

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – 2010 BONDS – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	31
DEBT SERVICE FUND – 2014 BONDS (ISSUED BY DISTRICT NO. 3) – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	32
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	34
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	35

Independent Auditors' Report

Board of Directors
Fitzsimons Village Metropolitan District No. 1
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fitzsimons Village Metropolitan District No. 1 (the "District") as of and for the year ended December 31, 2019, 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 Fitzsimons Village Metropolitan District No. 1 as of December 31, 2019, 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 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.

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 supplementary 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 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP
Lakewood, Colorado

September 29, 2020

BASIC FINANCIAL STATEMENTS

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 10,610,646
Receivable - County Treasurer	2,062
Receivable - Other	31,086
Due from Fitzsimons No. 2	3,971
Property Taxes Receivable	34,635
Capital Assets, Net of Accumulated Depreciation	7,773,819
Total Assets	18,456,219
LIABILITIES	
Accounts Payable	567,420
Due to ARTA	314
Due to Fitzsimons No. 2	2,152
Due to Fitzsimons No. 3	27,794
Accrued Interest Payable - Bonds	4,291,902
Noncurrent Liabilities:	
Due Within One Year	680,000
Due in More Than One Year	29,513,855
Total Liabilities	35,083,437
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Taxes	34,635
Total Deferred Inflows of Resources	34,635
NET POSITION	
Net Investment in Capital Assets	(5,729,854)
Restricted for:	
Emergency Reserves	12,900
Unrestricted	(10,944,899)
Total Net Position	\$ (16,661,853)

See accompanying Notes to Basic Financial Statements.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Government Activities:					
General Government	\$ 867,986	\$ 90,466	\$ 296,347	\$ -	\$ (481,173)
Interest and Related Costs on Long-Term Debt	2,187,786	-	-	2,017,600	(170,186)
Total Governmental Activities	\$ 3,055,772	\$ 90,466	\$ 296,347	\$ 2,017,600	(651,359)
 GENERAL REVENUES					
					32,421
					24,686
					61,485
					42,288
					160,880
 CHANGE IN NET POSITION					
					(490,479)
					(16,171,374)
 NET POSITION - END OF YEAR					
					\$ (16,661,853)

See accompanying Notes to Basic Financial Statements.

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Debt Service 2010 Bonds	Debt Service 2014 Bonds	Total Governmental Funds
ASSETS				
Cash and Investments - Restricted	\$ 4,570	\$ 10,597,278	\$ 8,798	\$ 10,610,646
Receivable - County Treasurer	-	-	2,062	2,062
Receivable - Other	24,449	6,637	-	31,086
Due from Fitzsimons No. 2	581	3,390	-	3,971
Property Taxes Receivable	679	-	33,956	34,635
Total Assets	\$ 30,279	\$ 10,607,305	\$ 44,816	\$ 10,682,400
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 114,586	\$ 452,834	\$ -	\$ 567,420
Due to ARTA	314	-	-	314
Due to Fitzsimons No. 2	2,152	-	-	2,152
Due to Fitzsimons No. 3	16,934	-	10,860	27,794
Total Liabilities	133,986	452,834	10,860	597,680
 DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes	679	-	33,956	34,635
Total Deferred Inflows of Resources	679	-	33,956	34,635
 FUND BALANCES				
Restricted for:				
Emergency Reserves	12,900	-	-	12,900
Debt Service	-	10,154,471	-	10,154,471
Unassigned	(117,286)	-	-	(117,286)
Total Fund Balances	(104,386)	10,154,471	-	10,050,085
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 30,279	\$ 10,607,305	\$ 44,816	

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

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

Capital Assets, Net of Accumulated Depreciation	7,773,819
---	-----------

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

Bonds Payable	(16,955,000)
Accrued Interest Payable - Bonds	(4,291,902)
Developer Advances Payable	(3,519,812)
Accrued Interest Payable - Developer Advances	(2,322,972)
Use Restriction Redemption Payment Held	(7,396,071)

Net Position of Governmental Activities	\$ (16,661,853)
---	-----------------

See accompanying Notes to Basic Financial Statements.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General	Debt Service 2010 Bonds	Debt Service 2014 Bonds	Total Governmental Funds
REVENUES				
AURA Funding	\$ -	\$ 1,778,728	\$ -	\$ 1,778,728
Interest Income	173	195,065	882	196,120
Operations and Maintenance Fees	78,183	-	-	78,183
Parking Revenue	12,283	-	-	12,283
Public Improvement Fees - Debt Service	-	63,786	-	63,786
Public Improvement Fees - Excess Collection Fee	31,752	-	-	31,752
Public Improvement Fees - Operations and Maintenance	101,673	-	-	101,673
Property Taxes	636	-	31,785	32,421
TIF Property Taxes (Adjustments)	107,137	-	-	107,137
Specific Ownership Taxes	-	-	24,686	24,686
Insurance Proceeds	42,288	-	-	42,288
Transfer from Fitzsimons Village No. 2 - Taxes	19,285	126,872	-	146,157
Transfer from Fitzsimons Village No. 3 - O&M Fee	36,500	-	-	36,500
Total Revenues	<u>429,910</u>	<u>2,164,451</u>	<u>57,353</u>	<u>2,651,714</u>
EXPENDITURES				
General and Administrative:				
Accounting	67,294	-	-	67,294
ARI Payment	55,630	-	-	55,630
Audit	4,400	-	-	4,400
County Treasurer's Fee	10	-	477	487
District Management	13,163	-	-	13,163
Insurance and Dues	13,143	-	-	13,143
Legal	65,588	-	-	65,588
Miscellaneous	1,508	-	-	1,508
Transfer to Fitzsimons No. 3 - Taxes	-	-	56,876	56,876
Operations and Maintenance:				
Parking Enforcement	33,607	-	-	33,607
Repairs and Maintenance	97,882	-	-	97,882
Snow Removal	78,713	-	-	78,713
Utilities	19,427	-	-	19,427
Transfer to Fitzsimons No. 3 - O&M Fee Pledge	46,934	-	-	46,934
Debt Service:				
Bond Principal - Senior Bonds	-	630,000	-	630,000
Bond Interest - Senior Bonds	-	1,070,251	-	1,070,251
Bond Interest - Junior Bonds	-	173,870	-	173,870
Paying Agent/Trustee Fees	-	4,000	-	4,000
Total Expenditures	<u>497,299</u>	<u>1,878,121</u>	<u>57,353</u>	<u>2,432,773</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(67,389)	286,330	-	218,941
OTHER FINANCING SOURCES (USES)				
Developer Advances	31,074	-	-	31,074
Use Restriction Redemption Payment	-	7,714,270	-	7,714,270
Use Restriction Extension Payment	-	48,214	-	48,214
Redemption Payment Escrow - Adjustment Amount	-	(452,834)	-	(452,834)
Transfer from (to) Other Funds	1,748	(1,748)	-	-
Total Other Financing Sources (Uses)	<u>32,822</u>	<u>7,307,902</u>	<u>-</u>	<u>7,340,724</u>
NET CHANGE IN FUND BALANCES	(34,567)	7,594,232	-	7,559,665
Fund Balances - Beginning of Year	(69,819)	2,560,239	-	2,490,420
FUND BALANCES - END OF YEAR	<u>\$ (104,386)</u>	<u>\$ 10,154,471</u>	<u>\$ -</u>	<u>\$ 10,050,085</u>

See accompanying Notes to Basic Financial Statements.

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds \$ 7,559,665

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

Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation (370,687)

Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Principal Payment	630,000
Developer Advances	(31,074)
Use Restriction Redemption Payment	(7,714,270)
Interest Earned on Use Restriction Redemption Payment	(134,635)
Redemption Payment Escrow - Adjustment Amount	452,834

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.

Accrued Interest on Developer Advances - Change in Liability	(280,509)
Accrued Interest on Bonds - Change in Liability	(601,803)
	(882,312)

Change in Net Position of Governmental Activities \$ (490,479)

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes - ARI	\$ 636	\$ 635	\$ 636	\$ 1
TIF Property Taxes (Adjustment)	-	52,133	52,133	-
TIF Property Taxes - ARI (Adjustment)	-	55,004	55,004	-
Interest Income	-	250	173	(77)
Parking Revenue	16,000	17,000	12,283	(4,717)
Public Improvement Fees - Operations and Maintenance	101,000	101,673	101,673	-
Public Improvement Fees - Excess Collection Fee	33,000	32,000	31,752	(248)
Operations and Maintenance Fees	78,183	78,183	78,183	-
Insurance Proceeds	-	50,000	42,288	(7,712)
Transfer from Fitzsimons Village No. 2 - Taxes	19,422	19,093	19,285	192
Transfer from Fitzsimons Village No. 3 - O&M Fee	22,868	36,500	36,500	-
Total Revenues	271,109	442,471	429,910	(12,561)
EXPENDITURES				
General and Administrative:				
Accounting	56,500	56,500	56,500	-
Accounting - Unbudgeted (TIF)	-	12,000	10,794	1,206
ARI Payment	626	55,630	55,630	-
Audit	4,400	4,400	4,400	-
County Treasurer's Fee	10	10	10	-
District Management	12,000	12,000	12,000	-
District Management - Unbudgeted	-	-	1,163	(1,163)
Insurance and Dues	13,700	13,143	13,143	-
Legal	18,860	18,860	18,860	-
Legal - Unbudgeted	-	40,000	43,226	(3,226)
Legal - Special Counsel - TIF	-	3,503	3,502	1
Miscellaneous	1,970	1,800	1,508	292
Operations and Maintenance:				
Property Management	8,000	8,000	-	8,000
Parking Enforcement	33,000	35,470	33,607	1,863
Repairs and Maintenance	55,210	104,750	97,882	6,868
Snow Removal	75,000	85,000	78,713	6,287
Utilities	23,000	20,000	19,427	573
Transfer to Fitzsimons No. 3 - O&M Fee Pledge	46,934	46,934	46,934	-
Contingency	3,790	-	-	-
Total Expenditures	353,000	518,000	497,299	20,701
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(81,891)	(75,529)	(67,389)	8,140
OTHER FINANCING SOURCES (USES)				
Developer Advances	190,336	120,000	31,074	(88,926)
Developer Advances - TIF	-	34,342	-	(34,342)
Transfer from Other Fund	-	1,748	1,748	-
Total Other Financing Sources (Uses)	190,336	156,090	32,822	(123,268)
NET CHANGE IN FUND BALANCE	108,445	80,561	(34,567)	(115,128)
Fund Balance - Beginning of Year	(100,245)	(69,819)	(69,819)	-
FUND BALANCE - END OF YEAR	\$ 8,200	\$ 10,742	\$ (104,386)	\$ (115,128)

See accompanying Notes to Basic Financial Statements.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 DEFINITION OF REPORTING ENTITY

Fitzsimons Village Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in July 2006 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located within the City of Aurora (the City), Arapahoe County, Colorado. The District was organized to provide financing for the design, acquisition, construction, and installation of public improvements and related operation and maintenance services within and outside of the boundaries of the District. The public improvements include streets, safety protection, park and recreation facilities, water, sewer, transportation, mosquito control, limited fire protection, and television relay and translation facilities and services. When appropriate, these improvements will be dedicated to the City, Arapahoe County, or other such entities as appropriate for the use and benefit of the District taxpayers and service users. The District (the Operating District) was organized in conjunction with two other related districts, Fitzsimons Village Metropolitan District No. 2 and Fitzsimons Village Metropolitan District No. 3 (the Taxing Districts).

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct 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 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, specific ownership taxes, public improvement fees, and intergovernmental revenues. 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 – 2010 Bonds accounts for the resources accumulated and payments made for principal and interest on the Series 2010 Bonds issued by the District.

The Debt Service Fund – 2014 Bonds accounts for the resources accumulated and transferred to Fitzsimons Village Metropolitan District No. 3 (District No. 3) pursuant to a certain Capital Pledge Agreement, to pay for principal and interest on the Series 2014 Bonds issued by District No. 3.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District has amended its annual budget for the year ended December 31, 2019.

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

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

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Colfax Avenue Pedestrian Bridge	30 Years
Streets	30 Years
Parking Meters	8 Years

Deferred Inflows of Resources

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

Equity

Net Position

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

Fund Balance

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

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

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

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

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

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

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

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2019. The deficit will be eliminated with various operating revenues in 2020.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Cash and Investments - Restricted	\$ 10,610,646
Total Cash and Investments	\$ 10,610,646

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 3,290
Investments	10,607,356
Total Cash and Investments	\$ 10,610,646

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, 2019, the District’s cash deposits had a bank balance and a carrying balance of \$3,290.

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

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

As of December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 10,607,356</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019
Capital Assets, Being Depreciated:				
Streets	\$ 7,069,167	\$ -	\$ -	\$ 7,069,167
Bridge and Improvements	3,830,625	-	-	3,830,625
Equipment (Parking Meters)	58,876	-	-	58,876
Total Capital Assets, Being Depreciated	<u>10,958,668</u>	<u>-</u>	<u>-</u>	<u>10,958,668</u>
Less Accumulated Depreciation For:				
Streets	(1,826,201)	(235,639)	-	(2,061,840)
Bridge and Improvements	(951,165)	(127,687)	-	(1,078,852)
Equipment (Parking Meters)	(36,796)	(7,361)	-	(44,157)
Total Accumulated Depreciation	<u>(2,814,162)</u>	<u>(370,687)</u>	<u>-</u>	<u>(3,184,849)</u>
Total Capital Assets, Net	<u>8,144,506</u>	<u>(370,687)</u>	<u>-</u>	<u>7,773,819</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,144,506</u>	<u>\$ (370,687)</u>	<u>\$ -</u>	<u>\$ 7,773,819</u>

Depreciation costs of the assets owned by the District, totaling \$370,687 was charged to general government function of the District for the year ended December 31, 2019.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Tax Increment/PIF Supported Revenue Bonds, Series 2010A	\$ 14,585,000	\$ -	\$ 630,000	\$ 13,955,000	\$ 680,000
Junior Bonds (Fill-Up), Series 2010B	3,000,000	-	-	3,000,000	-
Developer Advances - Operating	362,105	31,074	-	393,179	-
Developer Advances - Capital	3,126,633	-	-	3,126,633	-
Accrued Interest on Developer Advances - Operating	147,545	30,379	-	177,924	-
Accrued Interest on Developer Advances - Capital	1,894,918	250,130	-	2,145,048	-
Use Restriction Redemption Payment Held	-	7,848,905	452,834	7,396,071	-
Total	<u>\$ 23,116,201</u>	<u>\$ 8,160,488</u>	<u>\$ 1,082,834</u>	<u>\$ 30,193,855</u>	<u>\$ 680,000</u>

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

\$16,820,000 Tax Increment/Public Improvement Fee Supported Revenue Bonds, Series 2010A

On April 29, 2010, the District issued \$16,820,000 in Tax Increment/Public Improvement Fee Supported Revenue Bonds, Series 2010A (Bonds). The Bonds are special limited revenue obligations of the District, payable solely from Pledged Revenues consisting of: (a) all Pledged PIF Revenue, (b) during the Pledged TIF Revenue Term, all Pledged TIF Revenue, (c) all Facilities Fees, (d) during the Pledged TIF Revenue Term, the base Capital Levy Revenue, and after the Term, all Capital Levy Revenue, (e) Specific Ownership Taxes, (f) payments in lieu of taxes, if any, (g) Use Tax Payments in Lieu, if any, (h) Completion Guaranty Payments, if any, (i) Extension Payments, if any, (j) Redemption Payments on deposit with the Trustee, if any, (k) any other legally available monies, and (l) investment income derived from all Pledged Revenue.

The Bonds are also secured by amounts on deposit in the Reserve Fund which was funded from proceeds of the Bonds in the amount of the Reserve Requirement amounting to \$1,597,774. The Bonds are due March 1, 2040, with an interest rate of 7.50%, paid semiannually on March 1 and September 1, commencing on September 1, 2010. To the extent principal is not paid when due, such principal shall remain outstanding until paid. To the extent interest is not paid when due, such interest shall compound semiannually on each September 1 and March 1. The Bonds are subject to redemption prior to maturity at the option of the District on and after March 1, 2020, on any date, in whole or in part, at a redemption price equal to 100% of the principal amount so redeemed, plus interest accrued to the redemption date. The Bonds are subject to mandatory sinking fund redemption at a price equal to the principal amount plus accrued interest to the redemption date.

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$16,820,000 Tax Increment/Public Improvement Fee Supported Revenue Bonds, Series 2010A (Continued)

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

The District's long-term obligations related to the Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 680,000	\$ 1,021,125	\$ 1,701,125
2021	755,000	967,313	1,722,313
2022	815,000	908,437	1,723,437
2023	900,000	844,125	1,744,125
2024	975,000	773,813	1,748,813
2025-2029	3,910,000	2,772,375	6,682,375
2030-2034	2,015,000	1,869,187	3,884,187
2035-2039	3,115,000	919,688	4,034,688
2040	790,000	29,625	819,625
Total	<u>\$ 13,955,000</u>	<u>\$ 10,105,688</u>	<u>\$ 24,060,688</u>

Up to \$3,000,000 Tax Increment/Public Improvement Fee Supported Junior Revenue Bonds, Series 2010B

On April 29, 2010, the District also issued Series 2010B or Junior Revenue Bonds as "fill up" bonds (Junior Bonds, and together with the Bonds, the Series 2010 Bonds) for the purpose of representing the District's obligation to reimburse advances made by CPX Aurora, as later defined, to the District to pay the costs of certain capital improvements. The initial principal amount of the Junior Bonds was zero with a maximum principal amount permitted of \$3,000,000.

CPX Aurora submitted requests for reimbursement and the District accepted and approved the requests, thereby increasing the outstanding balance of the Junior Bonds. Interest on the Junior Bonds accrues at a rate of 10.5% payable annually on March 1, beginning on March 1, 2011. To the extent interest is not paid when due, such interest will compound annually on each March 1. Principal and interest on the Junior Bonds are payable annually on March 1 to the extent of Pledged Revenues available after the payment of principal and interest on the Bonds. The Junior Bonds mature on March 1, 2040. As of December 31, 2019, the outstanding balances of the Junior Bonds are principal in the amount of \$3,000,000 and accrued interest totaling \$3,943,027. Additionally, as of December 31, 2019, the Bonds have \$348,875 of accrued interest.

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Up to \$3,000,000 Tax Increment/Public Improvement Fee Supported Junior Revenue Bonds, Series 2010B (Continued)

Pursuant to the Capital Pledge Agreement (Agreement) among the District, Fitzsimons Village Metropolitan District No. 2 (District No. 2) and UMB Bank, n.a. (Trustee), the District, as the Operating District, is required to determine the rate of District No. 2's debt service mill levy in order to generate property tax revenues that, when combined with other Pledged Revenues, will be sufficient to pay amounts owing on the Bonds and Junior Bonds, but at a rate not exceeding the mill levy limitations set forth in the Agreement. For tax collection year 2019, the District directed District No. 2 to not increase its debt service mill levy, which resulted in the District's inability to make payments on the Junior Bonds. The current holder of the Junior Bonds did not object to the District's determination to direct District No. 2 to not increase its debt service mill levy.

Authorized Debt

On May 2, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$4,211,840,000. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 2, 2006	Authorization Used for Series 2010A Bonds	Authorization Used for Series 2010B Bonds	Authorization Used for Capital Pledge Agreement with District No. 3	Authorized But Unissued
Streets	\$ 382,440,000	\$ 11,003,209	\$ 2,197,672	\$ -	\$ 369,239,119
Water	382,440,000	527,275	96,077	-	381,816,648
Sanitary Sewer	382,440,000	4,291,336	706,251	-	377,442,413
Parks and Recreation	382,440,000	998,180	-	-	381,441,820
Traffic and Safety	382,440,000	-	-	-	382,440,000
Mosquito Control	382,440,000	-	-	-	382,440,000
Public Transportation	382,440,000	-	-	-	382,440,000
Fire Protection	382,440,000	-	-	-	382,440,000
Television Relay and Translation	382,440,000	-	-	-	382,440,000
Operations and Maintenance	5,000,000	-	-	-	5,000,000
Debt Refunding	382,440,000	-	-	-	382,440,000
Intergovernmental Contracts	382,440,000	-	-	7,155,000	375,285,000
Total	<u>\$ 4,211,840,000</u>	<u>\$ 16,820,000</u>	<u>\$ 3,000,000</u>	<u>\$ 7,155,000</u>	<u>\$ 4,184,865,000</u>

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

The District has entered into the following Funding Agreements:

2008 Facilities Funding and Reimbursement Agreement dated December 10, 2007 (2008 FFA) – The 2008 FFA is between the District and BWAB-Fitzsimmons LLC (General Developer). Subject to certain provisions in the 2010 FAA, the District is obligated to reimburse the General Developer under the 2008 FFA for costs of public improvements, as verified by the District's Engineer, in an amount not to exceed \$2,735,000 plus accrued interest. Interest will continue to accrue on all unpaid amounts at the rate of 8.0% per annum. The obligation to reimburse the General Developer under the 2008 FFA is fully subordinate to, among other things, the obligation to reimburse the Office Developer and the Hotel Developer under the 2010 FAA. In 2011, the District acquired and recorded a total of \$2,718,948 of public improvements under the 2008 FFA. As of December 31, 2019, outstanding advances under the 2008 FFA totaled \$2,767,209 (comprised of \$48,261 cash advances and \$2,718,948 public improvements) and accrued interest totaled \$1,923,625.

2010 Facilities Acquisition Agreement dated April 29, 2010 (2010 FAA) – The 2010 FAA is between the District and the General Developer, CPX Aurora Hotel, LLC (Hotel Developer) and CPX Aurora Office, LLC (Office Developer). Under the 2010 FAA, the Hotel Developer and the Office Developer (collectively CPX Aurora) provided the District Engineer with copies of contracts related to the construction of District Development Work. The District Engineer issued a Cost Verification Letter or Engineer's Certificate confirming that the costs were both reasonable and subject to reimbursement. Upon receipt of the Engineer's Certificate by the District, CPX Aurora had the right to draw on the funds maintained in escrow accounts, subject to the provisions of the Escrow Agreement with UMB Bank, n.a. (the Escrow Agent). To the extent advances made were not reimbursed from bond proceeds, interest shall accrue from the date the costs were incurred by CPX Aurora until paid at a rate of 8% per annum.

On June 9, 2011, the District entered into the First Amendment to Facilities Acquisition Agreement to modify certain payment obligation priorities and document the amount due and owing to the General Developer. As of December 31, 2019, outstanding advances under the 2010 FAA totaled \$300,548 and accrued interest totaled \$188,285.

In 2014, the District recorded an additional liability to CPX Aurora for parking meters installed by the Developer in 2012 on behalf of the District. As of December 31, 2019, outstanding advances totaled \$58,876 and accrued interest totaled \$33,138.

On February 22, 2019, the District entered into the Second Amendment to Facilities Acquisition Agreement to set forth obligations of the Office Developer to cause a Redemption Extension Payment in the amount of \$48,214 and Use Restriction Redemption Payment in the amount of \$7,714,270 as both defined in the Series 2010 Indenture. On February 27, 2019, Children's Hospital Association exercised its option to purchase the office building. Pursuant to the Use Restrictions Agreement, and because the Adjusted Debt Service Coverage Ratio was less than 1.35x, on the day of the closing, the Office Developer remitted a Restriction Redemption Payment as well as a Restriction Extension Payment to the Trustee.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

The Use Redemption Payment was placed in escrow. The balance required to be maintained in the escrow account is adjusted semiannually. The Adjustment Amount of \$452,834 was released from the escrow and was paid to the Office Developer in January 2020.

2010 Operation Funding Agreement and Termination of Prior Operation Funding Agreements dated April 29, 2010 (2010 OFA), 2013 Operation Funding Agreement (2013 OFA), 2014 Operation Funding Agreement (2014 OFA), and 2016 Operation Funding Agreement (2016 OFA) – The 2010 OFA is between the District, the General Developer and CPX Aurora. The 2010 OFA terminates the District's Prior Operation Funding Agreements with the General Developer and replaces those Prior Operation Funding Agreements with the 2010 OFA.

The parties agree that Prior Advances made by the General Developer under the Prior Operation Funding Agreements, including accrued interest, will remain outstanding and continue to accrue interest at the rate of 8% per annum until paid. CPX Aurora shall advance funds if needed going forward under annual Operation Funding Agreements. Interest on advances under such agreements shall be 8% per annum. In 2011 and 2012, the District and CPX Aurora entered into Operation Funding Agreements effective January 1, 2011 and 2012 (the 2011 OFA and the 2012 OFA), respectively, setting forth substantially the same terms set forth in the 2010 OFA with respect to providing funds to cover certain shortfalls.

On November 8, 2012 (effective January 1, 2013), the District entered into the 2013 OFA with CPX Aurora. The 2013 OFA prioritizes the repayment of the Prior Advances, the outstanding funds advanced under the 2010 OFA, the 2011 OFA, the 2012 OFA, and the 2013 OFA as well as setting forth the rights, obligations and procedures for CPX Aurora to advance funds and for the District to reimburse CPX Aurora for the advances made. The 2013 OFA expires on December 31, 2053, unless terminated earlier by mutual agreement of all parties. Any obligation of CPX Aurora to advance funds under the 2013 OFA expired on March 31, 2014. Any obligation of the District to reimburse CPX Aurora expires on December 31, 2053. In the event the District has not reimbursed CPX Aurora for any Developer Advance made pursuant to the 2013 OFA on or before December 31, 2053, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. Any obligation of the District to reimburse the General Developer expires on December 31, 2046.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

On November 27, 2013 (effective January 1, 2014), the District entered into the 2014 OFA with CPX Aurora. The 2014 OFA prioritizes the repayment of the Prior Advances, the outstanding funds advanced under the 2010 OFA, the 2011 OFA, the 2012 OFA, the 2013 OFA, and the 2014 OFA as well as setting forth the rights, obligations and procedures for CPX Aurora to advance funds and for the District to reimburse CPX Aurora for the advances made. The 2014 OFA expires on December 31, 2054, unless terminated earlier by mutual agreement of all parties. Any obligation of CPX Aurora to advance funds under the 2014 OFA expired on March 31, 2015. Any obligation of the District to reimburse CPX Aurora expires on December 31, 2054. In the event the District has not reimbursed CPX Aurora for any Developer Advance made pursuant to the 2014 OFA on or before December 31, 2054, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. Any obligation of the District to reimburse the General Developer expires on December 31, 2046.

On December 7, 2015 (effective January 1, 2016), the District entered into the 2016 OFA with CPX Aurora, as amended on November 10, 2017 to extend the term and increase the Shortfall Amount (as defined in the 2016 OFA). The 2016 OFA prioritizes the repayment of the Prior Advances, the outstanding funds advances under the 2010 OFA, the 2011 OFA, the 2012 OFA, the 2013 OFA, the 2014 OFA, and the 2016 OFA as well as setting forth the rights, obligations and procedures for CPX Aurora to advance funds and for the District to reimburse CPX Aurora for the advances made.

The 2016 OFA expires on December 31, 2058, unless terminated earlier by the mutual agreement of all parties. Any obligations of CPX Aurora to advance funds under the 2016 OFA expires upon advance to the District of amounts sufficient to pay expenses incurred in 2016, 2017 and 2018, not to exceed the Shortfall Amount (as defined in the 2016 OFA). Any obligation of the District to reimburse CPX Aurora expires on December 31, 2058. In the event the District has not reimbursed CPX Aurora for any Developer Advance made pursuant to the 2016 OFA on or before December 31, 2058, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full. Any obligation of the District to reimburse the General Developer expires on December 31, 2046. As of December 31, 2019, outstanding advances for operations totaled \$393,179 and accrued interest totaled \$177,924.

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the District had net investment in capital assets, as follows:

Capital Assets, Net	\$ 7,773,819
Current Portion of Long-Term Debt Applicable to Capital Assets	(459,483)
Noncurrent Portion of Long-Term Debt Applicable to Capital Assets	(10,997,190)
Unspent Bond Proceeds Applicable to Capital Assets	1,079,633
Outstanding Developer Advances Related to Capital Assets	<u>(3,126,633)</u>
Net Investment in Capital Assets	<u><u>\$ (5,729,854)</u></u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019, as follows:

Restricted Net Position:	
Emergency Reserves	<u>\$ 12,900</u>
Total Restricted Net Position	<u><u>\$ 12,900</u></u>

The District has a deficit in unrestricted net position. This deficit amount is primarily a result of the District being responsible for the repayment of bonds issued, and accrued interest, for the construction of public improvements conveyed to other governments.

NOTE 7 AGREEMENTS

City IGA

On June 30, 2008, the District, District No. 2 and Fitzsimons Village Metropolitan District No. 3 (District No. 3, and collectively, the Districts) executed intergovernmental agreements with the City (collectively, the City IGA), pursuant to which the Districts agreed to retain ownership or dedicate public improvements to the City or other appropriate jurisdiction or owners association. The City IGA also reaffirms certain requirements and restrictions set forth in the Service Plan, including District No. 2's obligation to impose the ARI Mill Levy and convey the revenue from the ARI Mill Levy to the Aurora Regional Transportation Authority for the provision of regional improvements which includes the planning, design, acquisition, construction, installation and redevelopment of street and transportation related improvements.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 AGREEMENTS (CONTINUED)

FFCO Agreement

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

As anticipated by the FFCO Agreement, the District (as Issuing District) entered into the 2010 Pledge Agreement with District No. 2 related to the Series 2010 Bonds. The District (as Taxing District) also entered into the 2014 Pledge Agreement with District No. 3 related to the Series 2014 Bonds.

Capital Pledge Agreements

As contemplated in the FFCO Agreement, on April 1, 2010, the District (Issuing District), District No. 2 (Taxing District) and UMB Bank, n.a. (Trustee) entered into a Capital Pledge Agreement (the 2010 Pledge Agreement) to secure a portion of the payment of the Series 2010 Bonds issued by the District on April 29, 2010, to finance public infrastructure. Pursuant to the 2010 Pledge Agreement, the Taxing District has made certain covenants and pledged certain revenues to the District for payment of the Series 2010 Bonds. The portions of the Pledged Revenue pledged to the District under the 2010 Pledge Agreement include the following revenues generated within the boundaries of the Taxing District: Taxing District Base Tax Revenues and TIF Revenues (prior to termination of the Public Finance and Redevelopment Agreement), revenues generated from imposition of the Capital Levy (on and after the date of termination of the Public Finance and Redevelopment Agreement), Specific Ownership Taxes attributable to the Capital Levy, Facilities Fees and, to the extent received by the Taxing District, all Payments in Lieu of Taxes (PILOTs) and Use Tax Payments in Lieu.

The "Capital Levy" is defined as the ad valorem debt service mill levy imposed on all taxable properties within the Taxing District's boundaries. In no event shall the Capital Levy be less than 35 mills prior to termination of the Public Finance and Redevelopment Agreement or, until the debt to assessed value ratio is equal to or less than 50%, no more than 50 mills. Such minimum and maximum mill levies are subject to adjustment due to changes in the method of calculating assessed valuation.

Also, as contemplated in the FFCO Agreement, on August 1, 2014, the District (Taxing District), District No. 3 (Issuing District), and UMB Bank, n.a. (Trustee) entered into a Capital Pledge Agreement (the 2014 Pledge Agreement) to secure a portion of the payment of the Series 2014 Bonds issued by the Issuing District on August 21, 2014, to finance certain public infrastructure.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 AGREEMENTS (CONTINUED)

Capital Pledge Agreements (Continued)

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

Operations Financing IGAs

As contemplated in the FFCO Agreement, on April 29, 2010, the District (as Operating District) entered into an Operations Financing IGA (District 2 OF IGA) with District No. 2 (as Taxing District). Pursuant to the District 2 OF IGA, District No. 2 agrees to pledge revenues received from the imposition of its O&M Mill Levy, along with certain specific ownership taxes associated with such mill levy, for payment of administration expenditures and the operation and maintenance of District-owned improvements.

As contemplated in the FFCO Agreement, on August 21, 2014, the District (as Taxing District) entered into an Operations Financing IGA (District 3 OF IGA) with District No. 2 (as Taxing District) and District No. 3 (as Operating District). Pursuant to the District 3 OF IGA, the District agreed to pledge revenues received from the imposition of its O&M Fee and its Operations Mill Levy, along with certain specific ownership taxes associated with such mill levy, for payment of operation and maintenance costs associated with District No. 3 Improvements (as defined in the District 3 OF IGA).

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 AGREEMENTS (CONTINUED)

Use Restriction Agreement

On April 29, 2010, the District entered into the Use Restrictions Agreement (Agreement) with the Office Developer, the General Developer, and The Children's Hospital Association (Children's). The Agreement sets forth certain payment obligations which will arise if Children's elects to exercise one or more of its purchase options granted in the Children's Office Lease and in the Amended and Restated Purchase Rights Agreement between the Office Developer and Children's dated as of March 30, 2010 (Purchase Rights Agreement). Pursuant to the Children's Office Lease, Children's has certain rights and options to acquire the office building and the parking garage which was constructed and owned by the Office Developer during Phase 1 of the development. Further, the Purchase Rights Agreement provides that Children's has an option to acquire Lot 1, Block 1, Fitzsimons Village Subdivision Filing No. 2. The public infrastructure on the properties by which Children's has options to acquire were financed with bonds issued by the District on April 29, 2010.

Accordingly, the parties have agreed that in the event that Children's acquires any or all of the properties, various payments in lieu of taxes which would otherwise be due from Children's but for its tax-exempt status are to be paid to the District or the Trustee and will be applied to the payment of the bonds and to payment of operations and maintenance expenses.

On February 27, 2019, Children's exercised its option to purchase the office building and the Office Developer remitted a Use Restriction Redemption Payment to the Trustee (see Note 5, Developer Advances, 2010 FAA).

Maintenance Agreement

On April 29, 2010, the District entered into the Maintenance Agreement (Agreement) with Children's, the General Developer and CPX Aurora. The Agreement provides for the coordinated and cost effective management and maintenance of certain public infrastructure within the District, either by the District or by a third-party commercial management company (Manager). The Manager will provide maintenance and repair services, enforce the Rules and Regulations and perform additional services, if needed. The Manager is entitled to charge a management fee.

Fee Assignment and Servicing Agreement

On April 29, 2010, the District entered into the Fee Assignment and Servicing Agreement (FASA) with Fitzsimons Village Public Improvement Corporation (PIC), a Colorado nonprofit corporation, and UMB Bank, n.a. (Trustee). The FASA sets forth the terms and conditions for the PIC, either directly or through the engagement of a PIF Collecting Agent, to administer the collection of Sales PIF and Lodging PIF and distribution of such revenue. Effective January 1, 2012, CliftonLarsonAllen LLP is the PIF Collecting Agent for Fitzsimons Village PIC.

On October 31, 2013, the District entered into the First Amendment to the FASA with the PIC (First Amendment). The First Amendment provides for PIF revenues to be received by the District on a time schedule that is more closely tied to incurrence of costs by each entity.

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 AGREEMENTS (CONTINUED)

Aurora Urban Renewal Authority IGA

On August 21, 2014, the District and District No. 3 entered into an Intergovernmental Agreement with the Aurora Urban Renewal Authority (AURA) (the AURA IGA). Pursuant to the AURA IGA, the parties agree to cooperate to assure that ad valorem property taxes levied by the District and District No. 3 and other Pledged Revenues are made available to the District and District No. 3 by AURA for purposes of financing public improvements necessary to develop a hotel, conference center, structured parking facility, and related amenities within the 3.822 acre Project Area (Project). Following District No. 3's issuance of the Series 2014 Bonds, AURA agreed to make annual disbursements of Pledged Revenues from the Pledged Revenue Fund to District No. 3 or its designee, which revenues consist of the following: 1/3 of the Excess Revenues available for the fiscal year, 100% of the Tax Increment generated by the imposition of the District's Debt Service Mill Levy within the Project Area in excess of 35 mills, and 100% of the Tax Increment generated by the District's Operating Mill Levy and ARI Mill Levy within the Project Area.

Aurora Regional Transportation Authority Establishment Agreement

On February 20, 2008, the District and the Taxing Districts, along with other metropolitan districts within the City, entered into the Aurora Regional Transportation Authority (ARTA) Establishment Agreement (ARTA Agreement). The ARTA Agreement, originally dated August 22, 2006, 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 parties to the ARTA Agreement using the revenue from the ARI Mill Levy of each of the districts. In accordance with the ARTA Agreement, the City has been offered the right to appoint no less than 30% and no more than 49% of the ARTA Board, but since 2014, had not exercised this right. For collection year 2018, District No. 2 imposed 1.000 mill as required by its Service Plan for Aurora Regional Improvements (ARI Mill Levy).

Joint Facilities Fee Resolutions

On April 19, 2010, the Boards of Directors of the District and District No. 2 adopted a Joint Resolution of Fitzsimons Village Metropolitan District Nos. 1 and 2 Regarding the Imposition of Facilities Fees (District Nos. 1 & 2 Facilities Fee Resolution), which Resolution was recorded on April 28, 2010. The District Nos. 1 & 2 Facilities Fee Resolution imposes a one-time facilities fee in the amount of \$1.00 per gross square foot on commercial property located within the boundaries of the District and District No. 2 (Commercial Facilities Fee). The Commercial Facilities Fee is imposed on any building intended for nonresidential use and for which a building permit is required by the City, which includes buildings used as office, retail, hotel and other commercial uses, but excludes parking structures associated with buildings for which a separate building permit is obtained.

The District Nos. 1 & 2 Facilities Fee Resolution also imposes a one-time facilities fee in the amount of \$1,500 per residential unit for any residential building consisting of one self-contained living unit, whether attached or detached (Residential Facilities Fee). Nonprofit homeowners' associations, governmental entities, and utility providers are exempt from the obligation to pay facilities fees.

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 AGREEMENTS (CONTINUED)

Joint Facilities Fee Resolutions (Continued)

Facilities fees are due and payable on or before the date of issuance of a building permit for the applicable building or unit. The District Nos. 1 & 2 Facilities Fee Resolution provides that interest will accrue on facilities fees not paid when due at the rate of 12.0% per annum until paid. Revenues derived from the imposition of the Commercial Facilities Fee and Residential Facilities Fee by the District and by District No. 2 are pledged to the payment of the District's Bonds or any other indebtedness issued by the District.

On August 13, 2014, the Boards of Directors of the District and District No. 3 adopted a Joint Resolution of Fitzsimons Village Metropolitan District Nos. 1 and 3 Regarding the Imposition of Facilities Fees (District Nos. 1 & 3 Facilities Fee Resolution), which Resolution was recorded on August 21, 2014. The District Nos. 1 & 3 Facilities Fee Resolution imposes a one-time fee in the amount of \$1.00 per gross square foot on property located within the boundaries of the District or District No. 3 and intended for nonresidential use (Commercial Facilities Fee). The Commercial Facilities Fee is imposed on any building intended for nonresidential use and for which a building permit is required by the City, excluding parking structures and any land owned by nonprofit homeowners' associations, governmental entities, or utility providers. The Commercial Facilities Fee is due and payable on or before the date of issuance of a building permit for the applicable building.

The District Nos. 1 & 3 Facilities Fee Resolution provides that interest will accrue on facilities fees not paid when due at the rate of 12% per annum until paid. Revenues derived from the imposition of the Commercial Facilities Fee by the District and by District No. 3 are pledged to the payment of District No. 3's Bonds or any other indebtedness issued by District No. 3.

Joint Operations and Maintenance Fee Resolution

On September 8, 2011, the Board of Directors of the District, District No. 2, and District No. 3 adopted a Joint Operations and Maintenance Fee Resolution (O&M Fee Resolution). The O&M Fee Resolution imposes a monthly operations and maintenance fee on structures within the Districts' boundaries for which a certificate of occupancy has been issued, excluding any parking garages or real property actually conveyed or dedicated to nonprofit owners' associations, governmental entities, or utility providers.

The O&M Fee will be invoiced and payable in advance on an annual basis. For commercial property, the O&M Fee will initially be set as a rate of \$0.01002 per square foot per month. For residential property, the O&M Fee will initially be set at a rate of \$1.12 per residential unit per month. The fee rates will increase on January 1 annually thereafter. The O&M Fee Resolution provides that interest will accrue on the O&M Fee at the rate of 18% per annum until paid. If the owner does not make payment on all past due amounts, including interest, within 60 days from the Bill Date (as defined in the O&M Fee Resolution), the District may deliver to the owner a Notice of Intent to File a Lien Statement. If the delinquent balance is not paid within 30 days after the Notice of Intent to File a Lien Statement is served upon the owner by certified mail, the District may perfect the lien against the property by recording the Lien Statement in the office of the Arapahoe County Clerk and Recorder. The lien of any of the Districts may be foreclosed by the applicable District in the same manner as provided by the laws of Colorado for the foreclosure of mechanics' liens.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 AGREEMENTS (CONTINUED)

Joint Operations and Maintenance Fee Resolution (Continued)

The O&M Fee Resolution was amended in 2014 to increase the O&M Fee to \$0.025 per square foot per month for the commercial property, effective January 1, 2015, and increased 0.50% per year, thereafter. The amendment to the O&M Fee Resolution will also allow the O&M Fee to be imposed on property owned by governmental entities. The O&M Fee on 255,299 square feet of commercial property in Phase 1 will be collected by the District, with a portion of the O&M Fee (\$0.015 per square foot per month) being transferred by the District to District No. 3 to support operation and maintenance of the Phase 2 Infrastructure. The remaining \$0.01 per square foot per month of the O&M Fee imposed on Phase 1 commercial property will remain with the District to support operation and maintenance of Phase 1 infrastructure.

Operations and Maintenance Fee Payment Agreement

On August 21, 2014, the District entered into the Agreement Regarding Payment of Operations and Maintenance Fee with District Nos. 2 and 3 (collectively the Districts) and the Aurora Urban Renewal Authority (AURA) (O&M Fee Agreement). Under the O&M Fee Agreement, AURA acknowledges the Districts' adoption of the O&M Fee Resolution, pursuant to which the Districts are authorized to impose a monthly O&M Fee on property within the Districts' boundaries for the payment of operations and maintenance costs related to certain public improvements. Pursuant to the O&M Fee Agreement, AURA consents to payment of the O&M Fee to the Districts from its Available Revenues (as defined in that certain Public Finance and Redevelopment Agreement, dated July 8, 2013 (2013 PFRA)). Likewise, the Districts acknowledge their intent to apply all, or a portion, of the Available Revenues allocated to each by AURA to the payment of operations and maintenance-related expenditures and agree that the rate of the O&M payable by AURA will not be increased without AURA's prior written consent. The O&M Fee is currently imposed at a rate of \$0.025 per commercial square foot per month, and \$1.12 per residential unit per month.

Public Finance and Redevelopment Agreement

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 AGREEMENTS (CONTINUED)

Public Finance and Redevelopment Agreement

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

NOTE 8 RELATED PARTY

At December 31, 2019, the Developer of the property which constitutes the District is collectively BWAB-Fitzsimmons LLC (General Developer), a Colorado limited liability company, CPX Aurora Office, LLC (Office Developer), a Colorado limited liability company, and CPX Aurora Hotel, LLC (Hotel Developer), a Colorado limited liability company. Both the Office Developer and the Hotel Developer are affiliates of Corporex Realty & Investment Corporation, a Kentucky corporation (the Guarantor), as is Corporex Colorado, LLC, which is also involved with the development of the property. As of December 31, 2019, the majority of the members of the Board of Directors are officers or employees of the Developer or of an entity affiliated with either the General Developer, the Office Developer or the Hotel Developer, and may have conflicts of interest in dealing with the District (see Notes 5 and 7).

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10 TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

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

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

NOTE 11 SUBSEQUENT EVENTS

Issuance of 2020A and 2020B Bonds on March 11, 2020

The District issued Limited Tax General Obligation and Special Revenue Refunding Bonds, Series 2020A (the "Senior Bonds") and Subordinate Limited Tax General Obligation and Special Revenue Refunding Bonds, Series 2020B (the "Subordinate Bonds," and together with the Senior Bonds, the "Bonds") on March 11, 2020, in the amounts of \$6,265,000 for the Senior Bonds, and \$1,222,000 for the Subordinate Bonds.

Proceeds from the sale of the Bonds were used for the purposes of (i) currently refunding the Tax Increment/Public Improvement Fee Supported Revenue Bonds, Series 2014A and the Tax Increment/Public Improvement Fee Supported Subordinate Revenue Bonds, Series 2014B, previously issued by District No. 3; (ii) funding the Senior Reserve Fund; and (iii) paying costs incurred in connection with the issuance of the Bonds.

The Senior Bonds bear interest at 5.00%, payable semi-annually to the extent of Senior Pledged Revenue available on June 1 and December 1, beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Senior Bonds mature on December 1, 2049.

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 SUBSEQUENT EVENTS (CONTINUED)

Issuance of 2020A and 2020B Bonds on March 11, 2020 (Continued)

The Subordinate Bonds were issued at the rate of 7.00% payable annually to the extent of Subordinate Pledged Revenue available on December 15, commencing December 15, 2020. The Subordinate Bonds are structured as “cash flow” bonds meaning that there are no regularly scheduled payments of principal prior to their maturity. The Subordinate Bonds mature on December 15, 2049.

Issuance of 2020 Bonds on May 26, 2020

The District issued Refunding Tax Increment/Public Improvement Fee Supported Revenue Bonds, Series 2020 (the “2020 Bonds”) on May 26, 2020, in the par amount of \$10,915,000.

Proceeds from the sale of the bonds, along with other District funds, were used to pay and cancel the entire outstanding balance of the District’s 2010A Bonds, which were then outstanding in the par amount of \$13,275,000, and to pay costs of issuance of the bonds.

The Bonds bear interest at 7.50%, payable semiannually on March 1 and September 1, beginning on September 1, 2020, to the extent of available Pledged Revenue. Annual mandatory sinking fund principal payments are due on March 1, beginning on March 1, 2024. The Bonds mature on March 1, 2049.

SUPPLEMENTARY INFORMATION

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND – 2010 BONDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
AURA Funding - Lodging Tax	\$ 331,000	\$ 281,951	\$ 281,951	\$ -
AURA Funding - Sales Tax	65,000	73,876	73,876	-
AURA Funding - Property Tax	1,200,000	1,422,901	1,422,901	-
AURA Funding - Use Tax	3,700	-	-	-
Public Improvement Fees - Debt Service	64,500	52,077	63,786	11,709
Interest Income	30,000	199,000	195,065	(3,935)
Transfer from Fitzsimons Village No. 2 - Taxes	127,663	125,752	126,872	1,120
Total Revenues	<u>1,821,863</u>	<u>2,155,557</u>	<u>2,164,451</u>	<u>8,894</u>
EXPENDITURES				
Bond Principal - Senior Bonds	630,000	630,000	630,000	-
Bond Interest - Senior Bonds	1,070,250	1,070,251	1,070,251	-
Bond Interest - Junior Bonds	-	173,870	173,870	-
Miscellaneous	1,750	297	-	297
Paying Agent/Trustee Fees	4,000	4,000	4,000	-
Total Expenditures	<u>1,706,000</u>	<u>1,878,418</u>	<u>1,878,121</u>	<u>297</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	115,863	277,139	286,330	9,191
OTHER FINANCING SOURCES (USES)				
Use Restriction Redemption Payment	-	7,714,270	7,714,270	-
Use Restriction Extension Payment	-	48,214	48,214	-
Redemption Payment Escrow - Adjustment Amount	-	(452,834)	(452,834)	-
Transfers from (to) Other Fund	-	(1,748)	(1,748)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,307,902</u>	<u>7,307,902</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	115,863	7,585,041	7,594,232	9,191
Fund Balance - Beginning of Year	<u>2,567,676</u>	<u>2,560,239</u>	<u>2,560,239</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,683,539</u>	<u>\$ 10,145,280</u>	<u>\$ 10,154,471</u>	<u>\$ 9,191</u>

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND – 2014 BONDS (ISSUED BY DISTRICT NO. 3)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 31,785	\$ 31,785	\$ 31,785	\$ -
Specific Ownership Taxes	24,700	24,700	24,686	(14)
Interest Income	-	1,515	882	(633)
Total Revenues	<u>56,485</u>	<u>58,000</u>	<u>57,353</u>	<u>(647)</u>
EXPENDITURES				
County Treasurer's Fee	477	477	477	-
Transfer to Fitzsimons No. 3 - Taxes	56,008	57,523	56,876	647
Total Expenditures	<u>56,485</u>	<u>58,000</u>	<u>57,353</u>	<u>647</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

OTHER INFORMATION

FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019

\$16,820,000 Tax Increment/Public Improvement Fee
Supported Revenue Bonds, Series 2010A
Dated April 29, 2010
Principal due March 1
Interest Rate 7.50% Payable
March 1 and September 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 680,000	\$ 1,021,125	\$ 1,701,125
2021	755,000	967,313	1,722,313
2022	815,000	908,437	1,723,437
2023	900,000	844,125	1,744,125
2024	975,000	773,813	1,748,813
2025	1,070,000	697,125	1,767,125
2026	1,155,000	613,687	1,768,687
2027	1,105,000	528,938	1,633,938
2028	275,000	477,187	752,187
2029	305,000	455,438	760,438
2030	330,000	431,625	761,625
2031	370,000	405,375	775,375
2032	400,000	376,500	776,500
2033	440,000	345,000	785,000
2034	475,000	310,687	785,687
2035	525,000	273,188	798,188
2036	565,000	232,312	797,312
2037	620,000	187,875	807,875
2038	670,000	139,500	809,500
2039	735,000	86,813	821,813
2040	790,000	29,625	819,625
Total	<u>\$ 13,955,000</u>	<u>\$ 10,105,688</u>	<u>\$ 24,060,688</u>

**FITZSIMONS VILLAGE METROPOLITAN DISTRICT NO. 1
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2019**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes		Percentage Collected to Levied
			Levied	Collected	
2015	\$ 86,748 *	51.000	\$ 4,424	\$ 11,767	265.97 %
2016	721,528	51.000	36,798	36,690	99.71
2017	720,225	51.000	36,731	36,673	99.84
2018	642,351	51.000	32,760	32,760	100.00
2019	635,703	51.000	32,421	32,421	100.00
Estimated for the year ending December 31, 2020	\$ 679,116	51.000	\$ 34,635		

* County sent an adjusted certification of assessed value for 2015 after the 2015 Mill Levy Certification had been filed. The property taxes collected in 2015 was based on an adjusted assessed valuation of \$230,836.