

# FOSSIL RIDGE METROPOLITAN DISTRICTS NOS. 1-3

Agenda is preliminary and subject to change by majority vote of the Boards at the meeting. Any individuals with questions regarding this Notice of Regular Meeting and Agenda, or who require special accommodation to attend and/or participate in the meeting, should please contact the President of the Board of Directors of District 1 at [frdistrict2@gmail.com](mailto:frdistrict2@gmail.com)

## NOTICE OF A REGULAR MEETING AND SUMMARY OF AGENDA ITEMS

### Board of Directors – D1:

Tom Waterman - President  
Craig Brown - V.P.  
Mike McCleary - Treasurer  
Dave McGraw - Secretary  
Terry Larson - Asst. Sec.

### Board of Directors – D2:

Dave McGraw - President  
Terry Larson - V.P.  
Alan Plumhoff - Treasurer  
Theodore Michelsen - Secretary  
Tom Waterman - Asst. Sec.

### Board of Directors – D3:

Craig Brown - President  
Aaron Hochstein - V.P.  
David Wilson - Treasurer  
Daniel Dominic - Secretary  
Mike McCleary - Asst. Sec.

### Consultants:

Sue Blair, CRS	District Manager
Marcos Pacheco, CRS	District Manager
Nancy Weiss, CRS	District Accountant
Kelley Duke, Esq.	Legal Counsel
Jennie Heinze	Community Manager

**DATE:** Wednesday, July 22, 2020

**TIME:** 6:30 P.M.

**PLACE:** **Virtual Board Meeting**

First time using web-based meetings? Review this link well before the meeting (prep time: 20-minutes)  
Video and audio access via computer, tablet, or mobile device, click link: <https://zoom.us/j/95156014192>  
Audio access via telephone: Dial - +1 669 900 9128 | enter meeting ID – 951 5601 4192 follow prompts  
If you access via telephone only, you will be asked to provide your name by the moderator  
Standard rates and fees may apply, as charged by your carrier, based on your service.

## I. ADMINISTRATIVE MATTERS

- A. Call to Order/Roll Call/Declaration of Quorum (Districts 1-3)
- B. Present Disclosures of Potential Conflicts of Interest (Districts 1-3)
- C. Confirm Posting of Meeting Notices (Districts 1-3)

## II. APPROVAL OR AMENDMENT TO THE AGENDA (Districts 1-3)

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III. PUBLIC COMMENT (Districts 1-3)

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IV. CONSENT AGENDA

CONSENT AGENDA ITEMS 1-2

These items are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless requested by a Board member; in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda.

1. Ratification and approval of the payment of claims for the period ending July 16, 2020 (enclosure) – Pg. 4
2. Approve the minutes of the May 28, 2020 Special Meeting (enclosure) (Districts 1-3) – Pg. 5-12

V. LEGAL MATTERS

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VI. FINANCIAL MATTERS

- A. Resolution to Accept the 2019 District Audits – Director McCleary, CRS, Haynie & Co. (enclosure) – Pg. 13-91
- B. Resolution to Approve Emergency Expenditure of Funds – Director Waterman (enclosure) – Pg. 92
- C. Budget Workshop – Director McCleary (verbal)
- D. 2021 Budget Process – CRS (verbal)

VII. OPERATIONS AND MAINTENANCE MATTERS (District 1)

- A. Community Manager Update – Overlook (enclosure) – Pg. 93-98
- B. Engineer Update – Director Larson (verbal)
- C. Retreat/Pool Monthly Update - CRS (enclosure) – Pg. 99-103

- D. Phased Reopening of the Retreat & Pool – CRS (enclosure) – Pg. 104-106
- E. Delay of FRMD Periodic Bidding proposal – Director McCleary (enclosure) – Pg. 107
- F. Resolution to Approve New Social Committee Members – Director Waterman (enclosure) – Pg. 108
- G. Resolution to Approve Gerry Reese as a Member of the Finance Committee – Director Waterman (enclosure) – Pg. 109
- H. Review of Chat Box Inquiries – Director Brown (verbal)

VIII. ADJOURNMENT

THE NEXT MEETING IS SCHEDULED FOR MONDAY AUGUST 17, 2020

Ranges: From: To: From: To:  
 Check Number First Last Check Date 5/22/2020 7/16/2020  
 Vendor ID First Last Checkbook ID First Last  
 Vendor Name First Last

Sorted By: Check Date

\* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
01078	ANIMAL &	Animal & Pest Control Speciali	5/28/2020	FIRSTBANK	PMCHK00000046	\$240.00
01079	DOUBLE	Double A Security	5/28/2020	FIRSTBANK	PMCHK00000046	\$938.90
01080	M VELEZ	Maria Ann Velez	5/28/2020	FIRSTBANK	PMCHK00000046	\$91.64
01081	OVERLOOK	Overlook Property Management,	5/28/2020	FIRSTBANK	PMCHK00000046	\$4,913.49
01082	SCHULTZ INDUSTR	Schultz Industries Inc.	5/28/2020	FIRSTBANK	PMCHK00000046	\$50,428.13
01083	T&D CHRISINGER	Tyler and Dean Chrisinger	5/28/2020	FIRSTBANK	PMCHK00000046	\$48.50
01084	AMS	American Mechanical Services o	6/11/2020	FIRSTBANK	PMCHK00000047	\$500.00
01085	BELSON	Belson Outdoors	6/11/2020	FIRSTBANK	PMCHK00000047	\$2,084.49
01086	CRS	CRS of Colorado	6/11/2020	FIRSTBANK	PMCHK00000047	\$19,739.51
01088	RLS	Radiant Lighting Services Inc	6/11/2020	FIRSTBANK	PMCHK00000047	\$179.99
01089	SOS	Sameday Office Supply	6/11/2020	FIRSTBANK	PMCHK00000047	\$77.94
01090	SCHULTZ INDUSTR	Schultz Industries Inc.	6/11/2020	FIRSTBANK	PMCHK00000047	\$29,538.95
01091	VERIA TECH	Veria Technologies	6/11/2020	FIRSTBANK	PMCHK00000047	\$195.00
01092	WASTE MANAGEMEN	Waste Management	6/11/2020	FIRSTBANK	PMCHK00000047	\$219.65
01093	WPD	Western Paper Distributors	6/11/2020	FIRSTBANK	PMCHK00000047	\$482.31
01094	MTN ALARM	Mountain Alarm	6/16/2020	FIRSTBANK	PMCHK00000048	\$335.00
01095	COLORADO FIRE S	Colorado Fire Services	6/29/2020	FIRSTBANK	PMCHK00000049	\$810.00
01096	DUST	Dust Busters Custom Cleaning S	6/29/2020	FIRSTBANK	PMCHK00000049	\$1,620.00
01097	IRELAND	Ireland Stapleton	6/29/2020	FIRSTBANK	PMCHK00000049	\$1,023.00
01098	MERRICK	Merrick	6/29/2020	FIRSTBANK	PMCHK00000049	\$3,853.63
01099	PERFECT	Perfect Pools	6/29/2020	FIRSTBANK	PMCHK00000049	\$20,930.00
01100	SCHULTZ INDUSTR	Schultz Industries Inc.	6/29/2020	FIRSTBANK	PMCHK00000049	\$3,369.17
01101	VERIA TECH	Veria Technologies	6/29/2020	FIRSTBANK	PMCHK00000049	\$149.00
01102	ACADEMY	Academy Roofing Inc.	7/16/2020	FIRSTBANK	PMCHK00000050	\$1,977.00
01103	ANIMAL &	Animal & Pest Control Speciali	7/16/2020	FIRSTBANK	PMCHK00000050	\$240.00
01104	CRS	CRS of Colorado	7/16/2020	FIRSTBANK	PMCHK00000050	\$31,525.40
01105	GREEN MTN	Green Mountain Water and Sanit	7/16/2020	FIRSTBANK	PMCHK00000050	\$78,281.91
01106	HAYNIE	Haynie & Company	7/16/2020	FIRSTBANK	PMCHK00000050	\$8,500.00
01107	IRELAND	Ireland Stapleton	7/16/2020	FIRSTBANK	PMCHK00000050	\$3,491.50
01108	L JOHNSON	Linda Johnson	7/16/2020	FIRSTBANK	PMCHK00000050	\$51.55
01109	L GLANZER	Lisa Glanzer	7/16/2020	FIRSTBANK	PMCHK00000050	\$272.38
01110	MERRICK	Merrick	7/16/2020	FIRSTBANK	PMCHK00000050	\$7,921.13
01111	OVERLOOK	Overlook Property Management,	7/16/2020	FIRSTBANK	PMCHK00000050	\$6,911.15
01112	SCHULTZ INDUSTR	Schultz Industries Inc.	7/16/2020	FIRSTBANK	PMCHK00000050	\$59,899.29
01113	T GRAEVE	Tyler Graeve	7/16/2020	FIRSTBANK	PMCHK00000050	\$500.00
01114	WASTE MANAGEMEN	Waste Management	7/16/2020	FIRSTBANK	PMCHK00000050	\$220.19
01115	WYOCO	Wyoco Erosion Control	7/16/2020	FIRSTBANK	PMCHK00000050	\$12,944.49

Total Checks: 37

Total Amount of Checks: \$354,504.29

Autopay Totals

Century Link \$ 606.72  
 Consolidated Mutual Water \$44,243.60  
 XCEL \$ 1,505.79  
 Total \$46,356.10

# RECORD OF PROCEEDINGS

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## MINUTES OF THE COMBINED SPECIAL MEETING OF THE BOARDS OF DIRECTORS OF THE

### FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1 FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2 FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

Held: Thursday, May 28, 2020, 6:30 p.m.

**Attendance** The combined special meeting of the Boards of Directors of the Fossil Ridge Metropolitan District Nos. 1-3 was called and held at 6:30 p.m., as shown, in accordance with Colorado law. The meeting was conducted as a virtual meeting. The following Directors were in attendance:

#### **District 1:**

Tom Waterman – President  
Craig Brown – Vice President  
Mike McCleary – Treasurer  
Dave McGraw – Secretary  
Terry Larson – Assistant Secretary

#### **District 2:**

Dave McGraw – President  
Terry Larson – Vice President  
Andrew Martin – Treasurer  
Theodore Michelsen – Secretary  
Tom Waterman – Assistant Secretary

#### **District 3:**

Craig Brown – President  
Aaron Hochstein - Vice President  
Mike McCleary – Treasurer  
Daniel Dominic - Secretary  
David Wilson – New Director

#### **Consultants:**

Sue Blair, District Manager, Community Resource Services  
Marcos Pacheco, District Manager, Community Resource Services  
Angie Kelly, Retreat Manager, Community Resource Services  
Mat Birkeness, Retreat Manager, Community Resource Services  
Jennie Heinze, Community Manager, Overlook Property Management

#### **Others identified in attendance:**

Pete Hendel  
Mike Kienker  
Peggy Waterman

# RECORD OF PROCEEDINGS

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Deb Korzen  
Kris Howland  
Alana Bissonnete  
Julie Brisson  
Andrew Amend  
Gary  
Alex  
Gary  
Shawna  
Kimberly

**Call to Order** A quorum of the Boards was present, and the Directors confirmed their qualifications to serve.

**Approve Agenda** The Boards reviewed the meeting agenda. Director Brown (D 1&3) would like to speak during the financial segment on the schedule of fees and Director McGraw (D 1&2) would like to file a motion under 7.A Landscaping Proposal Filing 12.

- District 1: Director Waterman moved to approve the agenda as amended. Upon second by Director McGraw, a vote was taken, and the motion carried unanimously.
- District 2: Director Michelsen moved to approve the agenda as amended. Upon second by Director Larson, a vote was taken, and the motion carried unanimously.
- District 3: Director Wilson moved to approve the agenda as amended. Upon second by Director Dominic, a vote was taken, and the motion carried unanimously.

**Public Comment** There was none.

**Consent Agenda**

## Consent Agenda Item 1 - 2

1. Ratification and approval of the payment of claims for the period ending May 21, 2020
2. Approve the minutes of the April 8, 2020 Special Meeting

- District 1: Director Waterman moved that the Board the consent agenda. Upon a second by Director Larson, a vote was taken, and the motion carried unanimously.
- District 2: Director McGraw moved that the Board approve the consent agenda. Upon a second by Director Larson, a vote was taken, and the motion carried unanimously.
- District 3: Director Dominic moved that the Board approve the consent agenda. Upon a second by Director McCleary, a vote was taken, and the motion carried unanimously.

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## Legal Matters

Election Results – CRS: Ms. Blair reported on the results of the May 5, 2020 election. She reviewed the election certification with the Boards and answered questions.

Election of Officers – CRS: The following Officer positions were proposed for each District:

### **FRMD No. 1**

- President – Tom Waterman
- Vice President – Craig Brown
- Treasurer – Mike McCleary
- Secretary – Dave McGraw
- Assistant Secretary – Terry Larson

### **FRMD No. 2**

- President – Dave McGraw
- Vice President – Terry Larson
- Treasurer – Alan Plumhoff
- Secretary – Ted Michelsen
- Assistant Secretary – Tom Waterman

### **FRMD No. 3**

- President – Craig Brown
- Vice President – Aaron Hochstein
- Treasurer – David Wilson
- Secretary – Daniel Dominic
- Assistant Secretary – Mike McCleary

The Boards voted unanimously to elect the officers as noted above.

Farewell to Director Andy Martin – Director McGraw: Director McGraw (D 1&2) spoke to the Boards and would like to recognize and acknowledge the contributions of Director Andrew Martin. Due to work and family time constraints, Director Martin chose to retire from his District 2 Board position as Treasurer and not run for another term. The community is a better place because of Andy's time and effort, and we will be forever grateful. Andy was always community first. Thank you, Andy, for your service.

## Financial Matters

Update on Financial Advisor Ehlers – Director McCleary: Director McCleary (D 1&3) spoke to the Board and commented that the Districts are looking at the Fall timeline for potential new bonds or refinancing. All options are being thoroughly evaluated by the Board and the Finance Committee.

Update on 2019 Audit – Director McCleary: Director McCleary (D 1&3) updated the Board that this week, Haynie is hoping to get trial balances so they can perform some

# RECORD OF PROCEEDINGS

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of the field work. Director McCleary noted that he is requesting the audit be prepared so the Finance Committee can review it in early July.

Emergency Expenditure of Funds – Director Waterman: Director Waterman (D 1&2) noted that there are provisions in the bylaws that allow the District to spend emergency funds. This year, there has been a pool pump failure therefore the pool cannot be put into operation until one of the five pumps is repaired. The District has made an expenditure of \$1,800. The pump has since been repaired and the pool will be operational.

Update on Fee Deferral – Overlook: Director Waterman (D 1&2) noted that the Board had made a decision to defer any fees for individuals financially impacted by COVID-19. Ms. Heinze reported that no one has applied for the deferral yet.

Schedule of Fees: Director Brown (D 1&3) reviewed the maintenance fee area enclosures with the Boards. He proposed minor changes as the initial numbers provided were estimates only. By going this route, there would be less likeliness that a special assessment would be needed. There was extensive discussion surrounding the fees and what is included. Director Brown (D1&3) proposed that the District No. 1 Board adopt this fee schedule as presented.

- District 1: Director McCleary moved that the Board adopt the fee schedule, effective July 1, 2020, as presented. Upon a second by Director Waterman, a vote was taken, and the motion carried unanimously.

## Operations and Maintenance Matters

Landscape Update – Overlook/Landscape Committee: Pete Hendel reviewed his report with the Boards. With some of the suggestions, The Districts will contact Barney Fix, District Engineer, to get his opinion. There have been several items discussed as needing attention by the Districts or other agencies in order to maintain proper landscaping. Director McCleary (D1&3) noted that if they stay within budget, he would support what is happening.

- Director McCleary moved that the Board approve an amount not-to-exceed \$26,000 for landscaping. Upon a second by Director Waterman, a vote was taken, and the motion carried unanimously.
- Director McGraw moved that Board approve the Landscape Committee’s plan to be submitted to the City of Lakewood. Upon a second by director Larson, a vote was taken, and the motion carried unanimously.

Bench Proposal: The bench proposal was discussed as part of the landscape update.

Filing 12 Landscape Proposal: The filing 12 landscape proposal was discussed as part of the landscape update.



## RECORD OF PROCEEDINGS

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Engineer Update – Director Larson: Director Larson (D 1&2) spoke and said the water feature and pond are still under Brookfield control. He covered what is needed and what will be done with each. There will be an aeration system installed by Brookfield. On Norris Ct., Brookfield has agreed to replace the entire alley, in four sections, starting with concrete, then replacing the sub-base. This will start mid-June. Filing 1-12 have been accepted into Solterra. Lakewood has accepted Filing 13, but Solterra/FRMD has not yet done so. Filing 14, Filing 15, Filing 16N, Filing 16S have not been accepted by FRMD. He also noted there is a dilemma with snow removal but he is gathering further information on the topic. He added that he is meeting with representatives from Cardel to look at a number of different items within the District. Orchard Park, a few months ago, it was close to acceptance. At this point, we still have not completed the acceptance process. We are waiting on the bill of sale, but it is tied up with the legal teams. In the meantime, Schultz is taking care of it. Director Dominic (D3) commented that the stop sign at Washburn and Orchard has not been replaced. Director Larson will look into this.

Plowing Standard Meeting – Director Brown: Director Brown (D 1&3) noted that he will be hosting an informational workshop to discuss the service level for each maintenance fee area.

Retreat/Pool Monthly Update – CRS: Mr. Birkeness shared his spreadsheet for events held at The Retreat. He noted some consequences due to COVID-19 and related cancellations of events. He shared his report on pool and retreat projects. He noted several projects that have been completed as well as other items that are still pending along with other newly needed repairs.

Social Committee Update – Social Committee/Director Waterman: Director Waterman (D 1&2) reported that unfortunately, we are stuck in a situation where we don't know when we can host events at The Retreat. He has spoken with the Social Committee to establish policies and procedures for mandatory group sizes, etc. There is not a definitive answer for when anything will take place, but the Board and Social Committee will continue to evaluate the situation.

Amenities Survey – Director Dominic: Director Dominic (D3) noted that due to COVID 19, there has been a delay with getting everyone together to discuss the survey. We have lost one person due to relocation; we are now down to three individuals. He will publish a call for other residents to join the survey. Director Waterman (D 1&2) clarified that the intent of this survey is to solicit input from the community as to what they would like to see done within the community. Director Dominic will continue reporting as things progress.

Fire Suppression Proposal – CRS: Mr. Birkeness reported that there is a fire sprinkler leak that has been identified. Two fire suppression heads are leaking minorly, one in the dining room and one in the entry way. The repairs can be performed in a single

# RECORD OF PROCEEDINGS

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day. He proposed an approval of an amount not-to-exceed \$750 to remedy the issue. Because the current system is filled with a sort of anti-freeze, he suggested that these repairs should be completed as expediently as possible.

- District 1: Director Waterman moved that the Board allocate funds in an amount not-to-exceed \$750 to repair the fire suppression system. Upon a second by director McGraw, a vote was taken, and the motion carried unanimously. Director McCleary clarified that this expenditure will come out of Retreat Maintenance.

Review of Chat Box Inquiries – Director Brown: Director Brown (D 1&3) reviewed questions submitted through the chat feature. All questions were addressed and closed out by the Boards and Directors.

## **Adjournment**

There being no further business to come before the Boards, the meeting was adjourned at 8:47 p.m. by unanimous vote.

Respectfully submitted,

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Secretary of the Meeting

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<b>Proposed July 1, 2020 Schedule of Fees</b>			<b>Current January 2, 2020 Schedule of Fees</b>
Operations Fee	All Classifications. This applies to every home in FRMD.	<b>\$1400 per year (to be billed quarterly, beginning in January)</b>	<b>\$1400 per year (to be billed quarterly, beginning in January)</b>
Maintenance Fee No. 1 <sup>1</sup>	All Classifications. This is addition to the Operations Fee and applies to every home in this Maintenance Fee Area.	<b>\$100/quarter per Unit for Standard Services Or \$165/quarter per Unit for Enhanced Services</b>	<b>\$130/quarter per Unit for Standard Services Or \$208/quarter per Unit for Enhanced Services</b>
Maintenance Fee No. 2 <sup>2</sup>	All Classifications. This is addition to the Operations Fee and applies to every home in this Maintenance Fee Area.	<b>\$0/quarter per Unit for Standard Services Or \$25/quarter per Unit for Enhanced Services</b>	<b>\$0/quarter per Unit for Standard Services Or \$15/quarter per Unit for Enhanced Services</b>
Maintenance Fee No. 3 – F15 <sup>3</sup>	All Classifications. This is addition to the Operations Fee and applies to every home in this Maintenance Fee Area.	<b>\$75/quarter per Unit for Standard Services Or \$95/quarter per Unit for Enhanced Services</b>	<b>\$55/quarter per Unit for Standard Services Or \$120/quarter per Unit for Enhanced Services</b>
Maintenance Fee No. 3 – F16N <sup>4</sup>	All Classifications. This is addition to the Operations Fee and applies to every home in this Maintenance Fee Area.	<b>\$110/quarter per Unit for Standard Services Or \$155/quarter per Unit for Enhanced Services</b>	<b>\$70/quarter per Unit for Standard Services Or \$170/quarter per Unit for Enhanced Services</b>
Maintenance Fee No. 3 – F16S <sup>5</sup>	All Classifications. This is addition to the Operations Fee and applies to every home in this Maintenance Fee Area.	<b>\$150/quarter per Unit for Standard Services Or \$240/quarter per Unit for Enhanced Services</b>	<b>\$74/quarter per Unit for Standard Services Or \$229/quarter per Unit for Enhanced Services</b>

**Why change the the Fee Schedule?** Our goal is to have fees cover expenses and not rely on special assessments. When the 2020 Budget was being developed, we made assumptions and estimated expenses. We now have actual invoice and ability to modify the Schedule of Fees to reflect those actual costs.

**How did we arrive at these new fee schedules?** The fee is based on actual costs within each Maintenance Fee Area. Our goal is with time to be able to use a rolling average to forecast future fees, we are not there yet.

SNOW, LANDSCAPE, RESERVES CONTRIBUTION TO 2020 ANNUAL FEE (Snow 2018/19 + 2019/20)							
	District	MFA#1	MFA#2 Brkfld	MFA#3-15 Cardel	MFA#3-16N Cardel	MFA#3-16S Cardel	Non-MFA
# of Homes	1,163	13	107	43	29	42	929
Snow Removal	\$72,703						
Per Household	\$63						
In-plot Snow 2020*	-	-	-	\$7,106	\$7,106	\$15,319	-
Per Household				\$165	\$245	\$365	
Alley Snow 2020		\$3,414	\$9,509	\$3,810	\$5,138	\$14,629	\$0
Per Household		\$263	\$89	\$89	\$177	\$348	\$0
Landscape**	\$685,745	\$0	\$0	\$5,386	\$3,656	\$7,313	\$0
Per Household	\$590	\$0	\$0	\$125	\$126	\$174	\$0
Gate (Maintenance and Reserve)		5,000					
Reserve (Cardel Contract)				\$0	\$1,740	\$2,520	
Per Household		\$385		\$0	\$60	\$60	
Reserve (District)	\$372,160						
Per Household	\$320						
<b>Per Household Totals w/o Alley, Private Drive Snow Removal</b>							
Annual Fee	2020 Per Year	\$1,357	\$972	\$1,263	\$1,403	\$1,571	\$972
Quarterly Fee	2020 Per QTR	\$339	\$243	\$316	\$351	\$393	\$243
<b>Per Household Totals w/ Alley, Private Drive Snow Removal</b>							
Annual Fee	2020 Per Year	\$1,619	\$1,061	\$1,351	\$1,580	\$1,919	\$972
Quarterly Fee	2020 Per QTR	\$405	\$265	\$338	\$395	\$480	\$243
Notes:	<p>* Calculation is derived from ACTUAL 2018/2019 and 2019/2020 Snow removal invoices from Schultz. The invoices are added together and then divided by two to obtain an average. The intent is to develop a five year rolling average as future year invoicing becomes available for services performed.</p> <p>** Calculation is derived similar to snow removal. Note this landscaping only address in-plot services per Cardel/FRMD service agreement for MFA#3.</p> <p>*** The household totals are for Snow, Landscape, and Reserves only. The Household Fee also includes \$428/year or \$107/quarter Operatinr Fee that must be added to these fees identified above.</p>						

The Quarterly Fees shown above do not include the \$107/quarter operating fee that must be added to the Per Household Totals with rounding up to nearest \$5.

FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1

Financial Statements

Year Ended December 31, 2019

With

Independent Auditors' Report

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## **BASIC FINANCIAL STATEMENTS**

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**BALANCE SHEET/STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**December 31, 2019**

<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	\$ 275,796	\$ -	\$ 928,161	\$ 1,203,957	\$ -	\$ 1,203,957
Cash and investments - restricted	-	1,812,059	-	1,812,059	-	1,812,059
Accounts receivable - assessments	8,939	-	-	8,939	-	8,939
Accounts receivable - developer	-	-	61,758	61,758	(51,397)	10,361
Due from other funds	130,454	-	-	130,454	(130,454)	-
Due from other districts	321,862	402,722	-	724,584	-	724,584
Deposits	20,000	-	19,070	39,070	-	39,070
Prepaid expenditures	1,237	-	-	1,237	-	1,237
Property taxes receivable	12,806	-	-	12,806	-	12,806
Capital assets not being depreciated	-	-	-	-	36,993,362	36,993,362
Capital assets, net of accumulated depreciation	-	-	-	-	6,157,726	6,157,726
Total Assets	<u>\$ 771,094</u>	<u>\$ 2,214,781</u>	<u>\$ 1,008,989</u>	<u>\$ 3,994,864</u>	<u>\$ 42,969,237</u>	<u>\$ 46,964,101</u>
<b>Liabilities</b>						
Accounts payable	151,995	-	109,169	261,164	-	261,164
Prepaid assessments	135,708	-	-	135,708	-	135,708
Due to other funds	-	130,454	-	130,454	(130,454)	-
Due to other districts	-	361,436	-	361,436	-	361,436
Retainage payable	-	-	465,951	465,951	-	465,951
Accrued interest on bonds	-	-	-	-	48,092	48,092
Long-term liabilities:						
Due within one year	-	-	-	-	100,000	100,000
Due in more than one year	-	-	-	-	75,723,305	75,723,305
Total Liabilities	<u>287,703</u>	<u>491,890</u>	<u>575,120</u>	<u>1,354,713</u>	<u>75,740,943</u>	<u>77,095,656</u>
<b>Fund Balance/Net Position</b>						
Fund Balance						
Non-spendable:						
Prepaid expenditures	1,237	-	-	1,237	(1,237)	-
Deposits	20,000	-	19,070	39,070	(39,070)	-
Restricted						
Emergency reserve	70,500	-	-	70,500	(70,500)	-
Debt service	-	1,722,891	-	1,722,891	(1,722,891)	-
Capital projects	-	-	96,568	96,568	(96,568)	-
Assigned - Reserve Fund	-	-	318,231	318,231	(318,231)	-
Unassigned	391,654	-	-	391,654	(391,654)	-
Total Fund Balance	<u>483,391</u>	<u>1,722,891</u>	<u>433,869</u>	<u>2,640,151</u>	<u>(2,640,151)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 771,094</u>	<u>\$ 2,214,781</u>	<u>\$ 1,008,989</u>	<u>\$ 3,994,864</u>		
<b>Net Position</b>						
Restricted for:						
Emergencies					70,500	70,500
Debt service					1,674,799	1,674,799
Unrestricted					(31,876,854)	(31,876,854)
Total Net Position (Deficit)					<u>\$ (30,131,555)</u>	<u>\$ (30,131,555)</u>



**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2019**

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Activities
<b>Expenditures</b>						
Property management	\$ 74,104	\$ -	\$ -	\$ 74,104	\$ -	\$ 74,104
Accounting and audit	30,076	-	-	30,076	-	30,076
District management	72,488	-	-	72,488	-	72,488
Insurance	35,880	-	-	35,880	-	35,880
Legal	179,558	-	-	179,558	-	179,558
Reserve study update	17,000	-	-	17,000	-	17,000
Website	2,625	-	-	2,625	-	2,625
Grounds	541,668	-	-	541,668	-	541,668
Retreat expenses	249,046	-	-	249,046	-	249,046
Utilities	164,013	-	-	164,013	-	164,013
Sewer operations	401,398	-	-	401,398	-	401,398
Miscellaneous	2,493	-	-	2,493	-	2,493
Maintenance fees	59,795	-	-	59,795	-	59,795
Property tax reimbursements	12,806	-	-	12,806	-	12,806
Bond principal - Series 2010	-	90,000	-	90,000	(90,000)	-
Bond interest - Series 2010	-	583,625	-	583,625	(544)	583,081
Paying agent fees	-	4,500	-	4,500	-	4,500
Capital improvements	-	-	253,460	253,460	(253,460)	-
Depreciation	-	-	-	-	384,572	384,572
Interest on developer advances - operations	-	-	-	-	48,495	48,495
Interest on developer advances - capital	-	-	-	-	3,395,750	3,395,750
Total Expenditures	<u>1,842,950</u>	<u>678,125</u>	<u>253,460</u>	<u>2,774,535</u>	<u>3,484,813</u>	<u>6,259,348</u>
<b>Program Revenues</b>						
System development fees	-	-	72,810	72,810	-	72,810
Homeowner assessments	1,227,667	-	-	1,227,667	-	1,227,667
Sewer service fees	215,403	-	-	215,403	-	215,403
Sewer operations fees	93,524	-	-	93,524	-	93,524
Sewer administration fees	27,910	-	-	27,910	-	27,910
Maintenance fees	79,802	-	-	79,802	-	79,802
Amenity user fees	48,064	-	-	48,064	-	48,064
Late and legal fees	13,664	-	-	13,664	-	13,664
Property taxes	12,806	-	-	12,806	-	12,806
Conservation trust fund	-	-	3,141	3,141	-	3,141
Total Program Revenues	<u>1,718,840</u>	<u>-</u>	<u>75,951</u>	<u>1,794,791</u>	<u>-</u>	<u>1,794,791</u>
<b>General Revenues</b>						
Transfer from District No. 2	227,000	246,830	-	473,830	-	473,830
Transfer from District No. 3	400,000	402,722	-	802,722	-	802,722
Interest	908	28,573	4,730	34,211	-	34,211
Total General Revenues	<u>627,908</u>	<u>678,125</u>	<u>4,730</u>	<u>1,310,763</u>	<u>-</u>	<u>1,310,763</u>
<b>Excess of Expenditures over (under) Revenues</b>	503,798	-	(172,779)	331,019	(3,484,813)	(3,153,794)
<b>Other Financing Sources (Uses)</b>						
Transfers (to) from other funds	(225,000)	-	225,000	-	-	-
Developer advances	-	-	139,587	139,587	(139,587)	-
Total Other Financing Sources	<u>(225,000)</u>	<u>-</u>	<u>364,587</u>	<u>139,587</u>	<u>(139,587)</u>	<u>-</u>
<b>Change in Fund Balance</b>	278,798	-	191,808	470,606	(470,606)	
<b>Change in Net Position</b>					(3,153,794)	(3,153,794)
<b>Fund Balance/Net Position</b>						
Beginning of Year	204,593	1,722,891	242,061	2,169,545	(29,147,305)	(26,977,760)
End of Year	<u>\$ 483,391</u>	<u>\$ 1,722,891</u>	<u>\$ 433,869</u>	<u>\$ 2,640,151</u>	<u>\$ (32,771,705)</u>	<u>\$ (30,131,554)</u>

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended December 31, 2019**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Homeowner assessments	\$ 1,245,500	\$ 1,227,667	\$ (17,833)
Sewer service fees	266,000	215,403	(50,597)
Sewer operations fees	93,500	93,524	24
Sewer administration fees	28,000	27,910	(90)
Maintenance fees	64,000	79,802	15,802
Amenity user fee	75,000	48,064	(26,936)
Late and legal fees	-	13,664	13,664
Property taxes	-	12,806	12,806
Transfer from District No. 2	227,419	227,000	(419)
Transfer from District No. 3	375,546	400,000	24,454
Interest	-	908	908
Miscellaneous	5,000	-	(5,000)
Total Revenues	<u>2,379,965</u>	<u>2,346,748</u>	<u>(33,217)</u>
<b>Expenditures</b>			
Property management	53,000	74,104	(21,104)
Accounting	80,000	21,024	58,976
Audit	13,000	9,052	3,948
District management	80,000	72,488	7,512
Legal - general	60,000	158,728	(98,728)
Legal - litigation	20,000	20,830	(830)
Reserve study update	10,000	17,000	(7,000)
Insurance	55,000	35,880	19,120
Website	5,000	2,625	2,375
Grounds	603,100	541,668	61,432
Retreat expenses	316,890	249,046	67,844
Utilities	210,800	164,013	46,787
Sewer operations	387,500	401,398	(13,898)
Maintenance fees	78,000	59,795	18,205
Property tax reimbursements	-	12,806	(12,806)
Miscellaneous	-	2,493	(2,493)
Emergency reserves	71,399	-	71,399
Total Expenditures	<u>2,043,689</u>	<u>1,842,950</u>	<u>200,739</u>
<b>Excess of Revenues over Expenditures</b>	<u>336,276</u>	<u>503,798</u>	<u>167,522</u>
<b>Other Financing Uses</b>			
Transfers to Capital Fund	(225,000)	(225,000)	-
Total Other Financing Uses	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	111,276	278,798	167,522
<b>Beginning Fund Balance</b>	<u>275,402</u>	<u>204,593</u>	<u>(70,809)</u>
<b>Ending Fund Balance</b>	<u>\$ 386,678</u>	<u>\$ 483,391</u>	<u>\$ 96,713</u>

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

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**

**Notes to Financial Statements**

**December 31, 2019**

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Fossil Ridge Metropolitan District No. 1 (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. 2 (District No. 2) and the Fossil Ridge Metropolitan District No. 3 (District No. 3) 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 the District is the “Operating District” and District No. 2 and District No. 3 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 Operating District’s primary revenues are homeowner assessments, various fees, developer advances and transfers from the Taxing Districts. 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 GASB.

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

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2019**

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 and deferred outflows of resources and the (b) liabilities and 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 time of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Government 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 and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-time obligation is paid.

# FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1

## Notes to Financial Statements

December 31, 2019

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 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 Local Government 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 appropriation is at the total fund expenditures level and lapses at year end.

For the year ended December 31, 2019, supplementary appropriations approved by the District's Board of Directors modified the appropriation in the Capital Project Fund from \$203,000 to \$260,000.

### 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, 2019, 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.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**

**Notes to Financial Statements**

**December 31, 2019**

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.

Deferred Outflow/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 that time. 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.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical 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 assets 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 using the straight-line method. Depreciation on the property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-time method over the following estimated useful lives:

Recreation center	25 years
Equipment	5-7 years
Sanitation	40 years

# FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1

## Notes to Financial Statements

December 31, 2019

### Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/due from other funds”. These amounts are eliminated in the Statement of Net Position.

### Estimates

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

### Property Taxes

Property taxes are levied by a special 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 that 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 special 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.

Since its organization and through December 31, 2017, the District had no appreciable assessed valuation and, therefore, did not certify a mill levy. On February 21, 2018, the Jefferson County District Court, in Case No. 2005CV3044, issued an order including into the District 53 residential properties. In late 2018, the District’s Board of Directors adopted the budget for the District for 2019 and approved a resolution that certified a property tax of zero mills, consistent with the Board’s intent not to assess a property tax against the 53 properties included into the District in 2018; however, due to a clerical error by the District’s management company, 5.000 mills in property tax were certified to Jefferson County for assessment against the 53 properties included into the District in 2018. Immediately upon discovering the error, the District notified the County and requested that it not certify the property tax; however, the County declined to correct the error. The 5.000 mills generated \$12,806 in tax revenue from the properties in 2019. This tax revenue was reimbursed by the District to each respective taxpayer in 2019, to achieve the District Board’s original intent not to assess a property tax against the 53 properties included into the District in 2018.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**

**Notes to Financial Statements**

**December 31, 2019**

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.

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.

The nonspendable fund balance in the General Fund in the amount of \$21,237 represents \$1,237 in prepaid expenditures and \$20,000 in deposits.

The nonspendable fund balance in the Capital Projects Fund in the amount of \$19,070 represents a deposit.

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 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 \$70,500 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,722,891 is restricted for the payment of the debt service costs associated with the 2010 Tax-Supported Revenue Refunding Bonds (see Note 4) as well as bond proceeds held by the trustee as a "reserve requirement".

The restricted fund balance in the Capital Projects Fund in the amount of \$96,568 is restricted for costs related to future capital projects expenditures.



**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**

**Notes to Financial Statements**

**December 31, 2019**

Committed Fund Balance

Committed fund balance is 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.

As part of the Capital Projects Fund, the District has established an Assigned Fund Balance, which is to be used for repairs and maintenance of existing District assets. Each year, the District's Board of Directors approves a specific amount to add to the Assigned Fund Balance as part of the annual budget process. The District's Board of Directors must specifically approve expenditures that are to be paid from the Assigned Fund Balance. The Assigned Fund Balance at the end of 2019 was \$318,231.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2019**

Note 2: Cash and Investments

As of December 31, 2019, cash and investments are classified in the accompanying statement of net position as follows:

Cash and investments – unrestricted	\$ 1,203,957
Cash and investments – restricted	<u>1,812,059</u>
Total	<u>\$ 3,016,016</u>

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

Deposits with financial institutions	\$ 1,024,110
Investments – COLOTRUST	185,768
Investments – Federated Treasury	<u>1,806,138</u>
Total	<u>\$ 3,016,016</u>

Deposits:

Custodial Care 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. At December 31, 2019, the District’s cash deposits had a bank balance of \$1,090,180 and a carrying balance of \$1,024,110.

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 investments are not required to be categorized within the fair value hierarchy. The investment value in COLOTRUST is calculated using the net asset value method (NAV) per share. The investment value for the Federated Treasury Obligations Fund is not categorized.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2019**

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.

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

Federated Treasury Obligations Fund

During 2019, the District's funds that were included in the trust accounts at UMB Bank were invested in the Federated Treasury Obligations Fund. The 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, 2019, the District had \$1,806,138 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, 2019, the District had \$185,768 invested in COLOTRUST.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2019**

Note 3: Capital Assets

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

<u>Governmental Type Activities</u>	<u>Balance 1/1/2019</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 12/31/2019</u>
Capital assets not being depreciated:				
Construction in progress	\$ 26,327,922	\$ 228,506	\$ -	\$ 26,556,428
Parks and recreation	10,411,980	-	-	10,411,980
Total capital assets not being depreciated:	<u>36,739,902</u>	<u>228,506</u>	<u>-</u>	<u>36,968,408</u>
Capital assets being depreciated:				
Recreation center and equipment	8,217,795	24,954	-	8,242,749
Sanitation	1,910,117	-	-	1,910,117
Total capital assets being depreciated:	<u>10,127,912</u>	<u>24,954</u>	<u>-</u>	<u>10,152,866</u>
Less accumulated depreciation:				
Recreation center	3,236,940	336,819	-	3,573,759
Sanitation	348,674	47,753	-	396,427
Total accumulated depreciation:	<u>3,585,614</u>	<u>384,572</u>	<u>-</u>	<u>3,970,186</u>
Net capital assets being depreciated:	<u>6,542,298</u>	<u>(359,618)</u>	<u>-</u>	<u>6,182,680</u>
Government type assets, net	<u>\$ 43,282,200</u>	<u>\$ (131,112)</u>	<u>\$ -</u>	<u>\$ 43,151,088</u>

Upon completion and acceptance, all fixed assets except for the recreation center, sanitation, parks and landscaping will be conveyed by the District to other local governments. The District will not be responsible for maintenance except as noted in the First Amended and Restated Intergovernmental Agreement Between The City of Lakewood and Fossil Ridge Metropolitan District No. 1 Relating to Maintenance.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2019**

Note 4: Long-Term Obligations

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

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Current</u> <u>Portion</u>
Developer advances					
Capital - principal	\$ 56,525,984	\$ 139,587	\$ -	\$ 56,665,571	\$ -
Capital - interest	6,574,808	3,395,750	-	9,970,558	-
Operations - principal	808,257	-	-	808,257	-
Operations - interest	370,424	48,495	-	418,919	-
Series 2010 - Tax-supported refunding revenue bonds	8,050,000	-	90,000	7,960,000	100,000
	<u>\$ 72,329,473</u>	<u>\$ 3,583,832</u>	<u>\$ 90,000</u>	<u>\$ 75,823,305</u>	<u>\$ 100,000</u>

A description of long-term obligations as of December 31, 2019, is as follows:

Direct Borrowing Debt:

\$8,350,000 Tax-Supported Revenue Refunding Bonds – Series 2010

On September 28, 2010, the District issued \$8,350,000 of Tax-Supported Revenue Refunding Bonds, Series 2010 (Series 2010 Bonds). The bonds mature in increasing amounts beginning December 1, 2013. The bonds were issued for the purpose of advance refunding the Series 2009 Bonds, funding a debt service reserve and paying the cost of issuance. The bonds mature on December 1, 2040. The bonds bear interest at the rate of 7.25%, payable semiannually on June 1 and December 1, commencing on December 1, 2010. The bonds are subject to redemption prior to maturity on any date on or after December 1, 2020, as a redemption price equal to 100% of their principal amount plus accrued interest. The Series 2010 Bonds are secured by pledged revenues including ad valorem taxes and specific ownership taxes collected by the Taxing Districts beginning in 2010 per an Amended and Restated Joint Funding Agreement with District No. 2 and District No. 3 as approved on September 1, 2010.

In accordance with the Series 2010 Bonds provisions, a reserve fund was established in the amount of \$819,152. As of December 31, 2019, the reserve fund had a balance of \$843,973. These funds are to be used to make up any deficiencies relating to the timely payment of principal and interest.

Significant events of default under the Series 2010 Bonds include: (i) failure to meet financial and or custodial covenants, (ii) failure of District 2 to impose the required mill levy as set forth in the Joint Funding Agreement, (iii) failure of District 3 to impose the required mill levy as set forth in the Joint Funding Agreement, (iv) failure to pay principal and interest when due

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**

**Notes to Financial Statements**

**December 31, 2019**

and (v) legal proceedings including bankruptcy, insolvency, reorganization, etc. as described in the Series 2010 Bonds agreement.

The following is a summary of the annual long-term debt principal and interest requirements on the Series 2010 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 100,000	\$ 577,100	\$ 677,100
2021	115,000	569,850	684,850
2022	130,000	561,512	691,512
2023	145,000	552,088	697,088
2024	165,000	541,575	706,575
2025 - 2029	1,140,000	2,499,075	3,639,075
2030 - 2034	1,820,000	1,995,200	3,815,200
2035 - 2039	2,810,000	1,201,687	4,011,687
2040	1,535,000	111,287	1,646,287
	<u>\$ 7,960,000</u>	<u>\$ 8,609,374</u>	<u>\$ 16,569,374</u>

Master Intergovernmental Agreement

On January 8, 2008, the District entered into a Master Intergovernmental Agreement (IGA) with the Taxing Districts. Per the IGA, the District is to construct, own, maintain and operate the facilities benefiting the Taxing Districts, which may include the borrowing of funds or issuance of revenue bonds. Since its organization and through December 31, 2017, the District had no appreciable assessed valuation and, therefore, did not certify a mill levy. On February 21, 2018, the Jefferson County District Court, in Case No. 2005CV3044, issued an order including into the District 53 residential properties; however, because those properties are also already included within the boundaries of one of the Taxing Districts, the District Board does not intend to assess a property tax against those properties.

As a result, the Taxing Districts 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 Taxing Districts' 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, at the time of their organization the Taxing Districts' voters authorized the Taxing Districts to adjust their property tax rate as necessary to receive the same revenue they would have received but for any reduction in the residential assessment rate required by the Gallagher Amendment to the Colorado Constitution. As a result of this prior voter authorization, the current maximum mill levy is 55.664 mills. The IGA also sets forth certain provisions pertaining to the processes for payment of capital, operations and maintenance

# FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1

## Notes to Financial Statements

December 31, 2019

costs, review of budgets and project plans, execution of construction contracts, administrative management, establishment of user fees and the transfers of funds between districts.

### Joint Funding Agreements

On September 1, 2009, the District entered into a Joint Funding Agreement with the Taxing Districts to provide for the payment to the trustee of certain property taxes and specific ownership taxes collected by the Taxing Districts for the purpose of paying debt service on its 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 the Series 2010 Bonds.

On December 22, 2014, the District entered into a 2014 Joint Funding Agreement with the Taxing Districts, pursuant to which the Taxing Districts will be obligated to impose a required mill levy for the purpose of providing for the payment of District No. 3's Series 2014 Bonds. All revenue 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 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.

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

On May 13, 2008, the District entered into a Reimbursement of Developer Loan and Public Infrastructure Acquisition Agreement with Brookfield Residential (Colorado), LLC formerly Carma (Colorado), Inc. (Developer or Brookfield). 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 Districts are responsible for determining when bonds should be issued, based on numerous economic factors. The District No. 1 Board 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 the District 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 the District 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.

### Debt Authorization

As of December 31, 2019, the District had remaining voted debt authorization of approximately \$704,650,000. The District did not issue new debt during 2019. Per the District's Service Plan, the District, in combination with the Taxing Districts, cannot issue more than \$91 million in revenue debt, of which \$70 million of such authorization may be allocated to general obligation debt. As of December 31, 2019, the District and Fossil Ridge

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**

**Notes to Financial Statements**

**December 31, 2019**

Metropolitan District No. 3 have issued \$7,000,000 and \$21,130,000, respectively, towards the general obligation debt authorization.

Note 5: District Agreements

IGA with Green Mountain Water and Sanitation District – Extra-territorial Sewer Service

On January 15, 2008, the District entered into an Intergovernmental Agreement for Extra-territorial Sewer Service with the Green Mountain Water and Sanitation District (Green Mountain). The purpose of this agreement is to outline the responsibilities associated with the design and construction of the sewer system within the District as well as the collection of the associated system development fees and the billing for the ongoing sewer service. In 2014, the District and Green Mountain entered into an Amended and Restated Intergovernmental Agreement for Extra-Territorial Sewer Service which, among other things, provided for the collection of the system development fee payments.

IGA with Green Mountain Water and Sanitation District – Sewer System Maintenance and Repair

On September 19, 2008, the District entered into an Intergovernmental Agreement for Maintenance and Repair of Sewer System with Green Mountain. Per this agreement, Green Mountain will perform the maintenance and repair services and the District will compensate Green Mountain monthly based on a mutually agreed upon rate schedule.

IGA with the City of Lakewood – Maintenance

On April 22, 2008, the District entered into an Intergovernmental Agreement Relating to Maintenance with the City of Lakewood (Lakewood). The purpose of this agreement is to set forth the obligations of and the benefits to both parties in relation to the maintenance activities within the District. Lakewood’s responsibilities will be comparable to its maintenance of other similar improvements throughout the city. This agreement terminates on December 31 of each year and automatically renews for successive one-year periods. On September 12, 2016, this agreement was amended by the First Addendum to First Amended and Restated Intergovernmental Agreement between the City of Lakewood and Fossil Ridge Metropolitan District No. 1 Relating to Maintenance. This Addendum relates only to the provisions pertaining to sign posts and frames within the District

Note 6: 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.



# FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1

## Notes to Financial Statements

December 31, 2019

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.

Note 7: 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 8: Reconciliation of Government-Wide Financial Statements with Fund Financial Statements

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

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and,
- 2) Long-term liabilities such as bonds payable, accrued bond interest payable, developer advances payable and accrued interest on developer advances are not due and payable in the current period and, therefore, are not in the funds.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2019**

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 capital outlays as expenditures; however, in the statement of activities, the costs of those assets are held as construction in progress pending transfer to other governmental entities or depreciated over their useful lives;
- 2) 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,
- 3) Governmental funds report developer advances as revenue; however, these are reported as changes to long-term liabilities on the government-wide financial statements.

Note 9: Litigation

A. Consolidated Lawsuits - Case No. 2019CV31287 and Case No. 2019CV30905.

On June 11, 2019, R.E. Monks Construction Company, LLC (Monks) filed a Complaint for Foreclosure of Mechanic's Lien and Other Relief in the Jefferson County District Court, Case No. 2019CV30905, against Solterra, LLC (Solterra), alleging that Solterra had failed to pay Monks for certain excavation and grading services within the Solterra Development.

On August 21, 2019, Cesare, Inc. (Cesare) filed a Complaint for Foreclosure of Mechanic's Lien in the Jefferson County District Court, Case No. 2019CV31287, against Solterra, Brookfield (Colorado) Residential, LLC (Brookfield Residential), Monks, Hudick Excavating, Inc. d/b/a HEI Civil (HEI), and Holly Ryan in her capacity as Jefferson County Public Trustee. In its Complaint, Cesare asserted that Solterra had retained Brookfield Residential to serve as the general contractor in connection with certain construction activities within the Solterra Development. Brookfield Residential had, in turn, contracted with Cesare to perform certain geotechnical engineering and services in connection with the construction activities, but Brookfield Residential had failed to pay Cesare for such services. Cesare joined HEI as a defendant because on July 12, 2019 HEI had recorded a Notice of Extension – Lien Statement with the Jefferson County Clerk and Recorder against a portion of the property where Cesare asserted it provided its geotechnical engineering and services.

On September 30, 2019, HEI filed its Answer, Cross-Claim, Counterclaim and Third-Party Complaint for Foreclosure of Mechanic's Lien, naming the District, Brookfield (Colorado) Management, LLC d/b/a Brookfield Residential Properties and Brookfield Residential Services, LLC as third-party defendants.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2019**

Following an Unopposed Motion to Consolidate filed by Solterra and Brookfield Residential, the Court in Case No. 2019CV31287 issued an Order on October 7, 2019 consolidating the matters into Case No. 2019CV30905.

On December 5, 2019, the District filed its Answer to HEI's Third-Party Complaint, which included numerous affirmative defenses, and asserted Crossclaims against Solterra, Brookfield Residential, Brookfield (Colorado) Management, LLC d/b/a Brookfield Residential Properties, and Brookfield Residential Services, LLC (collectively, the Brookfield Defendants) for Declaratory Judgment, Alter Ego (In the Alternative) and Unjust Enrichment (In the Alternative).

On December 18, 2019, the Court issued an Order dismissing "with prejudice" all claims between Monks, Solterra and Brookfield Residential. On January 7, 2020, the Court issued an Order dismissing "with prejudice" all claims between Cesare, Solterra and Brookfield Residential. On February 25, 2020, the Court issued an order dismissing "with prejudice" the claims between HEI and the Brookfield Defendants and dismissing "without prejudice" the claims between the District and the Brookfield Defendants. Accordingly, the consolidated lawsuits have been fully resolved and dismissed. The District has preserved its right to assert any claims or defenses it may have against the Brookfield Defendants in any future disputes.

**B. Dispute with Independent District Engineering Services, LLC (IDES)**

The District and Independent District Engineering Services, LLC (IDES) entered into an Independent Contractor Agreement dated June 10, 2015 pursuant to which IDES was obligated to perform certain civil engineering services for the District. By letter dated April 1, 2019, the District notified IDES that the District was terminating the Independent Contractor Agreement, effective May 2, 2019. By letter dated April 8, 2019, IDES asserted that the District owed IDES \$121,303 for engineering services IDES performed from February 2018 through April 1, 2019. The District disputed the amount claimed by IDES. In July, 2019, the District and IDES entered into a Settlement Agreement whereby the District paid IDES \$90,000 as full and final settlement of the disputed amount claimed by IDES and IDES provided the District with an Unconditional Waiver and Release of all claims. As a result, this matter is fully resolved.

**C. Dispute with Nelson Pipeline Constructors, LLC**

In 2016, Nelson Pipeline Constructors, LLC (Nelson) and the District entered a contract for Nelson to install underground piping in connection with a project commonly known as West Yale Avenue and South McIntyre Street Utility and Pedestrian Underpass Construction for the Solterra Community in Lakewood, Colorado (Project). Nelson submitted its Final Application for Payment on May 2, 2018 and requested payment from the District of the remaining retainage due to Nelson under the contract in the total amount of \$54,570 (Retainage). The District requested that Nelson provide as-built drawings and take other actions prior to the District proceeding with acceptance of the Project in

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2019**

accordance with the contract. Disputes arose between the parties as to what actions, if any, were required by Nelson prior to the District proceeding with acceptance of the Project and Nelson's warranty obligations under the contract.

On January 23, 2020, Nelson and the District entered into a Retainage and Warranty Agreement, pursuant to which the District agreed to release the Retainage upon the satisfaction of certain conditions by Nelson and its subcontractor, CTL Thompson, Inc. All requirements were subsequently satisfied, and the District released the Retainage to Nelson. Accordingly, this matter is fully resolved.

## **SUPPLEMENTAL INFORMATION**

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -  
DEBT SERVICE FUND  
For the Year Ended December 31, 2019**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Transfer from District No. 2	\$ 258,638	\$ 246,830	\$ (11,808)
Transfer from District No. 3	421,987	402,722	(19,265)
Interest	-	28,573	28,573
Total Revenues	<u>680,625</u>	<u>678,125</u>	<u>(2,500)</u>
<b>Expenditures</b>			
Bond principal - Series 2010	90,000	90,000	-
Bond interest - Series 2010	583,625	583,625	-
Paying agent fee	5,000	4,500	500
Miscellaneous	2,000	-	2,000
Total Expenditures	<u>680,625</u>	<u>678,125</u>	<u>2,500</u>
<b>Net Change in Fund Balance</b>	-	-	-
<b>Beginning Fund Balance</b>	<u>1,816,480</u>	<u>1,722,891</u>	<u>(93,589)</u>
<b>Ending Fund Balance</b>	<u><u>\$ 1,816,480</u></u>	<u><u>\$ 1,722,891</u></u>	<u><u>\$ (93,589)</u></u>

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2019**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Amended</u>		<u>Favorable (Unfavorable)</u>
<b>Revenues</b>				
Development fees	\$ 115,600	\$ 62,000	\$ 61,200	\$ (800)
Storm drainage fees	17,000	10,000	9,000	(1,000)
Administrative set up fee	5,742	2,700	2,610	(90)
Conservation trust fund	3,200	3,200	3,141	(59)
Miscellaneous	1,200	1,200	-	(1,200)
Interest	500	500	4,730	4,230
Total Revenues	<u>143,242</u>	<u>79,600</u>	<u>80,681</u>	<u>1,081</u>
<b>Expenditures</b>				
Accounting	3,000	3,000	-	3,000
Reserve expenses	-	25,000	24,954	46
Engineering	100,000	190,000	187,306	2,694
Capital improvements	100,000	42,000	41,200	800
Total Expenditures	<u>203,000</u>	<u>260,000</u>	<u>253,460</u>	<u>6,540</u>
<b>Excess of Expenditures over Revenues</b>	(59,758)	(180,400)	(172,779)	7,621
<b>Other Financing Sources</b>				
Transfers from General Fund	-	225,000	225,000	-
Developer advances	-	140,000	139,587	(413)
Total Other Financing Sources	<u>-</u>	<u>365,000</u>	<u>364,587</u>	<u>(413)</u>
<b>Net Change in Fund Balance</b>	(59,758)	184,600	191,808	7,208
<b>Beginning Fund Balance</b>	<u>360,891</u>	<u>242,061</u>	<u>242,061</u>	<u>-</u>
<b>Ending Fund Balance</b>				
Restricted	-	-	115,638	115,638
Assigned - Reserve Fund	-	-	318,231	318,231
	<u>\$ 301,133</u>	<u>\$ 426,661</u>	<u>\$ 433,869</u>	<u>\$ 7,208</u>

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**

**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**December 31, 2019**

**\$8,350,000 Tax-Supported Revenue Bonds**

**Series 2010**

**Interest Rate 7.25%**

**Payable June 1 and December 1**

**Principal due December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 100,000	\$ 577,100	\$ 677,100
2021	115,000	569,850	684,850
2022	130,000	561,512	691,512
2023	145,000	552,088	697,088
2024	165,000	541,575	706,575
2025	185,000	529,612	714,612
2026	205,000	516,200	721,200
2027	225,000	501,338	726,338
2028	250,000	485,025	735,025
2029	275,000	466,900	741,900
2030	300,000	446,962	746,962
2031	330,000	425,213	755,213
2032	360,000	401,287	761,287
2033	395,000	375,188	770,188
2034	435,000	346,550	781,550
2035	470,000	315,012	785,012
2036	515,000	280,938	795,938
2037	560,000	243,600	803,600
2038	605,000	203,000	808,000
2039	660,000	159,137	819,137
2040	1,535,000	111,287	1,646,287
	<u>\$ 7,960,000</u>	<u>\$ 8,609,374</u>	<u>\$ 16,569,374</u>



FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2019

With

Independent Auditors' Report

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## **BASIC FINANCIAL STATEMENTS**

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**BALANCE SHEET/STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**December 31, 2019**

<b>Assets</b>	<b>General</b>	<b>Debt Service</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
Cash and investments - unrestricted	\$ 46,035	\$ -	\$ 46,035	\$ -	\$ 46,035
Cash and investments - restricted	-	412,501	412,501	-	412,501
Receivable from county treasurer	877	5,177	6,054	-	6,054
Prepaid expenditures	2,280	-	2,280	-	2,280
Property taxes receivable	130,212	911,579	1,041,791	-	1,041,791
Due from District No. 1	-	361,436	361,436	-	361,436
Total Assets	<u>\$ 179,404</u>	<u>\$ 1,690,693</u>	<u>\$ 1,870,097</u>	<u>\$ -</u>	<u>\$ 1,870,097</u>
<b>Liabilities</b>					
Due to District No. 1	\$ 11,826	\$ -	\$ 11,826	\$ -	\$ 11,826
Due to District No. 3	-	670,000	670,000	-	670,000
Total Liabilities	<u>11,826</u>	<u>670,000</u>	<u>681,826</u>	<u>-</u>	<u>681,826</u>
<b>Deferred Inflows of Resources</b>					
Deferred property taxes	130,212	911,579	1,041,791	-	1,041,791
Total Deferred Inflows of Resources	<u>130,212</u>	<u>911,579</u>	<u>1,041,791</u>	<u>-</u>	<u>1,041,791</u>
<b>Fund Balance/Net Position</b>					
Fund Balance					
Nonspendable:					
Prepaid expenditures	2,280	-	2,280	(2,280)	-
Restricted :					
Emergency reserve	4,300	-	4,300	(4,300)	-
Debt service	-	109,114	109,114	(109,114)	-
Unrestricted:					
Unassigned	30,786	-	30,786	(30,786)	-
Total Fund Balance	<u>37,366</u>	<u>109,114</u>	<u>146,480</u>	<u>(146,480)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 179,404</u>	<u>\$ 1,690,693</u>	<u>\$ 1,870,097</u>		
<b>Net Position</b>					
Restricted for:					
Emergency reserve				4,300	4,300
Debt service				109,114	109,114
Unrestricted				33,066	33,066
Total Net Position				<u>\$ 146,480</u>	<u>\$ 146,480</u>

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

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>					
Property taxes	\$ 118,723	\$ 700,638	\$ 819,361	\$ -	\$ 819,361
Specific ownership taxes	10,144	59,866	70,010	-	70,010
Interest	13,132	3,297	16,429	-	16,429
Conservation trust fund	373	-	373	-	373
Total Revenues	<u>142,372</u>	<u>763,801</u>	<u>906,173</u>	<u>-</u>	<u>906,173</u>
<b>Expenditures</b>					
Audit	9,052	-	9,052	-	9,052
Insurance	2,625	-	2,625	-	2,625
Dues and memberships	273	-	273	-	273
Transfer to District No. 1	227,000	246,830	473,830	-	473,830
Transfer to District No. 3	-	670,000	670,000	-	670,000
Treasurers' fees	1,782	10,514	12,296	-	12,296
Paying agent fees	-	2,000	2,000	-	2,000
Total Expenditures	<u>240,732</u>	<u>929,344</u>	<u>1,170,076</u>	<u>-</u>	<u>1,170,076</u>
<b>Net Change in Fund Balance</b>	(98,360)	(165,543)	(263,903)	263,903	-
<b>Change in Net Position</b>				(263,903)	(263,903)
<b>Fund Balance/Net Position</b>					
Beginning of Year	<u>135,726</u>	<u>274,657</u>	<u>410,383</u>	<u>-</u>	<u>410,383</u>
End of Year	<u>\$ 37,366</u>	<u>\$ 109,114</u>	<u>\$ 146,480</u>	<u>\$ -</u>	<u>\$ 146,480</u>

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

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property taxes	\$ 119,055	\$ 118,723	\$ (332)
Specific ownership taxes	10,000	10,144	144
Interest	30	13,132	13,102
Conservation trust fund	-	373	373
Total Revenues	129,085	142,372	13,287
<b>Expenditures</b>			
Audit	10,000	9,052	948
Insurance	-	2,625	(2,625)
Dues and memberships	-	273	(273)
Treasurers' fees	1,786	1,782	4
Transfer to District No. 1	227,419	227,000	419
Emergency reserve	3,873	-	3,873
Total Expenditures	243,078	240,732	2,346
<b>Net Change in Fund Balance</b>	(113,993)	(98,360)	15,633
<b>Beginning Fund Balance</b>	132,970	135,726	2,756
<b>Ending Fund Balance</b>	\$ 18,977	\$ 37,366	\$ 18,389

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

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2019**

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Fossil Ridge Metropolitan District No. 2 (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. 3 (District No. 3) 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. 3 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. 2**  
**Notes to Financial Statements**  
**December 31, 2019**

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. 2**  
**Notes to Financial Statements**  
**December 31, 2019**

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. The resources are transferred to District No.1 and District No. 3 for payment to the bondholders.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the Local Government 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, 2019, 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. 2**  
**Notes to Financial Statements**  
**December 31, 2019**

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.

In late 2018, the District's Board of Directors adopted the budget for the District for 2019 and approved a resolution that certified a general operational property tax of 5.458 mills, and a bond repayment property tax of 38.210 mills; however, due to a clerical error, only 32.210 mills in

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2019**

bond repayment property tax were certified to Jefferson County for assessment. Immediately upon discovering the error, the District notified the County and requested that it certify the full 38.210 mills in bond repayment property tax; however, the County declined to correct the error. As a result of the error, the District collected \$132,837 less in bond repayment tax revenue than it had budgeted; however, the District had adequate bond repayment tax revenue reserves from which it was able to absorb the tax revenue deficiency and make full payment on the bonds

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 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 \$4,300 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. 2**  
**Notes to Financial Statements**  
**December 31, 2019**

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, 2019 cash and investments are classified in the accompanying statement of net position as follows:

Cash and investments-unrestricted	\$ 46,035
Cash and investments-restricted	<u>412,501</u>
Total	<u>\$ 458,536</u>

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

Deposits with financial institutions	\$ 21,839
Investments – Colotrust	<u>436,697</u>
Total	<u>\$ 458,536</u>

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2019**

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. At December 31, 2019, the District's cash deposits had a bank and carrying balance of \$21,839.

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.

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. 2**  
**Notes to Financial Statements**  
**December 31, 2019**

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

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, 2019, the District had \$436,697 invested in COLOTRUST.

Note 3: Long-Term Obligations

Joint Funding Agreements

On September 1, 2009, the District entered into a Joint Funding Agreement with Districts No. 1 and No. 3 to provide for the payment to the trustee of certain property taxes and specific ownership taxes collected by the District and No. 3 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. 3, pursuant to which both the District and District No. 3 will be obligated to impose a required mill levy for the purpose of providing for the payment of District No. 3's 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.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2019**

Debt Authorization

As of December 31, 2019, the District had remaining voted debt authorization of approximately \$712,325,000. The District did not issue new debt during 2019. Per the District's Service Plan, the District, in combination with Districts No. 1 and No. 3, cannot issue more than \$91 million in revenue debt, of which \$70 million of such authorization may be allocated to general obligation debt.

Note 4: District Agreements

Master Intergovernmental Agreement

On January 8, 2008, the District entered into a Master Intergovernmental Agreement (IGA) with District No. 1 and District No. 3. Per the IGA, District No. 1 is to construct, own, maintain and operate the facilities benefiting the District and District No. 3, which may include the borrowing of funds or issuance of revenue bonds. The District and District No. 3 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, at the time of its organization the District's voters authorized the District to adjust its property tax rate as necessary to receive the same revenue it would have received but for any reduction in the residential assessment rate required by the Gallagher Amendment to the Colorado Constitution. As a result of this prior voter authorization, the current maximum mill levy is 55.664 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. 3 are responsible for determining when bonds should be issued, based upon numerous economic factors. The District No. 1 Board 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 the 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. 3 are impacted from certain covenants contained therein.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2

### Notes to Financial Statements December 31, 2019

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.

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.

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.

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.



## **SUPPLEMENTAL INFORMATION**

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -**  
**DEBT SERVICE FUND**  
**For the Year Ended December 31, 2019**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 833,475	\$ 700,638	\$ (132,837)
Specific ownership taxes	65,000	59,866	(5,134)
Interest	400	3,297	2,897
Total Revenues	<u>898,875</u>	<u>763,801</u>	<u>(135,074)</u>
<b>Expenditures</b>			
Treasurers' fees	12,500	10,514	1,986
Transfer to District No. 1	258,638	246,830	11,808
Transfer to District No. 3	670,362	670,000	362
Paying agent fees	4,000	2,000	2,000
Total Expenditures	<u>945,500</u>	<u>929,344</u>	<u>16,156</u>
<b>Net Change in Fund Balance</b>	(46,625)	(165,543)	(118,918)
<b>Beginning Fund Balance</b>	<u>198,745</u>	<u>274,657</u>	<u>75,912</u>
<b>Ending Fund Balance</b>	<u>\$ 152,120</u>	<u>\$ 109,114</u>	<u>\$ (43,006)</u>

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**SUMMARY OF ASSESSED VALUATION, MILL LEVY**  
**AND PROPERTY TAXES COLLECTED**  
**December 31, 2019**

**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	\$ 73,217	\$ 73,296	100.11%
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%
2019	\$ 21,813,016	5.458	32.210	\$ 821,653	\$ 819,361	99.72%
<b>Estimated for Year Ending December 31, 2020</b>	<b>\$ 23,857,072</b>	<b>5.458</b>	<b>38.210</b>	<b>\$ 1,041,791</b>		

**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	\$ 160,322	\$ 160,661	100.21%
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%
2019	\$ 36,179,503	5.458	32.210	\$ 1,362,810	\$ 1,359,568	99.76%
<b>Estimated for Year Ending December 31, 2020</b>	<b>\$ 38,805,537</b>	<b>5.458</b>	<b>38.210</b>	<b>\$ 1,694,560</b>		

**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. 2**  
**ASSESSED AND ACTUAL VALUATION OF CLASSES OF PROPERTY IN DISTRICT**  
**December 31, 2019**  
**UNAUDITED**

**District No. 2**

Class	2019 Assessed Valuation	Percent of Assessed Valuation	2019 Actual Valuation	Percent of Actual Valuation
Residential	\$ 23,454,561	98.32%	\$ 327,218,517	99.58%
Vacant	193,732	0.81%	668,045	0.20%
Commercial	732	0.00%	2,524	0.00%
State Assessed	207,951	0.87%	717,072	0.22%
Natural Resources	96	0.00%	330	0.00%
Total	\$ 23,857,072	100.00%	\$ 328,606,488	100.00%

**District No. 3**

Class	2019 Assessed Valuation	Percent of Assessed Valuation	2019 Actual Valuation	Percent of Actual Valuation
Residential	\$ 36,900,981	95.09%	\$ 515,383,491	98.75%
Vacant	1,474,746	3.80%	5,085,338	0.97%
Commercial	13,930	0.04%	48,883	0.01%
State Assessed	415,880	1.07%	1,434,069	0.27%
Total	\$ 38,805,537	100.00%	\$ 521,951,781	100.00%

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**MILL LEVY RECAP**  
**December 31, 2018 and 2019**  
**UNAUDITED**

<u>Taxing Authority</u>	<u>2018 Levy</u>	<u>2019 Levy</u>
Jefferson County	23.739	23.332
Jefferson County School District No. R-1	49.416	47.075
Lakewood (City of)	4.711	4.711
Mount Carbon Metropolitan District (exclusion areas)	21.929	22.118
Urban Drainage & Flood Control District	0.726	0.900
Urban Drainage & Flood Control South Platte	0.094	0.097
West Metro Fire Protection District - General	12.905	12.539
West Metro Fire Protection District - Sub	0.827	0.729
Total Overlapping Mill Levy	<u>114.347</u>	<u>111.501</u>
The Financing Districts	<u>37.668</u>	<u>43.668</u>
Total Mill Levy	<u><u>152.015</u></u>	<u><u>155.169</u></u>

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**SELECTED DEBT RATIOS**  
**December 31, 2019**  
**UNAUDITED**

	<u>District No. 1</u>	<u>District No. 2</u>	<u>District No. 3</u>	<u>Total</u>
General Obligation Debt Outstanding	\$ 7,960,000	\$ -	\$19,955,000	\$ 27,915,000
District Assessed Value *	\$ 2,803,853	\$23,857,072	\$38,805,537	\$ 62,662,609
Ratio of Debt to Assessed Value				44.55%

\* The property in District No. 1 is included in either the District or District No. 3. Therefore, the assessed value for District No. 1 is not included in the Total District Assessed Value.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2**  
**ESTIMATED OVERLAPPING GENERAL OVERLAPPING DEBT**  
**December 31, 2019**  
**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	\$ 618,465,000	0.31%	\$ 1,917,242
Mount Carbon Metropolitan District	14,960,000	46.69%	6,984,824
West Metro Fire Protection District	22,421,143	0.80%	179,369
Total District No. 2			<u>\$ 9,081,435</u>
<b>District No. 3</b>			
Jefferson County School District No. R-1	\$ 618,465,000	0.41%	\$ 2,535,707
Mount Carbon Metropolitan District	14,960,000	63.33%	9,474,168
West Metro Fire Protection District	22,421,143	1.08%	242,148
Total District No. 2			<u>\$ 12,252,023</u>



FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

Financial Statements

Year Ended December 31, 2019

With

Independent Auditors' Report

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## **BASIC FINANCIAL STATEMENTS**

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**BALANCE SHEET/STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**December 31, 2019**

<b>Assets</b>	<b>General</b>	<b>Debt Service</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
Cash and investments - unrestricted	\$ 341,161	\$ -	\$ 341,161	\$ -	\$ 341,161
Cash and investments - restricted	-	313,558	313,558	-	313,558
Receivable from county treasurer	1,455	8,586	10,041	-	10,041
Prepaid expenditures	489	-	489	-	489
Property taxes receivable	211,801	1,482,759	1,694,560	-	1,694,560
Due from District No. 2	-	670,000	670,000	-	670,000
Total Assets	<u>\$ 554,906</u>	<u>\$ 2,474,903</u>	<u>\$ 3,029,809</u>	<u>\$ -</u>	<u>\$ 3,029,809</u>
<b>Liabilities</b>					
Due to District No. 1	\$ 310,036	\$ 402,722	\$ 712,758	\$ -	\$ 712,758
Accrued interest on bonds	-	-	-	81,015	81,015
Long-term liabilities:					
Due within one year	-	-	-	350,000	350,000
Due in more than one year	-	-	-	20,268,324	20,268,324
Total Liabilities	<u>310,036</u>	<u>402,722</u>	<u>712,758</u>	<u>20,699,339</u>	<u>21,412,097</u>
<b>Deferred Inflows of Resources</b>					
Deferred property taxes	211,801	1,482,759	1,694,560	-	1,694,560
Total Deferred Inflows of Resources	<u>211,801</u>	<u>1,482,759</u>	<u>1,694,560</u>	<u>-</u>	<u>1,694,560</u>
<b>Fund Balance/Net Position</b>					
Fund Balance					
Nonspendable:					
Prepaid expenditures	489	-	489	(489)	-
Restricted :					
Emergency reserve	7,000	-	7,000	(7,000)	-
Debt service	-	589,422	589,422	(589,422)	-
Unrestricted:					
Unassigned	25,580	-	25,580	(25,580)	-
Total Fund Balance	<u>33,069</u>	<u>589,422</u>	<u>622,491</u>	<u>(622,491)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 554,906</u>	<u>\$ 2,474,903</u>	<u>\$ 3,029,809</u>		
<b>Net Position</b>					
Restricted for:					
Emergencies				7,000	7,000
Debt service				508,407	508,407
Unrestricted				(20,592,255)	(20,592,255)
Total Net Position				<u>\$ (20,076,848)</u>	<u>\$ (20,076,848)</u>

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>					
Property taxes	\$ 196,998	\$ 1,162,570	\$ 1,359,568	\$ -	\$ 1,359,568
Specific ownership taxes	16,825	99,289	116,114	-	116,114
Interest	17,279	7,486	24,765	-	24,765
Conservation trust fund	438	-	438	-	438
Transfer from District No. 2	-	670,000	670,000	-	670,000
Total Revenues	<u>231,540</u>	<u>1,939,345</u>	<u>2,170,885</u>	<u>-</u>	<u>2,170,885</u>
<b>Expenditures</b>					
Audit	9,052	-	9,052	-	9,052
Insurance	254	-	254	-	254
Dues	4,452	-	4,452	-	4,452
Transfer to District No. 1	400,000	402,722	802,722	-	802,722
Treasurers' fees	2,668	15,747	18,415	-	18,415
Paying agent fees	-	5,000	5,000	-	5,000
Bond principal - Series 2016	-	170,000	170,000	(170,000)	-
Bond interest - Series 2016	-	601,800	601,800	(18,750)	583,050
Bond principal - Series 2014	-	170,000	170,000	(170,000)	-
Bond interest - Series 2014	-	383,994	383,994	(19,420)	364,574
Total Expenditures	<u>416,426</u>	<u>1,749,263</u>	<u>2,165,689</u>	<u>(378,170)</u>	<u>1,787,519</u>
<b>Net Change in Fund Balance</b>	(184,886)	190,082	5,196	(5,196)	
<b>Change in Net Position</b>				383,366	383,366
<b>Fund Balance/Net Position</b>					
Beginning of Year	<u>217,955</u>	<u>399,340</u>	<u>617,295</u>	<u>(21,077,509)</u>	<u>(20,460,214)</u>
End of Year	<u>\$ 33,069</u>	<u>\$ 589,422</u>	<u>\$ 622,491</u>	<u>\$ (20,699,339)</u>	<u>\$ (20,076,848)</u>

**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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<b>Revenues</b>				
Property taxes	\$ 197,468	\$ 197,468	\$ 196,998	\$ (470)
Specific ownership taxes	16,000	16,000	16,825	825
Conservation trust fund	-	-	438	438
Interest	50	50	17,279	17,229
Total Revenues	<u>213,518</u>	<u>213,518</u>	<u>231,540</u>	<u>18,022</u>
<b>Expenditures</b>				
Audit	10,000	10,000	9,052	948
Dues	-	-	254	(254)
Insurance	-	-	4,452	(4,452)
Treasurers' fees	2,962	3,000	2,668	332
Transfer to District No. 1	375,546	400,000	400,000	-
Emergency reserve	6,406	6,406	-	6,406
Total Expenditures	<u>394,914</u>	<u>419,406</u>	<u>416,426</u>	<u>2,980</u>
<b>Net Change in Fund Balance</b>	(181,396)	(205,888)	(184,886)	21,002
<b>Beginning Fund Balance</b>	<u>212,021</u>	<u>217,955</u>	<u>217,955</u>	<u>-</u>
<b>Ending Fund Balance</b>	<u>\$ 30,625</u>	<u>\$ 12,067</u>	<u>\$ 33,069</u>	<u>\$ 21,002</u>

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements

December 31, 2019

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, 2019

#### 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, 2019

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 Local Government 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. For the year ended December 31, 2019, supplementary appropriations approved by the District's Board of Directors modified the appropriation from \$394,914 to \$419,406 in the General Fund.

#### 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, 2019, 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, 2019

#### 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.

In late 2018, the District's Board of Directors adopted the budget for the District for 2019 and approved a resolution that certified a general operational property tax of 5.458 mills, and a bond repayment property tax of 38.210 mills; however, due to a clerical error, only 32.210 mills in

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**Notes to Financial Statements**  
**December 31, 2019**

bond repayment property tax were certified to Jefferson County for assessment. Immediately upon discovering the error, the District notified the County and requested that it certify the full 38.210 mills in bond repayment property tax; however, the County declined to correct the error. As a result of the error, the District collected \$219,849 less in bond repayment tax revenue than it had budgeted; however, the District had adequate bond repayment tax revenue reserves from which it was able to absorb the tax revenue deficiency and make full payment on the bonds.

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 \$151,036 at December 31, 2019.

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

The nonspendable fund balance in the General Fund in the amount of \$489 represents prepaid expenditures for the ensuing fiscal year and is therefore not in spendable form.

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 \$589,422 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 \$7,000 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.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements

December 31, 2019

#### 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.

#### 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.

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.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**

**Notes to Financial Statements**

**December 31, 2019**

Note 2: Cash and Investments

As of December 31, 2019 cash and investments are classified in the accompanying statement of net position as follows:

Cash and investments-unrestricted	\$ 341,161
Cash and investments-restricted	<u>313,558</u>
Total	<u>\$ 654,719</u>

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

Deposits with financial institutions	\$ 33,862
Investments – Colotrust	316,497
Investments - Federated Treasury	<u>304,360</u>
Total	<u>\$ 654,719</u>

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. At December 31, 2019, the District's cash deposits had a bank and carrying balance of \$33,862.

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.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements

December 31, 2019

#### 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.

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

#### Federated Treasury Obligations Fund

During 2019, 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, 2019, the District has \$304,360 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, 2019, the District had \$316,497 invested in COLOTRUST.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements

December 31, 2019

Note 3: Long-Term Obligations

A description of the long-term obligations as of December 31, 2019, is as follows:

Direct Borrowing Debt:

\$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 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 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.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**

**Notes to Financial Statements**

**December 31, 2019**

Events of default for both the Series 2014 and Series 2016 Bonds include: (i) failure by District No. 3 to impose the required mill levy or apply the pledged revenue as required by the indenture; (ii) failure by District No. 2 to impose the required mill levy to be imposed by the 2014 Funding Agreement or District No. 3 fails to apply the pledged revenue derived from the 2014 Joint Funding Agreement as required by the indenture; (iii) any default of the 2014 Funding Agreement that fails to be remedied; (iv) failure to meet financial or custodial covenants as described in the indenture or (v) the District, District No. 1 or District No. 2 files a petition under the federal bankruptcy laws.

The following is an analysis of changes in long-term obligations for the period ending December 31, 2019:

	<b>Balance 1/1/2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2019</b>	<b>Current Portion</b>
Series 2016 - G.O. Bonds	\$ 12,105,000	\$ -	\$ 170,000	\$ 11,935,000	\$ 175,000
Series 2016 - premium	358,047	-	18,183	339,864	-
Series 2014 - G.O. Bonds	8,190,000	-	170,000	8,020,000	175,000
Series 2014 - premium	342,313	-	18,853	323,460	-
	<u>\$ 20,995,360</u>	<u>\$ -</u>	<u>\$ 377,036</u>	<u>\$ 20,618,324</u>	<u>\$ 350,000</u>

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	385,000	908,694	1,293,694
2025 - 2029	2,080,000	4,271,500	6,351,500
2030 - 2034	2,420,000	3,756,530	6,176,530
2035 - 2039	2,850,000	3,131,250	5,981,250
2040 - 2044	7,060,000	2,104,500	9,164,500
2045 - 2046	3,715,000	281,000	3,996,000
	<u>\$ 19,955,000</u>	<u>\$ 18,251,750</u>	<u>\$ 38,206,750</u>



## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements

December 31, 2019

#### Debt Authorization

As of December 31, 2019, the District had remaining voted debt authorization of approximately \$691,735,000. The District did not 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.

#### 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, at the time of its organization the District's voters authorized the District to adjust its property tax rate as necessary to receive the same revenue it would have received but for any reduction in the residential assessment rate required by the Gallagher Amendment to the Colorado Constitution. As a result of this prior voter authorization, the current maximum mill levy is 55.664 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.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements

December 31, 2019

#### 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 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.

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.

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.

## FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

### Notes to Financial Statements

December 31, 2019

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.

## **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, 2019**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Favorable (Unfavorable)</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Property taxes	\$ 1,382,419	\$ 1,162,570	\$ (219,849)
Specific ownership taxes	105,000	99,289	(5,711)
Interest	200	7,486	7,286
Transfer from District No. 2	670,362	670,000	(362)
Total Revenues	<u>2,157,981</u>	<u>1,939,345</u>	<u>(218,636)</u>
 <b>Expenditures</b>			
Transfer to District No. 1	421,988	402,722	19,266
Treasurers' fees	20,736	15,747	4,989
Paying agent fees	-	5,000	(5,000)
Bond principal - Series 2016	170,000	170,000	-
Bond interest - Series 2016	601,800	601,800	-
Bond principal - Series 2014	170,000	170,000	-
Bond interest - Series 2014	383,994	383,994	-
Total Expenditures	<u>1,768,518</u>	<u>1,749,263</u>	<u>19,255</u>
 <b>Net Change in Fund Balance</b>	 389,463	 190,082	 (199,381)
 <b>Beginning Fund Balance</b>	 <u>518,259</u>	 <u>399,340</u>	 <u>(118,919)</u>
 <b>Ending Fund Balance</b>	 <u>\$ 907,722</u>	 <u>\$ 589,422</u>	 <u>\$ (318,300)</u>

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**SUMMARY OF ASSESSED VALUATION, MILL LEVY**  
**AND PROPERTY TAXES COLLECTED**  
**December 31, 2019**

**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	\$ 73,217	\$ 73,296	100.11%
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%
2019	\$ 21,813,016	5.458	32.210	\$ 821,653	\$ 819,361	99.72%
<b>Estimated for Year Ending December 31, 2020</b>	\$ 23,857,072	5.458	38.210	\$ 1,041,791		

**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	\$ 160,322	\$ 160,661	100.21%
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%
2019	\$ 36,179,503	5.458	32.210	\$ 1,362,810	\$ 1,359,568	99.76%
<b>Estimated for Year Ending December 31, 2020</b>	\$ 38,805,537	5.458	38.210	\$ 1,694,560		

**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, 2019**  
**UNAUDITED**

**District No. 2**

Class	2019 Assessed Valuation	Percent of Assessed Valuation	2019 Actual Valuation	Percent of Actual Valuation
Residential	\$ 23,454,561	98.32%	\$ 327,218,517	99.58%
Vacant	193,732	0.81%	668,045	0.20%
Commercial	732	0.00%	2,524	0.00%
State Assessed	207,951	0.87%	717,072	0.22%
Natural Resources	96	0.00%	330	0.00%
Total	\$ 23,857,072	100.00%	\$ 328,606,488	100.00%

**District No. 3**

Class	2019 Assessed Valuation	Percent of Assessed Valuation	2019 Actual Valuation	Percent of Actual Valuation
Residential	\$ 36,900,981	95.08%	\$ 515,383,491	98.75%
Vacant	1,474,746	3.80%	5,085,338	0.97%
Commercial	13,930	0.04%	48,883	0.01%
State Assessed	415,880	1.07%	1,434,069	0.27%
Total	\$ 38,805,537	99.99%	\$ 521,951,781	100.00%



**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**MILL LEVY RECAP**  
**December 31, 2018 and 2019**  
**UNAUDITED**

<u>Taxing Authority</u>	<u>2018 Levy</u>	<u>2019 Levy</u>
Jefferson County	23.739	23.332
Jefferson County School District No. R-1	49.416	47.075
Lakewood (City of)	4.711	4.711
Mount Carbon Metropolitan District (exclusion areas)	21.929	22.118
Urban Drainage & Flood Control District	0.726	0.900
Urban Drainage & Flood Control South Platte	0.094	0.097
West Metro Fire Protection District - General	12.905	12.539
West Metro Fire Protection District - Sub	0.827	0.729
Total Overlapping Mill Levy	<u>114.347</u>	<u>111.501</u>
The Financing Districts	<u>37.668</u>	<u>43.668</u>
Total Mill Levy	<u><u>152.015</u></u>	<u><u>155.169</u></u>

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**  
**SELECTED DEBT RATIOS**  
**December 31, 2019**  
**UNAUDITED**

	<u>District No. 1</u>	<u>District No. 2</u>	<u>District No. 3</u>	<u>Total</u>
General Obligation Debt Outstanding	\$ 7,960,000	\$ -	\$ 19,955,000	\$ 27,915,000
District Assessed Value	* \$ 2,803,853	\$ 23,857,072	\$ 38,805,537	\$ 62,662,609
Ratio of Debt to Assessed Value				44.55%

\* 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, 2019**  
**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	\$ 618,465,000	0.31%	\$ 1,917,242
Mount Carbon Metropolitan District	14,960,000	46.69%	6,984,824
West Metro Fire Protection District	22,421,143	0.80%	179,369
Total District No. 2			<u>\$ 9,081,435</u>
<b>District No. 3</b>			
Jefferson County School District No. R-1	\$ 618,465,000	0.41%	\$ 2,535,707
Mount Carbon Metropolitan District	14,960,000	63.33%	9,474,168
West Metro Fire Protection District	22,421,143	1.08%	242,148
Total District No. 2			<u>\$ 12,252,023</u>

## JUSTIFICATION FOR AN 2 EMERGENCY EXPENDITURES

### Fire Suppression System

--The Retreat had the anti-freeze in its fire suppression system undergo a periodic check. The technician indicated that the system needed to be recharged in order to comply with State Code. The standard to be compliant is rated between -5 to -17 degrees, while ours was rated at +20 degrees.

--Approximately 200 gallons of anti-freeze were required to refill the system and the replacement anti-freeze cost \$10 a gallon. The total bill was \$2000.

--By replacing the anti-freeze at this point, another service call was avoided and a savings of ~\$600 was realized (a service call includes a trip charge & a 5hr minimum charge at the billable rate of \$120 hour). This expenditure was made out of the General Fund.

### Roofing Tiles

After a particularly strong windstorm in June, it was noted that multiple Retreat roofing tiles had either been broken or come loose, creating the potential for roof leakage and posing a safety hazard to the staff and community. As a consequence, an emergency expenditure of \$1977 was authorized to replace 32 tiles and reset another 4. This expenditure was made out of the Reserve Fund.

84-1548000

Freeman Signs  
3883 Monaco Parkway  
Denver, CO, 80207-1435 USA  
Phone: (303)-781-0106 Fax: (303)-762-8293  
www.freemansigns.net



**ESTIMATE Submitted To:**

OVERLOO001  
Overlook Properties  
Attn: Jennie Heinze  
6860 S. Yosemite Ct.  
Centennial, CO 80112- usa

Job Name: Solterra Directionals

Phone: (303) 991-2192 Ext.

Fax: (303) 991-2199

Email

**Job Name and Location**

Solterra Retreat Directionals  
Indiana St  
Pool Community Area  
Lakewood, CO USA

Estimate No	Estimate Date	Ship Via	Ship Date	Due Date	Payment Terms	Contact	Page
011305	5/26/2020			7/10/2020	NET 30	Nei001	Page 1 of 3

Quantity	Description	Unit Price	Extended Price
1	Fabrication SIGN A - Provide labor, material, and equipment to manufacture (2) 2'-8" x 3'-0" face panels. Per FSI drawing #20-248.	\$963.93	\$963.93
1	Install Labor SIGN A - Provide labor to remove existing and install (2) 2'-8" x 3'-0" face panels. Per FSI drawing #20-248.	\$162.50	\$162.50
1	Discount Special 10% Discount	(\$112.64)	(\$112.64)
1	Additional Info Work to be done during normal business hours.	\$0.00	\$0.00

\* Power to sign and final hookup by others unless contracted by FSI \* Sales tax, permit fees, and freight are additional, if required, unless quoted by FSI \* Any balance 30 days past due voids warranty \* I acknowledge and agree to the Sales Agreement Terms and Conditions page with this quote. \* Purchaser understands that the Good Faith estimate is subject to change due to engineering \*Quote is valid for 45 days from date of quote. \*50% deposit is required

Taxable:	\$0.00
NonTaxable:	\$1,013.79
SalesTax:	\$0.00
Freight:	\$0.00
Misc:	\$0.00
<b>Total:</b>	<b>\$1,013.79</b>

Signature: \_\_\_\_\_ Date \_\_\_\_\_

**Thank You**

Estimate No	Estimate Date	Ship Via	Ship Date	Due Date	Payment Terms	Contact	Page
011305	5/26/2020			7/10/2020	NET 30	Nei001	Page 2 of 3

Sales Agreement Terms and Conditions 1. DISPLAY DESIGN. It is mutually agreed the original design of the Display which is the subject of this Agreement is the exclusive property of Seller, unless artwork is provided by Purchaser, and that the right to use or reproduce this design for other displays or other uses is prohibited unless stated herein. If seller, must bring suit to enforce this provision, Purchaser acknowledges that Seller shall be entitled to monetary damages and injunctive relief, and Purchaser agrees to pay the court costs, collections and attorney's fees incurred by Seller, to enforce this provision. 2. PAYMENT. Payment shall be made payable at the office of Seller 3883 N. Monaco Pkwy, Denver, CO 80207. Any payment not received by Seller within ten (10) days of its due date shall cause the entire balance then owing to be due and payable, in full, together with interest at the rate of 21% per annum and in addition, Seller's attorney's fees, collections and expenses incurred as a result of any such default. 3. TITLE. Ownership of the Display shall remain with Seller until all of the payments are made and all of the conditions contained herein are fully complied with. Upon full performance of all of the terms by Purchaser, Seller shall deliver to Purchaser a good and sufficient Bill of Sale to the Display. Neither the loss of injury to, or destruction of the Display, nor institute of suit or procurement of judgment, whereon, while in the possession of Purchaser or its agents shall operate as a transfer of title to Purchaser, or others of the Display. 4. DEFAULT. The following events shall be considered a default by Purchaser under the terms of this agreement. A. A breach by Purchaser of any of the covenants or conditions contained herein, including failure to make a payment when due. B. The institution of any bankruptcy or insolvency proceedings by or against Purchaser. C. An assignment by purchaser to take possession of the business of Purchaser. D. The appointment of a receiver to take possession of the business of Purchaser. E. The discontinuance of business by purchaser in the premises where the Display is located, or notification to Seller of Purchaser's intention to discontinue such business. Upon Purchasers default Seller, at Sellers sole option, may accelerate the entire balance owing under this agreement and immediately take possession of the Display. Upon such action, Purchaser shall be liable to Seller for the entire balance then owing under this agreement, together with interest at the rate of 21% per annum, and in addition, Seller's attorney's fees, collections and expenses incurred as a result of any such default. Purchaser shall still be liable to Seller for all delinquent installments due under this agreement. Upon such termination, Seller may, but shall not be obligated to sell the Display at public or private sale, pursuant to the laws of the State of Colorado. Seller may apply the proceeds from said sale to the amount due from Purchaser under this Agreement, including the expense of retaking and selling the Display, reasonable attorney's fees, collections and interest on the delinquent amount owing at the rate of 21% per annum. Purchaser agrees to pay to Seller, upon demand therefore, any deficiency which may result from said sales. Should seller elect not to terminate this Agreement and or not to repossess this display upon Purchaser's default, Seller may collect from Purchaser all amounts due under this Agreement, including delinquent interest, reasonable attorney's fees, collections and court costs. This agreement shall be construed in accordance with the laws of the State of Colorado, and venue shall be proper with the Arapahoe County Courts. 5. REMOVAL OF DISPLAY. Ownership of the Display shall remain with Seller until all payments due from Purchaser have been made and all conditions herein have been fully complied with. The Display shall at all times be deemed personal property, and shall not, by any reason of attachment or connection to any realty become or be deemed, a fixture or appurtenance to such realty and shall at all times be severable there from and shall be and remain at all times the property of Seller free from any claim or right of Purchaser except as specifically set forth in this Agreement. Seller shall have the right to enter the premises upon which the Display is located at all times to inspect or remove the same. 6. DELIVERY OF PERFORMANCE. Seller shall commence construction of the Display and prosecute the work thereon with due diligence until completion. All obligations to be performed by Seller shall be subject to delay or failure resulting from war, fire, labor disputes, unforeseen commercial delay or commercial frustration, natural disasters, regulations or restrictions of the government or public authorities or other incidents, forces conditions or circumstances beyond Seller's control. It is inherent in certain colored neon tubing to become dim under cold weather conditions, though same does not cause any permanent effect thereto, hence the Seller shall not be responsible or liable for such dimming or for radio or television interference. 7. WAIVER OF BREACH. Time and the punctual performance of each of the terms of this agreement are the essence of this agreement, except as otherwise expressly provided herein. No waiver by either party hereto of the non-performance of any breach of the Terms of this Agreement shall be construed to be a waiver of any subsequent non-performance breach of default. 8. INSURMENT. All of the terms of this Agreement shall be binding upon the successor's assigns and legal representatives of the respective parties herein. 9. ASSIGNMENT. Purchaser shall not assign, sub-let or transfer any portion of this Agreement without the express prior written consent of Seller, and any breach of the terms of this paragraph shall constitute a default of the agreement. 10. EXCLUSIONS OF WARRANTIES. The parties hereto agree that the implied warranties of merchantability and fitness for a particular purpose and all other warranties express or implied are excluded from this transaction, unless otherwise required by Law, and shall not apply to the display. 11. AGREEMENT NOT A CONSUMER CREDIT TRANSACTION. The parties hereto agree that this transaction is a business transaction and not subject to the Consumer Credit Code unless otherwise required by law. 12. PURCHASERS LIABILITY. Purchaser is liable for errors in plans, designs, specifications or drawings furnished by Purchaser or for defects cause thereby in construction and installation of Display. Purchaser understands estimate is subject to change due to final engineering requirements. 13. PRICE QUOTES. The prices quoted herein for installation of the Display are subject to revision where excess rock or unforeseeable foundation, building or job conditions are encountered. Prices quoted assume work being done on site during normal business hours, Monday thru Friday, unless otherwise noted. Disposal of all existing signs, unless otherwise stated in writing herein are not included. 14. ACCEPTANCE OF AGREEMENT. This agreement is subject to final approval and execution by a corporate officer of Seller and until such execution shall not be enforceable as against seller. This agreement constitutes the entire understanding of the parties hereto, and there are no prior writings, verbal negotiations, or other representations or agreement between the parties hereto which are not expressed herein. All modifications to this agreement shall be made in writing signed by parties hereto and attached to this Agreement to be enforceable. 15. SERVERABILITY. In the event any provision of the Agreement shall be held invalid or unenforceable by a Colorado court of competent Jurisdiction then such provision shall be modified to the least extent possible, and after so modified this Agreement shall remain in full force and affect to the fullest extent permitted by law. 16. OTHER SPECIFICATIONS. Purchaser shall bring and hook up feed wires of suitable capacity voltage regularity and approved type, to the Display along with the communication system, and shall pay for all electrical energy used by Display and shall be responsible for the supply thereof. Purchaser shall provide all necessary reinforcements to the building on which the Display is installed. Landscaping repair including sprinkler system repair or replacement is not included as a part of this Agreement. Building wall refinishing not included. Purchaser is responsible to gain consent and necessary approvals from building and property owners, if applicable. 17. MISCELLANEOUS. All material for the Display is guaranteed to be specified. All work will be completed in a good and workmanlike manner, according to standard practices of the industry. Any alteration or deviation from the above specifications, including extra costs, will be added to the retail price of this Agreement. Owner shall carry hazard insurance covering this Display while in its possession and shall cover its workers fully with workers compensation insurance. Counter-part and facsimile copies of this Agreement shall be given the same authority and legal standing, as an original would have. 18. WARRANTY. Seller warrants the display against defects due to workmanship or material for a period of ninety (90) days, excluding vandalism and high wind damage. Ballasts and Transformers will carry a one year warranty on the component only not the replacement labor. 19. OPTIONAL MAINTENANCE AGREEMENT. If this optional maintenance agreement is accepted on the front side the following additional terms and conditions will apply. The term of this maintenance agreement is as noted. Term will commence ninety (90) days after installation of Display. It is agreed that this will be automatically renewed for another like term at the expiration period thereafter, unless either party is notified by the other to the contrary in writing thirty (30) days prior to the expiration. 20. CONTRACTOR'S RIGHT TO PHOTOGRAPH THE WORK: Owner shall permit Contractor or person(s) employed or engaged by Contractor, without compensation or consideration to Owner, to take photographs at the project site of both completed work and work in progress, for purposes including, but not limited to, publication in newspapers, magazines, and other print media, use in broadcast media, publication via the Internet, and use in marketing materials used by Contractor. Such photographs and any accompanying descriptions shall not identify Owner or the property address of the project without the express written consent of Owner. 21. THIS EQUIPMENT has been tested and found to comply with the limits for a Class A digital device, pursuant to part 15 of the FCC Rules. These limits are designed to provide reasonable protection against harmful interference when the equipment is operated in a commercial environment. This equipment generates, uses, and can radiate radio frequency energy and, if not installed and used in accordance with the instruction manual, may cause harmful interference to radio communications. Operation of this equipment in a residential area is likely to cause harmful interference in which case the user will be required to correct the interference at his own expense Seller Agrees to maintain and service the display, including in such service all necessary repairs and any other work specifically set forth on the reverse side hereof. Owner to notify Seller of any defects and otherwise co-operate with Seller in order that there will be a minimum delay in making repairs. It is further expressly understood and agreed that unless otherwise specified, Seller will render

Estimate No	Estimate Date	Ship Via	Ship Date	Due Date	Payment Terms	Contact	Page
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prompt service in response to Owner's request by telephone call or letter. It is further expressly understood and agreed that repairs or replacement necessary because of acts of vandalism, civil disorders, fire, smoke, wind storm, hail, vehicle collision, negligence of Owner, or acts of God are excluded from this agreement. It is further understood and agreed that the replacing of neon tubing or other tubing because of change of color or loss of brilliance of color is not included in this agreement, nor is seller responsible for structural components or fastening devices. Re-painting of Display is not included, unless otherwise specified. It is understood and agreed that the service and maintenance described herein shall not include maintenance of the primary electrical wires between the display and the switch control of safety device. Primary electrical feed service, photocell(s), control time clock(s) maintenance and resetting are not included in this agreement unless otherwise specified. The repair or replacement of damaged sign faces and cabinetry are excluded here from except damage caused by seller's employees or their agents. \_\_\_\_\_ initial



**SCOPE OF WORK**

**MANUFACTURE & INSTALL TWO (2) NEW ALUMINUM PANELS, WITH VINYL OVERLAY REMOVE & DISPOSE OF EXISTING PANELS ON BASE(S)**

**SPECIFICATION**

**1 PANEL SIGN**  
 .125" ALUMINUM PANEL PAINTED LIGHT PURPLE WITH A SATIN FINISH & DIGITALLY PRINTED VINYL APPLIED ATTACHED TO EXISTING STONE SIGN BASE WITH PROPER HARDWARE

**COLOR KEY**

- P1** MATTHEWS PAINT - BLACK
- DP** 1ST SURFACE TRANS. VINYL DIGITAL PRINT

**D/F POST & PANEL SIGN - NEW PANELS**

MANUFACTURE & INSTALL

QUANTITY: 1 EA.

**FREEMAN SIGNS & ELECTRIC**  
 A SIGN OF GOOD BUSINESS SINCE 1954  
 303.781.0106  
 3883 MONACO PKWY  
 DENVER, CO 80207  
 WWW.FREEMANSIGNS.NET

**UL** FREEMAN SIGNS IS A UL LISTED SIGN MANUFACTURER  
 THIS SIGN IS INTENDED TO BE INSTALLED IN ACCORDANCE WITH THE REQUIREMENTS OF ARTICLE 600 OF THE NATIONAL ELECTRICAL CODE (NEC) AND/OR OTHER APPLICABLE CODES. THIS INCLUDES PROPER GROUNDINGS AND BONDING OF THE SIGN.

CLIENT NAME:	STREET ADDRESS:
<b>SOLTERRA</b>	<b>15646 W Wesley Ave</b>
SALES NAME & EMAIL:	CITY, STATE:
<b>CINDY NEIBERGER CNEIBERGER@FREEMANSIGNS.NET</b>	<b>Lakewood, CO 80228</b>
DESIGNER:	DATE STARTED:
<b>J.MAHAN</b>	<b>05/01/20</b>

REVISIONS			REVISIONS		
DATE	ALTERATION	DESIGNER	DATE	ALTERATION	DESIGNER
1			9		
2			10		
3			11		
4			12		
5			13		
6			14		
7			15		
8			16		

CLIENT APPROVAL

CLIENT SIGNATURE / DATE

LANDLORD SIGNATURE / DATE

ELECTRICAL LOAD

UNLESS OTHERWISE NOTED, ELECTRICAL RUNS OR FINAL ELECTRICAL CONNECTION CHARGES ARE NOT INCLUDED. ILLUMINATED DISPLAYS WILL BE WIRED FOR 120 VOLT POWER UNLESS OTHERWISE INDICATED.

IF VOLTAGE IS NOT 120 VOLT, PLEASE INDICATED YOUR VOLTAGE

**X X X X X X X**  
 VOLTS AMPS

DESIGN NUMBER

**20-248**

PAGE REVISION

**1 OF 3**



REPLACEMENT PANEL SIGNS	QUANTITY: 1 SET	SCALE: 1/2" = 1'-0"
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**SCOPE OF WORK**

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DESIGNER:	DATE STARTED:
<b>J.MAHAN</b>	<b>05/01/20</b>

REVISIONS					
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\_\_\_\_\_  
CLIENT SIGNATURE / DATE

\_\_\_\_\_  
LANDLORD SIGNATURE / DATE

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DESIGN NUMBER
<b>20-248</b>
PAGE REVISION
<b>2 OF 3</b>



EXISTING CONDITIONS



EXISTING CONDITIONS



SCOPE OF WORK

MANUFACTURE & INSTALL TWO (2) NEW ALUMINUM PANELS, WITH VINYL OVERLAY REMOVE & DISPOSE OF EXISTING PANELS ON BASE(S)

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D/F POST & PANEL SIGN - NEW PANELS

MANUFACTURE & INSTALL

QUANTITY: 1 EA.

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ISA COLORADO MEMBER BBB

**FREEMAN SIGNS**  
60 Years of Excellence  
FREEMAN SIGNS IS A UL LISTED SIGN MANUFACTURER

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LANDLORD SIGNATURE / DATE

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VOLTS AMPS

DESIGN NUMBER

**20-248**

PAGE REVISION

**3 OF 3**

## June 2020 Board Report for the Retreat

Rentals: June reports \$0 in income as the Retreat has remained closed.

Fitness: Classes have been held outside on the Retreat patio and we are currently waiting on the instructor to provide a monthly invoice. Water aerobics has not been offered as floatation devices are not currently allowed in the pool due to health restrictions.

Pool: Pool has been in good operating condition and Perfect Pools have been on site daily performing standard operating procedures. The fountains along the stairs have a slight leak that will need to be evaluated once drained at the end of the pool season.

New signs have been posted at the west side of the Retreat and the front doors indicating the Retreat is not a pool entrance. Another sign has been posted inside the Retreat that alcohol is prohibited from leaving the Retreat.

Pool reservations were implemented and have gone through some updates. We started taking reservations by phone and the demand was too large to take calls in a reasonable fashion. Switched from phone to email and reservation demands grew and became a long daily process. Reservations are now offered through the online portal and the general feedback is the community prefers this option as they can see exactly what is available in real time.

Pool monitors have been working the reservation roster at the pool gate and have been great to work with. They have been trained on the online system to avoid any setbacks once the transition takes effect on Friday July 3<sup>rd</sup>.

Security: An email was sent 6/30/20 to the District board presidents to present a discussion on the needs for the Retreat. This is a good starting point for possible changes at the Retreat with the current security presence.

Fire: A new agreement with Frontier Fire has been signed and currently waiting on Frontier to finalize. The sprinkler leak at the Retreat has been fixed. Upon the review of the leak it was determined that the glycol was not up to code. New glycol was filled into the system while performing the fix of the sprinkler leak.

Tasks Completed: Fire contracts have been executed, but currently waiting for Frontier to confirm the start date. Once confirmed, a scheduled service for all fire systems will be done.

Century Link has been contacted regarding a new term agreement to reduce costs and boost internet speeds. However, upon review the savings is flat. By increasing the internet speeds and removing the long-distance coverage for the security lines it remains nearly the same. Comcast has been contacted to provide a competitive quote. Comcast will need to visit the area to evaluate what the costs will be to run their lines into the Retreat. The survey they will perform is free of charge. The actual running of the lines or install for their services might vary in pricing. If Comcast sees this as a good value to provide this service to the Retreat in a way to offer more services or speeds to the community, they will do this free of charge. More information will need to be gathered after the survey to see if Comcast can be a better

provider for phone and internet. Verbally the quote provided would be est. \$210 monthly for 4 phone lines with long distance and 100mbps internet.

Sergio has not responded to any correspondence to finish the GFI work in the parking lot. CRS handyman will complete the job now.

Cleaning chemicals were ordered and delivered to the Retreat.

Security panels have been reset and can be armed/disarmed. Security needs are in discussion and maybe altered later.

## 2020 Pool and Retreat Project List

3/9/2020

Complete	* Safety Concern	Handyman				
Concern Description	Concern Area	Estimated Cost	Who does work?	Est Completion Date	Comments/Update	
1	Replace minimum 10 broken GFI receptacles/covers around parking lot, pool and patio areas	Code *	\$1,000	Handyman	Need to schedule	Sergio scheduled health restrictions could delay. New date for Sergio once reopened.Sergio is no longer communicating. CRS handyman will complete next time on site.
2	Replace 8 lights within the pool. 4 lights in upper pool and 2 in lower pool	Pool *	\$6,235	Contractor	Completed	7 Lights were replaced by Perfect Pools
3	Add 4 lights under pool gazebo	Pool *	\$1,709	Contractor	na	will reevaluate when pool is in use
4	Replace bulbs on 2 lights at lower pool	Pool	\$20	Handyman	Need to schedule	CRS handyman will replace once on site again
5	Repair fans in Retreat's M and W bathrooms	R&M	Need Quote	HVAC Contractor	Need to schedule	Sergio did not feel comfortable. Will call HVAC company for quote.
6	Establish process for lighting inside fireplace.	R&M	--	Retreat Manager	Completed	Currently a process is written in continuity book. OK with that?
7	Add drapes to door between lifeguard house and changing rooms	R&M	\$40	Handyman	Completed	
8	Touch up kitchen cabinet doors and frames	R&M	\$10	Handyman	na	Project for Mary Ellen Retreat Host
9	Complete patio chair and table layout procedure and communication	R&M	--	Retreat Manger	Will do after 4th of July	Once furniture is set for summer season; to be photographed by drone
10	Repair outdoor fireplace and gas line to outdoor fireplace. Consider additional \$3,040 for automatic match light and timer shut off.	R&M	\$5,578	Contractor	na	(not approved by board/not a priority)
11	Replace 2 patio sofa cushion sets at \$918/set (set = 3 backs and 3 bottoms)	R&M	\$1,936	Committee	na	
12	Replace 24 patio dining chair bottom cushions at \$106 each	R&M	\$2,544	Committee	na	
13	Replace 14 patio lounge chair cushion sets at 294/set. (set = 1 back and 1 bottom	R&M	\$4,116	Committee	na	
14	Replace 5 umbrellas \$180 each plus shipping	R&M	\$1,100	Committee	na	
15	Prep and paint pool deck/stairs	R&M	\$3,985	Prep-Right	Completed	Prep Rite is almost finished
16	Caulk around retaining walls at the floor joint. Prevent water from cracking concrete.	R&M	\$5,650	Prep-Right	Completed	Prep Rite is almost finished
17	Repair, clean and stain patio grout	R&M	\$15,000	Prep-Right Verbal	Completed	Prep Rite is almost finished
18	Clean and repair wool rugs	R&M	\$1,400	Verbal est from Robert Mann Rugs	Completed	Rugs were picked up, waiting to schedule drop off once reopened
19	Replace entry hall rug	R&M	\$1,000	Verbal est from Carpet Exchange	na	Currently no rug. Would committee like a new rug? Approved?
20	Replace leather couch and 2 chairs	R&M	Need Quote	Committee	na	
21	Existing furniture repair as needed	R&M	\$500	Committee	na	called Peggy's recommendation twice, no return call yet.
22	Review low voltage issue at retreat	R&M	Need Quote	Contractor	6/1/2020 currently ongoing	Contract expires for Wifi June 2020. Will intiate new contract after fire monitoring is finalized. Working with Century Link on new contract
23	Bride and groom patio drainage improvement	R&M	\$2,500	Contractor	na	Meeting with Schultz 3/16. CRS will gather further quotes from other contractors
24	Security Card Reader update	R&M	\$4200-\$8700	Contractor	Completed	DoubleAA Security to install new key locks
25	Protective netting for pool safety	R&M	Get quote	Contractor	na	Upon advice from Contractor, no net to be ordered.

26	Pool entry sign updated with 2020 schedule	R&M	Get quote	Handyman	Completed	CRS handyman will install
27	Repair pump room door	R&M	--	Contractor	na	Will discuss with Landon if needed
28	Repair leaking irrigation tube at RH front entrance plant hanger	R&M	--	Handyman	Completed	CRS Handyman will repair once water is turned on
29	Replace 3 pathway wall light fixtures	R&M	--	Handyman	In need of update schedule	Will need to investigate which fixtures are described
30	Add gutter extension to patio west down spout to prevent water from spilling onto patio	R&M	--	Handyman	Completed	CRS Handyman
31	Replace missing cover around sprinkler head over conference table	R&M	--	Handyman	Completed	Once reopened, fire company will install
32	Add wall storage cabinets (kitchen cab design) in Retreat M and W bathrooms.	Storage	\$1,200	Handyman	na	CRS will continue to evaluate options
33	Storage building or build in an outside storage area at the west end of the pool building	Storage	Need Quote	Contractor	na	Still want to explore?
34	Repair loose urinal privacy divider in retreat bathroom	R&M		Handyman	completed	CRS Handyman
	Trash Cans inside / outside Retreat	R&M	\$100-300 per can	Retreat Manager	na	Need approval. 2 outdoor cans and 2 indoor. Not a priority
	Men's pool bathroom- towel hooks fixed, paint touch up, and vanity door locks	R&M	\$50.00	Handyman	Completed	CRS Handyman. Will need to purchase paint and cabinet locks
	Women's Pool Bathroom- Shower curtain hangers and vanity locks	R&M	\$30.00	Handyman	Completed	CRS Handyman. Will need to purchase paint and cabinet locks
	Drain pipe at lower pool broken	Pool	need quote	Contractor	na	Not a priority. Would need approval if needed.
	Broken light in great room (NE) corner	R&M	na	Handyman	Completed	CRS Handyman will investigate first.
	Broken light on W side of Retreat outside	R&M	\$20	Handyman	Completed	CRS Handyman
	Wire/Mesh Lining above entryway to Retreat portals	R&M	\$30.00	Handyman	Completed	CRS Handyman
	Attic access points closed/tightened up	R&M	\$0.00	Handyman	Completed	CRS Handyman- One Lock has broken key inside
	Loose pavers on fountains to pool	R&M	na	Landscaper	Completed	Prep Rite added the job to deck resurfacing
	Light timers upate	R&M	0 CRS		In need of update	Dennis updated 3/24/20 will make a monthly reoccurring job
	Sanitary Canisters Womens Retreat bathrooms	R&M	0	Handyman	Completed	CRS Handyman
	Retreat/Fitness furniture placement photos	R&M	0	CRS	Completed	CRS staff
	Retreat riser room tape	R&M	\$5	Handyman	Completed/may need	CRS Handyman
	Sprinkler Leak	R&M	\$750	Contractor	Completed	Frontier Fire
	Fountain Leak	R&M	na	Contractor	In consideration	Potential no leak will only run when hosting events
	Loose Roof Tiles	R&M	na	Contractor	Late June	Academy roofing is coming this week

DATE OF EVENT	TYPE OF EVENT	NAME OF RENTER	NUMBER OF ACTUAL EVENT HOURS	NUMBER OF GUESTS: over 50 or under 50	RESIDENT (WEEKEND OR WEEKDAY)	NON-RESIDENT	EVENT RENTAL FEE	AMPHI-THEATER /BRIDAL ROOM FEE	ALCOHOL FEE	CLEANING FEE	ADDITIONAL SET-UP OR CLEAN-UP FEE	GRAND TOTAL	FIRST HOSTESS PAY (NON-OPERATIONAL HOURS)	SECOND HOSTESS PAY	JANITORIAL COMPANY FEE	INCOME FOR DISTRICT (HOSTESS & CLEANING CHARGES DEDUCTED FROM GRAND TOTAL)	DEPOSIT AMOUNT REFUNDED	
1.31.20	Retirement Party	Laurie Gould	3	under	weekend		225	0	60	150	0	435	75		150	210		
1.15.20	Business Event	Jody Petrillo	3	over	weekday		300	0	60	150	0	510	75	75	150	210		
1.4.20	Family Event	Chuck Aschwanden	4	under	weekend		300	0		150	0	450	100		150	200		
January																620		
2.22.20	Baby Shower	Megan Baldwin	3	under	weekend		225	0		150	0	375	75		150	150		
2.29.20	Birthday Party	Karla Munguia	7	over	weekend		875	0	140	150	0	1165	175	175	150	665		
2.28.20	Adoption Party	Bill Goodrich	3	over	weekend		390	0	75	150	0	615	75	75	150	315		
February																1130		
3.7.20	Wedding Shower	Diane Seltz	5	under	weekend		280	0	75	150	0	505	125	75	150	155		
3.8.20	Health Event	Jennifer Morris	4.5	under	weekend		240	0	0	150	0	390	112.5	0	150	127.5		
3.13.20	Photo Shoot	Kristina Casinelli																
3.14.20	Wellness Pamper	Tracy Marshall	4.5	under	weekend		240	0	0	150	0	390	112.5	0	150	127.5		
March																410		
4.3.20	Poker Fundraiser	Shawn Botsford	6.5	under	weekend		400	0	75	150	0	625	162.5	75	150	237.5		
4.5.20	Laurie Guzman	Baby Shower	4.5	under	weekend		240	0	0	150	0	390	112.5	0	150	127.5		
4.11.20	Jessica Guenther	Birthday Party	4.5	under	weekend		225	0	0	150	0	375	112.5	0	150	112.5		
4.18.20	McMahon Luenebnd	Bridal Shower	contract taken by resident to destroy															
4.19.20	Liz Jacobson	Breakfast	4.5	under	weekend		240	0	0	150	0	390	112.5	0	150	127.5		
4.25.20	Denise Sanches	Birthday Party	4	under	weekend		160	0	0	150	0	310	100	0	150	60		
4.26.20	Kayla Opperman	Kids Club	3.5	under	weekend		160	0	0	150	0	310	87.5	0	150	72.5		
4.27.20	Karen Cook	Work meetings	6	under	weekday		230	0	0	75	0	305	0	0	75	230		
4.28.20	Karen Cook	Work meetings	3	under	weekday		115	0	0	75	0	190	0	0	75	115		
4.30.20	Caroline Corich	Doctors Appreciation	3.5	under	weekday		110	0	50	150	0	310	87.5	50	150	22.5		
April																1105		
5.9.20	Dana Smith	Engagement Party	4.5	under	weekend		240	0	75	200	0	515	112.5	75	200	127.5		
5.15.20	Riley Martin	Wedding	ract taken by resident to destroy															
5.16.20	Deonne Senarighi-B	Graduation Party	5.5	over	weekend		500	0	0	200	0	700	137.5	137.5	200	225		
5.17.20	Sean Dagli	Graduation Party	Rescheduled															
5.22.20	Mike Thomas	Graduation Party	4.5	over	weekend		390	0	75	200	0	665	112.5	112.5	200	245		
5.31.20	Steven Adele	Graduation Party	Rescheduled														597.5	
May																		
6.7.20	Marin Harding	Graduation Party	4.5	over	weekend		375	0	0	150	0	525	112.5	0	150	262.5		
6.13.20	Michelle Smith	Residency Graduation	5.5	over	weekend		500	0	80	150	0	730	137.5	137.5	150	305		
6.13.20	Michelle Furst	wedding shower	4.5	under	weekend		240	0	75	200	0	515	112.5	112.5	200	90		
6.14.20	Sheri Mauldin	Baby Shower	4.5	under	weekend		240	0	75	200	0	515	112.5	112.5	200	90		
6.19.20	Octavio Mungia	Graduation Party	6.5	over	weekend		650	0	0	200	0	850	162.5	0	200	487.5		
6.20.20	Jessica Guenther	Birthday Party	4.5	under	weekend		225	0	60	200	0	485	112.5	112.5	200	60		
6.27.20	Patricia Vandersloot	Wedding	na	over	weekend	na		100	na	200	na	na	na	na	na	na		
June																1295		

# **RETREAT REOPENING**

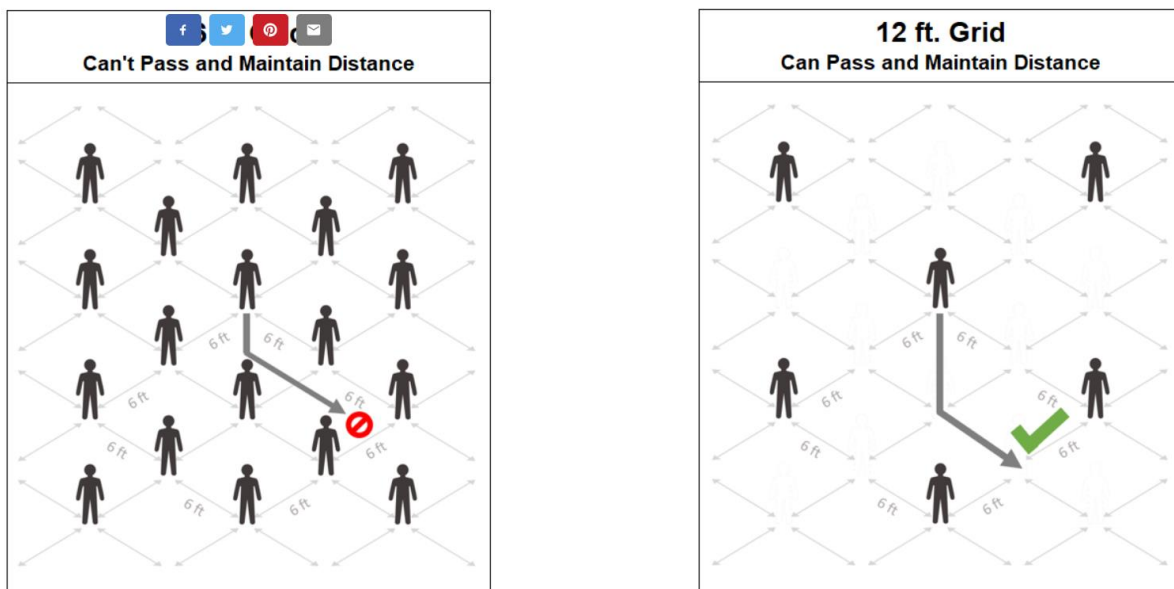
## **Jefferson County and City of Lakewood Guidelines**

The City of Lakewood is following the guidelines set forth by the Jefferson County Health Department. Current restriction for indoor gatherings is 50% of capacity or 50 people total indoors; the outdoor restriction is 175 people. This incorporates the social distancing requirement of remaining 6 feet apart.

The Jefferson County Health Manager recommends utilizing a lower number of aggregate people to remain within the guidelines and promote a safe place for the community and staff.

Mask Requirement link: <https://www.jeffco.us/4056/Mask-Guidance>

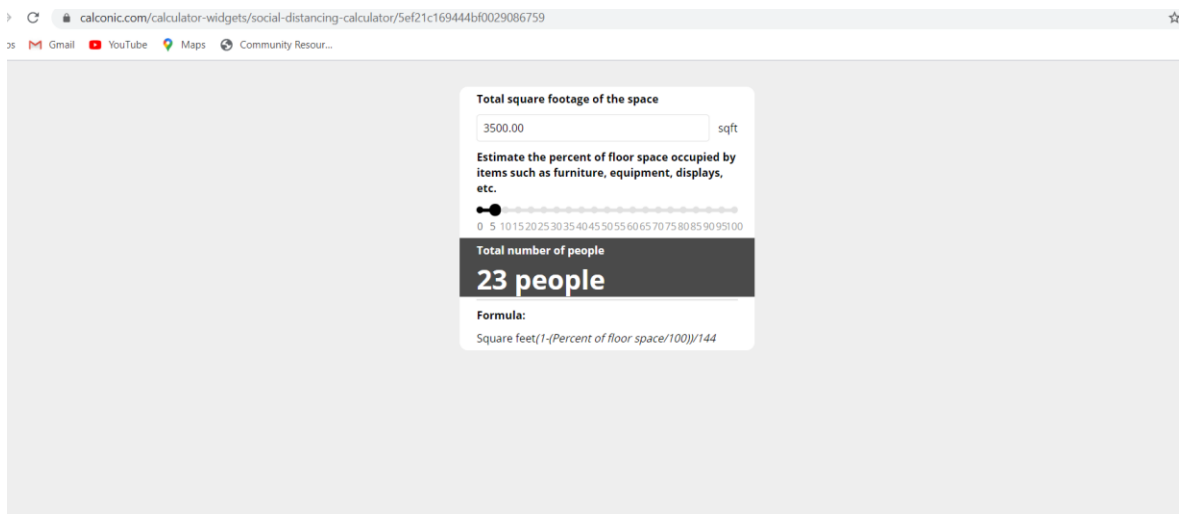
Social distancing calculator: <https://covid19.colorado.gov/safer-at-home/social-distancing-calculator-for-indoor-and-outdoor-events>



As the diagram shows, proper social distancing must be taken into account for reopening indoors at the Retreat. Tape may need to be utilized as a flow of direction for people to follow. Access to the restrooms will only be in one direction down the hallway past the office. Upon exiting the restrooms, users must exit through the door nearest the restrooms and re-enter the Retreat through the front door.

The Retreat has 4171 square feet. When subtracting the office space and restrooms, the square footage is roughly 3500. The furniture is listed as only occupying 5% of the square footage for the calculation below.





## **Potential Reopening Policy**

### **Phase 1 (Current policy)**

The Retreat has opened for community clubs that have made arrangements to utilize the covered patio area. These clubs must enter the patio area through the pool gate and utilize the restrooms in the fitness building. No cleaning fees are associated with these gatherings as the restrooms share the space with pool users.

### **Phase 2 (Proposed date August 1, 2020) - potentially reopening to larger community events and private events during operational Retreat hours**

All gatherings/events will have sanitizing products available which users will be encouraged to use upon entry and exit of the facility. Depending on the mandates from Colorado, Jefferson County, and/or the City of Lakewood, users may be required to wear masks in the Retreat.

Gatherings, such as Bunco or other community gatherings, would have access to the patio through the pool gate during working hours and utilize the pool restrooms free of charge. If use of the indoor space is requested, a cleaning fee would be mandatory. Indoor occupancy is limited to 23 persons. No shared touched objects (i.e., cards, dice, etc.) would be allowed.

Outdoor gatherings are easier for the Retreat staff to monitor. Indoor use will require some scheduling to best serve the gathering and maintain safe practices.

Rentals and community gatherings scheduled outside of normal Retreat hours will be limited to 23 persons for use inside and patio combined, in accordance with the Jefferson County Health Manager's recommendation. The 23-person capacity must include anyone working for the event (i.e., bartender, caterer, hostess, etc.). To ensure compliance, the Retreat staff will be taking a headcount.

If numbers exceed 23 people, the event sponsor will be asked to have people leave to avoid overpopulating the space. If social distancing is ignored, the event may be canceled at the discretion of Retreat staff. Renters will be notified of the rules and policies being practiced and warned that if not in compliance, the staff has the right to void the contract and end the event.

If social distancing is not practiced at community events, the group may be asked to end the event at the Retreat staff's discretion, and future events held by the group may not have Retreat privileges until health restrictions are lifted. All rentals and community gatherings outside of normal working hours will be assessed a mandatory cleaning fee. Sharing of touched items will be strongly discouraged.

There are currently 4 events scheduled for August with completed contracts.

- 1 event less than 20 - shower
- 1 event exceeding 50 - graduation party
- 2 events less than 50 – birthday parties
- There are holds on other dates in August, but deposits have not been taken nor contract completed due to uncertainty of reopening dates and policies.

The Board will have to determine if in Phase 2, reopening the inside and patio of the Retreat for community groups and private rentals is in the best interest of the community.

**Phase 3 (Proposed date of September 1) – Depending on whether the guidelines in effect on July 16 become more or less restrictive, this proposal may have to be modified.**

Social groups in the community (i.e., Empty Nesters, Bunco, etc.) would be able to use the inside and patio of the Retreat with a limit of 23 people. All community groups that utilize the inside of the Retreat will be assessed the mandatory cleaning fee. Shared touching of items will strongly be discouraged. Private events will remain at a capped number of 23 people with the same restrictions on capacity and requirements for cleaning fee as stipulated in Phase 2.

The Board will need to determine whether the current guidelines should remain in effect under this phase. If the guidelines are modified, the new proposed Phase 3 will be drafted by CRS and distributed for their consideration.

### FRMD Periodic Bidding Proposal

Fossil Ridge Metro District contracts with multiple companies that provide services to the Districts. In order to ensure that the Districts receive the best services available at a reasonable price, it is proposed that the Districts rebid the services listed below every five years. District contracts are for one year in duration and renewable at the Boards discretion. This proposal does not eliminate the Districts right to terminate a contract prior to five years of service. The intent of this proposal is not to change service providers just to make a change but to ensure that the Districts are getting the best service at a reasonable price.

The main services that fall under this proposal and their current provider are listed here. However, the Districts can decide to implement this proposal with any provider.

<b>Service Provided</b>	<b>Service Provider</b>	<b>Next Review Year</b>	<b>Effective Year</b>
District Management	CRS (Community Resource Services of Colorado, LLC)	2023	2024
District Accounting	CRS (Community Resource Services of Colorado, LLC)	2023	2024
District Property Management	Overlook Property Management	2020	2021
District Landscaping	Schultz Industries	2020	2021
Retreat/Pool Management	CRS	2020	2024
District Auditor	Stratagem CPA	2023	2024

The 'Next Review Year' is the year the during which the service would be rebid. The 'Effective Year' is the year, beginning on January 1<sup>st</sup>, that the new five-year period would begin.

# New Social Committee Members

## **Erin McNealy Iacino -**

Erin Iacino, recently married to John Iacino, an original Solterra resident! I've lived in Beautiful Colorado for 5 years, originally from flat and cloudy Chicago. I'm now a Broncos fan and love everything Colorado has to offer, hiking, skiing, mountain towns and enjoying the restaurants down town. I work for TD Bank, exclusively providing governance and oversight on the Nordstrom credit card portfolio here in Denver. I'm super pumped to join the Solterra social committee and meet some great new neighbors!

## **Mark Jacobsma -**

My name is Mark Jacobsma and I have a daughter named Madison who is 8yrs old. We are newer residents of Solterra and we reside down in the townhomes. What I love about Solterra is the people and families inside the community. Over the few months I have volunteered at many social events (mainly lifting the tables and taking out the trash for the gals haha) However, through these events I've gotten very close to many residents/families within the community. When Jenn Penn asked if I would consider becoming a member, it was an absolute yes for me. With your consideration, I would very much enjoy being a member on the social committee

## **Current Members:** **Social Committee**

### **Chair :**

Jenn Penn – co-chair

Heidi Wendling – co-chair

### **Members:**

John Iacino

Pamela Capaldi

Amy Robertson

Jazmin Bennett

Joy Cain

## FINANCE COMMITTEE CANDIDATE

### Gerry Reese

- Retired Certified Public Accountant – Colorado
- Over 40 years of experience in accounting/taxation related positions:
  1. Internal Revenue Service/U.S. Treasury Department (33 years) –
    - a. Started as Revenue Agent in 1974
    - b. Held increasingly responsible management positions culminating in selection to the Treasury Executive Service in 1997
    - c. Executive positions: Dean, School of Taxation; Director, Learning and Education; Director, Large Corporation Technical Guidance; Director, Fraud and Money Laundering; Area Director, Tax Compliance (12 states)
    - d. Received Presidential Award for Meritorious Enforcement Service
    - e. Lead Instructor, Treasury Executive Development Program
  2. Local CPA Firms (Anaheim, CA and Santa Barbara, CA) – audit and tax (2 years prior to IRS)
  3. Ernst and Young (Denver) - Executive Director, Tax Controversy Services (2 years post IRS)
  4. International Monetary Fund – Technical Advisor, Tax Administration and Tax Education (post EY)
  5. Private Practice CPA (post EY)
- Finance Committee Experience: Past Member (Spina Bifida Association of Colorado); Current Member (Golden View Classical Academy Charter School)
- BA – Accounting and Economics, California State University, Fullerton
- Executive Leadership and Education Certification: U.S. Treasury, Corporate Education and Universities Organization, University of Virginia, University of Tennessee, Gettysburg University
- California College Teaching Credential – Accounting, Taxation, and Business Management (Past Guest Faculty – Cypress College, CA and Saddleback College. CA)

### **Current Board Members**

- John Wendling
- John White
- Mark Nicolet
- David Wilson \*
- Mike McCleary\*
- Alan Plumhoff\*

\*District Treasurers