

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
City and County of Denver, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

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## **Independent Auditor's Report**

Members of the Board of Directors  
9th Avenue Metropolitan District No. 1  
Denver County, Colorado

We have audited the accompanying financial statements of the governmental activities and the major funds of 9th Avenue Metropolitan District No. 1 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the major funds of 9th Avenue Metropolitan District No. 1, as of December 31, 2018 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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## **Other-Matters**

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the special revenue funds, as listed in the table of contents, 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. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise 9th Avenue Metropolitan District No. 1's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.



Littleton, Colorado  
May 7, 2019

## **BASIC FINANCIAL STATEMENTS**

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 43,742
Cash and Investments - Restricted	9,000
Receivable from 9th Avenue Metro District No. 2	11,374
Receivable from 9th Avenue Metro District No. 3	233
Prepaid Insurance	11,130
Capital Assets, Not Being Depreciated	2,498,182
Capital Assets - Net of Accumulated Depreciation	<u>1,348,013</u>
Total Assets	<u>3,921,674</u>
<b>LIABILITIES</b>	
Accounts Payable	<u>14,674</u>
Total Liabilities	14,674
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,348,013
Restricted For:	
Emergency Reserves	9,000
Unrestricted	<u>2,549,987</u>
Total Net Position	<u><u>\$ 3,907,000</u></u>

See accompanying Notes to Basic Financial Statements.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 227,259	\$ -	\$ 277,399	\$ -	\$ 50,140
Public Works	5,381,374	-	-	10,499,324	5,117,950
Interest and Related Costs on Long-Term Debt	1,202,502	-	-	-	(1,202,502)
Total Governmental Activities	\$ 6,811,135	\$ -	\$ 277,399	\$ 10,499,324	3,965,588
		Total General Revenues			-
					<b>CHANGE IN NET POSITION</b>
					3,965,588
					Net position - Beginning
					(58,588)
					<b>NET POSITION - END OF YEAR</b>
					\$ 3,907,000

See accompanying Notes to Basic Financial Statements.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 43,742	\$ -	\$ 43,742
Cash and Investments - Restricted	9,000	-	9,000
Prepaid Insurance	11,130	-	11,130
Receivable from Other Funds	26,926	-	26,926
Receivable from 9th Avenue Metro District No. 2	11,374	-	11,374
Receivable from 9th Avenue Metro District No. 3	233	-	233
	<b>\$ 102,405</b>	<b>\$ -</b>	<b>\$ 102,405</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 11,417	\$ 3,257	14,674
Payable to Other Funds	-	26,926	26,926
Total Liabilities	11,417	30,183	41,600
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Amounts	11,130	-	11,130
Restricted for:			
Emergencies (TABOR)	9,000	-	9,000
Assigned to:			
Subsequent Year's Expenditures	20,020	-	20,020
Unassigned:			
General Government	50,838	(30,183)	20,655
Total Fund Balances	90,988	(30,183)	60,805
Total Liabilities and Fund Balances	\$ 102,405	\$ -	

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

	3,846,195
Net Position of Governmental Activities	\$ 3,907,000

See accompanying Notes to Basic Financial Statements.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	General	Capital Projects	Total Governmental Funds
<b>REVENUES</b>			
Transfer from 9th Avenue Metro District No. 2	\$ 216,961	\$ -	\$ 216,961
Transfer from 9th Avenue Metro District No. 3	60,438	-	60,438
Intergovernmental Revenue - 9th Avenue Metro District No. 2	-	10,499,324	10,499,324
Total Revenues	277,399	10,499,324	10,776,723
<b>EXPENDITURES</b>			
Current:			
Accounting	20,168	-	20,168
Audit	-	-	-
City Administrative Fee	9,000	-	9,000
Dues and Memberships	2,383	-	2,383
Election	599	-	599
Insurance and Bonds	9,861	-	9,861
Legal Services	23,839	31,545	55,384
Repairs and Maintenance	24,031	-	24,031
Engineering	-	35,747	35,747
Organization Costs	-	64,446	64,446
Capital Projects	-	9,233,209	9,233,209
Total Expenditures	89,881	9,364,947	9,454,828
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	187,518	1,134,377	1,321,895
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer From (To) Other Funds	(57,378)	57,378	-
Developer Advance Interest Payment	(1,601)	(1,201,669)	(1,203,270)
Developer Advance Principal Payment	(25,934)	(9,297,655)	(9,323,589)
Developer Advances	3,839	9,297,655	9,301,494
Total Other Financing Sources/Uses	(81,074)	(1,144,291)	(1,225,365)
<b>NET CHANGE IN FUND BALANCE</b>	106,444	(9,914)	96,530
Fund Balance - Beginning of Year	(15,456)	(20,269)	(35,725)
<b>FUND BALANCE - END OF YEAR</b>	\$ 90,988	\$ (30,183)	\$ 60,805

See accompanying Notes to Basic Financial Statements.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

Net Changes in Fund Balances - Total Governmental Funds \$ 96,530

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 expenditures. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable assets over the estimated useful life of the assets.

Capital Outlay	9,233,209
Depreciation	(5,640)
Transfer of Capital Infrastructure to Other Governments	(5,381,374)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Developer Advances	(9,301,494)
Developer Advance Repayment	9,323,589

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	768
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Change in Net Position of Governmental Activities	\$ 3,965,588
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**9TH AVENUE 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>			
Net Investment Income	\$ 500	\$ -	\$ (500)
Other Income	-	-	-
Transfer from 9th Avenue Metro District No. 2	219,658	216,961	(2,697)
Transfer from 9th Avenue Metro District No. 3	61,395	60,438	(957)
Total Revenues	<u>281,553</u>	<u>277,399</u>	<u>(4,154)</u>
<b>EXPENDITURES</b>			
Current:			
Accounting	24,000	20,168	3,832
City Administrative Fee	5,000	9,000	(4,000)
Dues and Memberships	500	2,383	(1,883)
Election	3,000	599	2,401
Insurance and Bonds	9,000	9,861	(861)
Landscaping	30,000	-	30,000
Legal Services	32,000	23,839	8,161
Miscellaneous	1,000	-	1,000
Repairs and Maintenance	20,000	24,031	(4,031)
Security/Covenant Enforcement	15,000	-	15,000
Utilities	25,000	-	25,000
Contingency	10,500	-	10,500
Total Expenses	<u>175,000</u>	<u>89,881</u>	<u>85,119</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	106,553	187,518	80,965
<b>OTHER FINANCING SOURCES/USES</b>			
Transfer From (To) Other Funds	-	(57,378)	(57,378)
Developer Advances	-	3,839	3,839
Developer Advance Interest Payment	-	(1,601)	(1,601)
Developer Advance Principal Payment	-	(25,934)	(25,934)
Total Other Financing Sources/Uses	<u>-</u>	<u>(81,074)</u>	<u>(81,074)</u>
<b>NET CHANGE IN FUND BALANCE</b>	106,553	106,444	(109)
Fund Balance - Beginning of Year	<u>-</u>	<u>(15,456)</u>	<u>(15,456)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 106,553</u>	<u>\$ 90,988</u>	<u>\$ (15,565)</u>

See accompanying Notes to Basic Financial Statements.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

9th Avenue Metropolitan District No. 1 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court of the City and County of Denver (the City) on September 20, 2016, and recorded on September 30, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized in conjunction with two other districts, 9th Avenue Metropolitan District No. 2 (District No. 2) and 9th Avenue Metropolitan District No. 3 (District No. 3) (collectively, the Districts) to provide for the financing, acquisition, construction, completion, operation, and maintenance of all public infrastructure and services within and without the Districts' service area, including streets, traffic and safety, water, sanitation, storm drainage, transportation, mosquito control, and park and recreation facilities for the collective use and benefit of the property owners within, and residents of all of the Districts. The District serves as a service district and acts as the manager for the Districts. District No. 2 and District No. 3 serve as the financing districts and will provide tax and other revenues necessary to fund the costs of providing the services.

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 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 of resources and the sum of liabilities and deferred inflows of resources is reported as net position.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
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 instead as general revenues.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

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 Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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 of each year to approve the budget and appropriate the funds for the 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.

**Capital Assets**

Capital assets, which include property, plant, and equipment and infrastructure assets are reported by the District. 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.

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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and open spaces	20 years
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**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.

**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.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Equity (Continued)**

**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.

**Deficits**

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2018. The deficit is anticipated to be eliminated with the transfer of funds from the General Fund in 2018.

**9TH AVENUE 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	\$ 43,742
Cash and Investments - Restricted	<u>9,000</u>
Total Cash and Investments	<u><u>\$ 52,742</u></u>

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

Deposits with Financial Institutions	\$ 52,742
Total Cash and Investments	<u><u>\$ 52,742</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.

As of December 31, 2018, the District's cash deposits had a bank balance of \$54,227 and a carrying balance of \$52,742.

**Investments**

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

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

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

**9TH AVENUE 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 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 no investments.

**NOTE 4 CAPITAL ASSETS**

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

	Balance at December 31, 2017	Increases	Decreases	Balance at December 31, 2018
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 7,879,556	\$ 5,381,374	\$ 2,498,182
Total Capital Assets, Not Being Depreciated	<u>-</u>	<u>7,879,556</u>	<u>5,381,374</u>	<u>2,498,182</u>
Capital Assets, Being Depreciated:				
Parks and Open Space	-	1,353,653	-	1,353,653
Total Capital Assets, Being Depreciated	<u>-</u>	<u>1,353,653</u>	<u>-</u>	<u>1,353,653</u>
Less Accumulated Depreciation For:				
Parks and Open Space	-	(5,640)	-	(5,640)
Total Accumulated Depreciation	<u>-</u>	<u>(5,640)</u>	<u>-</u>	<u>(5,640)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>1,348,013</u>	<u>-</u>	<u>1,348,013</u>
Governmental Activities - Capital Assets, Net	<u>\$ -</u>	<u>\$ 9,227,569</u>	<u>\$ 5,381,374</u>	<u>\$ 3,846,195</u>

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 5,640
Total Depreciation Expense - Governmental Activities	<u>\$ 5,640</u>

**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 at December 31, 2017	Additions	Retirements	Balance at December 31, 2018	Due Within One Year
Governmental Activities:					
Developer Advance - Principal Operations Agreement	\$ 22,095	\$ 3,839	\$ 25,934	\$ -	\$ -
Developer Advance - Principal Facilities Agreement	-	9,297,655	9,297,655	-	-
Developer Advance - Accrued Interest	768	1,202,502	1,203,270	-	-
Total	<u>\$ 22,863</u>	<u>\$ 10,503,996</u>	<u>\$ 10,526,859</u>	<u>\$ -</u>	<u>\$ -</u>

**Developer Advances**

On December 8, 2016 (with an effective date of September 30, 2016), the District entered into an Operation Funding Agreement (Operations Agreement), with 9th Avenue (Denver) Land, LLC, a Delaware limited liability company (the Developer). Under the Operations Agreement, the Developer will advance funds to the District for operations and maintenance expenses. The District will repay the advances, plus simple interest at the rate of 8% per annum, from monies not otherwise needed to fund operations and maintenance expenses or debt service obligations, which repayment will be subject to annual budget and appropriation. During 2018, the District repaid \$25,934, plus \$1,601 of accrued interest under the Operations Agreement.

On December 8, 2016 (with an effective date of September 30, 2016), the District entered into a Facilities Funding and Acquisition Agreement (Facilities Agreement) with the Developer. Under the Facilities Agreement, the District acknowledges that the Developer has expended funds on behalf of the District for organizational costs. The Facilities Agreement also anticipates that the Developer may fund capital improvements that may be designed and constructed by the District, or the District may acquire capital improvements designed and constructed by the Developer. The District will repay the Developer for organization and capital improvement costs, plus simple interest at the rate of 8% per annum, subject to the receipt of funding from the issuance of debt by the District, District No. 2, or District No. 3. During 2018, the District repaid \$9,297,655, plus \$1,201,669 of accrued interest under the Facilities Agreement.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Developer Advances (Continued)**

As of December 31, 2018, the balance owed to the Developer under both Agreements was \$-0-.

**Authorized Debt**

On November 3, 2015, the District's electors authorized the incurrence of general obligation debt totaling \$2,080,000,000 in principal at a rate not to exceed 18%. At December 31, 2018, the District has authorized but unissued indebtedness for the following purposes:

	Authorized November 3, 2015 Election	Authorization Used	Remaining at December 31, 12/31/2018
Streets	\$ 160,000,000	\$ -	\$ 160,000,000
Parks and Recreation	160,000,000	-	160,000,000
Water Supply System	160,000,000	-	160,000,000
Storm and Sanitation System	160,000,000	-	160,000,000
Public Transportation	160,000,000	-	160,000,000
Mosquito Control	160,000,000	-	160,000,000
Traffic Safety	160,000,000	-	160,000,000
Fire Protection	160,000,000	-	160,000,000
Television Relay and Translation	160,000,000	-	160,000,000
Security Services	160,000,000	-	160,000,000
Operations and Maintenance	160,000,000	-	160,000,000
Debt Refunding	160,000,000	-	160,000,000
Intergovernmental Agreements	160,000,000	-	160,000,000
	<u>\$ 2,080,000,000</u>	<u>\$ -</u>	<u>2,080,000,000</u>

The District's Service Plan limits the total debt issuance of the District to \$160,000,000, with a maximum debt mill levy of 50.000 mills.

**NOTE 6 NET POSITION**

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

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2018, the District had net investment in capital assets in the amount of \$1,348,013.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 6 NET POSITION (CONTINUED)**

The restricted component of net position include 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 had a restricted net position as of December 31, 2018, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 9,000
Total Restricted Net Position	<u>\$ 9,000</u>

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

**NOTE 7 RELATED PARTIES**

The members of the Board of Directors of the District are employees of, owners of, or associated with the Developer and may have conflicts of interest in dealing with the District.

**NOTE 8 AGREEMENTS**

**Memorandum of Understanding**

On December 8, 2016, (with an effective date of September 30, 2016) the District entered into a Memorandum of Understanding (MOU) with District No. 2 and District No. 3. The MOU provides that the District, District No. 2, and District No. 3 anticipate entering into a Facilities Funding, Construction, and Operations Agreement (FFCOA), that is expected to provide that the District will finance, own, acquire, operate, and maintain any or all of the improvements acquired by the District and services needed to serve the development in conjunction with the financing provided by District No. 2 and District No. 3.

**Denver Urban Renewal Authority (DURA)**

All of the property within the boundaries of the Districts (the "Development") is subject to the 9th and Colorado Urban Renewal Plan approved by an ordinance adopted by the City on July 26, 2013 (the "Urban Renewal Plan"). The Urban Renewal Plan specifies, for purposes of the Urban Renewal Law, a "Redevelopment Area" (referred to herein as the "9th and Colorado Urban Redevelopment Area") encompassing approximately 41 acres, comprising substantially all of the former campus of the University of Colorado Health Sciences Center.

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 8 AGREEMENTS (CONTINUED)**

**Denver Urban Renewal Authority (DURA) (Continued)**

In connection therewith and in order to further provide for the financing of public improvements within the 9th and Colorado Urban Redevelopment Area, the Denver Urban Renewal Authority (“DURA”) and the City entered into the 9th Avenue Tax Increment Area Cooperation Agreement dated as of December 15, 2014 (the “City/DURA Cooperation Agreement”). In accordance therewith and with the Urban Renewal Law (Section 31-25-101, et seq. C.R.S.), until the 25th anniversary of the date of the approval by the City Council of the 9th Avenue Project (i.e. December 8, 2039) (also referred to herein as the “TIF Period”), all property taxes resulting from imposition of ad valorem property taxes on the assessed valuation of all taxable property in the 9th Avenue Project within 9th and Colorado Urban Redevelopment Area (which includes all of the property within the boundaries of the Districts) in excess of the base assessed valuation thereof (i.e., the incremental assessed valuation) are to be remitted by the City to DURA. According to the City Assessor, the base assessed valuation of taxable property in the Districts is zero.

The Districts and DURA entered into a Cooperation Agreement, dated as of June 21, 2018 (the “District Cooperation Agreement”) pursuant to which DURA has agreed to remit during the TIF Period to each of the Districts all revenues generated from the imposition of ad valorem property taxes by such District on the incremental assessed valuation of property of such District, including property tax revenue resulting from the imposition of the District No. 2 Required Mill Levy and the District No. 3 Required Mill Levy.

**NOTE 9 INTERFUND TRANSFERS**

The transfer from the General Fund to the Capital Projects Fund in the amount of \$57,378 was to help fund certain capital-related legal and engineering costs.

**NOTE 10 RISK MANAGEMENT**

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

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

**9TH AVENUE METROPOLITAN DISTRICT NO. 1**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 10 RISK MANAGEMENT (CONTINUED)**

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

**NOTE 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 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.

On November 3, 2015, the District's voters authorized the District to increase property taxes \$5,000,000 annually for general operations and maintenance. The election also allows the District to collect, spend, and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR).

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

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

## **SUPPLEMENTARY INFORMATION**

**9TH AVENUE METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenue -			
9th Avenue Metro District No. 2	\$ -	\$ 10,499,324	\$ 10,499,324
Total Revenues	<u>-</u>	<u>10,499,324</u>	<u>10,499,324</u>
<b>EXPENDITURES</b>			
Current:			
Legal Services	-	31,545	(31,545)
Engineering	-	35,747	(35,747)
Organization Costs	200,000	64,446	135,554
Capital			
Abatement and Demolition	10,000,000	-	10,000,000
Parks and Recreation	-	1,353,653	(1,353,653)
Sewer	7,550,000	2,691,394	4,858,606
Streets	6,040,400	2,498,182	3,542,218
Water	1,359,600	2,689,980	(1,330,380)
Total Expenses	<u>25,150,000</u>	<u>9,364,947</u>	<u>15,785,053</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(25,150,000)	1,134,377	26,284,377
<b>OTHER FINANCING SOURCES/USES</b>			
Transfer From (To) Other Funds	-	57,378	57,378
Developer Advances	25,150,000	9,297,655	(15,852,345)
Developer Advance Interest Payment	-	(1,201,669)	(1,201,669)
Developer Advance Principal Payment	-	(9,297,655)	(9,297,655)
Total Other Financing Sources/Uses	<u>25,150,000</u>	<u>(1,144,291)</u>	<u>(26,294,291)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(9,914)	(9,914)
Fund Balance - Beginning of Year	<u>-</u>	<u>(20,269)</u>	<u>(20,269)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (30,183)</u>	<u>\$ (30,183)</u>