

**COLORADO INTERNATIONAL CENTER  
METROPOLITAN DISTRICT NO. 3  
Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
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## SCHILLING & COMPANY, INC.

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### **Independent Auditor's Report**

Board of Directors  
Colorado International Center  
Metropolitan District No. 3  
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Colorado International Center Metropolitan District No. 3 (District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Colorado International Center Metropolitan District No. 3, as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*SCHILLING & COMPANY, INC.*

Highlands Ranch, Colorado  
June 7, 2019

## **BASIC FINANCIAL STATEMENTS**

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 12,183
Cash and Investments - Restricted	2,093,302
Receivable from County Treasurer	4,660
Prepaid Expenses	2,500
Property Taxes Receivable	863,210
Total Assets	2,975,855
<b>LIABILITIES</b>	
Accounts Payable	12,264
Due to Aurora High Point at DIA Metropolitan District	6,924
Accrued Bond Interest Payable	49,041
Noncurrent Liabilities:	
Due in More Than One Year	15,921,110
Total Liabilities	15,989,339
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	863,210
Total Deferred Inflows of Resources	863,210
<b>NET POSITION</b>	
Restricted For:	
Debt Service	1,849,440
Unrestricted	(15,726,134)
Total Net Position	\$ (13,876,694)

See accompanying Notes to Basic Financial Statements.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

		Program Revenues			Net Revenue (Expense) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 3,040,967	\$ -	\$ -	\$ -	
Interest and Related Costs on Long-Term Debt	1,177,315	-	-	-	
Total Governmental Activities	\$ 4,218,282	\$ -	\$ -	\$ (4,218,282)	
<b>GENERAL REVENUES</b>					
Property taxes				622,307	
Aurora Regional Improvement Taxes				12,451	
Specific Ownership Taxes				54,459	
Investment Income				40,367	
Total General Revenues				729,584	
<b>CHANGE IN NET POSITION</b>				(3,488,698)	
Net Position - Beginning of Year				(10,387,996)	
<b>NET POSITION - END OF YEAR</b>				\$ (13,876,694)	

See accompanying Notes to Basic Financial Statements.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 12,183	\$ -	\$ -	\$ 12,183
Cash and Investments - Restricted	-	2,093,302	-	2,093,302
Prepaid Expense	-	2,500	-	2,500
Receivable from County Treasurer	1,005	3,655	-	4,660
Aurora Regional Improvements Receivable	14,157	-	-	14,157
Property Taxes Receivable	141,515	707,538	-	849,053
	<u>\$ 168,860</u>	<u>\$ 2,806,995</u>	<u>\$ -</u>	<u>\$ 2,975,855</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 12,264	\$ -	\$ -	\$ 12,264
Due to Aurora High Point at DIA Metropolitan District	924	6,000	-	6,924
Total Liabilities	<u>13,188</u>	<u>6,000</u>	<u>-</u>	<u>19,188</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Aurora Regional Improvement	14,157	-	-	14,157
Deferred Property Tax Revenue	141,515	707,538	-	849,053
Total Deferred Inflows of Resources	<u>155,672</u>	<u>707,538</u>	<u>-</u>	<u>863,210</u>
 <b>FUND BALANCES</b>				
Nonspendable For:				
Prepaid Expense	-	2,500	-	2,500
Restricted For:				
Debt Service	-	2,090,957	-	2,090,957
Total Fund Balances	<u>-</u>	<u>2,093,457</u>	<u>-</u>	<u>2,093,457</u>
	<u>\$ 168,860</u>	<u>\$ 2,806,995</u>	<u>\$ -</u>	

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

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

Bonds Payable	(15,250,000)
Premium on Bonds	(55,955)
Developer Advances	(214,034)
Accrued Interest on Bonds Payable	(49,041)
Accrued Interest on Subordinate Bonds Payable	(194,976)
Accrued Interest on Developer Advances	(206,145)
	<u>(16,060,151)</u>

Net Position of Governmental Activities

\$ (13,876,694)

See accompanying Notes to Basic Financial Statements.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 124,466	\$ 497,841	\$ -	\$ 622,307
Aurora Regional Improvement Taxes	12,451	-	-	12,451
Specific Ownership Tax	11,747	42,712	-	54,459
Investment Income	87	40,010	270	40,367
Total Revenues	<u>148,751</u>	<u>580,563</u>	<u>270</u>	<u>729,584</u>
<b>EXPENDITURES</b>				
Current:				
Aurora Regional Improvement Fee	12,264	-	-	12,264
County Treasurer's Fees	1,868	7,472	-	9,340
County Treasurer's Fees - ARI	187	-	-	187
Miscellaneous	241	-	-	241
Intergovernmental Expense - Aurora High Point at DIA MD	111,207	-	-	111,207
Debt Service:				
Bond Interest Expense	-	588,494	-	588,494
Paying Agent Fees	-	3,000	-	3,000
Capital Outlay:				
Bond Issue Cost	-	-	369,059	369,059
Transfer to Aurora High Point DIA MD	-	-	2,915,200	2,915,200
Total Expenditures	<u>125,767</u>	<u>598,966</u>	<u>3,284,259</u>	<u>4,008,992</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	22,984	(18,403)	(3,283,989)	(3,279,408)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds			3,290,000	3,290,000
Transfers from (to) Other Funds	(22,984)	28,435	(5,451)	-
Total Other Financing Sources (Uses)	<u>(22,984)</u>	<u>28,435</u>	<u>3,284,549</u>	<u>3,290,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	10,032	560	10,592
Fund Balances - Beginning of Year	-	2,083,425	(560)	2,082,865
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 2,093,457</u>	<u>\$ -</u>	<u>\$ 2,093,457</u>

See accompanying Notes to Basic Financial Statements.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

Net Changes in Fund Balances - Governmental Funds \$ 10,592

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

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

Bond Issuance (3,290,000)

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:

Amortization of Bond Premium - 2016 Bonds	2,808
Accrued Interest on Developer Advances - Change in Liability	(17,122)
Accrued Interest on Bonds Payable - Change in Liability	<u>(194,976)</u>

Change in Net Position of Governmental Activities \$ (3,488,698)

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 124,466	\$ 124,466	\$ -
Aurora Regional Improvement Taxes	12,451	12,451	-
Specific Ownership Tax	13,700	11,747	(1,953)
Net Investment Income	-	87	87
Other Income	3,383	-	(3,383)
Total Revenues	<u>154,000</u>	<u>148,751</u>	<u>(5,249)</u>
<b>EXPENDITURES</b>			
Current:			
Aurora Regional Improvement Fee	12,451	12,264	187
Contingency	3,380	-	3,380
County Treasurer's Fees	1,870	1,868	2
County Treasurer's Fees - ARI	187	187	-
Miscellaneous	200	241	(41)
Intergovernmental Expense - Aurora High Point at DIA MD	135,912	111,207	24,705
Total Expenditures	<u>154,000</u>	<u>125,767</u>	<u>28,233</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	22,984	22,984
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to Other Funds	-	(22,984)	(22,984)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(22,984)</u>	<u>(22,984)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Colorado International Center Metropolitan District No. 3 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by an order and decree of the District Court recorded in Adams County on January 18, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Aurora (the City) on August 30, 2004, and modified on August 14, 2006. Concurrently with the formation of the District, the City approved the formation of Aurora High Point at DIA Metropolitan District (the Management District) and Colorado International Center Metropolitan District Nos. 4, 5, 6, 7, 8, 9, 10 and 11 (together with the District, the Taxing Districts) (collectively, the Aurora High Point Districts).

The District was established to provide the funding for improvements necessary for a portion of the High Point Development, consisting largely of water, sanitation, parks and recreation, street, safety protection, transportation and other permitted improvements and facilities within and outside of the District. The operation and maintenance of most District services and facilities are anticipated to be provided by the City and not by the District. The District expects to own, operate, and maintain certain park and recreation improvements within the District. Per the Service Plan, the District is not authorized to provide fire protection facilities or television relay and translation facilities unless provided pursuant to an intergovernmental agreement with the City.

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, including the City and any of the Aurora High Point Districts.

The District has no employees and all 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.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

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

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

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 property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**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.

**Budgets**

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

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

**Property Taxes**

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**Facility Fee**

On October 28, 2015, the District and the Management District (collectively, the Districts) adopted a Joint Resolution Concerning the Imposition of Facilities Fee. This Joint Resolution supersedes all previous resolutions imposing Facilities Fees.

For 2018, a facility fee of \$2,500 for each residential unit and \$0.25 per square foot for each commercial unit was charged against properties within the District. The facility fee is due at the time of issuance of a building permit. The District records the facility fees as revenue when received.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Maintenance Fee**

On October 28, 2015, the Districts adopted a Joint Resolution Concerning the Imposition of a Maintenance Fee. This Joint Resolution supersedes all other resolutions imposing Maintenance Fees.

A monthly recurring maintenance fee is charged to each residential and commercial unit in the District for services provided in connection with the construction, operation, and maintenance of public facilities within the District, including but not limited to the operation and maintenance of park and recreational facilities, landscaping, and common areas. The maintenance fee may be adjusted from time to time. In 2018, the fees were \$26.50 for residential units without underdrains and \$27.50 for residential units with underdrains. The maintenance fees are billed, collected, and retained by the Management District.

The Districts are also authorized to charge a one-time maintenance fee payable upon the transfer of a residential or commercial unit by an end user at a rate established by the Districts from time to time. As of December 31, 2018, no rate for the one-time maintenance fee had been established.

Any unpaid fees constitute a statutory and perpetual lien against the property served.

**Amortization**

**Original Issue Discount/Premium**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premium and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Deferred Inflow of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Equity**

**Net Position**

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

**Fund Balance**

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

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

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

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

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

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

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

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments	\$ 12,183
Cash and Investments - Restricted	2,093,302
Total Cash and Investments	\$ 2,105,485

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

Deposits with Financial Institutions	\$ 12,183
Investments	2,093,302
Total Cash and Investments	\$ 2,105,485

**Deposits with Financial Institutions**

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

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

At December 31, 2018, the District's cash deposits had a bank balance and a carrying balance of \$12,183.

**Investments**

The District has adopted a formal investment policy whereby the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements 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 INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2018**

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

**Investments (Continued)**

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 2,093,302

**CSAFE**

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

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 LONG-TERM OBLIGATIONS**

An analysis of the changes in long-term obligations for the year ended December 31, 2018, follows:

	Balance - December 31, 2017	Additions	Reductions	Balance - December 31, 2018	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds Series 2016	\$ 11,960,000	\$ -	\$ -	\$ 11,960,000	\$ -
General Obligation Bonds Series 2018B	-	2,540,000	-	2,540,000	-
Accrued Interest on Series 2018 BondsB	-	130,581	-	130,581	-
General Obligation Bonds Series 2018C	-	750,000	-	750,000	-
Accrued Interest on Series 2018 BondsC	-	64,395	-	64,395	-
Developer Advance - CIC LLC	100,316	-	-	100,316	-
Accrued Interest on Developer Advances - CIC LLC	95,300	8,025	-	103,325	-
Developer Advance - ACM	113,718	-	-	113,718	-
Accrued Interest on Developer Advances - ACM	93,723	9,097	-	102,820	-
	<u>12,363,057</u>	<u>3,502,098</u>	<u>-</u>	<u>15,865,155</u>	<u>-</u>
Premium on Series 2016 Bonds	58,763	-	2,808	55,955	2,808
Total	<u>\$ 12,421,820</u>	<u>\$ 3,502,098</u>	<u>\$ 2,808</u>	<u>\$ 15,921,110</u>	<u>\$ 2,808</u>

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

**Series 2016 General Obligation Refunding and Improvement Bonds (Limited Tax Convertible to Unlimited Tax)** (2016 Bonds) were issued on October 28, 2016 in the amount of \$11,960,000. A First Supplemental Indenture of Trust dated November 1, 2018, was subsequently approved by the District on November 7, 2018. The proceeds of the 2016 Bonds and other District revenues were used for the purpose of (i) paying or reimbursing the Developer for, or otherwise financing, a portion of the costs of public improvements; (ii) refunding the District's 2006 bonds; (iii) funding capitalized interest; (iv) funding the Reserve Fund; (v) funding the Surplus Fund; and (vi) paying the costs of issuance of the 2016 Bonds.

Interest on the 2016 Bonds is payable semi-annually on June 1 and December 1, beginning on December 1, 2016. \$2,525,000 (with an interest rate of 4.625%) of the 2016 Bonds mature on December 1, 2031, and \$9,425,000 (with an interest rate of 5.00%) of the 2016 Bonds mature on December 1, 2046. Annual mandatory sinking fund principal payments are due on December 1 of each year beginning on December 1, 2020. The 2016 Bonds are subject to redemption prior to maturity at the option of the District on December 1, 2021

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2016 General Obligation Refunding and Improvement Bonds (Limited Tax Convertible to Unlimited Tax) (Continued)**

through November 30, 2022 at 3.00% redemption premium, on December 1, 2022 through November 30, 2023 at 2.00% redemption premium and on December 1, 2023 through November 30, 2024 at 1.00% redemption premium.

The 2016 Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy net of the cost of collection, Debt Service Specific Ownership Taxes, and any other legally available moneys of the District credited to the Bond Fund. The 2016 Bonds are also secured on the date of issuance by the following funds: (1) the Reserve Fund in the amount of \$920,750, (2) the Capitalized Interest Fund in the amount of \$1,225,503, and (3) the Surplus Fund in the amount of \$200,000. At December 31, 2018, the balances in the Reserve Fund and the Surplus Fund were \$924,116 and \$533,916, respectively.

The Required Mill Levy is defined in the Indenture as a mill levy imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of and interest on the Series 2016 Bonds but not in excess of 50 mills, and for so long as the Surplus Fund is less than the Maximum Surplus Amount (\$200,000), not less than 40 mills. Such minimum and maximum mill levies will be adjusted for changes occurring after January 1, 2004, in the ratio of actual value to assessed value of property within the District. As of December 31 2018, the maximum and minimum Required Mill Levy is 55.278 and 44.222, respectively. Once the Debt to Assessed Ratio is 50% or less, the mill levy may be imposed in an amount sufficient to pay debt service on the 2016 Bonds without limitation of rate.

Prior to the date the Debt to Assessed Ratio is equal to 50% or less, Pledged Revenue that is not needed to pay debt service on the 2016 Bonds in any year will be deposited to and held in the Surplus Fund, up to a maximum amount of \$1,196,000. When the Debt to Assessed Ratio becomes less than 50%, the Surplus Fund can be terminated and any moneys therein applied to any legal purpose of the District. As of December 31, 2018, the Debt to Assessed Ratio is 93%.

**Series 2018 Bonds**

On April 25, 2018, the District issued its 2018B Subordinate Limited Tax General Obligation Bonds (2018B Bonds) and its 2018C Junior Lien Limited Tax General Obligation Bonds (2018C Bonds) (and with the 2018B Bonds, the Subordinate Bonds), in the respective par amounts of \$2,540,000 and \$750,000. Proceeds from the sale of the 2018B Bonds were used for the purposes of (i) paying additional project costs; and (ii) paying costs of issuance of the Subordinate Bonds. Proceeds of the sale of the 2018C Bonds were used for the purpose of paying additional project costs.

The 2018B Bonds were issued at the rate of 7.50% per annum and are payable annually on December 15, beginning December 15, 2018, but only to the extent of available 2018B Subordinate Pledged Revenue, and mature on December 15, 2038. The 2018B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the 2018B Bonds compounds annually on each December 15.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2018 Bonds (Continued)**

No payments on the 2018B Bonds are permitted to be made until (a) the Surplus Fund reaches the Maximum Surplus Amount in the amount of \$1,196,000 established pursuant to the 2016 Senior Indenture, and (b) annual debt service on the 2016 Senior Bonds and any obligations issued on parity therewith is paid in full.

In the event any amount of principal or interest on the 2018B Bonds remains unpaid after the application of all 2018B Subordinate Pledged Revenue on December 15, 2046, the 2018B Bonds are to be deemed discharged.

The 2018C Bonds were issued at the rate of 12.50% per annum and are payable annually on December 15, beginning December 15, 2018, but only to the extent of available 2018C Junior Lien Pledged Revenue, and mature on December 15, 2038. The 2018C Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the 2018C Bonds compounds annually on each December 15. In no event is any principal or interest to be paid on the 2018C Bonds until the 2018B Bonds, and to the extent required by the applicable 2016 Senior Indenture and 2018B Indenture, any other 2016 Bond and 2018B Bond Obligations, have been paid in full or defeased.

In the event any amount of principal or interest on the 2018 Bonds remains unpaid after the application of all 2018C Junior Lien Pledged Revenue on December 15, 2046, the 2018C Bonds are to be deemed discharged.

The 2018B Bonds are secured by and payable solely from 2018B Subordinate Pledged Revenue, net of any costs of collection, which includes: (i) all Subordinate Property Tax Revenues derived from the imposition of the Subordinate Required Mill Levy of 50.000 mills (as adjusted for changes in the method of calculating assessed valuation of property within the District); (ii) all Subordinate Specific Ownership Tax Revenues attributable to the Subordinate Required Mill Levy; and, (iii) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The 2018C Bonds are secured by and payable solely from 2018C Junior Lien Pledged Revenue, net of any costs of collection, which includes: (i) all Junior Lien Property Tax Revenues derived from the imposition of the Junior Lien Required Mill Levy of 50.000 mills (as adjusted for changes in the method of calculating assessed valuation of property within the District); (ii) all Junior Lien Specific Ownership Tax Revenues attributable to the Junior Lien Required Mill Levy; and, (iii) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

Outstanding bond principal and interest on the Series 2016 bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 588,494	\$ 588,494
2020	65,000	588,493	653,493
2021	140,000	585,488	725,488
2022	160,000	579,012	739,012
2023	170,000	571,613	741,613
2024-2028	1,110,000	2,724,173	3,834,173
2029-2033	1,600,000	2,423,172	4,023,172
2034-2038	2,275,000	1,966,250	4,241,250
2039-2043	3,125,000	1,317,000	4,442,000
2044-2047	3,315,000	382,250	3,697,250
Total	<u>\$ 11,960,000</u>	<u>\$ 11,725,945</u>	<u>\$ 23,685,945</u>

**Developer Advances**

On January 25, 2005, the Management District, CIC LLC (CIC), and the District entered into the 2005 Operation Funding Agreement, and on January 20, 2006, the Management District, CIC, and the District entered into the 2006 Operation Funding Agreement (the Agreements). Under these Agreements, CIC agreed to advance funds to the District for its required payments to the Management District pursuant to a District Facilities Agreement. Interest on such advanced funds is to accrue at a rate of 8% per annum. The repayment obligation is limited to revenues derived from an Operations Mill Levy of no more than 15 mills and is subject to annual budget and appropriation. (This limitation applies only to the 2006 Operations Funding Agreement). These Agreements are effective through December 31, 2046, unless terminated earlier by mutual agreement. From 2005 through 2006, the District received advances in the amount of \$100,316 from CIC. At December 31, 2018, the outstanding amount due to CIC was \$203,641, which includes \$103,325 of accrued interest. No rights or liabilities under these Agreements have been assigned, and as such, the District owes CIC the outstanding amount per these Agreements.

On or about May 10, 2006, LNR CPI High Point, LLC (LNR) purchased the property comprising the Aurora High Point Districts from CIC. On October 14, 2016, the District (along with the Management District and Districts 4-11) (the Districts) entered into an Operations Funding and Reimbursement Agreement which formally acknowledged that from May 10, 2006 through the date of this Agreement, LNR has advanced funds to the Districts for operations and maintenance. Simple interest on such advances shall accrue at the rate of 8% per annum. Repayment of advances will be from ad valorem taxes, fees, or other legally available revenues. Any mill levy certified by the District for the purpose of repaying advances shall not exceed 50 mills, less amounts needed for current administrative, operations and maintenance costs, and to service existing debt. This Agreement is in effect until the earlier of repayment of advances or December 1, 2046.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Developer Advances (Continued)**

On May 10, 2006, LNR and the Management District entered into a Funding and Reimbursement Agreement, amended by that First Amendment to Funding and Reimbursement Agreement dated October 14, 2016, which established the agreement between the District and LNR in relation to the funding and reimbursement of capital costs.

In July 2017, LNR CPI sold its property in the District to ACM High Point VI LLC (ACM). On July 20, 2017, LNR and ACM entered into the Assignment and Assumption of District Agreements whereby LNR assigned all right, title and interest of LNR under the Aurora District Agreements, including LNR's right to receive reimbursement, to ACM. In connection to the assignment, on July 20, 2017, the Operations and Capital Funding and Reimbursement Agreements with LNR were terminated.

ACM, the Management District, the District and CIC Nos. 3, 5, 6, 7, 8, 9, 10, and 11 entered into the Operations Funding and Reimbursement Agreement on July 20, 2017 for the purposes of acknowledging all prior advances made by LNR to the Districts, as assigned to ACM, and to provide for ACM's advancement of funds to the District for future operations costs of the District up to \$1,000,000 for the fiscal years 2017 through 2020. The payment obligation to pay ACM constitutes a multiple-fiscal year obligation of the District. Simple interest shall accrue on each developer advance, including the prior advances, at a rate of 8%. The District intends to repay from certain revenues including ad valorem taxes and fees. Any mill levy certified by the District for the purpose of repaying advances made shall not exceed the mill levy limitation in the Service Plan, and in any event, shall not exceed 50 mills. The term of this Agreement is in effect until the earlier of the repayment of the obligation or December 1, 2047. At December 31, 2018, the outstanding amount due to ACM was \$216,538, which includes \$102,820 of accrued interest.

ACM and the Management District entered into the Capital Funding and Reimbursement Agreement on July 20, 2017 for the purposes of acknowledging all prior advances made by LNR to the Districts, as assigned to ACM, and to provide for ACM's advancement of funds to the District for future capital costs of the District up to \$10,000,000 for the fiscal years 2017 through 2020. The payment obligation to pay ACM constitutes a multiple-fiscal year obligation of the District. Simple interest shall accrue on each developer advance, including the prior advances, at a rate of 8%. The District intends to repay from certain revenues including ad valorem taxes and fees. Any mill levy certified by the District for the purpose of repaying advances made shall not exceed the mill levy limitation in the Service Plan, and in any event, shall not exceed 50 mills, as adjusted for changes in the method of calculating assessed valuation of property within the District. The term of this Agreement is in effect until the earlier of the repayment of the obligation or December 1, 2047.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On November 2, 2004, the District's electors authorized the incurrence of general obligation debt totalling \$4,820,000,000 in principal at a rate not to exceed 18%. At December 31, 2018, the District has authorized but unissued indebtedness for the following purposes:

	Authorized November 2, 2004 Election	Authorization Used - Series 2006 Bonds	Authorization Used - Series 2016 Bonds	Authorization Used - Series 2018 Bonds	Remaining at December 31, 2018
Streets	\$ 400,000,000	\$ 5,765,000	\$ 3,738,000	\$ 1,311,723	\$ 389,185,277
Water Supply System	400,000,000	1,200,000	911,000	262,213	397,626,787
Storm and Sanitary Sewer	400,000,000	1,185,000	3,344,000	443,821	395,027,179
Parks and Recreation	400,000,000	725,000	379,000	1,272,243	397,623,757
Mosquito Control	400,000,000	-	-	-	400,000,000
Fire Protection	400,000,000	-	-	-	400,000,000
Television Relay/Translation	400,000,000	-	-	-	400,000,000
Public Transportation	400,000,000	-	-	-	400,000,000
Traffic and Safety Controls	400,000,000	-	-	-	400,000,000
Debt Refunding	400,000,000	-	-	-	400,000,000
Operating Expenses	20,000,000	-	-	-	20,000,000
Intergovernmental Agreements	400,000,000	-	-	-	400,000,000
Multiple Fiscal Year Contracts	400,000,000	-	-	-	400,000,000
Total	<u>\$ 4,820,000,000</u>	<u>\$ 8,875,000</u>	<u>\$ 8,372,000</u>	<u>\$ 3,290,000</u>	<u>\$ 4,799,463,000</u>

The District's Service Plan limits total debt issuance to \$400,000,000. The Service Plan also imposes a maximum debt mill levy which, until the debt to assessed value ratio is 50% or less, cannot exceed 50 mills as adjusted for any change in the method of calculating assessed valuation by the State on or after January 1, 2004. Once the debt to assessed value ratio is 50% or less, the District is not subject to a maximum debt mill levy. The District shall not impose a debt mill levy past 40 years after the year of the initial imposition of a debt service mill levy.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

**NOTE 5 NET POSITION**

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

The restricted components 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 of \$1,849,440 for debt service as of December 31, 2018.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 5 NET POSITION (CONTINUED)**

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

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, while the funds for construction of those improvements have been transferred to the Management District.

**NOTE 6 RELATED PARTIES**

The property within the District is owned by and being developed by ACM High Point VI LLC, a Delaware limited liability corporation (ACM), which acquired the property from LNR CPI High Point LLC, a Colorado limited liability corporation in July 2017. During a portion of 2018, a majority of the members of the Board of Directors were officers of, employees of, or associated with ACM. As of May 8, 2018, the Board of Directors was comprised of homeowners within the District.

**NOTE 7 AGREEMENTS**

**Facilities Funding, Construction and Operations Agreement (FFCOA)**

On January 21, 2005 (as amended on July 27, 2006), the Management District entered into a Facilities Funding, Construction and Operations Agreement (FFCOA) with the Taxing Districts. The Management District will own, operate, maintain, finance, and construct facilities benefiting all of the Districts, and the Taxing Districts will contribute to the costs of construction, operation, and maintenance of such facilities. Since all assessed valuation of property developed will be located in the Taxing Districts, the Taxing Districts will either use proceeds of general obligation bonds or pledge their ad valorem tax revenues to pay their obligations to the Management District. The District has transferred all bond proceeds deposited in the Unrestricted Account of the Construction Fund to the Management District as partial payment of its obligations to the Management District under the FFCOA.

**Intergovernmental Agreement with the City of Aurora**

The District and the City are parties to an intergovernmental agreement (City IGA) dated February 4, 2005, pursuant to the requirements of the Service Plan. Under the City IGA, the District covenants to dedicate all public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The agreement states that the District is not authorized to operate and maintain improvements, other than park and recreation improvements, unless otherwise agreed to by the City. The District is required to impose a mill levy for Aurora regional improvements (the ARI Mill Levy). The ARI Mill Levy is defined in the Service Plan as (i) for the first 20 years, one mill; (ii) for the next 20 years, five mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct nonregional improvements. The ARI Mill Levy is not pledged to the payment of the 2016 Bonds or the 2018 Bonds.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 7 AGREEMENTS (CONTINUED)**

**ARTA Agreement**

In 2006, the District, along with other metropolitan districts within Aurora, entered into the Aurora Regional Transportation Authority (ARTA) Establishment Agreement. This Agreement was amended on August 14, 2007, February 20, 2008, July 21, 2008, June 11, 2009, and June 6, 2013, to add additional metropolitan district members. ARTA will plan, design, acquire, construct, relocate, redevelop, and finance regional improvements within the boundaries of the metropolitan districts which are a party to the Agreement using the revenue from the ARI Mill Levy of each of the districts. In accordance with the Agreement, the City has been offered the right to appoint no less than 30% and no more than 49% of the ARTA Board, but as of December 31, 2018, had not exercised this right.

**Assignment of Reimbursement Rights**

On April 10, 2018, the Management District and CIC terminated the 2006 Capital Funding Agreement through a Termination of Amended and Restated Facilities Funding and Acquisition Agreement and Consent to Assignment Thereunder. Pursuant to the Termination, CIC agreed to assign its reimbursement rights for any and all advances made to the Management District to Almond Palm, LLC (AP) which is an entity affiliated with the Developer. CIC and the Management District further released each other from any and all liabilities, obligation or duties that may have arisen or been contemplated by the 2006 Capital Funding and Reimbursement Agreement. (See Note 5).

On April 12, 2018, the Management District and AP entered into a Reimbursement Agreement (AP Reimbursement Agreement), pursuant to which AP assumed the rights to reimbursement previously held by CIC under the 2006 Capital Funding and Reimbursement Agreement. Interest shall accrue on the Management District's reimbursement obligation at the rate of eight (8%) per annum until paid, and that all payments made by the Management District to AP shall be credited first to accrued and unpaid interest and then to the principal amount due.

On April 12, 2018, the Management District fully discharged the Reimbursement Obligation owed under the AP Reimbursement Agreement by transferring approximately \$4,562,264 to AP using funds received pursuant to a cost-sharing reimbursement agreement from which the Management District received a reimbursement payment from Denver High Point at DIA Metropolitan District for construction of certain regional improvements funded by the Management District.

In connection to the Reimbursement Agreement with AP, on April 10, 2018, the District and ACM entered into an amendment to the Capital Funding Agreement, pursuant to which the Management District and the Developer agreed that any reimbursement obligation under the Capital Funding Agreement is subordinate to the Reimbursement Obligation regarding the prior advances to AP under the AP Reimbursement Agreement.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 8 INTERFUND TRANSFERS**

The transfer of \$28,435 from the Capital Projects Fund to the Debt Service Fund was due to the transfer of unspent cost of issuance funds from the issuance of the District's 2016 Bonds, per terms of the trust indenture. The transfer of \$22,984 from the General Fund to the Capital Projects Fund was to fund payment of additional cost of issuance expenses.

**NOTE 9 RISK MANAGEMENT**

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

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

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

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 2, 2004, a majority of the District's electors authorized the District to collect and spend or retain taxes of up to \$20,000,000 annually for operations and maintenance and any revenues from any other sources without regard to any limitations imposed by TABOR beginning in 2005. Additionally, the District electors authorized the District to collect, retain, and spend all revenue without regard to limitation under TABOR in 2005 and all subsequent years.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District transfers its net operating revenue to Aurora High Point at DIA Metropolitan District. Therefore, the Emergency Reserves related to the District's revenues are captured in Aurora High Point at DIA Metropolitan District.

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

## **SUPPLEMENTARY INFORMATION**

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 497,841	\$ 497,841	\$ -
Specific Ownership Tax	54,800	42,712	(12,088)
Net Investment Income	20,600	40,010	19,410
Total Revenues	<u>573,241</u>	<u>580,563</u>	<u>7,322</u>
<b>EXPENDITURES</b>			
Debt Service:			
County Treasurer's Fee	7,470	7,472	(2)
Bond Interest - Series 2016	588,493	588,494	(1)
Paying Agent Fees	5,700	3,000	2,700
Contingency	3,337	-	3,337
Total Expenditures	<u>605,000</u>	<u>598,966</u>	<u>6,034</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(31,759)	(18,403)	13,356
<b>OTHER FINANCING SOURCES</b>			
Transfers from Other Fund	-	28,435	28,435
Total Other Financing Sources	<u>-</u>	<u>28,435</u>	<u>28,435</u>
<b>NET CHANGE IN FUND BALANCES</b>	(31,759)	10,032	41,791
Fund Balances - Beginning of Year	<u>2,082,214</u>	<u>2,083,425</u>	<u>1,211</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 2,050,455</u></u>	<u><u>\$ 2,093,457</u></u>	<u><u>\$ 43,002</u></u>

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Investment Income	\$ -	\$ -	\$ 270	\$ 270
Other Income	-	26,000	-	(26,000)
Total Revenues	-	26,000	270	(25,730)
<b>EXPENDITURES</b>				
Bond Issue Cost	-	382,560	369,059	13,501
Transfer to Aurora High Point DIA MD	-	3,101,440	2,915,200	186,240
Contingency	-	26,000	-	26,000
Total Expenditures	-	3,510,000	3,284,259	225,741
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	-	(3,484,000)	(3,283,989)	200,011
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	3,484,000	3,290,000	(194,000)
Transfers from Other Fund	-	-	22,984	22,984
Transfers to Other Fund	-	-	(28,435)	(28,435)
Total Other Financing Sources (Uses)	-	3,484,000	3,284,549	(199,451)
<b>NET CHANGE IN FUND BALANCES</b>				
	-	-	560	560
Fund Balances - Beginning of Year	-	-	(560)	(560)
<b>FUND BALANCES - END OF YEAR</b>				
	\$ -	\$ -	\$ -	\$ -

## **OTHER INFORMATION**

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2018**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Total Mill Levy		Total Property Taxes		Percent Collected to Levied
		General (1)	Debt Service	Levied	Collected	
2014	\$ 3,112,920	11.000	40.000	\$ 158,759	\$ 158,759	100.00%
2015	3,863,580	11.000	40.000	197,043	197,043	100.00
2016	6,671,670	14.000	37.000	340,256	340,256	100.00
2017	7,765,010	11.000	40.000	396,015	396,015	100.00
2018	11,257,770	12.162	44.222	634,758	634,758	100.00
Estimated for the Year Ending December 31, 2019	\$ 12,799,860	12.162	55.277	\$ 863,210		

(1) Includes 1.000 mill for Aurora Regional Improvements for collection years beginning in 2007.

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2018**

\$11,960,000 General Obligation Refunding and Improvement Bonds (Limited Tax Convertible to Unlimited Tax), Series 2016 Dated October 28, 2016 Interest Rate 4.625% - 5.000% Interest Payable June 1, December 1 Principal Due December 1			
Year Ending December 31,	Principal	Interest	Total
2019	\$ -	588,494	\$ 588,494
2020	65,000	588,493	653,493
2021	140,000	585,488	725,488
2022	160,000	579,012	739,012
2023	170,000	571,613	741,613
2024	190,000	563,756	753,756
2025	200,000	554,962	754,962
2026	225,000	545,713	770,713
2027	235,000	535,306	770,306
2028	260,000	524,436	784,436
2029	275,000	512,412	787,412
2030	300,000	499,692	799,692
2031	315,000	485,818	800,818
2032	345,000	471,250	816,250
2033	365,000	454,000	819,000
2034	400,000	435,750	835,750
2035	420,000	415,750	835,750
2036	455,000	394,750	849,750
2037	480,000	372,000	852,000
2038	520,000	348,000	868,000
2039	545,000	322,000	867,000
2040	590,000	294,750	884,750
2041	620,000	265,250	885,250
2042	670,000	234,250	904,250
2043	700,000	200,750	900,750
2044	755,000	165,750	920,750
2045	790,000	128,000	918,000
2046	1,770,000	88,500	1,858,500
Total	\$ 11,960,000	\$ 11,725,945	\$ 23,685,945

NOTE: This debt to maturity schedule only represents the senior obligation of the District. No debt to assessed maturity schedule has been provided for the 2018B Subordinate Bonds or the 2016C Junior Lien Bonds because amounts are payable from subordinate pledged revenue, which may or may not be sufficient to make debt service payments when due.

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION**

**COLORADO INTERNATIONAL CENTER METROPOLITAN DISTRICT NO. 3**  
**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION**  
**DECEMBER 31, 2018**  
**(UNAUDITED)**

**2018 Assessed Valuation of Classes of Property in the District**

<u>Class</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Residential	\$ 11,936,550	93.26 %
Agricultural	1,820	0.01
Vacant Land	351,210	2.74
Personal Property	507,040	3.96
State Assessed	3,240	0.03
Total	<u>\$ 12,799,860</u>	<u>100.00 %</u>

**Largest Taxpayers in the District for 2018**

<u>Taxpayer Name</u>	<u>2018 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Public Service Company of Colorado (Xcel Energy)	\$ 492,880	3.85 %
Melody Homes, Inc.	53,440	0.42
Private Homeowner	51,140	0.40
Private Homeowner	35,530	0.28
Private Homeowner	33,600	0.26
Private Homeowner	32,750	0.26
Private Homeowner	32,420	0.25
Private Homeowner	32,200	0.25
Private Homeowner	32,100	0.25
Private Homeowner	32,040	0.25
All Others	11,971,760	93.53
Total	<u>\$ 12,799,860</u>	<u>100.00 %</u>

**Selected Debt Ratios of the District**

Amount of Debt	\$ 15,250,000
Total Assessed Valuation	\$ 12,799,860
Ratio of Debt to Total Assessed Valuation	119.14 %
2018 District Statutory Actual Value	\$ 168,762,348
Ratio of Debt to Statutory Actual Value	9.04 %