

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
Arapahoe County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

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July 13, 2018

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Independent Auditor's Report

Board of Directors
Fitzsimons Village Metropolitan District No. 3
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fitzsimons Village Metropolitan District No. 3 as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Fitzsimons Village Metropolitan District No. 3 as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the general and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 opinions on the basic financial statements are not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "L. Paul Goedecke P.C.".

L. Paul Goedecke, P.C.
June 8, 2018

BASIC FINANCIAL STATEMENTS

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 5,070
Cash and investments - Restricted	1,104,255
Prepaid expense	2,731
Receivables	60,029
Due from Fitzsimons No. 1	2,007
Capital assets, not being depreciated	5,483,952
Total assets	6,658,044
LIABILITIES	
Accounts payable	9,977
Due to ARTA	5,007
Accrued interest payable - Senior Bonds	100,175
Accrued interest payable - Subordinate Bonds	507,780
Noncurrent liabilities	
Due in more than one year	7,200,944
Total liabilities	7,823,883
NET POSITION	
Net investment in capital assets	-
Restricted for	
Emergency reserves	200
Operations - O&M Fee Pledge	48,074
Unrestricted	(1,214,113)
Total net position	\$ (1,165,839)

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
					<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 181,510	\$ -	\$ 112,485	\$ -	\$ (69,025)
Interest and related costs on long-term debt	457,969	-	-	135,860	(322,109)
	<u>\$ 639,479</u>	<u>\$ -</u>	<u>\$ 112,485</u>	<u>\$ 135,860</u>	<u>(391,134)</u>
General revenues:					
Public improvement fees					246,283
Net investment income					9,238
Total general revenues					<u>255,521</u>
Change in net position					(135,613)
Net position - Beginning					<u>(1,030,226)</u>
Net position - Ending					<u>\$ (1,165,839)</u>

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Conf Ctr/Hotel</u>	<u>Debt Service Apt/Retail</u>	<u>Capital Projects Apt/Retail</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 5,070	\$ -	\$ -	\$ -	\$ -	\$ 5,070
Cash and investments - Restricted	200	31,393	1,072,662	-	-	\$ 1,104,255
Prepaid expense	2,731	-	-	-	-	2,731
Receivables	-	23,664	36,365	-	-	60,029
Due from Fitzsimons No. 1	-	-	2,007	-	-	2,007
Total assets	<u>\$ 8,001</u>	<u>\$ 55,057</u>	<u>\$ 1,111,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,174,092</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 2,994	\$ 6,983	\$ -	\$ -	\$ -	\$ 9,977
Due to ARTA	5,007	-	-	-	-	5,007
Total liabilities	<u>\$ 8,001</u>	<u>6,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,984</u>
FUND BALANCES						
Nonspendable						
Prepaid expense	\$ 2,731	-	-	-	-	2,731
Restricted						
Emergency reserve	200	-	-	-	-	200
Operations - O&M Fee Pledge	-	48,074	-	-	-	48,074
Debt service	-	-	1,111,034	-	-	1,111,034
Unassigned	(2,931)	-	-	-	-	(2,931)
Total fund balances	<u>-</u>	<u>48,074</u>	<u>1,111,034</u>	<u>-</u>	<u>-</u>	<u>1,159,108</u>
TOTAL LIABILITIES AND FUND BALANCES						
	<u>\$ 8,001</u>	<u>\$ 55,057</u>	<u>\$ 1,111,034</u>	<u>\$ -</u>	<u>\$ -</u>	

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

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

Capital assets, not being depreciated

5,483,952

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable

(7,155,000)

Developer advance payable

(42,162)

Accrued interest payable - Senior Bonds

(100,175)

Accrued interest payable - Subordinate Bonds

(507,780)

Accrued interest payable - Developer advances

(3,782)

Net position of governmental activities

\$ (1,165,839)

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	General	Special Revenue	Debt Service Conf Ctr/Hotel	Debt Service Apt/Retail	Capital Projects Apt/Retail	Total Governmental Funds
REVENUES						
Net investment income	\$ -	\$ -	\$ 9,238	\$ -	\$ -	\$ 9,238
Public improvement fees	-	-	246,283	-	-	246,283
Transfer from District No. 1 - O&M Fee Pledge	-	46,444	-	-	-	46,444
Transfer from District No. 1 - Taxes	-	-	60,757	-	-	60,757
Transfer from AURA - TIF property taxes	-	-	75,103	-	-	75,103
Transfer from AURA - ARI mill levy	5,007	-	-	-	-	5,007
Operations and maintenance fees	-	61,034	-	-	-	61,034
Total revenues	<u>5,007</u>	<u>107,478</u>	<u>391,381</u>	<u>-</u>	<u>-</u>	<u>503,866</u>
EXPENDITURES						
General						
Accounting	35,000	-	-	-	-	35,000
Audit	2,750	-	-	-	-	2,750
Insurance	2,738	-	-	-	-	2,738
Legal	6,515	-	-	-	-	6,515
Miscellaneous/Contingency	73	-	-	-	-	73
Landscape maintenance	-	4,171	-	-	-	4,171
PIF setup and collection	1,117	-	-	-	-	1,117
Dues and memberships	376	-	-	-	-	376
District management	1,000	-	-	-	-	1,000
Repairs and maintenance	-	9,430	-	-	-	9,430
Snow removal	-	14,738	-	-	-	14,738
Transfer to ARTA	5,007	-	-	-	-	5,007
Debt service						
Bond interest - Revenue Bonds 2014	-	-	300,525	-	-	300,525
Paying agent/trustee fees	-	-	3,000	-	-	3,000
Capital outlay						
Transfer from District No. 1	-	98,595	-	-	-	98,595
Total expenditures	<u>54,576</u>	<u>126,934</u>	<u>303,525</u>	<u>-</u>	<u>-</u>	<u>485,035</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,569)</u>	<u>(19,456)</u>	<u>87,856</u>	<u>-</u>	<u>-</u>	<u>18,831</u>
OTHER FINANCING SOURCES (USES)						
Developer advances	31,491	-	-	-	-	31,491
Transfer from other funds	54,229	121,759	-	-	-	175,988
Transfer to other funds	(121,759)	(54,229)	-	-	-	(175,988)
Total other financing sources (uses)	<u>(36,039)</u>	<u>67,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,491</u>
NET CHANGE IN FUND BALANCES	(85,608)	48,074	87,856	-	-	50,322
FUND BALANCES - BEGINNING OF YEAR	<u>85,608</u>	<u>-</u>	<u>1,023,178</u>	<u>-</u>	<u>-</u>	<u>1,108,786</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 48,074</u>	<u>\$ 1,111,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,159,108</u>

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

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds	\$	50,322
<p>Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Developer advance		(31,491)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest on Developer advance - Change in liability		(3,244)
Accrued interest on Subordinate Bonds - Change in liability		(151,200)
		(154,444)
Change in net position of governmental activities	\$	(135,613)

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Transfer from AURA - ARI mill levy	\$ 5,082	\$ 5,007	\$ (75)
Total revenues	<u>5,082</u>	<u>5,007</u>	<u>(75)</u>
EXPENDITURES			
Accounting	35,000	35,000	-
Audit	2,750	2,750	-
District management	1,000	1,000	-
Dues and memberships	400	376	24
Insurance	3,000	2,738	262
Legal	10,000	6,515	3,485
Miscellaneous/Contingency	3,768	73	3,695
PIF setup and collection	8,000	1,117	6,883
Transfer to ARTA	5,082	5,007	75
Total expenditures	<u>69,000</u>	<u>54,576</u>	<u>14,424</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(63,918)</u>	<u>(49,569)</u>	<u>14,349</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	63,918	31,491	(32,427)
Transfer from other funds	-	54,229	54,229
Transfer to other funds	(114,723)	(121,759)	(7,036)
Total other financing sources (uses)	<u>(50,805)</u>	<u>(36,039)</u>	<u>14,766</u>
NET CHANGE IN FUND BALANCES	(114,723)	(85,608)	29,115
FUND BALANCES - BEGINNING OF YEAR	<u>114,723</u>	<u>85,608</u>	<u>(29,115)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Net investment income	\$ 400	\$ -	\$ -	\$ -
Operations and maintenance fees	61,034	61,034	61,034	-
Transfer from District No. 1 - O&M Fee Pledge	46,444	46,444	46,444	-
Total revenues	<u>107,878</u>	<u>107,478</u>	<u>107,478</u>	<u>-</u>
EXPENDITURES				
Asphalt striping	1,100	-	-	-
Contingency	5,104	6,820	-	6,820
Graffiti removal	420	-	-	-
Landscape maintenance	3,300	-	4,171	(4,171)
Lighting inspection	180	-	-	-
Repairs and maintenance	1,200	-	9,430	(9,430)
Planter, plantings and maintenance	3,405	-	-	-
Property management	15,936	-	-	-
Security	4,015	-	-	-
Snow removal	25,000	20,000	14,738	5,262
Street sweeping	2,340	-	-	-
Transfer from District No. 1	-	145,764	98,595	47,169
Total expenditures	<u>62,000</u>	<u>172,584</u>	<u>126,934</u>	<u>45,650</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>45,878</u>	<u>(65,106)</u>	<u>(19,456)</u>	<u>45,650</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	114,723	121,759	121,759	-
Transfer to other funds	-	(56,653)	(54,229)	2,424
Total other financing sources (uses)	<u>114,723</u>	<u>65,106</u>	<u>67,530</u>	<u>2,424</u>
NET CHANGE IN FUND BALANCES	160,601	-	48,074	48,074
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 160,601</u>	<u>\$ -</u>	<u>\$ 48,074</u>	<u>\$ 48,074</u>

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Fitzsimons Village Metropolitan District No. 3 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in July 2006 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 within the City of Aurora (City), Arapahoe County, Colorado. The District was organized for the purpose of financing and providing public improvements and related operations and maintenance services within and outside of the boundaries of the District. The public improvements include streets, safety protection, park and recreation facilities, water, sewer, transportation and mosquito control. When appropriate, these improvements will be dedicated to the City, Arapahoe County, or other such entities as appropriate for the use and benefit of the District taxpayers and service users. The District was organized in conjunction with two other related districts, Fitzsimons Village Metropolitan District No. 1 and No. 2.

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct 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, operation and maintenance fees, and public improvement fees. 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 Special Revenue Fund accounts for resources accumulated and payments for eligible expenses.

The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law of Colorado, 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 and financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2017.

Pooled Cash and Investments

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. 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.

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.

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.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 balances is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 - CASH AND INVESTMENTS

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

Cash and investments	\$ 5,070
Cash and investments – Restricted	<u>1,104,255</u>
Total cash and investments	<u><u>\$ 1,109,325</u></u>

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

Deposits with Financial Institutions	\$ 70,011
Investments	<u>1,039,314</u>
Total investments	<u><u>\$ 1,109,325</u></u>

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

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

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

At December 31, 2017, the District cash deposits had a bank balance of \$86,106 and carrying balance of \$70,011.

Investments

The District has adopted a policy authorizing investments in accordance with state statutes.

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
- . 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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2017, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 1,039,314</u>

COLOTRUST

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

NOTE 4 - CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2017</u>
Capital assets, not being depreciated	\$ 5,483,952	\$ -	\$ -	\$ 5,483,952
Total capital assets, not being depreciated	<u>\$ 5,483,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,483,952</u>

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS

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

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
Tax Increment/PIF Supported					
Revenue Bonds, Series 2014A	\$ 5,055,000	\$ -	\$ -	\$ 5,055,000	\$ -
Tax Increment/PIF Supported					
Subordinate Revenue Bonds, Series 2014B	2,100,000	-	-	2,100,000	-
Developer advance payable	10,671	31,491	-	42,162	-
Accrued interest on Developer advance	538	3,244	-	3,782	-
	<u>\$ 7,166,209</u>	<u>\$ 34,735</u>	<u>\$ -</u>	<u>\$ 7,200,944</u>	<u>\$ -</u>

The details of the District's long-term obligations are as follows:

\$5,055,000 Tax Increment/Public Improvement Fee Supported Revenue Bonds, Series 2014A

On August 21, 2014, the District issued \$5,055,000 in Tax Increment/Public Improvement Fee Supported Revenue Bonds Series 2014A (the Bonds). The Bonds are special limited revenue obligations of the District, payable solely from Pledged Revenues which include all PIF revenues, all TIF Revenues during the TIF Revenues Term, all Facilities Fee Revenues, all Capital Levy Revenues, Specific Ownership Taxes, Guaranty Payments, any other legally available amounts and all income or other gains. The Bonds are due March 1, 2044, with an interest rate of 5.75% - 6.00%, paid semiannually on March 1 and September 1. The Bonds are subject to optional redemption prior to maturity at the option of the District on and after March 1, 2020, on any date, in whole or in part, at a redemption price equal to 100% of the principal amount so redeemed, plus interest accrued to the redemption date.

The proceeds from the Bonds were used to finance certain public improvements (Phase 2 District Development), fund the Reserve Fund, fund capitalized interest for payment of a portion of the bond interest, and pay the costs of issuing the Bonds.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Bonds will mature as follows:

	Governmental Activities		
	Principal	Interest	Total
2018	\$ -	\$ 300,525	\$ 300,525
2019	-	300,525	300,525
2020	5,000	300,381	305,381
2021	30,000	299,375	329,375
2022	40,000	297,363	337,363
2023-2027	380,000	1,433,626	1,813,626
2028-2032	655,000	1,283,982	1,938,982
2033-2037	980,000	1,046,100	2,026,100
2038-2042	1,805,000	665,250	2,470,250
2043-2044	1,160,000	70,800	1,230,800
	<u>\$ 5,055,000</u>	<u>\$ 5,997,927</u>	<u>\$ 11,052,927</u>

\$2,100,000 Tax Increment/Public Improvement Fee Supported Subordinate Revenue Bonds, Series 2014B

On August 21, 2014, the District also issued Series 2014B (the Subordinate Bonds) for the purpose of defraying a portion of the costs of Phase 2 District Development. The Subordinate Bonds bear an interest rate of 7.20% and mature on March 15, 2044. The Subordinate Bonds will be payable from the Pledged Revenue on a basis fully junior and subordinate to the Bonds.

The Subordinate Bonds are projected to mature as follows:

	Governmental Activities		
	Principal	Interest	Total
2018	\$ -	\$ 539,280	\$ 539,280
2019	-	151,200	151,200
2020	-	151,200	151,200
2021	-	151,200	151,200
2022	-	151,200	151,200
2023-2027	-	756,000	756,000
2028-2032	-	756,000	756,000
2033-2037	56,971	756,000	812,971
2038-2042	616,568	673,312	1,289,880
2043-2044	1,426,461	189,524	1,615,985
	<u>\$ 2,100,000</u>	<u>\$ 4,274,916</u>	<u>\$ 6,374,916</u>

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 2, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$4,211,840,000. At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 2, 2006	Authorization Used for Series 2014A&B Bonds	Authorized But Unissued
Street Facilities	\$ 382,440,000	\$ 4,263,576	\$ 378,176,424
Water Facilities	382,440,000	831,419	381,608,581
Sanitation Facilities	382,440,000	2,060,005	380,379,995
Traffic/Safety Protection Facilities	382,440,000	-	382,440,000
Parks and Recreation	382,440,000	-	382,440,000
Television Relay	382,440,000	-	382,440,000
Public Transportation	382,440,000	-	382,440,000
Mosquito Control	382,440,000	-	382,440,000
Fire protection	382,440,000	-	382,440,000
Operations and maintenance	5,000,000	-	5,000,000
Debt refunding	382,440,000	-	382,440,000
Intergovernmental contracts	382,440,000	-	382,440,000
	<u>\$ 4,211,840,000</u>	<u>\$ 7,155,000</u>	<u>\$ 4,204,685,000</u>

The District's Service Plan limits total debt issuance to not exceed \$382,440,000. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's services area; however, as of the date of this audit, the amount and timing of any future debt issuances are not determinable.

NOTE 6 - INTERFUND TRANSFER

The District transferred \$54,229 from the Special Revenue Fund to the General Fund to cover related operating expenditures.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - NET POSITION

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

The restricted component of net position consists of 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 restricted net position as of December 31, 2017, as follows:

	Governmental Activities
Restricted net position	
Emergency reserves	\$ 200
Operations - O&M Fee Pledge	48,074
Total restricted net position	\$ 48,274

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

NOTE 8 - AGREEMENTS

City IGA

On June 30, 2008, the District, Fitzsimons Village Metropolitan District No. 1 (District No. 1) and Fitzsimons Village Metropolitan District No. 2 (District No. 2) (collectively, the Districts) executed intergovernmental agreements with the City (collectively, the City IGA), pursuant to which the Districts agreed to retain ownership or dedicate public improvements to the City or other appropriate jurisdiction or owners association. The City IGA also reaffirms certain requirements and restrictions set forth in the Service Plan, including District No. 1 and District No. 2's obligation to impose the ARI Mill Levy and convey the revenue from the ARI Mill Levy to the Aurora Regional Transportation Authority for the provision of regional improvements which includes the planning, design, acquisition, construction, installation and redevelopment of street and transportation related improvements.

FFCO Agreement

On April 29, 2010, the Districts entered into the Facilities Funding, Construction and Operations Agreement as amended on August 21, 2014, by a First Amendment to Facilities Funding, Construction and Operations Agreement (as so amended, the FFCO Agreement). The FFCO Agreement establishes certain expectations as to the financing, construction, operation and maintenance of improvements contemplated in the Service Plan for the purpose of providing, in a timely and coordinated manner, essential services in the community to be served by the Districts. The FFCO Agreement anticipates that the Districts will, from time to time, enter into intergovernmental agreements whereby one or more of the Districts will act as an issuing district and/or an operating district to finance certain public improvements and one or more of the Districts will act as a taxing district to pledge revenues for the financing, operations and maintenance of the public improvements.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - AGREEMENTS (CONTINUED)

As anticipated by the FFCO Agreement, the District (as Issuing District) entered into the 2014 Pledge Agreement with District No. 1 related to the Series 2014 Bonds.

Capital Pledge Agreement

As contemplated in the FFCO Agreement, on August 1, 2014, the District (Issuing District), District No. 1 (Taxing District), and UMB Bank, n.a. (Trustee) entered into a Capital Pledge Agreement (the 2014 Pledge Agreement) to secure a portion of the payment of the Series 2014 Bonds issued by the District on August 21, 2014, to finance certain public infrastructure. Pursuant to the 2014 Pledge Agreement, the District will receive certain pledged revenues from the Taxing District for payment of the Series 2014 Bonds. The portions of the Pledged Revenue pledged by the Taxing District under the 2014 Pledge Agreement include the following revenues generated within the boundaries of the Taxing District: Taxing District Base Tax Revenues and TIF Revenues (prior to termination of the AURA Intergovernmental Agreement), revenues generated by imposition of the Capital Levy (after the date of termination of the AURA Intergovernmental Agreement), Specific Ownership Taxes attributable to the Capital Levy, and the Facilities Fee. The "Capital Levy" is defined as the ad valorem mill levy imposed on all taxable properties within the Taxing District's boundaries. Commencing in levy year 2014 for collection in 2015, the Capital Levy shall be no less than 15 mills. Commencing in levy year 2039 for collection in 2040, the Capital Levy shall be no less than 50 mills. The maximum Capital Levy shall be the maximum mill levy the Taxing District is authorized to impose pursuant to its Service Plan less the number of mills certified in connection with its Mill Levy Pledged to AURA. Such minimum and maximum mill levies are subject to adjustment due to changes in the method of calculating assessed valuation.

Operations Financing IGA

As contemplated in the FFCO Agreement, on August 21, 2014, the District (as Operating District) entered into an Operations Financing IGA (OF IGA) with District Nos. 1 and 2 (as Taxing Districts). Pursuant to the OF IGA, the District will receive pledged revenues from the imposition of the O&M Fee and the Operations Mill Levy, along with certain specific ownership taxes associated with such mill levy, for payment of operation and maintenance costs associated with the District's Improvements (as defined in the OF IGA).

O&M Fees

The District and District Nos. 1 and 2 approved a Joint Operations and Maintenance Fee Resolution, as amended and restated (O&M Fee Resolution), to provide funds for the operations and maintenance costs of the public improvements constructed as contemplated in the Service Plans of the Districts. The O&M Fee Resolution imposes a monthly operations and maintenance fee (the O&M Fee) on structures within the Districts' boundaries for which a certificate of occupancy has been issued, excluding any parking garages or real property actually conveyed or dedicated to non-profit owners' associations, governmental entities or utility providers. The O&M Fee will be invoiced by District No. 1 and payable in advance on an annual basis.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - AGREEMENTS (CONTINUED)

The O&M Fee Resolution was amended in 2014 to increase the O&M Fee to \$0.025 per square foot per month for commercial property effective January 1, 2015, and inflated 0.50% per year thereafter. The amendment to the O&M Fee Resolution will also allow the O&M Fee to be imposed on property owned by governmental entities.

The O&M Fee on 255,299 square feet of commercial property in Phase 1 will be collected by District No. 1, with a portion of the O&M Fee (\$0.015 per square foot per month) being transferred by District No. 1 to the District to support operation and maintenance of the Phase 2 Infrastructure. The remaining \$0.01 per square foot per month of the O&M Fee imposed on Phase 1 commercial property will remain with District No. 1 to support operation and maintenance of Phase 1 infrastructure.

2013 Public Finance and Redevelopment Agreement – One Third Revenue

The 2013 Public Finance and Redevelopment Agreement – One Third Revenue represents amounts available to the Districts for the purpose of financing capital improvements pursuant to the Public Finance and Redevelopment Agreement dated July 8, 2013 (the 2013 PFRA), among the City, AURA and Corporex Colorado, LLC (Developer). The 2013 PFRA provides that at the end of each fiscal year, any revenue received by the City or AURA pledged to the payment of the City or AURA bonds issued for the project in excess of the Base Case Bond Amortization be distributed 1/3 to the City or AURA, 1/3 to the Developer and 1/3 to the District. In a joint letter from the City and AURA addressed to District No. 3 and the Developer, the City and AURA acknowledge their intent to present for approval to each of their governing bodies an amendment to the 2013 PFRA authorizing District No. 3 to use such revenues for payment of operations and maintenance expenses. Specifically, the letter states that the City and AURA waive any objection to the use of such revenue for operations and maintenance expenditures for the period ending on the earlier of (a) execution and delivery of the amendment described above or (b) December 31, 2017.

Operation Funding Agreement

On August 1, 2014, the District, and CPX Aurora FS Hotel, LLC (“Hotel Developer”) entered into the Operation Funding Agreement pursuant to which the Developer has agreed to advance funds to the District to cover the shortfall, if any, in the District’s General Fund for the payment of administrative, operations and maintenance expenditures through December 31, 2017, in an amount not to exceed \$200,000. The District has agreed to reimburse such advances, together with interest at 8% per annum, subject to annual appropriation and budget approval by the District. As of December 31, 2017, the outstanding advances under this agreement totaled \$42,162 and accrued interest totaled \$3,782.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - AGREEMENTS (CONTINUED)

Facilities Acquisition Agreement

As contemplated in the FFCO Agreement, on August 21, 2014, the District entered into a Facilities Acquisition Agreement with the Developer and Hotel Developer (collectively with the Developer, CPX). Under the 2014 FAA, the District agrees to acquire certain improvements constructed by the Developer (or as assigned to CPX Aurora FS Hotel, LLC and Sunflower Bank, N.A. (Sunflower) pursuant to that certain Collateral Assignment of Project Documents between the District, CPX, and Sunflower dated August 21, 2014) in connection with development of a hotel, conference center, and parking structure within the District's service area. Such public improvements include a boulevard entry, new water, storm, and sanitary lines, relocated electric utilities, roadways, landscaping and lighting (as defined in the 2014 FAA, the District Development Work). As contemplated in both the 2014 FAA and the AURA Contribution Agreement, certain proceeds of the 2014 Bonds, as well as the \$400,000 AURA Contribution shall be held in separate escrow accounts pursuant to the Escrow Agreement – District Improvements, and the Developer has the right to draw on the funds maintained in such escrow accounts, subject to receipt of a written certification from an independent engineer that the construction costs for which the Developer seeks reimbursement are reasonable and subject to reimbursement. Pursuant to the 2014 FAA, the District agrees to periodically reimburse the Developer for Certified Construction Costs (as defined therein) no more often than monthly up to a maximum amount of \$5,700,000, together with interest thereon, which shall accrue at the rate of 8% per annum.

Joint Facilities Fee Resolution

On August 13, 2014, the Boards of Directors of the District and District No. 1 adopted a Joint Resolution of Fitzsimons Village Metropolitan District Nos. 1 and 3 Regarding the Imposition of Facilities Fees (Facilities Fee Resolution), which Resolution was recorded on August 21, 2014. The Facilities Fee Resolution imposes a one-time fee in the amount of \$1.00 per gross square foot on property located within the boundaries of the District or District No. 1 and intended for non-residential use (Commercial Facilities Fee). The Commercial Facilities Fee is imposed on any building intended for non-residential use and for which a building permit is required by the City, excluding parking structures and any land owned by non-profit homeowners' associations, governmental entities, or utility providers. The Commercial Facilities Fee is due and payable on or before the date of issuance of a building permit for the applicable building. The Facilities Fee Resolution provides that interest will accrue on facilities fees not paid when due at the rate of 12% per annum until paid. Revenues derived from the imposition of the Commercial Facilities Fee by the District and by District No. 1 are pledged to the payment of the District's Bonds or any other indebtedness issued by the District.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - AGREEMENTS (CONTINUED)

AURA Contribution Agreement

On August 21, 2014, the District entered into the AURA Contribution Agreement with the Developer and the Aurora Urban Renewal Authority (AURA) (AURA Contribution Agreement). The AURA Contribution Agreement sets forth the terms and conditions pursuant to which AURA agrees to deposit, prior to or concurrent with the issuance of the 2014 Bonds, a total of \$800,000 (AURA Contribution) into two separate escrow accounts: one for the benefit of the District (\$400,000 deposited pursuant to an Escrow Agreement between the District, the Developer, CPX Aurora FS Hotel, Sunflower Bank, N.A., and UMB Bank, N.A. dated August 21, 2014), and the other for the benefit of the Developer (\$400,000 deposited pursuant to an Escrow Agreement between the District, the Developer, and UMB Bank, N.A. dated August 21, 2014). The AURA Contribution is to be used by the District and the Developer to construct and/or finance certain public improvements related to development of a hotel, conference center, parking structure, and related amenities that are not financed with proceeds of the 2014 Bonds.

Operations and Maintenance Fee Payment Agreement

On August 21, 2014, the Districts entered into the Agreement Regarding Payment of Operations and Maintenance Fee with AURA (O&M Fee Agreement). Under the O&M Fee Agreement, AURA acknowledges the Districts' adoption of the O&M Fee Resolution, pursuant to which the Districts are authorized to impose a monthly O&M Fee on property within the Districts' boundaries for the payment of operations and maintenance costs related to certain public improvements. Pursuant to the O&M Fee Agreement, AURA consents to payment of the O&M Fee to the Districts from its Available Revenues (as defined in that certain 2013 PFRA). Likewise, the Districts acknowledge their intent to apply all or a portion of the Available Revenues allocated to each by AURA to the payment of operations and maintenance-related expenditures, and agree that the rate of the O&M payable by AURA will not be increased without AURA's prior written consent. The O&M Fee is currently imposed at a rate of \$0.025 per commercial square foot per month, and \$1.12 per residential unit per month.

Public Finance and Redevelopment Agreement

On July 28, 2008, the Districts, BWAB Fitzsimons LLC (General Developer), and AURA entered into the Public Finance and Redevelopment Agreement (2008 PFRA), pursuant to which the parties set forth their respective obligations regarding, among other things, the redevelopment of the Districts' service area and the financing of public infrastructure necessary for such redevelopment. Under the 2008 PFRA, AURA is obligated to pay certain of its tax increment revenues derived from the following sources to any of the Districts that issue bonds: ad valorem property tax, sales tax, lodger's tax, use tax, and any interest earned on such tax revenues (Pledged Revenues). AURA further agrees to irrevocably pledge such Pledged Revenues (net of any Pledged Revenues generated from the Districts' Operations Mill Levies or from the Districts' ARI Mill Levies) to the payment of bonds issued by any of the Districts to the extent such amounts are pledged under any applicable bond documents. The total principal amount of the funding obligation under terms of the 2008 PFRA is \$42,000,000 plus interest at 7% compounded annually on February 1st.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - AGREEMENTS (CONTINUED)

On August 21, 2014, the Districts, AURA and the Developer (as successor-in-interest to the General Developer) entered into the First Amendment to the Public Finance and Redevelopment Agreement (Amended 2008 PFRA). The Amended 2008 PFRA acknowledges the exclusion of a certain portion of property from the redevelopment area described in the 2008 PFRA (Excluded Area), and establishes that only the Pledged Revenues generated from within the remaining property (Phase I Parcel) may be used to pay the Districts' financial obligations incurred to finance or refinance development to benefit the Phase I Parcel. Likewise, revenues generated from or attributable to the Excluded Area may be used to pay the Districts' financial obligations incurred to finance or refinance development to benefit the Excluded Area.

NOTE 9 - ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay the District's annual operational expenditures. Until an independent revenue base is established, continuation of District operations will be dependent upon funding by the Developer or another funding source.

NOTE 10 - RELATED PARTY

The Developer of the property which constitutes the District is Corporex Colorado, LLC, a Colorado limited liability company. Property within the Phase 2 Project Area is currently owned by Citywide Banks, a banking association. The Developer assigned a Purchase Agreement to CPX Aurora FS Hotel, LLC, a Colorado limited liability company and affiliate of CPX Colorado (Hotel Owner) and to Aurora Urban Renewal Authority for purchase of the Hotel/Conference Center Site and Parking Garage Site, respectively. The majority of the members of the Board of Directors are officers or employees of the Developer and Citywide Banks or an entity affiliated with the Developer, and may have conflicts of interest in dealing with the District.

NOTE 11 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., 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 was 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.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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). As of December 31, 2017, the District had provided but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment.

On May 2, 2006, the District voters passed an election question allowing the District to increase property taxes up to \$5,000,000 annually, without limitation of rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

The District's management has taken steps it believes are necessary to comply 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.

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

SUPPLEMENTARY INFORMATION

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND - CONF CTR/HOTEL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Net investment income	\$ 5,400	\$ 9,238	\$ 3,838
Public improvement fees	228,000	246,283	18,283
Transfer from AURA - TIF property taxes	76,226	75,103	(1,123)
Transfer from District No. 1 - Taxes	42,671	60,757	18,086
Total revenues	<u>352,297</u>	<u>391,381</u>	<u>39,084</u>
EXPENDITURES			
Bond interest - Revenue Bonds 2014	300,525	300,525	-
Paying agent/trustee fees	3,000	3,000	-
Total expenditures	<u>303,525</u>	<u>303,525</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>48,772</u>	<u>87,856</u>	<u>39,084</u>
FUND BALANCES - BEGINNING OF YEAR	<u>1,028,029</u>	<u>1,023,178</u>	<u>(4,851)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,076,801</u></u>	<u><u>\$ 1,111,034</u></u>	<u><u>\$ 34,233</u></u>

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND - APT/RETAIL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Facilities fees - Apt/Retail	\$ 14,000	\$ -	\$ (14,000)
Net investment income	2,600	-	(2,600)
Total revenues	<u>16,600</u>	<u>-</u>	<u>(16,600)</u>
EXPENDITURES			
Bond interest - GO Bonds	<u>312,725</u>	-	<u>312,725</u>
Total expenditures	<u>312,725</u>	<u>-</u>	<u>312,725</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(296,125)</u>	<u>-</u>	<u>296,125</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	<u>2,450,321</u>	-	<u>(2,450,321)</u>
Total other financing sources (uses)	<u>2,450,321</u>	<u>-</u>	<u>(2,450,321)</u>
NET CHANGE IN FUND BALANCES	2,154,196	-	(2,154,196)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,154,196</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,154,196)</u></u>

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND - APT/RETAIL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Cost of issuance - GO Bonds	714,800	-	714,800
Capital outlay - Apt/Retail	2,000,000	-	2,000,000
Capital outlay - Parking A & B	3,769,879	-	3,769,879
Total expenditures	<u>6,484,679</u>	<u>-</u>	<u>6,484,679</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,484,679)</u>	<u>-</u>	<u>6,484,679</u>
OTHER FINANCING SOURCES (USES)			
Bond issuance - GO Bonds	8,935,000	-	(8,935,000)
Transfer to other funds	(2,450,321)	-	2,450,321
Total other financing sources (uses)	<u>6,484,679</u>	<u>-</u>	<u>(6,484,679)</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FITZSIMONS METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

\$5,055,000 Tax Increment/Public Improvement Fee
Supported Revenue Bonds, Series 2014A
Dated August 21, 2014
Principal due March 1
Interest Rate 5.75% - 6.00% Payable
March 1 and September 1

\$2,100,000 Tax Increment/Public Improvement Fee
Supported Subordinate Revenue Bonds, 2014B
Dated August 21, 2014
Principal due March 15
Interest rate 7.20% Payable March 15

<u>Year</u>	<u>Principal</u> <u>Interest</u> <u>Total</u>			<u>Principal</u> <u>Interest</u> <u>Total</u>		
2018	\$ -	\$ 300,525	\$ 300,525	\$ -	\$ 539,280	\$ 539,280
2019	-	300,525	300,525	-	151,200	151,200
2020	5,000	300,381	305,381	-	151,200	151,200
2021	30,000	299,375	329,375	-	151,200	151,200
2022	40,000	297,363	337,363	-	151,200	151,200
2023	50,000	294,775	344,775	-	151,200	151,200
2024	65,000	291,469	356,469	-	151,200	151,200
2025	75,000	287,444	362,444	-	151,200	151,200
2026	90,000	282,700	372,700	-	151,200	151,200
2027	100,000	277,238	377,238	-	151,200	151,200
2028	110,000	271,200	381,200	-	151,200	151,200
2029	120,000	264,588	384,588	-	151,200	151,200
2030	130,000	257,400	387,400	-	151,200	151,200
2031	140,000	249,638	389,638	-	151,200	151,200
2032	155,000	241,156	396,156	-	151,200	151,200
2033	165,000	231,750	396,750	-	151,200	151,200
2034	180,000	221,400	401,400	-	151,200	151,200
2035	195,000	210,150	405,150	-	151,200	151,200
2036	210,000	198,000	408,000	-	151,200	151,200
2037	230,000	184,800	414,800	56,971	151,200	208,171
2038	245,000	170,550	415,550	70,016	147,098	217,114
2039	265,000	155,250	420,250	77,275	142,057	219,332
2040	285,000	138,750	423,750	84,054	136,493	220,547
2041	490,000	115,500	605,500	183,591	130,441	314,032
2042	520,000	85,200	605,200	201,632	117,223	318,855
2043	560,000	52,800	612,800	220,646	102,705	323,351
2044	600,000	18,000	618,000	1,205,815	86,819	1,292,634
	<u>\$ 5,055,000</u>	<u>\$ 5,997,927</u>	<u>\$ 11,052,927</u>	<u>\$ 2,100,000</u>	<u>\$ 4,274,916</u>	<u>\$ 6,374,916</u>

FITZSIMONS METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

<u>Principal</u>	<u>Totals</u>	
	<u>Interest</u>	<u>Total</u>
\$ -	\$ 839,805	\$ 839,805
-	451,725	451,725
5,000	451,581	456,581
30,000	450,575	480,575
40,000	448,563	488,563
50,000	445,975	495,975
65,000	442,669	507,669
75,000	438,644	513,644
90,000	433,900	523,900
100,000	428,438	528,438
110,000	422,400	532,400
120,000	415,788	535,788
130,000	408,600	538,600
140,000	400,838	540,838
155,000	392,356	547,356
165,000	382,950	547,950
180,000	372,600	552,600
195,000	361,350	556,350
210,000	349,200	559,200
286,971	336,000	622,971
315,016	317,648	632,664
342,275	297,307	639,582
369,054	275,243	644,297
673,591	245,941	919,532
721,632	202,423	924,055
780,646	155,505	936,151
<u>1,805,815</u>	<u>104,819</u>	<u>1,910,634</u>
<u>\$ 7,155,000</u>	<u>\$ 10,272,843</u>	<u>\$ 17,427,843</u>