

**YORK STREET METROPOLITAN DISTRICT**  
**Adams County, Colorado**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**

**YORK STREET METROPOLITAN DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2018**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN         FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES,         EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE         GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>6</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>7</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>21</b>
<b>CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND     ACTUAL</b>	<b>22</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY</b>	<b>24</b>
<b>SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY     TAXES COLLECTED</b>	<b>25</b>



**Haynie &  
Company**

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

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## **Independent Auditor's Report**

To the Board of Directors  
York Street Metropolitan District

We have audited the accompanying financial statements of the governmental activities and the major funds of York Street Metropolitan 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 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 York Street Metropolitan District, 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.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise York Street Metropolitan District's financial statements as a whole. The supplementary information and other information sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information and other information sections as listed in the table of contents are the responsibility of management and were derived from and relate 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  
July 30, 2019

## **BASIC FINANCIAL STATEMENTS**

**YORK STREET METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments - Restricted	\$ 436,310
Receivable - County Treasurer	1,514
Property Taxes Receivable	148,882
Prepaid Expenses	2,858
Capital Assets, not being Depreciated	4,221,969
Total Assets	4,811,533
<b>LIABILITIES</b>	
Accounts Payable	17,447
Accrued Interest Payable - Bonds	12,969
Noncurrent Liabilities:	
Due in More than One Year	5,546,852
Total Liabilities	5,577,268
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	148,882
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	600
Debt Service	53,750
Unrestricted	(968,967)
Total Net Position	\$ (914,617)

See accompanying Notes to Basic Financial Statements.

**YORK STREET METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

		Program Revenues			Net Revenue (Expense) and Changes in Net Position
Expenses	Charges Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 42,196	\$ -	\$ -	\$ -	\$ (42,196)
Interest and Related Costs on Long-Term Debt	376,447	-	-	-	(376,447)
Total Governmental Activities	\$ 418,643	\$ -	\$ -	\$ -	(418,643)
<b>GENERAL REVENUES</b>					
Property Taxes					65,102
Specific Ownership Taxes					5,362
Net Investment Income					8,538
Total General Revenues					79,002
<b>CHANGE IN NET POSITION</b>					(339,641)
Net Position - Beginning of Year					(574,976)
<b>NET POSITION - END OF THE YEAR</b>					\$ (914,617)

See accompanying Notes to Basic Financial Statements.

**YORK STREET METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

<b>ASSETS</b>	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments - Restricted	\$ -	\$ 436,310	\$ -	\$ 436,310
Receivable - County Treasurer	418	1,096	-	1,514
Due From Other Fund	-	5,758	-	5,758
Property Taxes Receivable	41,067	107,815	-	148,882
Prepaid Expenses	2,858	-	-	2,858
	<b>\$ 44,343</b>	<b>\$ 550,979</b>	<b>\$ -</b>	<b>\$ 595,322</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 17,447	\$ -	\$ -	\$ 17,447
Due To Other Fund	5,758	-	-	5,758
Total Liabilities	23,205	-	-	23,205
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	41,067	107,815	-	148,882
Total Deferred Inflows of Resources	41,067	107,815	-	148,882
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable:				
Prepaid Expenses	2,858	-	-	2,858
Restricted for:				
Emergency Reserves	600	-	-	600
Debt Service	-	443,164	-	443,164
Unassigned	(23,387)	-	-	(23,387)
Total Fund Balances (Deficits)	(19,929)	443,164	-	423,235
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<b>\$ 44,343</b>	<b>\$ 550,979</b>	<b>\$ -</b>	
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				4,221,969
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.				
Bonds Payable				(2,963,000)
Accrued Interest Payable - Bonds				(88,953)
Developer Advance Payable				(2,201,647)
Accrued Interest Payable - Developer Advances				(306,221)
Net Position of Governmental Activities				<b>\$ (914,617)</b>

See accompanying Notes to Basic Financial Statements.

**YORK STREET METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 17,957	\$ 47,145	\$ -	\$ 65,102
Specific Ownership Taxes	1,481	3,881	-	5,362
Net Investment Income	1	8,537	-	8,538
Total Revenues	<u>19,439</u>	<u>59,563</u>	<u>-</u>	<u>79,002</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	17,228	-	-	17,228
Audit	4,800	-	-	4,800
Legal	9,999	-	-	9,999
Management	6,592	-	-	6,592
Insurance and Bonds	2,981	-	-	2,981
County Treasurer's Fees	269	707	-	976
Dues and Licenses	309	-	-	309
Miscellaneous	18	-	-	18
Debt Service:				
Interest Expense - Bonds	-	155,625	-	155,625
Paying Agent Fees	-	5,500	-	5,500
Total Expenditures	<u>42,196</u>	<u>161,832</u>	<u>-</u>	<u>204,028</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(22,757)	(102,269)	-	(125,026)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (to) from Other Funds	-	16	(16)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>16</u>	<u>(16)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(22,757)	(102,253)	(16)	(125,026)
Fund Balances - Beginning of Year	<u>2,828</u>	<u>545,417</u>	<u>16</u>	<u>548,261</u>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ (19,929)</u>	<u>\$ 443,164</u>	<u>\$ -</u>	<u>\$ 423,235</u>

See accompanying Notes to Basic Financial Statements.

**YORK STREET METROPOLITAN DISTRICT  
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 - Total Governmental Funds \$ (125,026)

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

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

Change in Accrued Interest on Developer Advances	(175,702)
Change in Accrued Interest Payable on 2017B Bonds	<u>(38,913)</u>

Changes in Net Position of Governmental Activities \$ (339,641)

**YORK STREET METROPOLITAN DISTRICT  
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>			
Property Taxes	\$ 17,957	\$ 17,957	\$ -
Specific Ownership Taxes	1,980	1,481	(499)
Net Investment Income	-	1	1
Total Revenues	<u>19,937</u>	<u>19,439</u>	<u>(498)</u>
<b>EXPENDITURES</b>			
Current:			
Accounting	15,000	17,228	(2,228)
Audit	3,600	4,800	(1,200)
Election	1,000	-	1,000
Legal	20,000	9,999	10,001
District Management	15,000	6,592	8,408
Insurance and Bonds	2,900	2,981	(81)
County Treasurer's Fees	269	269	-
Dues and Licenses	500	309	191
Miscellaneous	500	18	482
Contingency	1,231	-	1,231
Total Expenditures	<u>60,000</u>	<u>42,196</u>	<u>17,804</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(40,063)	(22,757)	17,306
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	50,431	-	(50,431)
Total Other Financing Sources (Uses)	<u>50,431</u>	<u>-</u>	<u>(50,431)</u>
<b>NET CHANGE IN FUND BALANCE</b>	10,368	(22,757)	(33,125)
Fund Balance - Beginning of Year	<u>400</u>	<u>2,828</u>	<u>2,428</u>
<b>FUND BALANCE (DEFICITS) - END OF YEAR</b>	<u>\$ 10,768</u>	<u>\$ (19,929)</u>	<u>\$ (30,697)</u>

See accompanying Notes to Basic Financial Statements.

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

York Street Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County on December 2, 2015, and recorded with the Adams County Clerk and Recorder on January 10, 2017, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Adams County, Colorado entirely within the City of Thornton (City).

The District was established principally to provide water, sanitary sewer and storm drainage services and to provide construction, installation, financing and operation of streets, park and recreation, mosquito control, transportation and television relay systems and improvements in addition to the water, sanitary sewer and storm drainage improvements to areas within and outside the boundaries of the District.

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

**YORK STREET METROPOLITAN DISTRICT  
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. Redemption of bonds is 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 after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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

**YORK STREET METROPOLITAN DISTRICT  
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 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.

**Pooled Cash and Investments**

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

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**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.

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.

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**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.

**Equity**

**Net Position**

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

**Fund Balance**

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

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Equity (Continued)**

**Fund Balance (Continued)**

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

**Deficits**

The General Fund reported a deficit in the fund financial statements as of December 31, 2018. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2019.

**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 - Restricted	\$ 436,310
Total Cash and Investments	\$ 436,310

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

Deposits with Financial Institutions	\$ 45,993
Investments	390,317
Total Cash and Investments	\$ 436,310

**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.

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Deposits with Financial Institutions (Continued)**

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 \$45,993 and a carrying balance of \$45,993.

**Investments**

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

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

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

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

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . Certain international agency securities
- . 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 Surplus Asset Fund Trust	Weighted Average Under 60 Days	\$ 390,317

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**CSAFE**

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

**NOTE 4 CAPITAL ASSETS**

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

	Balance - December 31, 2017	Increases	Decreases	Balance - December 31, 2018
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 4,221,969	\$ -	\$ -	\$ 4,221,969
Total Capital Assets, Net	<u>\$ 4,221,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,221,969</u>

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS**

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

	Balance - December 31, 2017	Additions	Deletions	Balance - December 31, 2018	Current Portion
General Obligation					
Bonds - Series 2017A	\$ 2,490,000	\$ -	\$ -	\$ 2,490,000	\$ -
General Obligation					
Bonds - Series 2017B	473,000	-	-	473,000	-
Series 2017B Bonds -					
Accrued Interest	37,071	38,913	-	75,984	-
Developer Advances	2,201,647	-	-	2,201,647	-
Developer Advances -					
Accrued Interest	130,519	175,702	-	306,221	-
Total	<u>\$ 5,332,237</u>	<u>\$ 214,615</u>	<u>\$ -</u>	<u>\$ 5,546,852</u>	<u>\$ -</u>

The detail of the District's long-term obligation is as follows:

**General Obligation Bonds**

**Taxable/Tax-Exempt General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2017A and Subordinate General Obligation Limited Tax Bonds, Series 2017B.** On January 31, 2017, the District issued Senior Bonds and Subordinate Bonds in the amounts of \$2,490,000 and \$473,000 respectively. The proceeds from the sale of the Senior Bonds were used for the purposes of: (i) reimbursing the Developer for the advancement of funds for financing costs related to capital infrastructure improvements; (ii) providing the Senior Reserve Fund; (iii) providing capitalized interest; and (iv) paying the costs of issuing the Senior Bonds. The proceeds from the sales of the Subordinate Bonds were used to (i) reimburse the Developer for the advancement of funds for financing costs related to capital infrastructure improvements, and pay the costs of issuing the Subordinate Bonds.

The Senior Bonds bear interest at 6.25% payable semi-annually on June 1 and December 1, beginning on June 1, 2017. Annual mandatory sinking fund principal payments on the Senior Bonds are due on December 1, beginning on December 1, 2021. The Senior Bonds mature on December 1, 2047.

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**General Obligation Bonds (Continued)**

The Senior Bonds are also subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2021, and on any date thereafter as follows:

<u>Redemption Date</u>	<u>Redemption Premium</u>
December 1, 2021 to and including November 30, 2022	3.0%
December 1, 2022 to and including November 30, 2023	2.0
December 1, 2023 to and including November 30, 2024	1.0
December 1, 2024 and thereafter	0.0

The Subordinate Bonds were issued at the rate of 8.25% per annum and payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. In the event any amounts due and owing on the Subordinate Bonds remain outstanding on December 16, 2057, such amounts shall be extinguished and no longer be due and outstanding.

The Subordinate Bonds are also subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 15, 2021, and on any date thereafter as follows:

<u>Redemption Date</u>	<u>Redemption Premium</u>
December 15, 2021 to and including November 30, 2022	3.0%
December 15, 2022 to and including November 30, 2023	2.0
December 15, 2023 to and including November 30, 2024	1.0
December 15, 2024 and thereafter	0.0

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue, net of the cost of collection, which is defined generally in the Senior Indenture as:

- (a) the Senior Required Mill Levy;
- (b) the Capital Fees, if any;
- (c) the Specific Ownership Tax attributable to the Senior Required Mill Levy; and
- (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**General Obligation Bonds (Continued)**

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of the cost of collection, which is defined generally in the Subordinate Indenture as:

- (a) the Subordinate Required Mill Levy;
- (b) the Subordinate Capital Fees, if any;
- (c) the Specific Ownership Tax attributable to the Subordinate Required Mill Levy;
- (d) the amounts, if any, in the Senior Bond Surplus Fund after the termination of such fund pursuant to the Senior Indenture; and
- (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Prior to the date the Debt to Assessed Ratio is equal to 50% or less, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Senior Surplus Amount of \$249,000. Per the Indenture, the Senior Surplus Fund will be terminated when the Debt to Assessed Ratio is equal to or less than 50% and any moneys therein applied to any legal purpose of the District. The District has acknowledged that State law places certain restrictions on the use of money derived from the Senior Required Mill Levy.

The Senior Bonds are further secured by the Senior Reserve Fund which was funded upon issuance of the Bonds in the amount of the Senior Required Reserve equal to \$222,813.

Currently, revenue of the District is not sufficient to pay when due the debt service with respect to the Series 2017B Bonds. For so long as the District levies the Maximum Debt Mill Levy, the inability of the District to pay the debt service requirements with respect to the Bonds when they come due does not constitute an event of default. To the extent interest on the Bonds is not paid when due, such interest will compound annually on each interest payment date at the interest rate borne by the Bonds. At December 31, 2018 the accrued unpaid interest on the Series 2017B Bonds is \$75,984.

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

The District's general obligation bond principal and interest, excluding the Subordinate Bonds, will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 155,625	\$ 155,625
2020	-	155,625	155,625
2021	15,000	155,625	170,625
2022	20,000	154,688	174,688
2023	20,000	153,438	173,438
2024-2028	165,000	742,501	907,501
2029-2033	275,000	678,126	953,126
2034-2038	425,000	574,376	999,376
2039-2043	635,000	417,501	1,052,501
2044-2047	935,000	170,939	1,105,939
Total	<u>\$ 2,490,000</u>	<u>\$ 3,358,444</u>	<u>\$ 5,848,444</u>

**Authorized Debt**

On December 19, 2016, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$51,840,000 at an interest rate not to exceed 15% per annum. At December 31, 2018, the District had authorized but unissued indebtedness from these elections in the following amounts allocated for the following purposes:

	Authorized 11/3/2015 Election	Authorizaton Used Series 2017A	Authorization Used Series 2017B	Remaining at December 31, 2018
Streets	\$ 5,760,000	\$ 1,122,313	\$ 213,130	\$ 4,424,557
Sanitation	5,760,000	592,750	112,905	5,054,345
Water	5,760,000	333,698	63,562	5,362,740
Park and Recreation	5,760,000	327,671	61,771	5,370,558
Safety Protection	5,760,000	113,568	21,632	5,624,800
Public Transportation	5,760,000	-	-	5,760,000
Mosquito Control	5,760,000	-	-	5,760,000
Operations	5,760,000	-	-	5,760,000
Refunding	5,760,000	-	-	5,760,000
Total	<u>\$ 51,840,000</u>	<u>\$ 2,490,000</u>	<u>\$ 473,000</u>	<u>\$ 48,877,000</u>

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. Pursuant to the District's service plan, debt is limited to \$3,840,000.

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Infrastructure Acquisition Agreement**

The District and York35, LLC (Developer) have entered into an Infrastructure Acquisition Agreement dated February 17, 2016. Pursuant to the Infrastructure Acquisition Agreement, the Developer has agreed to advance funds for financing the costs associated with the design and construction of certain Improvements on behalf of the District. Advances made by the Developer shall accrue interest at 8.0% per annum from the time the costs are accepted by the District. The District shall make payments for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, or debt service costs. As of December 31, 2018 the outstanding principal is \$2,158,625 and interest is \$302,180.

**Advance and Reimbursement Agreement for Operation and Maintenance Costs**

The District and York35, LLC (Developer) have entered into an Advance and Reimbursement Agreement for Operation and Maintenance Costs dated February 17, 2016. Pursuant to the Advance and Reimbursement Agreement for Operation and Maintenance Costs, the Developer has agreed to advance funds for financing the costs associated with the formation of the District, and District operations and maintenance. Advances made by the Developer shall accrue interest at 7.0% per annum from the time of deposit into the District's account until repaid. The District shall make payments for the advances, subject to annual appropriation and budget approval, from funds available within any fiscal year and not otherwise required for operations, capital improvements, or debt service costs. As of December 31, 2018 the outstanding principal is \$43,022 and interest is \$4,041.

**NOTE 6 NET POSITION**

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

Restricted assets include net position 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 restricted net position as of December 31, 2018, as follows:

	Governmental Activitites
Restricted Net Position:	
Debt Service	\$ 53,750
Total	\$ 53,750

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements.

**YORK STREET METROPOLITAN DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 7 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

The District pays annual premiums to the Pool for liability, property 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 8 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. As of December 31, 2018, the District had provided but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment.

On December 19, 2016 a majority of the District's electors authorized the District to collect and spend or retain in reserve taxes of \$1,000,000 annually without regard to any limitations imposed by TABOR for general operations and maintenance of the District.

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**

**YORK STREET METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
SCHEDULE 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>			
Property Taxes	\$ 47,145	\$ 47,145	\$ -
Specific Ownership Taxes	5,190	3,881	(1,309)
Net Investment Income	4,700	8,537	3,837
Total Revenues	<u>57,035</u>	<u>59,563</u>	<u>2,528</u>
<b>EXPENDITURES</b>			
Current:			
County Treasurer's Fees	707	707	-
Contingency	9,168	-	9,168
Debt Service:			
Bond Interest - Senior Bond	155,625	155,625	-
Paying Agent Fees	4,500	5,500	(1,000)
Total Expenditures	<u>170,000</u>	<u>161,832</u>	<u>8,168</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(112,965)	(102,269)	10,696
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to (from) Other Funds	-	16	16
Total Other Financing Sources (Uses)	<u>-</u>	<u>16</u>	<u>16</u>
<b>NET CHANGE IN FUND BALANCE</b>	(112,965)	(102,253)	10,712
Fund Balance - Beginning of Year	<u>540,906</u>	<u>545,417</u>	<u>4,511</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 427,941</u>	<u>\$ 443,164</u>	<u>\$ 15,223</u>

**YORK STREET METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE 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>			
Total Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Current:			
Capital Outlay	5,000,000	-	5,000,000
Total Expenditures	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,000,000)	-	5,000,000
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	5,000,000	-	(5,000,000)
Transfers to (from) Other Funds	<u>-</u>	<u>(16)</u>	<u>(16)</u>
Total Other Financing Sources (Uses)	<u>5,000,000</u>	<u>(16)</u>	<u>(5,000,016)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(16)	(16)
Fund Balance - Beginning of Year	<u>-</u>	<u>16</u>	<u>16</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## **OTHER INFORMATION**

**YORK STREET METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

<u>Year Ending December 31,</u>	\$2,490,000 2017 General Obligation Bonds Principal Payable December 1 6.250% Rate Interest Payable June 1 and December 1		
	Principal	Interest	Total
2019	\$ -	\$ 155,625	\$ 155,625
2020	-	155,625	155,625
2021	15,000	155,625	170,625
2022	20,000	154,688	174,688
2023	20,000	153,438	173,438
2024	25,000	152,188	177,188
2025	30,000	150,625	180,625
2026	35,000	148,750	183,750
2027	35,000	146,563	181,563
2028	40,000	144,375	184,375
2029	45,000	141,875	186,875
2030	50,000	139,063	189,063
2031	55,000	135,938	190,938
2032	60,000	132,500	192,500
2033	65,000	128,750	193,750
2034	75,000	124,688	199,688
2035	75,000	120,000	195,000
2036	85,000	115,313	200,313
2037	90,000	110,000	200,000
2038	100,000	104,375	204,375
2039	105,000	98,125	203,125
2040	120,000	91,563	211,563
2041	125,000	84,063	209,063
2042	140,000	76,250	216,250
2043	145,000	67,500	212,500
2044	160,000	58,438	218,438
2045	170,000	48,438	218,438
2046	185,000	37,813	222,813
2047	420,000	26,250	446,250
Total	\$ 2,490,000	\$ 3,358,444	\$ 5,848,444

**YORK STREET METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2018**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2017	\$ 160,590	60.000	0.000	\$ 9,635	\$ 9,636	100.01 %
2018	852,880	21.055	55.277	65,102	65,102	100.00
Estimated for the year ending December 31, 2019	\$ 1,950,450	21.055	55.277	\$ 148,882		

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