

**AURORA-COLORADO SPRINGS
JOINT WATER AUTHORITY**

(A Component Unit of the
City of Colorado Springs, Colorado)

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended
December 31, 2018 and 2017

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY
(A Component Unit of the City of Colorado Springs, Colorado)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Aurora Colorado Springs Joint Water Authority

We have audited the accompanying financial statements of Aurora Colorado Springs Joint Water Authority, a component unit of the City of Colorado Springs, Colorado, which comprise the statements of net position as of December 31, 2018 and 2017, and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the of Aurora Colorado Springs Joint Water Authority, as of December 31, 2018 and 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
March 21, 2019

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Years Ended December 31, 2018 and 2017
(Unaudited)

INTRODUCTION

The following Management's Discussion and Analysis serves as an introduction to the financial statements of Aurora-Colorado Springs Joint Water Authority ("Authority"). It is intended to be an objective and easily readable analysis of significant financial and operating activities and events for the fiscal years ended December 31, 2018 and 2017. It also provides an overview of the Authority's general financial condition and results of operations. The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America as applied to units of local government and promulgated by the Governmental Accounting Standards Board.

The Authority is a political subdivision of the State of Colorado formed for the purpose of developing water resources, systems or facilities for the benefit of Colorado Springs Utilities and the City of Aurora, Colorado. The Authority is two-thirds owned by Colorado Springs Utilities and one-third owned by the City of Aurora. As of December 31, 2018, the Authority previously approved and completed two projects, the development and construction of the Twin Lakes extension pipeline and the Twin Lakes meter building. This pipeline conveys raw water from the Twin Lakes dam to the Otero pump station.

FINANCIAL STATEMENTS

The Authority's annual report includes three financial statements with accompanying notes that are an integral part of these statements. The financial statements include: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position and 3) Statements of Cash Flows. Comparative total data for the prior year has been presented in order to provide an understanding of changes in the Authority's financial position and operations.

Statements of Net Position - This statement reports net position as the difference between 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources as of the end of each fiscal year. Assets are separated into current and noncurrent categories and are reported in the order of liquidity. Deferred outflows of resources are the consumption of net assets in one period that are applicable to future periods. Liabilities are separated into current and noncurrent categories. Deferred inflows of resources are the acquisition of net assets that are applicable to future reporting periods. At this time, the Authority does not have deferred outflows or deferred inflows of resources. The components of net position are classified as net investment in capital assets or unrestricted.

Statements of Revenues, Expenses and Changes in Net Position - This statement measures the activities for the year and can be used to determine whether charges are adequate to recover expenses. All revenues and expenses are accounted for in this statement for the years ended December 31.

Statements of Cash Flows - This statement reports all cash receipts and payments summarized by net changes in cash from operating, noncapital financing, capital and financing and investing activities for the years ended December 31. This statement is prepared using the direct method, which reports gross cash receipts and payments and presents a reconciliation of operating loss to net cash provided by operating activities.

Notes to Financial Statements - Notes provide additional detailed information and required disclosure in support of the financial statements.

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended December 31, 2018 and 2017
(Unaudited)

CONDENSED FINANCIAL STATEMENTS

Condensed financial statements with comparative information as of December 31:

CONDENSED STATEMENTS OF NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>Percent Variance</u>
Assets				
Current assets	\$ 81,838	\$ 87,258	\$ (5,420)	-6.2%
Capital assets, net	<u>6,857,779</u>	<u>6,963,045</u>	<u>(105,266)</u>	-1.5%
Total Assets	<u>\$ 6,939,617</u>	<u>\$ 7,050,303</u>	<u>\$ (110,686)</u>	-1.6%
Liabilities				
Current liabilities	\$ -	\$ 2,570	\$ (2,570)	-100.0%
Total Liabilities	<u>-</u>	<u>2,570</u>	<u>(2,570)</u>	-100.0%
Net Position				
Investment in capital assets	6,857,779	6,963,045	(105,266)	-1.5%
Unrestricted	<u>81,838</u>	<u>84,688</u>	<u>(2,850)</u>	-3.4%
Total Net Position	<u>6,939,617</u>	<u>7,047,733</u>	<u>(108,116)</u>	-1.5%
Total Liabilities and Net Position	<u>\$ 6,939,617</u>	<u>\$ 7,050,303</u>	<u>\$ (110,686)</u>	-1.6%

Capital assets, net and Investment in capital assets decreased \$105,266 or 1.5% from the prior year due to an increase in accumulated depreciation of \$105,266.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>Percent Variance</u>
Operating Revenues	\$ 50,000	\$ 73,040	\$ (23,040)	-31.5%
Operating Expenses	<u>158,218</u>	<u>163,358</u>	<u>(5,140)</u>	-3.1%
Operating Loss	(108,218)	(90,318)	(17,900)	-19.8%
Nonoperating Revenues	<u>102</u>	<u>99</u>	<u>3</u>	3.0%
Change in Net Position	(108,116)	(90,219)	(17,897)	-19.8%
Net Position, January 1	<u>7,047,733</u>	<u>7,137,952</u>	<u>(90,219)</u>	-1.3%
Net Position, December 31	<u>\$ 6,939,617</u>	<u>\$ 7,047,733</u>	<u>\$ (108,116)</u>	-1.5%

Operating revenues decreased \$23,040 or 31.5% due to decreased partner billings. Operating loss increased \$17,900 or 19.8% from the prior year.

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Years Ended December 31, 2018 and 2017
(Unaudited)

CAPITAL ASSETS AND TOTAL LONG-TERM DEBT

Capital assets and total long-term debt with comparative information as of December 31:

CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>Percent Variance</u>
Plant in service	\$ 9,940,819	\$ 9,940,819	\$ -	0.0%
Accumulated depreciation	<u>(3,083,040)</u>	<u>(2,977,774)</u>	<u>(105,266)</u>	-3.5%
Total Net Capital Assets	<u>\$ 6,857,779</u>	<u>\$ 6,963,045</u>	<u>\$ (105,266)</u>	-1.5%

LONG-TERM DEBT

The Authority had no long-term debt outstanding in 2018 or 2017.

FINANCIAL HIGHLIGHTS AND OUTLOOK

The Authority's overall financial position remains strong as of December 31, 2018 and for the year then ended and is anticipated to remain strong with no significant changes from this Annual Report.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, creditors and other financial users with a general overview of the Authority's finances. If you have questions about this report or need additional financial information, contact the Accounting Department of Colorado Springs Utilities, P.O. Box 1103, Mail Code 929, Colorado Springs, CO 80947-0929.

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

STATEMENTS OF NET POSITION

December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents-unrestricted	\$ 81,838	\$ 87,258
Total Current Assets	81,838	87,258
Noncurrent Assets		
Capital assets:		
Plant in service	9,940,819	9,940,819
Accumulated depreciation	(3,083,040)	(2,977,774)
Net Capital Assets	6,857,779	6,963,045
Total Noncurrent Assets	6,857,779	6,963,045
Total Assets	\$ 6,939,617	\$ 7,050,303
Liabilities		
Current Liabilities		
Due to Colorado Springs Utilities	\$ -	\$ 2,570
Total Current Liabilities	-	2,570
Total Liabilities	-	2,570
Net Position		
Investment in capital assets	6,857,779	6,963,045
Unrestricted	81,838	84,688
Total Net Position	6,939,617	7,047,733
Total Liabilities and Net Position	\$ 6,939,617	\$ 7,050,303

The accompanying notes are an integral part of these statements.

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues		
Transmission service charges	\$ 50,000	\$ 73,040
Operating Expenses		
Production and treatment	16,314	13,907
Maintenance	421	7,552
Administration and general	36,217	36,633
Depreciation	105,266	105,266
Total Operating Expenses	158,218	163,358
Operating Loss	(108,218)	(90,318)
Nonoperating Revenues		
Investment income	102	99
Total Nonoperating Revenues	102	99
Change in Net Position	(108,116)	(90,219)
Total Net Position, January 1	7,047,733	7,137,952
Total Net Position, December 31	\$ 6,939,617	\$ 7,047,733

The accompanying notes are an integral part of these statements.

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 50,000	\$ 73,040
Payments to suppliers	(55,522)	(56,942)
Net Cash Provided by (Used in) Operating Activities	(5,522)	16,098
Net Cash Used in Noncapital Financing Activities	-	-
Net Cash Used in Capital and Related Financing Activities	-	-
Cash Flows from Investing Activities		
Interest received on investments	102	99
Net Cash Provided by Investing Activities	102	99
Increase (Decrease) in Cash and Cash Equivalents	(5,420)	16,197
Cash and Cash Equivalents, January 1	87,258	71,061
Cash and Cash Equivalents, December 31	\$ 81,838	\$ 87,258
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (108,218)	\$ (90,318)
Adjustments to operating loss:		
Depreciation	105,266	105,266
Increase (Decrease) in Liabilities		
Accounts payable	(2,570)	(338)
Due to Colorado Springs Utilities	-	1,488
Net Cash Provided by (Used in) Operating Activities	\$ (5,522)	\$ 16,098

The accompanying notes are an integral part of these statements.

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - FINANCIAL REPORTING ENTITY

Aurora-Colorado Springs Joint Water Authority ("Authority") is a component unit of the City of Colorado Springs, Colorado ("City"). The City of Aurora and Colorado Springs Utilities ("Utilities" and, together with City of Aurora, the "Participants") are the sole participants and customers of the Authority with participation shares of one-third and two-thirds, respectively. The Authority is a political subdivision of the State of Colorado formed in 1983. Its purpose is to develop water resources, systems, or facilities for the benefit of the cities and their inhabitants.

The Authority is a component unit of the City. The accompanying financial statements present only the Authority. The financial statements do not purport to, and do not present the financial position of the City or other member governments of the Authority. The Authority has no component units.

The Authority is under the direction of the Board of Directors ("Board") consisting of six voting members and two nonvoting members. The six voting members each serve for a term of three years, with two terms expiring each year. Three voting directors represent each city and are appointed by the city councils of each city. Directors may serve for unlimited consecutive terms. Any action of the Board requires an affirmative vote of four directors, with provisions for weighted voting in the event four affirmative votes cannot be obtained. This voting would be weighted one-third to the City of Aurora and two-thirds to Utilities. Utilities is responsible for managing the project for the Authority, subject to the direction of the Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Authority's accounting records are maintained and the accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as applied to local government and promulgated by the Governmental Accounting Standards Board ("GASB"). Consolidated 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 the related cash flows. Transmission service charges are considered to be susceptible to accrual and so are recognized as revenues.

RECENT ACCOUNTING PRONOUNCEMENTS

Management does not anticipate any standards issued or proposed by GASB will significantly impact the financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

FINANCIAL STATEMENT PRESENTATION

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the reporting entity's financial position and operations.

DEPOSITS

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, repurchase agreements and local government investment pools.

RECEIVABLES AND PAYABLES

Outstanding balances between the Authority and the City are reported as "Due to Due from other City funds." Management does not believe an allowance for doubtful accounts is necessary at December 31, 2018 and 2017.

PLANT AND DEPRECIATION

Plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials. The cost of additions to plant and replacement units of property in excess of \$5,000 are capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets at 1.00% to 3.00% per annum. The plant consists of a pipeline and appurtenances from the Twin Lakes dam to the Otero pumping station.

NET POSITION

Net Investment in Capital Assets - Represents capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At this time, the Authority has no debt reducing its investment in capital assets.

Restricted Net Position - Represents restrictions placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, law or regulations of other governments, law through constitutional provisions or enabling legislation. At this time, the Authority has no restricted net position.

Unrestricted Net Position - Represents the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

REVENUES AND EXPENSES

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operation. The sole operating revenues of the Authority are conveyance charges. Operating expenses include transmission and administration expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 3 - DEPOSITS

Colorado Statutes require that financial institutions pledge a pool of collateral against all the uninsured public deposits it holds, and the market value of the securities in the pool is required to be in excess of 102% of the financial institution's total uninsured public deposits. The financial institutions in which the Authority has deposits at the end of the year are authorized depositories of public funds.

At December 31, 2018 and 2017, the carrying amount of the Authority's cash was \$81,838 and \$87,258, respectively and the bank balance at December 31, 2018 and 2017, was \$81,976 and \$101,886, respectively. All funds in these bank balances were covered by federal depository insurance.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
Depreciable capital assets				
Water pipeline and appurtenances	\$ 9,940,819	\$ -	\$ -	\$ 9,940,819
Less accumulated depreciation	<u>(2,977,774)</u>	<u>(105,266)</u>	<u>-</u>	<u>(3,083,040)</u>
Total depreciable assets, net	<u>6,963,045</u>	<u>(105,266)</u>	<u>-</u>	<u>6,857,779</u>
Total Capital Assets, net	<u>\$ 6,963,045</u>	<u>\$ (105,266)</u>	<u>\$ -</u>	<u>\$ 6,857,779</u>

Capital asset activity for the year ended December 31, 2017:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017
Depreciable capital assets				
Water pipeline and appurtenances	\$ 9,940,819	\$ -	\$ -	\$ 9,940,819
Less accumulated depreciation	<u>(2,872,507)</u>	<u>(105,267)</u>	<u>-</u>	<u>(2,977,774)</u>
Total depreciable assets, net	<u>7,068,312</u>	<u>(105,267)</u>	<u>-</u>	<u>6,963,045</u>
Total Capital Assets, net	<u>\$ 7,068,312</u>	<u>\$ (105,267)</u>	<u>\$ -</u>	<u>\$ 6,963,045</u>

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 5 - NET POSITION

Net position represents the difference between assets and liabilities as of December 31:

	<u>2018</u>	<u>2017</u>
Investment in capital assets		
Net capital assets	\$ 6,857,779	\$ 6,963,045
Unrestricted	<u>81,838</u>	<u>84,688</u>
 Total Net Position	 <u>\$ 6,939,617</u>	 <u>\$ 7,047,733</u>

Summary of the change in amounts invested in capital assets:

	<u>2018</u>	<u>2017</u>
Balance, beginning	\$ 6,963,045	\$ 7,068,312
Change in capital assets	<u>(105,266)</u>	<u>(105,267)</u>
 Balance, ending	 <u>\$ 6,857,779</u>	 <u>\$ 6,963,045</u>

NOTE 6 - COMMITMENTS

TRANSMISSION CONTRACT

Under the transmission contract, the Authority agrees to make water transmission service available to each city in accordance with the city's participation share. Water transmission service is defined as the Authority's construction and other acquisition of the project, its transmission of water through the pipeline and maintenance to keep the project in good and workable condition at all times.

TRANSMISSION SERVICE CHARGES

The Authority covenants provide for rates which will be nondiscriminatory, reasonable and adequate each year, for the payment of current expenses incurred in the operation and maintenance of the project, (including capital project expenditures and normal expenses incurred by the Authority, properly allocable to the project under U.S. GAAP). The transmission service charges assessed in 2018 and 2017 were \$50,000 and \$73,040, respectively.

Conveyance by the Participants in 2018 and 2017 was:

	<u>2018</u>		<u>2017</u>	
	<u>Water Conveyed (Acre Feet)</u>	<u>Transmission Service Charges</u>	<u>Water Conveyed (Acre Feet)</u>	<u>Transmission Service Charges</u>
City of Aurora	37,912	\$ 25,000	28,852	\$ 36,520
Colorado Springs Utilities	<u>43,442</u>	<u>25,000</u>	<u>50,232</u>	<u>36,520</u>
Total	<u>81,354</u>	<u>\$ 50,000</u>	<u>79,084</u>	<u>\$ 73,040</u>

AURORA-COLORADO SPRINGS JOINT WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

LIMITED OBLIGATIONS

The obligations of each Participant to make payments under the transmission contract are not a general obligation of each political subdivision and are not secured by a pledge of tax revenues, but are payable and enforceable from the revenue derived from the operation of each Participant's system, but the Participants may make payment from any revenues legally available to them.

LEASES

The Authority entered into an agreement on April 1, 1984 with the Participants under which the Participants lease and assign to the Authority the right to use all of the Participants' right, title and interest in all easements, right-of-ways, licenses, permits and approvals for the pipeline for a term of twenty-five years. This lease expired in 2009 and evaluation regarding renegotiation is expected to continue in 2019.

NOTE 7 - CONTINGENCIES AND CLAIMS

RISK MANAGEMENT

Risk Management oversight in evaluating the risk of loss and protecting the Authority's assets is provided by Utilities. The Colorado Governmental Immunity Act provides the maximum amount that may be recovered through tort claims under Colorado law of \$350,000 for any injury to one person in any single occurrence and \$990,000 for any injury to two or more persons in any single occurrence. In addition, the Authority purchases insurance for public officials' liability, professional, general liability, excess liability and physical damage coverage for buildings, contents and equipment, with varying deductibles and limits. The pipeline is self-insured. Settled claims have not exceeded insurance coverage during any of the last three fiscal years.

AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including raising revenue, spending abilities and other specific requirements of state and local governments. The amendment excludes from its provisions enterprises. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10.0% of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the amendment. The Authority is of the opinion it qualifies for this exclusion. The amendment is complex and subject to judicial interpretation. The Authority believes it is in compliance with the requirements of the amendment. However, the Authority has made certain interpretations of the amendment's language in order to determine its compliance.

The Authority is a political subdivision of the State of Colorado separate from each Participant. As such, the Authority believes it is not subject to any limitations regarding raising revenue or spending abilities that are set forth in the Charter of the City.

LEGAL MATTERS

The Authority is a political subdivision of the State of Colorado separate from each participant. Tort claims against the Authority are subject to the terms, conditions and limitations provided by the Colorado Governmental Immunity Act, C.R.S. 24-10-101 et seq. No litigation was pending against the Authority as of December 31, 2018, and the Authority is not aware of any threatened claims or litigation that could be filed against the Authority.