, \$24,512,206 is restricted for capital projects and \$3,886,299 is restricted for debt service. In addition, the District had \$2,000 restricted for TABOR Emergency Reserve at December 31, 2018.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in the District's capital assets for the year ended December 31, 2018 follows:

	Balance - December 31, 2017	Additions	Reductions/ Reclassifications	Balance - December 31, 2018
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 1,340,150	\$ -	\$ 1,340,150
Total Capital Assets, Not Being Depreciated	<u>\$ -</u>	<u>\$ 1,340,150</u>	<u>\$ -</u>	<u>\$ 1,340,150</u>

Upon completion, a significant portion of capital assets will be conveyed by the District to other local governments. The District will not be responsible for the maintenance of those assets. Upon acceptance of the improvements by other local governments, the District will remove the cost of construction from its capital assets.

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2018:

	Balance - December 31, 2017	Additions	Retirements	Balance - December 31, 2018	Due Within One Year
General Obligation Loan, Series 2015	\$ 3,340,000	\$ -	\$ 3,340,000	\$ -	\$ -
Special Revenue Refunding and Improvement Bonds, Series 2018	-	29,635,000	-	29,635,000	-
Series 2018 Bond Premium	-	162,719	-	162,719	-
Loan and Bonds Payable	<u>3,340,000</u>	<u>29,797,719</u>	<u>3,340,000</u>	<u>29,797,719</u>	<u>-</u>
Developer Advances - Capital	14,492,384	1,340,150	-	15,832,534	-
Developer Advances - Operations	40,965	-	-	40,965	-
Accrued Interest on Developer Advances - Capital	1,841,952	1,047,302	-	2,889,254	-
Accrued Interest on Developer Advances - Operations	2,532	2,937	-	5,469	-
Developer Advance Payable	<u>16,377,833</u>	<u>2,390,389</u>	<u>-</u>	<u>18,768,222</u>	<u>-</u>
Total	<u>\$ 19,717,833</u>	<u>\$ 32,188,108</u>	<u>\$ 3,340,000</u>	<u>\$ 48,565,941</u>	<u>\$ -</u>

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**\$29,635,000 Special Revenue Refunding and Improvement Bonds, Series 2018**

On December 28, 2018, the District issued Special Revenue Refunding and Improvement Bonds, Series 2018, (the Bonds) with interest rates varying from 4.375% to 5.250%. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and redemption premium equal to a percentage of the principal amount so redeemed. The Bonds maturing on December 1, 2026 also are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2020, and on each December 1 thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium. The proceeds from the sale of the Bonds were/will be used for the purposes of (a) paying Project Costs, (b) refunding the outstanding principal amount of the 2015 Loan (c) fund the Reserve Fund in the amount of the Reserve Requirement, and (d) paying other costs in connection with the issuance of the Bonds.

On December 28, 2018, the District paid \$3,340,000 of Stapleton Land, LLC Loan dated September 30, 2015 with an interest rate of 5.5% by the issuance of the Bonds with interest rates of 4.375 to 5.250%. The refunding has provided certain economic benefits to the District.

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>
2019	\$ -	\$ 1,351,321	\$ 1,351,321
2020	325,000	1,460,888	1,785,888
2021	685,000	1,446,669	2,131,669
2022	760,000	1,416,700	2,176,700
2023	970,000	1,383,450	2,353,450
2024-2028	7,715,000	6,061,249	13,776,249
2029-2033	9,800,000	3,924,750	13,724,750
2034-2038	1,640,000	2,302,387	3,942,387
2039-2043	2,330,000	1,803,900	4,133,900
2044-2048	5,410,000	1,101,713	6,511,713
Total	<u>\$ 29,635,000</u>	<u>\$ 22,253,027</u>	<u>\$ 51,888,027</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.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances (Continued)**

Amended and Restated Capital Pledge Agreement (Continued)

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 exceed 50.000 mills. The required mill levy revenues include the portion of the specific ownership tax revenues attributable to the required mill levy, net of any collection fees withheld by the County Treasurer. On December 28, 2018, the General Obligation Loan Series 2015 was fully paid.

Capital Pledge Agreement

On December 28, 2018, the District entered into the Capital Pledge Agreement with Colorado Science and Technology Park Metropolitan District No. 2 (District No. 2) and 3 (District No. 3). Pursuant to this Agreement, the Board of each District determined to terminate the Amended and Restated Pledge Agreement and not to include District No. 3 as a "Taxing District." District No. 2 agrees to impose required mill levy and to pledge Property Tax Increment Revenues to the District to pay financing costs. The required mill levy revenues include the portion of the 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.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
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**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

Operation and Capital Funding Agreements (Continued)

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, 2018, the District had capital advances payable of \$18,721,788 which includes \$15,832,534 of principal and \$2,889,254 of interest, and operating advances payable of \$46,434 which includes \$40,965 of principal and \$5,469 of interest.

**NOTE 6 AUTHORIZED DEBT**

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, 2014, 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, 2018, the District had authorized but unissued indebtedness in the following amounts allocation for the following purposes:

	Authorized November 6, 2007 Election	Authorized May 6, 2014 Election	Prior Authorization Used	2018 Bonds Authorization Used	Remaining at December 31, 2018
Streets	\$ 750,000,000	\$ 750,000,000	\$ 5,437,684	\$ 18,914,468	\$ 1,475,647,848
Traffic and Safety	750,000,000	750,000,000	-	-	1,500,000,000
Water	750,000,000	750,000,000	2,746,565	2,702,067	1,494,551,368
Sanitary Sewer	750,000,000	750,000,000	9,131,607	2,702,067	1,488,166,326
Parks and Recreation	750,000,000	750,000,000	-	2,702,067	1,497,297,933
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
Operation and Maintenance	750,000,000	750,000,000	-	-	1,500,000,000
Intergovernmental					
Agreements/Contracts	750,000,000	750,000,000	-	-	1,500,000,000
Debt 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
Total	<u>\$ 9,000,000,000</u>	<u>\$ 9,750,000,000</u>	<u>\$ 17,315,856</u>	<u>\$ 27,020,669</u>	<u>\$ 18,705,663,475</u>

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 AUTHORIZED DEBT (CONTINUED)**

\$2,614,331 of the Bonds par amount constitutes a financing of District indebtedness at a lower interest rate and does not require electoral authorization

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 in not determinable.

**NOTE 7 AGREEMENTS**

**Facilities Funding, Construction, and Operation Intergovernmental Agreement**

On December 3, 2007, the District 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, the District 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 the District.

**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. Fitzsimons Developer, LLC 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, 2058. On September 30, 2015, the agreement was assigned from Fitzsimons Developer, LLC to Fitzsimons Redevelopment Authority.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 NET POSITION**

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

Restricted net position includes assets 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, 2018 is as follows:

Restricted Net Position:	
Emergency Reserves	\$ 2,000
Debt Service	<u>2,010,996</u>
Total Restricted Net Position	<u><u>\$ 2,012,996</u></u>

The District has a deficit in unrestricted net position. This negative net position is a result of the District being responsible for the repayment of long-term debt and accrued interest issued to finance public improvements conveyed to other governmental entities.

**NOTE 9 INTERFUND TRANSFER**

The transfer of \$75,000 from the General Fund to the Debt Service Fund was for the purpose of assisting with operating costs.

**NOTE 10 RELATED PARTIES**

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.

**NOTE 11 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 (the 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.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 11 RISK MANAGEMENT (CONTINUED)**

The District pays annual premiums to the Pool for liability, property and public officials' liability 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 12 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.

On November 6, 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 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.

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 12 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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.

## **SUPPLEMENTARY INFORMATION**

**COLORADO SCIENCE AND TECHNOLOGY PARK METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
DECEMBER 31, 2018**

	Budget amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 2	\$ 2	\$ 2	\$ -
Specific Ownership Taxes	8	7	7	-
Incremental Sales & Use Taxes - AURA	690,000	1,067,631	1,067,631	-
Incremental Property Taxes - AURA	1,800,000	1,651,171	1,651,171	-
Payments in Lieu of Taxes	-	600,000	600,000	-
Interest Income	6,000	-	-	-
Transfers from Colorado Science and Technology Park Metropolitan District No. 2	21,092	30,890	30,890	-
Transfers from Colorado Science and Technology Park Metropolitan District No. 3	10	9	9	-
Total Revenues	<u>2,517,112</u>	<u>3,349,710</u>	<u>3,349,710</u>	<u>-</u>
<b>EXPENDITURES</b>				
Loan Interest - Series 2015	190,000	174,225	174,225	-
Loan Principal - Series 2015	2,300,000	3,340,000	3,340,000	-
Bond Issue Costs	-	1,144,456	1,144,456	-
Planning and Development	3,000,000	1,340,150	1,340,150	-
Bank Fees	-	574	574	-
Contingency	-	25,595	-	25,595
Total Expenditures	<u>5,490,000</u>	<u>6,025,000</u>	<u>5,999,405</u>	<u>25,595</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,972,888)	(2,675,290)	(2,649,695)	25,595
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advances	3,000,000	1,340,150	1,340,150	-
Bond Issuance	-	29,635,000	29,635,000	-
Bond Premium	-	162,719	162,719	-
Transfers to Other Fund	(75,000)	(75,000)	(75,000)	-
Total Other Financing Sources (Uses)	<u>2,925,000</u>	<u>31,062,869</u>	<u>31,062,869</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(47,888)	28,387,579	28,413,174	25,595
Fund Balance - Beginning of Year	<u>302,066</u>	<u>383,311</u>	<u>383,311</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 254,178</u>	<u>\$ 28,770,890</u>	<u>\$ 28,796,485</u>	<u>\$ 25,595</u>