

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**

**Financial Statements**

**Year Ended December 31, 2018**

**with**

**Independent Auditors' Report**

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Board of Directors  
Fossil Ridge Metropolitan District No. 3  
Jefferson County, Colorado

## Independent Auditors' Report

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Fossil Ridge Metropolitan District No. 3 (the "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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general 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 Fossil Ridge 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**

Management has omitted the management's discussion and analysis that accounting principles general 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information and continuing disclosure annual financial information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental information and continuing disclosure annual financial 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.

The continuing disclosure annual financial information, as listed in the table of contents, has not been subject 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 them.

*Stratagem PC*  
*Certified Public Accountants*  
*Lakewood, Colorado*

July 19, 2019

## **BASIC FINANCIAL STATEMENTS**

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**BALANCE SHEET/STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**December 31, 2018**

<b>Assets</b>	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
Cash and investments - unrestricted	\$ 221,935	\$ -	\$ -	\$ 221,935	\$ -	\$ 221,935
Cash and investments - restricted	-	388,541	-	388,541	-	388,541
Receivable from county treasurer	1,543	10,799	-	12,342	-	12,342
Property taxes receivable	197,468	1,165,342	-	1,362,810	-	1,362,810
Total Assets	<u>\$ 420,946</u>	<u>\$ 1,564,682</u>	<u>\$ -</u>	<u>\$ 1,985,628</u>	<u>\$ -</u>	<u>\$ 1,985,628</u>
<b>Liabilities</b>						
Accounts payable	\$ 5,523	\$ -	\$ -	\$ 5,523	\$ -	\$ 5,523
Accrued interest on bonds	-	-	-	-	82,149	82,149
Long-term liabilities:						
Due within one year	-	-	-	-	340,000	340,000
Due in more than one year	-	-	-	-	20,655,360	20,655,360
Total Liabilities	<u>5,523</u>	<u>-</u>	<u>-</u>	<u>5,523</u>	<u>21,077,509</u>	<u>21,083,032</u>
<b>Deferred Inflows of Resources</b>						
Deferred property taxes	197,468	1,165,342	-	1,362,810	-	1,362,810
Total Deferred Inflows of Resources	<u>197,468</u>	<u>1,165,342</u>	<u>-</u>	<u>1,362,810</u>	<u>-</u>	<u>1,362,810</u>
<b>Fund Balance/Net Position</b>						
<b>Fund Balance</b>						
<b>Restricted :</b>						
Emergency reserve	6,600	-	-	6,600	(6,600)	-
Debt service	-	399,340	-	399,340	(399,340)	-
Unassigned	211,355	-	-	211,355	(211,355)	-
Total Fund Balance	<u>217,955</u>	<u>399,340</u>	<u>-</u>	<u>617,295</u>	<u>(617,295)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 420,946</u>	<u>\$ 1,564,682</u>	<u>\$ -</u>	<u>\$ 1,985,628</u>		
<b>Net Position</b>						
<b>Restricted for:</b>						
Emergencies					6,600	6,600
Debt service					317,191	317,191
Unrestricted					(20,784,005)	(20,784,005)
Total Net Position					<u>\$ (20,460,214)</u>	<u>\$ (20,460,214)</u>

The notes to the financial statements are an integral part of these statements.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2018**

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 190,081	\$ 1,330,567	\$ -	\$ 1,520,648	\$ -	\$ 1,520,648
Specific ownership taxes	17,540	122,778	-	140,318	-	140,318
Interest	10,195	7,030	-	17,225	-	17,225
Transfer from District No. 2	-	356,150	-	356,150	-	356,150
Total Revenues	<u>217,816</u>	<u>1,816,525</u>	<u>-</u>	<u>2,034,341</u>	<u>-</u>	<u>2,034,341</u>
<b>Expenditures</b>						
Legal	5,523	-	-	5,523	-	5,523
Miscellaneous expense	310	-	-	310	-	310
Transfer to District No. 1	-	364,170	-	364,170	-	364,170
Treasurers' fees	2,852	19,963	-	22,815	-	22,815
Paying agent fees	-	2,500	-	2,500	-	2,500
Bond principal - Series 2016	-	160,000	-	160,000	(160,000)	-
Bond interest - Series 2016	-	608,200	-	608,200	(18,911)	589,289
Bond principal - Series 2014	-	175,000	-	175,000	(175,000)	-
Bond interest - Series 2014	-	389,244	-	389,244	(19,549)	369,695
Total Expenditures	<u>8,685</u>	<u>1,719,077</u>	<u>-</u>	<u>1,727,762</u>	<u>(373,460)</u>	<u>1,354,302</u>
<b>Excess of Revenues Over Expenditures</b>	<u>209,131</u>	<u>97,448</u>	<u>-</u>	<u>306,579</u>	<u>(306,579)</u>	
<b>Other Financing Sources (Uses)</b>						
Transfer from (to) other funds	-	4,595	(4,595)	-	-	
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,595</u>	<u>(4,595)</u>	<u>-</u>	<u>-</u>	
<b>Net Change in Fund Balance</b>	209,131	102,043	(4,595)	306,579	(306,579)	
<b>Change in Net Position</b>					680,039	680,039
<b>Fund Balance/Net Position</b>						
Beginning of Year	8,824	297,297	4,595	310,716	(21,450,969)	(21,140,253)
End of Year	<u>\$ 217,955</u>	<u>\$ 399,340</u>	<u>\$ -</u>	<u>\$ 617,295</u>	<u>\$ (21,077,509)</u>	<u>\$ (20,460,214)</u>

The notes to the financial statements are an integral part of these statements.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended December 31, 2018**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 190,748	\$ 190,081	\$ (667)
Specific ownership taxes	15,260	17,540	2,280
Interest	50	10,195	10,145
Total Revenues	<u>206,058</u>	<u>217,816</u>	<u>11,758</u>
<b>Expenditures</b>			
Legal	12,289	5,523	6,766
Legal - litigation	20,482	-	20,482
Miscellaneous	-	310	(310)
Treasurers' fees	2,861	2,852	9
Transfer to District No. 1	26,814	-	26,814
Contingency	17,629	-	17,629
Reserve	125,000	-	125,000
Emergency reserve	983	-	983
Total Expenditures	<u>206,058</u>	<u>8,685</u>	<u>197,373</u>
<b>Net Change in Fund Balance</b>	-	209,131	209,131
<b>Beginning Fund Balance</b>	<u>-</u>	<u>8,824</u>	<u>8,824</u>
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ 217,955</u>	<u>\$ 217,955</u>

The notes to the financial statements are an integral part of these statements.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2018

### Note 1: Summary of Significant Accounting Policies

The accounting policies of the Fossil Ridge Metropolitan District No. 3 (“District”), located in Jefferson County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

#### Definition of Reporting Entity

The District was organized October 10, 2006, as a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to the Colorado Special District Act. At the time of formation, the Fossil Ridge Metropolitan District No. 1 (“District No. 1”) and the Fossil Ridge Metropolitan District No. 2 (“District No. 2”) were also organized. All three districts are governed by the same Service Plan (as amended by the Second Amended and Restated Service Plan approved by the City of Lakewood on August 27, 2007), which provides that District No. 1 is the “Operating District” and the District and District No. 2 are the “Taxing Districts”. The Taxing Districts are to provide funding to the Operating District for the construction, operation and maintenance of various public improvements and the Operating District is expected to manage such construction, operation and maintenance. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2018

#### Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures and change in fund balance/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets plus deferred outflows of resources and the (b) liabilities plus deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes, specific ownership taxes, and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2018

The District reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

**Debt Service Fund** – The Debt Service Fund is used to account for all the financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

#### Budgetary Accounting

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

#### Assets, Liabilities and Net Position

##### Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

##### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

# FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

## Notes to Financial Statements December 31, 2018

### Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report 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(s) 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. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

### Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

### Original Issue Premium

Original issue premiums on the 2014 Bonds and 2016 Bonds are being amortized over the term of the bonds using the effective interest method. Accumulated amortization of original issue premium amounted to \$114,000 at December 31, 2018.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements

December 31, 2018

#### Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

#### Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

#### Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the Debt Service Fund in the amount of \$399,340 is restricted for the payment of the debt service costs associated with the outstanding debt (see Note 3).

The restricted fund balance in the General Fund represents emergency reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$6,600 of the General Fund balance has been reserved in compliance with this requirement.

#### Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

#### Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2018

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2018 cash and investments are classified in the accompanying statement of net position as follows:

Cash and investments-unrestricted	\$ 221,935
Cash and investments-restricted	<u>388,541</u>
Total	<u>\$ 610,476</u>

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

Deposits with financial institutions	\$ 39,890
Investments – COLOTRUST	360,985
Investments - Federated Treasury	<u>209,601</u>
Total	<u>\$ 610,476</u>

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2018

#### Deposits:

##### Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

#### Investments:

##### Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (NAV) per share. The investment value for the Federated Treasury Obligations Fund is not categorized.

##### Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

##### Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

##### Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

# FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

## Notes to Financial Statements December 31, 2018

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

### Federated Treasury Obligations Fund

During 2018, the District's funds that were included in the trust accounts at UMB Bank were invested in the Federated Treasury Obligations Fund. This fund is a money market fund and each share is equal in value to \$1.00. The fund is AAAM rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. As of December 31, 2018, the District has \$209,601 invested in the fund, all of which was restricted for the repayment of bond principal and interest.

### COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST" or "Trust") is rated AAAM by S&P Global Ratings with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The Trust operates similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes 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 repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the Trust. Substantially all securities owned by the Trust are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2018, the District had \$360,985 invested in COLOTRUST.

### Note 3: Long-Term Debt

A description of the long-term obligations as of December 31, 2018, is as follows:

#### \$12,415,000 General Obligation Limited Tax Bonds, Series 2016

On December 21, 2016, the District issued \$12,415,000 of General Obligation Limited Tax Bonds, Series 2016 ("Series 2016 Bonds"), dated December 21, 2016, for the purpose of reimbursing a portion of the costs of acquiring, constructing, and installing certain public infrastructure improvements and paying the costs of issuance of the Series 2016 Bonds. The Series 2016 Bonds bear interest at rates ranging from 3% to 5% payable semiannually on each June 1 and December 1, commencing on June 1, 2017, and mature on December 1, 2046. The Series 2016 Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2021 and are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, commencing on December 1, 2020, upon payment of par and accrued interest without redemption premium. The Series 2016 Bonds are secured by the Required Mill Levy

FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2018

and the portion of the specific ownership tax which is collected as a result of the Required Mill Levy for both the District and District No. 2, and any other legally available moneys as determined by the District. The Series 2016 Bonds are also secured by the Surplus Fund.

\$8,715,000 General Obligation Limited Tax Bonds - Series 2014

On December 22, 2014, the District issued \$8,715,000 of General Obligation Limited Tax Bonds, Series 2014 ("Series 2014 Bonds"). The Series 2014 Bonds are limited tax and special revenue obligations of the District secured and payable from Pledged Revenue consisting of ad valorem taxes and specific ownership taxes collected by the District and District No. 2 as defined by the bond indenture and the 2014 Funding Agreement (see Note 4). The Pledged Revenue is on a parity with certain previously issued Series 2010 Bonds by District No. 1.

The Series 2014 Bonds were issued for the purpose of reimbursing the developer for the costs of certain infrastructure within the Financing Districts. These costs were previously funded by the Developer in accordance with the Reimbursement and Acquisition Agreement (see Note 4). The Series 2014 Bonds mature beginning December 1, 2016. Interest on the Series 2014 Bonds is payable semi-annually on June 1 and December 1 each year commencing June 1, 2015 at a rate that varies from 3.00% to 5.00%. Bonds maturing on or after December 1, 2021, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, on December 1, 2020, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

Pursuant to the indenture, there shall be deposited in a Surplus Fund, Pledged Revenue which is not used for payment of interest on the Series 2014 Bonds and any parity bonds and which are not deposited in the Reserve Fund for the District No. 1 Series 2010 Bonds in each year up to the combined amount of the Series 2010 Maximum Surplus Amount of \$820,000 and the Series 2014 Maximum Amount of \$871,500.

The following is an analysis of changes in long-term debt for the period ending December 31, 2018:

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>1/1/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/2018</b>	<b>Portion</b>
Series 2016 - G.O. Bonds	\$ 12,265,000	\$ -	\$ 160,000	\$ 12,105,000	\$ 170,000
Series 2016 - premium	376,425	-	18,378	358,047	-
Series 2014 - G.O. Bonds	8,365,000	-	175,000	8,190,000	170,000
Series 2014 - premium	361,424	-	19,111	342,313	-
	<u>\$ 21,367,849</u>	<u>\$ -</u>	<u>\$ 372,489</u>	<u>\$ 20,995,360</u>	<u>\$ 340,000</u>

FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2018

The following is a summary of the annual long-term debt principal and interest requirements on the Series 2014 and 2016 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 340,000	\$ 985,794	\$ 1,325,794
2020	350,000	972,194	1,322,194
2021	355,000	958,194	1,313,194
2022	365,000	942,194	1,307,194
2023	375,000	925,694	1,300,694
2024 - 2028	2,025,000	4,364,219	6,389,219
2029 - 2033	2,350,000	3,867,030	6,217,030
2034 - 2038	2,750,000	3,267,475	6,017,475
2039 - 2043	5,945,000	2,401,750	8,346,750
2044 - 2046	5,440,000	553,000	5,993,000
	<u>\$ 20,295,000</u>	<u>\$ 19,237,544</u>	<u>\$ 39,532,544</u>

Debt Authorization

As of December 31, 2018, the District had remaining voted debt authorization of approximately \$691,735,000. The District has not budgeted to issue new debt during 2019. Per the District's Service Plan, the District, in combination with Districts No. 1 and No. 2, cannot issue more than \$91 million in revenue debt, of which \$70 million of such authorization may be allocated to general obligation debt.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2018

#### Note 4: District Agreements

##### Joint Funding Agreements

On September 1, 2009, the District entered into a Joint Funding Agreement ("2010 Joint Funding Agreement") with Districts No. 1 and No. 2 to provide for the payment to the trustee of certain property taxes and specific ownership taxes collected by the District and No. 2 for the purpose of paying debt service on District No. 1's Series 2009 Bonds. An Amended and Restated Joint Funding Agreement was approved on September 1, 2010 which allowed for the payment of the debt service related to District No. 1's Series 2010 Bonds.

On December 22, 2014, the District entered into a 2014 Joint Funding Agreement with District No. 1 and District No. 2, pursuant to which both the District and District No. 2 will be obligated to impose a required mill levy for the purpose of providing for the payment of the Series 2014 Bonds. All revenues payable to the trustee under the Funding Agreements constitute Pledged Revenue pledged to the payment of the Series 2010 Bonds and Series 2014 Bonds on parity.

On December 7, 2016, the District entered into a First Amendment to Joint Funding Agreement which amended the Original Joint Funding Agreement to clarify that the term "Estimated Debt Requirements" is to include all parity debt as well as bonds.

##### Master Intergovernmental Agreement

On January 8, 2008, the District entered into a Master Intergovernmental Agreement ("IGA") with District No. 1 and District No. 2. Per the IGA, District No. 1 is to construct, own, maintain and operate the facilities benefiting the District and District No. 2, which may include the borrowing of funds or issuance of revenue bonds. The District and District No. 2 are to pay all costs related to the construction, operation and maintenance of such facilities, including the payment of amounts owing in connection with bonds issued to finance such facilities. Such financial obligations are to be paid from bond proceeds, the District's annual certification of a mill levy, homeowner assessments and various fees subject to the limitations of the Service Plan. The original maximum mill levy was 50 mills. However, since the District is exempt from the Gallagher Amendment, the current maximum mill levy is 54.585 mills. The IGA also sets forth certain provisions pertaining to the processes for payment of capital, operations and maintenance costs, review of budgets and project plans, execution of construction contracts, administrative management, establishment of user fees and the transfers of funds between districts.

##### Reimbursement of Developer Loan and Public Infrastructure Acquisition Agreement

On May 13, 2008, District No. 1 entered into a Reimbursement of Developer Loan and Public Infrastructure Acquisition Agreement with Brookfield Residential (Colorado), LLC, formerly Carma (Colorado), Inc., ("Developer"). The agreement provides for the advancement by the Developer of certain moneys for capital improvements and operating and maintenance costs for an amount not to exceed \$91,000,000. The agreement also provides for the repayment of these advances using bond proceeds. The District and District No. 2 are responsible for determining when bonds should be issued, based upon numerous economic factors. The District No. 1 Board

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2018

of Directors may in its sole discretion, use other legally available funds to repay Developer Advances. Advances shall bear interest at a rate of 6% per annum from the date of the advance. The agreement also provides for District No. 1 to acquire any public improvements constructed by the Developer upon receipt of the proper engineer's certificate as to district eligibility. The repayment obligations by District No. 1 constitute a multiple fiscal year financial obligation and are not subject to annual appropriation; however, as discussed above, the repayment obligation is restricted to bond proceeds. The agreement states that it is between District No. 1 and the Developer. However, given the provisions of the Master IGA, the District and District No. 2 are impacted from certain covenants contained therein.

#### Note 5: Tax, Spending and Debt Limitations

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

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

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

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.

On November 7, 2006, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements December 31, 2018

#### Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method in the statement of activities; and,
- 2) governmental funds report long-term debt proceeds as revenue and long-term debt payments as expenditures, however, in the statement of activities, these revenues and payments are recorded as changes in long-term liabilities.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

Notes to Financial Statements  
December 31, 2018

### Note 8: Litigation

The Developer, Brookfield Residential (Colorado) LLC ("Brookfield"), caused all of the Brookfield-affiliated Directors to resign from the Board of Directors of District No. 1 on June 30, 2017, leaving the Board with no Directors. Brookfield then filed pleadings with the District Court for Jefferson County, Colorado, requesting that the Court appoint a receiver to control District No. 1. As required by statute, the original case number assigned at the time of the District No. 1's organization (Case No. 05CV3044) was used. In response to Brookfield's actions, the Boards for the District and District No. 2 (collectively, the "Financing Districts") filed pleadings with the Court requesting that, in accordance with the express provisions of the January 8, 2008 Master Intergovernmental District Facilities Construction and Services Agreement between District No. 1 and the Financing Districts, the Court appoint Board members of the Financing Districts to temporarily assume control over District No. 1 until additional eligible electors can be added to District No. 1 and elected to District No. 1's Board. On November 13, 2017, the Jefferson County District Court granted the Financing Districts' request and appointed five of the Board members of the Financing Districts to assume control of District No. 1. Brookfield appealed this decision to the Colorado Court of Appeals (Case No. 2017CA2373).

In accordance with the Court's November 13, 2017 Order, the Board for District No. 1 undertook a statutory process to include 53 residential properties within its jurisdictional boundaries in order to have residents who would be eligible to serve on and/or vote for the Board of Directors for District No. 1. As part of that statutory process, on January 30, 2018, District No. 1 filed a Petition for Inclusion of Real Property with the Jefferson County District Court. As required by statute, the same organizational case number (Case No. 05CV3044) was used. Brookfield opposed the inclusion on various grounds. On February 21, 2018, the Court issued an Order rejecting Brookfield's arguments and granting District No. 1's Petition to include the properties. Brookfield appealed that decision (Case No. 2018CA691). District No. 1 advised Brookfield that it intended to consolidate the two appeals. In response, Brookfield voluntarily filed a Motion to Dismiss its first appeal (Case No. 2017CA2373), which was granted by the Colorado Court of Appeals on October 3, 2018. On September 21, 2018, District No. 1 and Brookfield filed a Stipulation to Dismiss Brookfield's second appeal (Case No. 2018CA691), which was granted by the Colorado Court of Appeals on October 3, 2018. Accordingly, the foregoing litigation has been fully resolved.

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

## SUPPLEMENTAL INFORMATION

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**DEBT SERVICE FUND**  
**For the Year Ended December 31, 2018**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 1,335,375	\$ 1,330,567	\$ (4,808)
Specific ownership taxes	106,830	122,778	15,948
Interest	171	7,030	6,859
Transfer from District No. 2	592,197	356,150	(236,047)
<b>Total Revenues</b>	<u>2,034,573</u>	<u>1,816,525</u>	<u>(218,048)</u>
<b>Expenditures</b>			
Transfer to District No. 1	464,098	364,170	99,928
Treasurers' fees	20,031	19,963	68
Paying agent fees	2,000	2,500	(500)
Bond principal - Series 2016	160,000	160,000	-
Bond interest - Series 2016	608,200	608,200	-
Bond principal - Series 2014	175,000	175,000	-
Bond interest - Series 2014	389,244	389,244	-
<b>Total Expenditures</b>	<u>1,818,573</u>	<u>1,719,077</u>	<u>99,496</u>
<b>Excess of Revenues Over Expenditures</b>	<u>216,000</u>	<u>97,448</u>	<u>(118,552)</u>
<b>Other Financing Sources</b>			
Transfer from other funds	4,594	4,595	1
<b>Total Other Financing Sources</b>	<u>4,594</u>	<u>4,595</u>	<u>1</u>
<b>Net Change in Fund Balance</b>	220,594	102,043	(118,551)
<b>Beginning Fund Balance</b>	<u>297,665</u>	<u>297,297</u>	<u>(368)</u>
<b>Ending Fund Balance</b>	<u>\$ 518,259</u>	<u>\$ 399,340</u>	<u>\$ (118,919)</u>

The notes to the financial statements are an integral part to these statements.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2018**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Total revenues	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Total expenditures	-	-	-
<b>Excess of Revenues Over Expenditures</b>	-	-	-
<b>Other Financing Uses</b>			
Transfer to other funds	(4,594)	(4,595)	(1)
Total other financing uses	(4,594)	(4,595)	(1)
<b>Net Change in Fund Balance</b>	(4,594)	(4,595)	(1)
<b>Beginning Fund Balance</b>	4,594	4,595	-
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>

The notes to the financial statements are an integral part of these statements.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**SUMMARY OF ASSESSED VALUATION, MILL LEVY**  
**AND PROPERTY TAXES COLLECTED**  
**December 31, 2018**

**District No. 2**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Tax		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
		2008	\$ 2,440,570	30.000	0.000	
2009	\$ 3,895,030	0.000	30.000	\$ 116,851	\$ 121,571	104.04%
2010	\$ 6,656,870	0.000	30.000	\$ 199,706	\$ 195,884	98.09%
2011	\$ 7,395,640	0.000	30.000	\$ 221,869	\$ 204,065	91.98%
2012	\$ 10,435,617	0.000	30.000	\$ 313,069	\$ 312,188	99.72%
2013	\$ 11,679,755	0.000	30.000	\$ 350,393	\$ 350,391	100.00%
2014	\$ 13,648,409	0.000	30.000	\$ 409,452	\$ 409,450	100.00%
2015	\$ 15,615,700	5.000	35.000	\$ 624,628	\$ 624,626	100.00%
2016	\$ 20,546,882	0.000	35.000	\$ 821,875	\$ 821,872	100.00%
2017	\$ 21,055,483	5.000	35.000	\$ 842,219	\$ 841,275	99.89%
2018	\$ 21,787,559	5.458	38.210	\$ 951,419	\$ 949,638	99.81%

Estimated for  
Year Ending  
December 31,  
2019

\$ 21,813,016      5.458      32.210      \$ 821,653

**District No. 3**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Tax		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
		2008	\$ 5,344,050	30.000	0.000	
2009	\$ 6,894,350	0.000	30.000	\$ 206,831	\$ 206,831	100.00%
2010	\$ 8,141,260	0.000	30.000	\$ 244,238	\$ 244,238	100.00%
2011	\$ 8,482,530	0.000	30.000	\$ 254,476	\$ 227,276	89.31%
2012	\$ 10,780,165	0.000	30.000	\$ 323,405	\$ 312,505	96.63%
2013	\$ 11,909,224	0.000	30.000	\$ 357,277	\$ 357,089	99.95%
2014	\$ 15,585,624	0.000	30.000	\$ 467,569	\$ 467,097	99.90%
2015	\$ 15,998,305	5.000	35.000	\$ 639,932	\$ 639,809	99.98%
2016	\$ 26,917,310	0.000	40.000	\$ 1,076,692	\$ 1,074,430	99.79%
2017	\$ 28,558,160	5.000	35.000	\$ 1,142,326	\$ 1,140,153	99.81%
2018	\$ 34,948,305	5.458	38.210	\$ 1,526,123	\$ 1,520,648	99.64%

Estimated for  
Year Ending  
December 31,  
2019

\$ 36,179,503      5.458      32.210      \$ 1,362,810

**NOTE**

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION -  
UNAUDITED**

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**ASSESSED AND ACTUAL VALUATION OF CLASSES OF PROPERTY IN DISTRICT**  
**December 31, 2018**  
**UNAUDITED**

**District No. 2**

Class	2018 Assessed Valuation	Percent of Assessed Valuation	2018 Actual Valuation	Percent of Actual Valuation
Residential	\$ 21,429,374	98.24%	\$ 327,481,322	99.60%
Vacant	193,734	0.89%	668,045	0.20%
Commercial	732	0.00%	2,524	0.00%
State Assessed	189,080	0.87%	652,000	0.20%
Natural Resources	96	0.00%	330	0.00%
Total	\$ 21,813,016	100.00%	\$ 328,804,221	100.00%

**District No. 3**

Class	2018 Assessed Valuation	Percent of Assessed Valuation	2018 Actual Valuation	Percent of Actual Valuation
Residential	\$ 34,318,119	94.85%	\$ 517,924,341	98.77%
Vacant	1,498,228	4.14%	5,166,300	0.99%
Commercial	13,930	0.04%	48,883	0.01%
State Assessed	349,226	0.97%	1,204,228	0.23%
Total	\$ 36,179,503	100.00%	\$ 524,343,752	100.00%

The notes to the financial statements are an integral part of these statements.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**MILL LEVY RECAP**  
**December 31, 2018**  
**UNAUDITED**

<u>Taxing Authority</u>	<u>2017 Levy</u>	<u>2018 Levy</u>
Jefferson County	22.420	23.739
Jefferson County School District No. R-1	42.878	49.416
Lakewood (City of)	2.148	4.711
Mount Carbon Metropolitan District (exclusion areas)	21.849	21.929
Regional Transportation District	-	-
Urban Drainage & Flood Control District	0.500	0.726
Urban Drainage & Flood Control South Platte	0.057	0.094
West Metro Fire Protection District - General	13.219	12.905
West Metro Fire Protection District - Sub	0.000	0.827
Total Overlapping Mill Levy	<u>103.071</u>	<u>114.347</u>
The Financing Districts	<u>43.668</u>	<u>37.668</u>
Total Mill Levy	<u><u>146.739</u></u>	<u><u>152.015</u></u>

The notes to the financial statements are an integral part of these statements.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**SELECTED DEBT RATIOS**  
**December 31, 2018**  
**UNAUDITED**

	<u>District No. 1</u>	<u>District No. 2</u>	<u>District No. 3</u>	<u>Total</u>
General Obligation Debt Outstanding	\$ 8,050,000	\$ -	\$ 20,295,000	\$ 28,345,000
District Assessed Value	* \$ 2,561,108	\$ 21,813,016	\$ 36,179,503	\$ 57,992,519
Ratio of Debt to Assessed Value				48.88%

\* The property in District No. 1 is included in either the District or District No. 2. Therefore, the assessed value for District No. 1 is not included in the Total District Assessed Value.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**ESTIMATED OVERLAPPING GENERAL OVERLAPPING DEBT**  
**December 31, 2018**  
**UNAUDITED**

<u>Overlapping Public Entity</u>	<u>Outstanding General Obligation Debt</u>	<u>Estimated Net Debt Chargeable to Properties in the District</u>	
		<u>Percent</u>	<u>Amount</u>
<b>District No. 2</b>			
Jefferson County School District No. R-1	\$ 393,677,155	0.31%	\$ 1,201,522
Mount Carbon Metropolitan District	\$ 15,080,000	46.69%	7,041,125
West Metro Fire Protection District	\$ 23,770,000	0.80%	189,069
Total District No. 2			<u>\$ 8,431,716</u>
<b>District No. 3</b>			
Jefferson County School District No. R-1	\$ 393,677,155	0.41%	\$ 1,630,637
Mount Carbon Metropolitan District	\$ 15,080,000	63.33%	9,549,621
West Metro Fire Protection District	\$ 23,770,000	1.08%	256,158
Total District No. 2			<u>\$ 11,436,416</u>

The notes to the financial statements are an integral part of these statements.