

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
TOWN OF CASTLE ROCK, COLORADO**

**2019 ANNUAL REPORT**

Pursuant to the Service Plan for Castle Oaks Metropolitan District No. 3 (the "District"), the District is required to submit an annual report to the Town of Castle Rock, Colorado (the "Town") which reflects activity and financial events of the District through the preceding December 31 (the "report year") and includes the following:

To the best of our actual knowledge, for the year ending December 31, 2019, the District makes the following report:

A. A narrative summary of the progress of the District in implementing its service plan for the report year.

Construction within the District is proceeding as expected. See question C below.

B. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (i.e. balance sheet) as of December 31 of the report year and the statement of operations (i.e. revenues and expenditures) for the report year.

The audit for the District for the year ending December 31, 2019 is attached hereto as **Exhibit A**.

C. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by or on behalf of the District in development of public facilities in the report year, as well as any capital improvements or projects currently estimated to be undertaken in the five (5) years following the report year.

The following is a summary of the planned improvements in the report year and for the next five (5) years:

**Castle Oaks Drive South** - Construction to begin mid 2021. Estimated budget is \$4,009,000.

**Castle Oaks Drive North (Includes Rocky View North Section)** - Construction to begin in 2022. Estimated budget is \$5,400,000.

D. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness or long-term obligations issued in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and the current mill levy of the District pledged to debt retirement in the report year.

A summary of the financial obligations of the District can be found in the 2020 budget attached hereto as **Exhibit B**.

E. The District's budget for the calendar year in which the annual report is submitted.

A copy of the District's 2020 budget is attached hereto as **Exhibit B**.

F. A summary of residential and commercial development that has occurred within the District for the report year.

**Ravenwood Park** – Construction was completed in 2019 and the pool was opened for the summer.

**Highway 86 (South Side)** - Construction was completed in 2019.

**PA 48-49** - Construction continued on 120 single family attached lots. Sales began First Quarter 2019.

**PA's 47, 51 & 52** - Construction began on 261 lots. Estimated budget is \$15,000,000 with final construction being completed in 2021.

G. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year.

The District imposes a one-time facilities fee on property within the District in the amount of \$4,000 per Type I residential unit and \$1,500 per Type II residential unit due on or before the issuance of a building permit

H. Certification of the Board that no action, event, or condition of Section 11.02.060 (Material Modification of Service Plan) has occurred in the report year.

The Certificate is attached hereto as **Exhibit C**.

I. The names, business addresses and phone numbers of all members of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the board.

Board of Directors:

**Craig Campbell**  
Starwood Land Ventures, LLC  
385 Inverness Parkway, Suite 310  
Englewood, CO 80112  
303-858-9992

**Christian Matthew Janke**

E5X Management  
7353 South Alton Way  
Centennial, CO 80112  
303-770-9111

**Thomas Morton**

9033 E. Easter Place, Suite 201  
Centennial, CO 80112  
303-888-4280

**Kevin McGlynn**

5251 DTC Pkwy #1100  
Greenwood Village, CO 80111  
303-478-9038

**Jack Hoagland**

2830 So Newcombe Way  
Lakewood, CO 80227  
303-888-1920

Regular Meetings:

Date: July 28<sup>th</sup> and October 22<sup>nd</sup>

Place: 385 Inverness Parkway, Suite 310, Englewood, Colorado, 80112

Time: 9:00 a.m.

General Counsel:

Kristin B. Tompkins, Esq.

**WHITE BEAR ANKELE TANAKA & WALDRON**

Attorneys at Law

2154 E Commons Ave, Suite 2000

Centennial, CO 80122

**EXHIBIT A**

**2019 Audit**

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019**

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Castle Oaks Metropolitan District No. 3  
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Castle Oaks Metropolitan District No. 3 (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Castle Oaks Metropolitan District No. 3, as of December 31, 2019, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Fiscal Focus Partners, LLC**

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

*Fiscal Focus Partners, LLC*

Greenwood Village, Colorado  
July 13, 2020



## **BASIC FINANCIAL STATEMENTS**

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 3,719
Cash and Investments - Restricted	2,914,711
Receivable from County Treasurer	5,894
Property Taxes Receivable	1,148,698
Total Assets	4,073,022
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Cost of Bond Refunding	3,517,743
Total Deferred Outflows of Resources	3,517,743
 <b>LIABILITIES</b>	
Accounts Payable	14,201
Accrued Interest Payable	142,104
Noncurrent Liabilities	
Due in More Than One Year	34,490,649
Total Liabilities	34,646,954
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	1,148,698
Total Deferred Inflows of Resources	1,148,698
 <b>NET POSITION</b>	
Restricted For:	
Emergency Reserves	1,800
Debt Service	6,229
Unrestricted	(28,212,916)
Total Net Position	\$ (28,204,887)

See accompanying Notes to Basic Financial Statements.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
Primary Government:					
Governmental Activities:					
General Government	\$ 62,254	\$ -	\$ -	\$ -	\$ (62,254)
Interest and Related Costs on Long-Term Debt	1,896,265	-	-	836,000	(1,060,265)
Dedication of Capital Assets to Other Governments	28,163,939	-	-	-	(28,163,939)
Total Governmental Activities	\$ 30,122,458	\$ -	\$ -	\$ 836,000	(29,286,458)
<b>GENERAL REVENUES</b>					
Property Taxes					648,284
Specific Ownership Taxes					65,023
Net Investment Income					64,088
Total General Revenues and Special Items					777,395
<b>CHANGE IN NET POSITION</b>					(28,509,063)
Net Position - Beginning of Year					304,176
<b>NET POSITION - END OF YEAR</b>					\$ (28,204,887)

See accompanying Notes to Basic Financial Statements.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 3,719	\$ -	\$ 3,719
Cash and Investments - Restricted	1,800	2,912,911	2,914,711
Receivable from County Treasurer	472	5,422	5,894
Property Taxes Receivable	91,893	1,056,805	1,148,698
Total Assets	\$ 97,884	\$ 3,975,138	\$ 4,073,022
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 14,201	\$ -	\$ 14,201
Total Liabilities	14,201	-	14,201
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	91,893	1,056,805	1,148,698
Total Deferred Inflows of Resources	91,893	1,056,805	1,148,698
<b>FUND BALANCES</b>			
Restricted For:			
Emergency Reserves	1,800	-	1,800
Debt Service	-	2,918,333	2,918,333
Unassigned	(10,010)	-	(10,010)
Total Fund Balances (Deficit)	(8,210)	2,918,333	2,910,123
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 97,884	\$ 3,975,138	

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

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

Bonds Payable	(34,105,000)
Bond Premium (Net of Amortization)	(268,358)
Bond Interest Payable	(142,104)
Deferred Cost on Bond Refunding	3,517,743
Developer Advances Payable	(100,000)
Accrued Interest on Developer Advances	(17,291)
	(38,194,910)
Net Position of Governmental Activities	\$ (28,204,887)

See accompanying Notes to Basic Financial Statements.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 51,861	\$ 596,423	\$ 648,284
Specific Ownership Taxes	5,202	59,821	65,023
Facility Fees	-	836,000	836,000
Net Investment Income	142	63,946	64,088
Total Revenues	<u>57,205</u>	<u>1,556,190</u>	<u>1,613,395</u>
<b>EXPENDITURES</b>			
Current:			
Accounting	28,358	-	28,358
Audit	5,950	-	5,950
County Treasurer's Fees	778	8,948	9,726
Insurance and Bonds	3,388	-	3,388
Dues and Subscriptions	306	-	306
Legal	23,474	-	23,474
Debt Service:			
Paying Agent Fees	-	3,500	3,500
Bond interest Series 2017	-	1,705,250	1,705,250
Total Expenditures	<u>62,254</u>	<u>1,717,698</u>	<u>1,779,952</u>
<b>NET CHANGE IN FUND BALANCES</b>	(5,049)	(161,508)	(166,557)
Fund Balances - Beginning of Year	<u>(3,161)</u>	<u>3,079,841</u>	<u>3,076,680</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (8,210)</u>	<u>\$ 2,918,333</u>	<u>\$ 2,910,123</u>

See accompanying Notes to Basic Financial Statements.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Changes in Fund Balances - Total Governmental Funds \$ (166,557)

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

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

Dedication of Capital Assets to Other Governments (28,163,939)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Developer Advances - Change in Liability (7,000)

Amortization of Bond Premium 13,281

Amortization of Costs of Refunding (184,848)

Change in Net Position of Governmental Activities \$ (28,509,063)

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 51,861	\$ 51,861	\$ 51,861	\$ -
Specific Ownership Taxes	5,190	5,202	5,202	-
Interest Income	-	142	142	-
Total Revenues	<u>57,051</u>	<u>57,205</u>	<u>57,205</u>	<u>-</u>
<b>EXPENDITURES</b>				
Accounting	15,000	28,358	28,358	-
Audit	5,900	5,950	5,950	-
County Treasurer's Fees	780	778	778	-
Dues and Licenses	350	306	306	-
Insurance and Bonds	3,600	3,388	3,388	-
Legal	30,000	23,474	23,474	-
Contingency	370	-	-	-
Total Expenditures	<u>56,000</u>	<u>62,254</u>	<u>62,254</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,051	(5,049)	(5,049)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	7,000	-	-	-
Total Other Financing Sources (Uses)	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	8,051	(5,049)	(5,049)	-
Fund Balance - Beginning of Year	<u>(5,841)</u>	<u>(3,161)</u>	<u>(3,161)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,210</u>	<u>\$ (8,210)</u>	<u>\$ (8,210)</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Castle Oaks Metropolitan District No. 3 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by court order and decree of the District Court for the County of Douglas on June 27, 2006 and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the Town of Castle Rock, Colorado.

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction, and completion of public improvements and services, including water, sanitation/storm sewer, streets, park and recreation, transportation, mosquito control, safety protection, television relay and translation, and security.

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

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

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.



**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds is recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

**Budgets**

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

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Budgets (Continued)**

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

**Pooled Cash and Investments**

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

**Property Taxes**

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

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

**Facilities Fees**

On March 5, 2015, the District adopted a Resolution regarding the Imposition of Facilities Fees. The Facilities Fees are in the amount of: (i) \$4,000 per Type I residential unit, which includes single-family detached residences, single-family attached residences, townhomes and patio homes; and (ii) \$1,500 per Type II residential unit, which includes apartments or other multi-family residences. The Facilities Fees are payable to the District on or before the issuance of a building permit for the subject property. Real property conveyed to and/or owned by homeowners' associations is exempt from the Facilities Fee. In addition, Facilities Fees are not to be collected from any property within the District that is to be developed for non-residential purposes, such as the streets and roadways, clubhouse, commercial development, and similar nonresidential property, and shall not be imposed on real properties conveyed to and/or owned by a homeowners association.

**Capital Assets**

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Capital Assets (Continued)**

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets component of the District's net position.

**Amortization**

**Original Issue Premium**

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Cost of Bond Refunding**

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred out of resources on the statement of net position.

**Deferred Inflow/Outflow of Resources**

In addition to assets, the statement of net position reports 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 and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The government only has one item that qualifies for reporting in this category, the cost of bond refunding.

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

**Equity**

**Net Position**

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

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Equity (Continued)**

**Fund Balance**

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

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

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

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

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

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

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

**Deficit**

The General Fund reported a deficit in the fund financial statements as of December 31, 2019. The deficit in the fund financial statements as of December 31, 2019 was eliminated with the receipt of property tax revenues in 2020. Per the adopted 2020 budget, due to the increase of projected assessed valuations of property within the District and the resulting increase in property tax revenues, the District does not anticipate needing developer advances in 2020 to fund operations. The adopted 2020 budget anticipates receiving revenues in excess of expenditures such that the excess will remedy the deficit ending fund balance as of December 31, 2019 and will result in the subsequent year's ending fund balance to be in excess of TABOR Emergency Reserve requirements and to serve as an operating reserve.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 3 CASH AND INVESTMENTS**

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

Statement of Net Position:

Cash and Investments	\$ 3,719
Cash and Investments - Restricted	2,914,711
Total Cash and Investments	\$ 2,918,430

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

Deposits with Financial Institutions	\$ 5,114
Investments	2,913,316
Total Cash and Investments	\$ 2,918,430

**Deposits with Financial Institutions**

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

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

At December 31, 2019, the District had a bank balance of \$5,114 and a carrying balance of \$5,114.

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

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

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

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019**

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

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

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	<u>\$ 2,913,316</u>

**CSAFE**

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

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in property for the period ended December 31, 2019, follows:

	Balance at December 31, 2018	Additions	Deletions	Balance at December 31, 2019
Governmental Type Activities:				
Capital Assets Not Being Depreciated:				
Construction In Progress	\$ 28,163,939	\$ -	\$ 28,163,939	\$ -
Total Capital Assets, Not Being Depreciated	<u>\$ 28,163,939</u>	<u>\$ -</u>	<u>\$ 28,163,939</u>	<u>\$ -</u>

**NOTE 5 LONG-TERM OBLIGATIONS**

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

	Balance at December 31, 2018	Additions	Retirement of Long-Term Obligations	Balance at December 31, 2019	Due Within One Year
G.O. Bonds - Series 2017	\$ 34,105,000	\$ -	\$ -	\$ 34,105,000	\$ -
Developer Advances	100,000	-	-	100,000	-
Accrued Interest - Developer Advances	10,291	7,000	-	17,291	-
Bond Premium	281,639	-	13,281	268,358	-
	<u>\$ 34,496,930</u>	<u>\$ 7,000</u>	<u>\$ 13,281</u>	<u>\$ 34,490,649</u>	<u>\$ -</u>

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

**General Obligation Limited Tax Refunding Bonds - Series 2017**

On December 28, 2017, the District issued its General Obligation Limited Tax Refunding Bonds, Series 2017 (the Bonds), in the aggregate amount of \$34,105,000, with an original issue premium of \$293,924. The proceeds from the sale of the Bonds will be used for purposes of: (i) advance refunding \$17,800,000 of General Obligation Limited Tax Bonds, Series 2015, (ii) advance refunding \$13,370,000 of General Obligation Limited Tax Completion Bonds, Series 2016, (iii) funding the Reserve Fund, (iv) funding an initial deposit to the Surplus Fund, and (v) paying the costs of issuance on the Bonds.

The Bonds include a \$12,325,000 term bond maturing on December 1, 2037, and a \$21,780,000 term bond maturing on December 1, 2047 with an interest rate of 5.00% (a yield of 4.83%), and are payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Annual mandatory sinking fund principal payments are due December 1, beginning on December 1, 2024. The Bonds have the option of early redemption starting on December 1, 2020, depending on the redemption date, the amount redeemed may be subject to a redemption premium. The premium starts at 3% for the first year and decreases by 1% every year thereafter.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**General Obligation Limited Tax Refunding Bonds - Series 2017 (Continued)**

The Series 2017 Bonds are secured by and payable solely from Pledged Revenue, net of any costs of collection, including: (i) property taxes derived from the Required Mill Levy; (ii) the Refunded Bonds Mill Levy revenue; (iii) Facilities fees; (iv) specific ownership taxes attributable to the Required Mill Levy; and, (v) any other legally available moneys of the District in its absolute discretion, credited to the Bond Fund.

The Series 2017 Bonds are also secured by amounts accumulated, if any, in the Surplus Fund. After the initial deposit from bond proceeds of \$1,385,000, any available pledge revenues are to be accumulated in the Surplus Fund up to a maximum surplus amount of \$5,115,750. As of December 31, 2019, the Surplus Fund balances was \$1,352,776.

Additionally, the Series 2017 is secured by amounts on deposit in the Reserve Fund. The Reserve Fund has a required balance of \$1,385,000. As of December 31, 2019, the Reserve fund balances was \$1,386,314.

The Indenture provides a Required Mill Levy be imposed in an amount sufficient, when combined with moneys held in the Bond Fund and moneys in the Surplus Fund, if any, in excess of the Minimum Surplus Amount to pay the principal of and interest on the Bonds, and to fund the Reserve Fund up to the Required Reserve, but not in excess of 74.402 mills (as adjusted) and for so long as the Surplus Fund is less than the Maximum Surplus Amount of \$5,115,750, not less than 50.855 mills (as adjusted). Such maximum and minimum mill levies are subject to adjustment per the Gallagher Amendment from January 9, 2001 and are currently 74.922 and 51.211, respectively.

The District's long-term obligations will mature as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
Series 2017			
2020	\$ -	\$ 1,705,250	\$ 1,705,250
2021	-	1,705,250	1,705,250
2022	-	1,705,250	1,705,250
2023	-	1,705,250	1,705,250
2024	210,000	1,705,250	1,915,250
2025-2029	3,110,000	8,213,750	11,323,750
2030-2034	5,040,000	7,228,500	12,268,500
2035-2039	7,090,000	5,774,250	12,864,250
2040-2044	9,805,000	3,744,000	13,549,000
2045-2047	8,850,000	969,250	9,819,250
	<u>\$ 34,105,000</u>	<u>\$ 34,456,000</u>	<u>\$ 68,561,000</u>



**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

At December 31, 2019, the District had authorized but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 3rd, 2015 Election	Authorization Used - Series 2015 Bonds	Authorization Used - Series 2016 Bonds	Authorization Used - Series 2017 Bonds	Remaining at December 31, 2019
Streets	\$ 36,000,000	\$ 5,091,000	\$ 3,824,000	\$ -	\$ 27,085,000
Parks and Recreation	36,000,000	4,037,000	3,032,000	-	28,931,000
Water	36,000,000	3,536,000	2,656,000	-	29,808,000
Sewer	36,000,000	4,936,000	3,708,000	-	27,356,000
Transportation	36,000,000	-	-	-	36,000,000
Mosquito Control	36,000,000	-	-	-	36,000,000
Safety Protection	36,000,000	200,000	150,000	-	35,650,000
Television & Relay	36,000,000	-	-	-	36,000,000
Security	36,000,000	-	-	-	36,000,000
Operations	36,000,000	-	-	-	36,000,000
Refunding	36,000,000	-	-	34,105,000	1,895,000
IGA Debt	36,000,000	-	-	-	36,000,000
	<u>\$ 432,000,000</u>	<u>\$ 17,800,000</u>	<u>\$ 13,370,000</u>	<u>\$ 34,105,000</u>	<u>\$ 366,725,000</u>

**Debt Authorization**

On November 3, 2015, District voters authorized the District to issue \$432,000,000 of general obligation bonds or other financial obligations for the infrastructure development of the services noted in Note 1, however, the District's amended Service Plan limits its general obligation debt to \$36,000,000.

**NOTE 6 NET POSITION**

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

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position of \$1,800 for Emergency Reserves and \$6,229 for Debt Service.

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

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 7 AGREEMENTS**

**Funding and Reimbursement Agreement**

The District, Castle Oaks Metropolitan District, Castle Oaks Metropolitan District No. 2, and the Developer entered into a reimbursement agreement on October 14, 2010, with the First Amendment and Extension occurring on January 1, 2012, which was amended and restated on December 16, 2015, to provide for the District's reimbursement amounts expended by the Developer on the District permitted costs, not to exceed the aggregate amount of \$450,000, through December 31, 2016 (the "Funding and Reimbursement Agreement"). The Districts agree to repay the Developer and to pay interest at the rate of 7.0% per annum from the date of any such advance. The agreement further provides, however, that the District's obligations do not constitute a debt of the Districts within the meaning of any constitutional or statutory provision, and all reimbursements to the Developer are subject to annual appropriation by the District.

Effective January 1, 2017, the District and the Developer executed the First Amendment and Extension of the Amended and Restated agreement, whereby the funding period was extended through December 31, 2018. During 2019, the District received \$0 in Developer advances. At December 31, 2019, the District owed \$100,000 for Developer advances and has accrued \$17,291 in interest.

**NOTE 8 RELATED PARTY**

The Developer of the property which constitutes the District is SLV Castle Oaks, L.L.C. Certain members of the Board of Directors are employees of, owners of, or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**NOTE 9 RISK MANAGEMENT**

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

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

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

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2019, the District had provided for but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment.

On November 3, 2015, the District's voters approved for an annual increase in taxes of \$10,000,000 for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

**SUPPLEMENTARY INFORMATION**

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 596,421	\$ 596,423	\$ 2
Specific Ownership Taxes	59,640	59,821	181
Facility Fees	1,252,000	836,000	(416,000)
Interest Income	40,000	63,946	23,946
Total Revenues	<u>1,948,061</u>	<u>1,556,190</u>	<u>(391,871)</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	8,950	8,948	2
Bond Interest Series 2017	1,705,250	1,705,250	-
Contingency	3,800	-	3,800
Paying Agent Fees	7,000	3,500	3,500
Total Expenditures	<u>1,725,000</u>	<u>1,717,698</u>	<u>7,302</u>
<b>NET CHANGE IN FUND BALANCE</b>	223,061	(161,508)	(384,569)
Fund Balance - Beginning of Year	<u>2,827,487</u>	<u>3,079,841</u>	<u>252,354</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,050,548</u>	<u>\$ 2,918,333</u>	<u>\$ (132,215)</u>

## **OTHER INFORMATION**

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2019**

Bonds and Interest Maturing in the Year Ending December 31,	\$34,105,000 General Obligation Refunding Bonds Dated December 28, 2017 Series 2017 Interest Rate of 5.000% Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2020	\$ -	\$ 1,705,250.00	\$ 1,705,250.00
2021	-	1,705,250	1,705,250
2022	-	1,705,250	1,705,250
2023	-	1,705,250	1,705,250
2024	210,000	1,705,250	1,915,250
2025	380,000	1,694,750	2,074,750
2026	550,000	1,675,750	2,225,750
2027	640,000	1,648,250	2,288,250
2028	750,000	1,616,250	2,366,250
2029	790,000	1,578,750	2,368,750
2030	875,000	1,539,250	2,414,250
2031	920,000	1,495,500	2,415,500
2032	1,015,000	1,449,500	2,464,500
2033	1,065,000	1,398,750	2,463,750
2034	1,165,000	1,345,500	2,510,500
2035	1,225,000	1,287,250	2,512,250
2036	1,335,000	1,226,000	2,561,000
2037	1,405,000	1,159,250	2,564,250
2038	1,525,000	1,089,000	2,614,000
2039	1,600,000	1,012,750	2,612,750
2040	1,735,000	932,750	2,667,750
2041	1,820,000	846,000	2,666,000
2042	1,965,000	755,000	2,720,000
2043	2,065,000	656,750	2,721,750
2044	2,220,000	553,500	2,773,500
2045	2,330,000	442,500	2,772,500
2046	2,505,000	326,000	2,831,000
2047	4,015,000	200,750	4,215,750
Total	<u>\$ 34,105,000.00</u>	<u>\$ 34,456,000.00</u>	<u>\$ 68,561,000.00</u>

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2019**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2015	\$ 751,030	10.000	46.000	\$ 42,058	\$ 42,058	100.00%
2016	1,380,170	4.000	46.000	69,009	69,010	100.00
2017	2,798,920	4.000	46.000	139,946	139,947	100.00
2018	8,293,230	4.422	50.855	458,425	458,427	100.00
2019	11,727,880	4.422	50.855	648,282	648,284	100.00
Estimated for the Year Ending December 31, 2020	\$ 20,636,280	4.453	51.211	\$ 1,148,698		

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



**EXHIBIT B**

**2020 Budget**

**RESOLUTION  
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

**(2020)**

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The Board of Directors of Castle Oaks Metropolitan District No. 3 (the “Board”), Town of Castle Rock, Colorado (the “District”) held a regular meeting at 385 Inverness Parkway, Suite 310, Englewood, Colorado, on Wednesday, December 4, 2019, at the hour of 10:00 A.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2020 BUDGET

**NOTICE OF PUBLIC HEARING ON THE PROPOSED 2020 BUDGET  
AND  
NOTICE OF PUBLIC HEARING ON THE AMENDED 2019 BUDGET**

NOTICE IS HEREBY GIVEN that a proposed 2020 budget has been submitted to the Board of Directors (the “Board”) of the CASTLE OAKS METROPOLITAN DISTRICT NO. 3 (the “District”). A copy of the proposed budget is on file in the office of CliftonLarsonAllen, LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado, where the same is open for public inspection.

NOTICE IS FURTHER GIVEN that an amendment to the 2019 budget has been submitted to the District. A copy of the proposed amended budget is on file in the office of CliftonLarsonAllen, LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado, where the same is open for public inspection.

Such proposed budget and amended budget will be considered at a public hearing during a meeting of the District to be held at 385 Inverness Parkway, Suite 310, Englewood, Colorado, on Wednesday, December 4, 2019 at 10:00 A.M. Any interested elector of the District may file any objections to the proposed budget or amended budget at any time prior to final adoption of the budget and amended budget by the governing body of the District.

BY ORDER OF THE BOARD OF DIRECTORS:  
CASTLE OAKS METROPOLITAN DISTRICT NO. 3

/s/ WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

Published in: *Douglas County News Press*  
Published on: November 21, 2019

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2020 AND ENDING ON THE LAST DAY OF DECEMBER 2020.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 4, 2019, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2020. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2020 budget year, there is hereby levied a tax of 4.453 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2020 budget year, there is hereby levied a tax of

51.211 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2020 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2020 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Douglas County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

*[Remainder of page intentionally left blank.]*

ADOPTED THIS 4<sup>th</sup> DAY OF DECEMBER, 2019.

CASTLE OAKS METROPOLITAN DISTRICT NO. 3

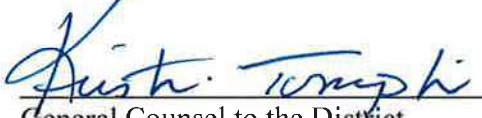
  
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

  
\_\_\_\_\_  
General Counsel to the District

STATE OF COLORADO  
COUNTY OF ARAPAHOE  
CASTLE OAKS METROPOLITAN DISTRICT NO. 3

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Wednesday, December 4, 2019, at 385 Inverness Parkway, Suite 310, Englewood, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 4<sup>th</sup> day of December, 2019.

  
\_\_\_\_\_

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**





**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
CLAconnect.com

## **Accountant's Compilation Report**

Board of Directors  
Castle Oaks Metropolitan District No. 3

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Castle Oaks Metropolitan District No. 3 for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ending December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Castle Oaks Metropolitan District No. 3.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 10, 2020

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
SUMMARY  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/10/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 2,820,246	\$ 3,076,680	\$ 2,816,489
REVENUES			
Property taxes	458,427	649,026	1,148,698
Specific ownership tax	48,479	62,509	103,383
Facilities fees	1,352,000	748,000	508,000
Interest income	49,129	60,188	27,774
Developer advance	35,000	-	-
Total revenues	<u>1,943,035</u>	<u>1,519,723</u>	<u>1,787,855</u>
TRANSFERS IN	<u>4,465</u>	<u>-</u>	<u>-</u>
Total funds available	<u>4,767,746</u>	<u>4,596,403</u>	<u>4,604,344</u>
EXPENDITURES			
General Fund	61,746	58,714	76,000
Debt Service Fund	1,594,429	1,721,200	1,733,000
Capital Projects Fund	30,426	-	-
Total expenditures	<u>1,686,601</u>	<u>1,779,914</u>	<u>1,809,000</u>
TRANSFERS OUT	<u>(4,465)</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,691,066</u>	<u>1,779,914</u>	<u>1,809,000</u>
ENDING FUND BALANCES	<u>\$ 3,076,680</u>	<u>\$ 2,816,489</u>	<u>\$ 2,795,344</u>
EMERGENCY RESERVE	\$ 1,200	\$ 1,700	\$ 3,000
DEBT SERVICE RESERVE	1,385,000	1,385,000	1,385,000
DEBT SERVICE SURPLUS RESERVE *	1,694,841	1,436,178	1,390,795
TOTAL RESERVE	<u>\$ 3,081,041</u>	<u>\$ 2,822,878</u>	<u>\$ 2,778,795</u>

\* Maximum Balance: \$5,115,750

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2020 BUDGET**  
**WITH 2018 ACTUAL AND 2019 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/10/20

ACTUAL	ESTIMATED	BUDGET
2018	2019	2020

**ASSESSED VALUATION**

Residential	\$ 1,157,000	\$ 5,444,480	\$ 13,284,200
Commercial	220,580	240,420	144,320
Agricultural	2,260	1,690	1,070
State assessed	147,000	146,400	134,800
Vacant land	6,766,370	5,894,870	7,071,850
Other	20	20	40
Certified Assessed Value	\$ 8,293,230	\$ 11,727,880	\$ 20,636,280

**MILL LEVY**

General	4.422	4.422	4.453
Debt Service	50.855	50.855	51.211
Total mill levy	55.277	55.277	55.664

**PROPERTY TAXES**

General	\$ 36,673	\$ 51,861	\$ 91,893
Debt Service	421,752	596,421	1,056,805
Levied property taxes	458,425	648,282	1,148,698
Adjustments to actual/rounding	2	-	-
Refunds and abatements	-	744	-
Budgeted property taxes	\$ 458,427	\$ 649,026	\$ 1,148,698

**BUDGETED PROPERTY TAXES**

<b>General</b>	<b>\$ 36,674</b>	<b>\$ 51,921</b>	<b>\$ 91,893</b>
<b>Debt Service</b>	<b>421,753</b>	<b>597,105</b>	<b>1,056,805</b>
	<b>\$ 458,427</b>	<b>\$ 649,026</b>	<b>\$ 1,148,698</b>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
GENERAL FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/10/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ (12,509)	\$ (3,161)	\$ (4,689)
REVENUES			
Property taxes	36,674	51,921	91,893
Specific ownership tax	3,878	5,077	8,271
Interest income	7	188	74
Developer advance	35,000	-	-
Total revenues	<u>75,559</u>	<u>57,186</u>	<u>100,238</u>
Total funds available	<u>63,050</u>	<u>54,025</u>	<u>95,549</u>
EXPENDITURES			
General and administrative			
Accounting	22,234	30,000	27,000
Auditing	5,950	5,950	5,950
Contingency	-	-	5,722
County Treasurer's fee	550	780	1,378
Dues and licenses	294	306	350
Election expense	1,809	-	2,000
Insurance and bonds	3,261	3,388	3,600
Legal services	27,648	18,290	30,000
Total expenditures	<u>61,746</u>	<u>58,714</u>	<u>76,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>4,465</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>66,211</u>	<u>58,714</u>	<u>76,000</u>
ENDING FUND BALANCE	<u>\$ (3,161)</u>	<u>\$ (4,689)</u>	<u>\$ 19,549</u>
EMERGENCY RESERVE	<u>\$ 1,200</u>	<u>\$ 1,700</u>	<u>\$ 3,000</u>
TOTAL RESERVE	<u>\$ 1,200</u>	<u>\$ 1,700</u>	<u>\$ 3,000</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3**  
**DEBT SERVICE FUND**  
**2020 BUDGET**  
**WITH 2018 ACTUAL AND 2019 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/10/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 2,806,794	\$ 3,079,841	\$ 2,821,178
<b>REVENUES</b>			
Property taxes	421,753	597,105	1,056,805
Specific ownership tax	44,601	57,432	95,112
Facilities fees	1,352,000	748,000	508,000
Interest income	49,122	60,000	27,700
Total revenues	<u>1,867,476</u>	<u>1,462,537</u>	<u>1,687,617</u>
Total funds available	<u>4,674,270</u>	<u>4,542,378</u>	<u>4,508,795</u>
<b>EXPENDITURES</b>			
Debt Service			
Bond interest Series 2017	1,577,356	1,705,250	1,705,250
Bond issue costs	3,745	-	-
Contingency	-	-	4,898
County Treasurer's fee	6,328	8,950	15,852
Paying agent fees	7,000	7,000	7,000
Total expenditures	<u>1,594,429</u>	<u>1,721,200</u>	<u>1,733,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,594,429</u>	<u>1,721,200</u>	<u>1,733,000</u>
ENDING FUND BALANCE	<u>\$ 3,079,841</u>	<u>\$ 2,821,178</u>	<u>\$ 2,775,795</u>
DEBT SERVICE RESERVE	\$ 1,385,000	\$ 1,385,000	\$ 1,385,000
DEBT SERVICE SURPLUS RESERVE *	1,694,841	1,436,178	1,390,795
TOTAL RESERVE	<u>\$ 3,079,841</u>	<u>\$ 2,821,178</u>	<u>\$ 2,775,795</u>

\* *Maximum Balance: \$5,115,750*

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
 CAPITAL PROJECTS FUND  
 2020 BUDGET  
 WITH 2018 ACTUAL AND 2019 ESTIMATED  
 For the Years Ended and Ending December 31,**

1/10/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 25,961	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
TRANSFERS IN			
Transfers from other funds	4,465	-	-
Total funds available	30,426	-	-
EXPENDITURES			
Capital Projects			
Accounting	564	-	-
Legal services	2,543	-	-
Capital outlay	27,319	-	-
Total expenditures	30,426	-	-
Total expenditures and transfers out requiring appropriation	30,426	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by court order and decree of the District Court for the County of Douglas on June 29, 2006, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the Town of Castle Rock, Colorado.

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction, and completion of public improvements and services, including water, sanitation/storm sewer, streets, park and recreation, transportation, mosquito control, safety protection, television relay and translation, and security.

On November 3, 2015, District voters authorized the District to issue \$504,000,000 of general obligation bonds or other financial obligations for the infrastructure development of the services noted in the preceding paragraph, however, the District's amended Service Plan limits its general obligation debt to \$36,000,000. Additionally the District can levy up to \$10,000,000 annually to pay the administration.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**Property Taxes**

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

The method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.15% from 7.20% for property tax years 2019-2020 on April 10, 2019 with a report submitted to the State Board of Equalization. Accordingly, the mill levy has been adjusted upward to reflect the change assessed value calculation. The debt service mill levy increased to 51.211 from 50.855 mills and the general fund mill levy increased to 4.453 from 4.422 mills.

The calculation of taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 9% of the property taxes collected.

**Facilities Fees**

The District imposes a Facilities Fee of \$4,000 on each single-family, town homes and patio homes, and a Facilities Fee of \$1,500 on apartments or other multifamily residential units. The fees are payable by homebuilders when the building permits are issued. The Facilities Fee revenue is pledged for debt service payments or any other District indebtedness.

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1%.

**Expenditures**

**Administrative Expenditures**

Administrative expenditures include the services necessary to maintain the administrative viability such as legal, accounting, insurance, and other administrative expenses of the District.

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.5% of property tax collections.

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedules from the Series 2017 General Obligation Limited Tax Refunding Bonds (discussed under Debt and Leases).

**Debt and Leases**

On December 28, 2017, the District issued General Obligation Limited Tax Refunding Bonds, Series 2017 ("Bonds"), in the aggregate amount of \$34,105,000, with an original issue premium of \$293,924. The proceeds from the sale of the Bonds will be used for purposes of: (i) advance refunding \$17,800,000 of General Obligation Limited Tax Bonds, Series 2015, (ii) advance refunding \$13,370,000 of General Obligation Limited Tax Completion Bonds, Series 2016, (iii) funding the Reserve Fund, (iv) funding an initial deposit to the Surplus Fund, and (v) paying the costs of issuance on the Bonds.



**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - (continued)**

The Bonds include a \$12,325,000 term bond maturing on December 1, 2037, and a \$21,780,000 term bond maturing on December 1, 2047 with an interest rate of 5.00%, and are payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Annual mandatory sinking fund principal payments are due December 1, beginning on December 1, 2024. The Bonds are subject to optional redemption as described in the Indenture starting in 2020.

The Series 2017 Bonds are secured by and payable solely from Pledged Revenue, net of any costs of collection, including: (i) property taxes derived from the Required Mill Levy; (ii) the Refunded Bonds Mill Levy revenue; (iii) Facilities fees; (iv) specific ownership taxes attributable to the Required Mill Levy; and, (v) any other legally available moneys of the District credited to the Bond Fund. The Series 2017 Bonds are also secured by amounts held in the Surplus Fund and amounts accumulated in the Reserve Fund, if any, on parity with the District's outstanding Series 2017 Bonds.

The Indenture provides a Required Mill Levy be imposed in an amount sufficient, when combined with moneys held in the Bond Fund and moneys in the Surplus Fund, if any, in excess of the Minimum Surplus Amount to pay the principal of and interest on the Bonds, and to fund the Reserve Fund up to the Required Reserve, but not in excess of 74.402 mills (as adjusted) and for so long as the Surplus Fund is less than the Maximum Surplus Amount of \$5,115,750, not less than 50.855 mills (as adjusted). Such maximum and minimum mill levies are subject to adjustment per the Gallagher Amendment from January 9, 2001 and are currently 74.922 and 51.211, respectively.

The District has no operating or capital leases.

**Reserve Funds**

**Emergency Reserve**

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2020, as defined under TABOR.

**Debt Service Reserves**

The District maintains a Debt Service Reserve as required with the issuance of the Series 2017 Bonds in the amount of \$1,385,000.

**This information is an integral part of the accompanying budget.**

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$34,105,000 General Obligation Limited Tax Refunding Bonds  
Series 2017  
Interest 5.00%  
Dated December 28, 2017  
Interest Payable June 1 and December 1  
Principal Payable December 1**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ -	\$ 1,705,250	\$ 1,705,250
2021	-	1,705,250	1,705,250
2022	-	1,705,250	1,705,250
2023	-	1,705,250	1,705,250
2024	210,000	1,705,250	1,915,250
2025	380,000	1,694,750	2,074,750
2026	550,000	1,675,750	2,225,750
2027	640,000	1,648,250	2,288,250
2028	750,000	1,616,250	2,366,250
2029	790,000	1,578,750	2,368,750
2030	875,000	1,539,250	2,414,250
2031	920,000	1,495,500	2,415,500
2032	1,015,000	1,449,500	2,464,500
2033	1,065,000	1,398,750	2,463,750
2034	1,165,000	1,345,500	2,510,500
2035	1,225,000	1,287,250	2,512,250
2036	1,335,000	1,226,000	2,561,000
2037	1,405,000	1,159,250	2,564,250
2038	1,525,000	1,089,000	2,614,000
2039	1,600,000	1,012,750	2,612,750
2040	1,735,000	932,750	2,667,750
2041	1,820,000	846,000	2,666,000
2042	1,965,000	755,000	2,720,000
2043	2,065,000	656,750	2,721,750
2044	2,220,000	553,500	2,773,500
2045	2,330,000	442,500	2,772,500
2046	2,505,000	326,000	2,831,000
2047	4,015,000	200,750	4,215,750
	<u>\$ 34,105,000</u>	<u>\$ 34,456,000</u>	<u>\$ 68,561,000</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

## EXHIBIT C

### Certification

On behalf of the Board of Directors of the Castle Oaks Metropolitan District No. 3, I hereby certify that with the exception of Section 11.02.060.D, no action, event or condition set forth in Section 11.02.060 of the Intergovernmental Affairs Chapter of the Town of Castle Rock Code has occurred in the report year.

*Craig Campbell*

Craig Campbell (Aug 26, 2020 13:37 MDT)

---

Craig Campbell, President

**Castle Oaks Metropolitan District No. 3**  
**Schedule of Cash Position**  
**June 30, 2020**  
**Updated as of August 21, 2020**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b><u>Checking Account - First Bank</u></b>			
Balance as of 6/30/20	\$ 22,336.67	\$ -	\$ 22,336.67
Subsequent activities:			
07/01/20 - Bill.com Payment	(7,165.15)	-	(7,165.15)
07/13/20 - Transfer from CSAFE	14,000.00	-	14,000.00
07/16/20 - Bill.com Payment	(13,113.89)	-	(13,113.89)
07/20/20 - Bill.com Payment	(2,959.63)	-	(2,959.63)
07/29/20 - Developer Advance	50,000.00	-	50,000.00
<i>Anticipated Vouchers Payable</i>	<i>(6,847.60)</i>	-	<i>(6,847.60)</i>
<i>Anticipated balance</i>	<u>\$ 56,250.40</u>	<u>\$ -</u>	<u>\$ 56,250.40</u>
<b><u>CSAFE</u></b>			
Balance as of 6/30/20	\$ 15,668.09	\$ 275,402.33	\$ 291,070.42
Subsequent activities:			
07/02/20 - Facilities Fees Deposit	-	12,000.00	12,000.00
07/10/20 - June Property Taxes	25,242.23	290,294.77	315,537.00
07/13/20 - Transfer to First Bank	(14,000.00)	-	(14,000.00)
07/20/20 - Facilities Fees Deposit	-	32,000.00	32,000.00
07/31/20 - Interest Income	5.96	104.72	110.68
08/07/20 - Facilities Fees Deposit	-	16,000.00	16,000.00
08/10/20 - July Property Taxes	1,137.27	13,079.10	14,216.37
08/14/20 - Facilities Fees Deposit	-	52,000.00	52,000.00
<i>Anticipated balance</i>	<u>\$ 28,053.55</u>	<u>\$ 690,880.92</u>	<u>\$ 718,934.47</u>
<b><u>Trust Accounts</u></b>			
<b><u>UMB Bond Fund</u></b>			
Balance as of 6/30/20	\$ -	\$ 141,852.41	\$ 141,852.41
Subsequent activities:			
07/31/20 - Interest Income	-	30.49	30.49
<i>Anticipated transfer from Reserve Fund</i>	<i>-</i>	<i>561.66</i>	<i>561.66</i>
<i>Anticipated balance</i>	<u>\$ -</u>	<u>\$ 142,444.56</u>	<u>\$ 142,444.56</u>
<b><u>UMB Reserve Fund</u></b>			
Balance as of 6/30/20	\$ -	\$ 1,385,263.93	\$ 1,385,263.93
Subsequent activities:			
07/31/20 - Interest Income	-	297.73	297.73
<i>Anticipate transfer to Bond Fund</i>	<i>-</i>	<i>(561.66)</i>	<i>(561.66)</i>
<i>Anticipated balance</i>	<u>\$ -</u>	<u>\$ 1,385,000.00</u>	<u>\$ 1,385,000.00</u>
<b><u>UMB Surplus Fund</u></b>			
Balance as of 6/30/20	\$ -	\$ 1,359,401.77	\$ 1,359,401.77
Subsequent activities:			
07/31/20 - Interest Income	-	292.21	292.21
<i>Anticipated balance</i>	<u>\$ -</u>	<u>\$ 1,359,693.98</u>	<u>\$ 1,359,693.98</u>
<b><i>Total Anticipated Balance</i></b>	<b><u>\$ 84,303.95</u></b>	<b><u>\$ 3,578,019.46</u></b>	<b><u>\$ 3,662,323.41</u></b>

**Yield Information as of 7/31/2020:**

C-SAFE - 0.25%

UMB invested in C-SAFE - 0.22%

Castle Oaks MD No. 3 Claims List (7/1/20 - 8/21/20)

<u>Process Date</u>	<u>Vendor</u>	<u>Invoice Number</u>	<u>Amount</u>
7/1/2020	White, Bear & Ankele, PC	10517	\$ 7,165.15
7/16/2020	CliftonLarsonAllen, LLP	2485125	3,241.35
7/16/2020	RLI Surety	LSM0719563	100.00
7/16/2020	White, Bear & Ankele, PC	Multiple	9,872.54
7/20/2020	CliftonLarsonAllen, LLP	Multiple	2,959.63
		<b>Total</b>	<b>\$ 23,338.67</b>

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
GENERAL FUND  
2020 AMENDED BUDGET**

	BUDGET 2020	AMENDED 2020
BEGINNING FUND BALANCE	\$ (8,210)	\$ (8,210)
 REVENUES		
Interest Income	74	74
Property taxes	91,893	91,893
Specific ownership tax	8,271	8,271
Developer contribution	-	50,000
Total revenues	100,238	150,238
Total funds available	92,028	142,028
 EXPENDITURES		
General and administrative		
Accounting	27,000	30,000
Audit	5,950	5,950
Contingency	5,722	6,722
County Treasurer's fee	1,378	1,378
Dues and licenses	350	350
Election expense	2,000	2,000
Insurance	3,600	3,600
Legal	30,000	40,000
Total expenditures	76,000	90,000
Total expenditures and transfers out requiring appropriation	76,000	90,000
 ENDING FUND BALANCE	 \$ 16,028	 \$ 52,028
 EMERGENCY RESERVE	 \$ 3,000	 \$ 3,000
TOTAL RESERVE	\$ 3,000	\$ 3,000

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND  
2020 AMENDED BUDGET**

	BUDGET 2020	AMENDED 2020
BEGINNING FUNDS AVAILABLE	\$ 2,821,178	\$ 2,918,333
<b>REVENUES</b>		
Property taxes	1,056,805	1,056,805
Specific ownership tax	95,112	95,112
Facilities fees	508,000	508,000
Interest Income	27,700	27,700
Bond issuance - Series 2020	-	35,420,000
Original issue premium - Series 2020	-	4,100,489
Total revenues	1,687,617	41,208,106
Total funds available	4,508,795	44,126,439
<b>EXPENDITURES</b>		
Debt Service		
Bond interest Series 2017	1,705,250	852,625
Bond redemption Series 2017	-	35,973,836
Contingency	4,898	36,792
County Treasurer's fee	15,852	15,852
Paying agent fees	7,000	7,000
Bond Interest - Series 2020	-	306,627
Bond Issue Costs	-	817,955
Total expenditures	1,733,000	38,010,687
<b>TRANSFERS OUT</b>		
Transfers to other fund	-	5,139,313
Total expenditures and transfers out requiring appropriation	1,733,000	43,150,000
ENDING FUNDS AVAILABLE	\$ 2,775,795	\$ 976,439
DEBT SERVICE RESERVE - SERIES 2017	\$ 1,385,000	\$ -
DEBT SERVICE SURPLUS RESERVE - SERIES 2017	1,390,795	-
DEBT SERVICE SURPLUS RESERVE - SERIES 2020	-	976,439
TOTAL RESERVE	\$ 2,775,795	\$ 976,439

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3  
CAPITAL PROJECTS FUND  
2020 AMENDED BUDGET**

	BUDGET 2020	AMENDED 2020
BEGINNING FUNDS AVAILABLE	\$ -	\$ -
REVENUES		
Developer advance	-	5,139,313
Other revenue	-	21,374
Total revenues	-	5,160,687
TRANSFERS IN		
Transfers from other funds	-	5,139,313
Total funds available	-	10,300,000
EXPENDITURES		
Capital		
Capital Outlay	-	5,139,313
Repay Developer Advance	-	5,139,313
Contingency	-	21,374
Total expenditures	-	10,300,000
Total expenditures and transfers out requiring appropriation	-	10,300,000
ENDING FUNDS AVAILABLE	\$ -	\$ -











# 2020-08-26 Castle Oaks No. 3 Meeting Signature Packet - Revised

Final Audit Report

2020-08-26

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