

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

(2018)

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 Tuesday, November 28, 2017, at the hour of 9:00 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 2018 BUDGET

AFFIDAVIT OF PUBLICATION

State of Colorado)ss
County of Douglas

This Affidavit of Publication for the Douglas County News Press, a weekly newspaper, printed and published for the County of Douglas, State of Colorado, hereby certifies that the attached legal notice was published in said newspaper once in each week, for 1 successive week(s), the last of which publication was made the 23rd day of November A.D., 2017, and that copies of each number of said paper in which said Public Notice was published were delivered by carriers or transmitted by mail to each of the subscribers of said paper, according to their accustomed mode of business in this office.



for the Douglas County News Press
State of Colorado)
County of Douglas)ss

The above Affidavit and Certificate of Publication was subscribed and sworn to before me by the above named Gerard Healey, publisher of said newspaper, who is personally known to me to be the identical person in the above certificate on 23rd day of November A.D., 2017. Gerard Healey has verified to me that he has adopted an electronic signature to function as his signature on this document.



Notary Public

HEATHER L. CROMPTON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20154048391
Commission expiration date:
December 18, 2019

My Commission Expires 12/18/19

NOTICE OF PUBLIC HEARING
ON THE PROPOSED 2018 BUDGET
AND NOTICE OF PUBLIC HEARING
ON THE AMENDED 2017 BUDGET

NOTICE IS HEREBY GIVEN that a proposed 2018 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 500, Greenwood Village, Colorado, where the same is open for public inspection.

NOTICE IS FURTHER GIVEN that an amendment to the 2017 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 500, 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 Tuesday, November 28, 2017 at 9:00 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

Legal Notice No.: 932094
First Publication: November 23, 2017
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Publisher: Douglas County News-Press

Thereupon, Director Morton introduced and moved the adoption of the following Resolution:

RESOLUTION

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 2018 AND ENDING ON THE LAST DAY OF DECEMBER 2018.

WHEREAS, the Board has authorized its treasurer, accountant and/or legal counsel 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 November 28, 2017, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-101, *et seq.*, C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

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

Section 1. Summary of 2018 Revenues and 2018 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2018, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year

2018. 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 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2018 budget year, there is hereby levied a tax of four and four hundred and twenty-two thousandths (4.422) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2018 budget year, there is hereby levied a tax of fifty and eight hundred and fifty-five thousandths (50.855) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2018 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2018 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 7. 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 8. Appropriations. The amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

Section 9. 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 10. 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.

The foregoing Resolution was seconded by Director Campbell.

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ADOPTED THIS 28TH DAY OF NOVEMBER 2017.

CASTLE OAKS METROPOLITAN DISTRICT NO. 3



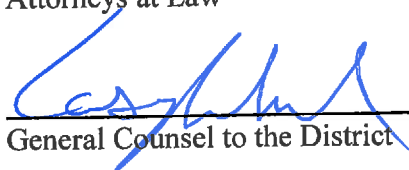
Officer of the District

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 at a District meeting held on Tuesday, November 28, 2017, 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 28th day of November 2017.

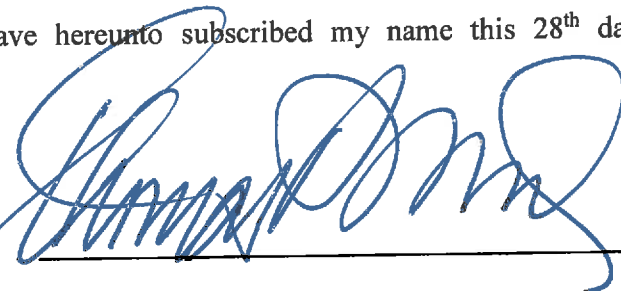


EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

Accountant's Compilation Report

Board of Directors
Castle Oaks Metropolitan District #3
Douglas County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Castle Oaks Metropolitan District #3 for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016. 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 American Institute of Certified Public Accountants. A compilation is limited to presenting, in the form prescribed by CRS 29-1-105, information that is the representation of management. 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.

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 #3.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 08, 2018

CASTLE OAKS METROPOLITAN DISTRICT #3
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 9,028,876	\$ 13,107,887	\$ 4,426,109
REVENUES			
1 Property taxes	69,010	139,946	458,425
2 Specific ownership taxes	6,349	15,010	45,850
3 Developer advance	7,946,472	4,072,004	10,000
4 Net investment income	68,702	102,000	33,000
5 Bond issuance	13,370,000	34,105,000	-
6 Bond Premium	410,459	293,924	-
7 System development fees	172,000	384,000	756,000
Total revenues	<u>22,042,992</u>	<u>39,111,884</u>	<u>1,303,275</u>
TRANSFERS IN			
	<u>3,272,259</u>	<u>3</u>	<u>-</u>
Total funds available	<u>34,344,127</u>	<u>52,219,774</u>	<u>5,729,384</u>
EXPENDITURES			
8 General and administration			
9 Accounting	20,726	14,500	15,000
10 Audit	5,900	5,900	5,900
11 Castle Oaks #2 Costs	1,774	-	-
12 Contingency	-	-	-
13 County Treasurer's fees	83	170	550
14 Dues and membership	-	308	350
15 Election	173	-	1,000
16 Insurance	3,422	3,261	3,500
17 Legal	27,108	18,000	20,000
18 Debt service			
19 Bond interest Series 2015	1,112,500	1,112,500	-
20 Bond interest Series 2016	322,737	735,350	-
21 Bond interest Series 2017	-	-	1,577,356
22 Contingency	-	-	4,314
23 Cost of issuance	-	1,024,251	-
24 County Treasurer's fees	952	1,930	6,330
25 Paying agent fees	3,500	7,000	7,000
26 Payment to escrow account	-	35,684,592	-
27 Capital projects			
28 Accounting	25,970	11,500	-
29 Capital Outlay	9,129,080	5,114,721	-
30 Cost of Issuance	510,176	-	-
31 Developer Repayment	6,763,393	4,049,004	75,000
32 Engineering	4,375	-	-
33 Legal	32,112	10,675	-
Total expenditures	<u>17,963,981</u>	<u>47,793,662</u>	<u>1,716,300</u>
TRANSFERS OUT			
	<u>3,272,259</u>	<u>3</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>21,236,240</u>	<u>47,793,665</u>	<u>1,716,300</u>
ENDING FUND BALANCES	<u>\$ 13,107,887</u>	<u>\$ 4,426,109</u>	<u>\$ 4,013,084</u>
EMERGENCY RESERVE	\$ 200	\$ 400	\$ 1,300
DEBT SERVICE RESERVE	-	1,385,000	1,385,000
DEBT SERVICE SURPLUS RESERVE	-	2,963,039	2,620,971
TOTAL RESERVE	<u>\$ 200</u>	<u>\$ 4,348,439</u>	<u>\$ 4,007,271</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 #3
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - Douglas			
Residential	\$ -	\$ -	\$ 1,157,000
Commercial	-	-	220,580
Agricultural	2,720	2,330	2,260
Vacant Land	1,231,050	2,655,070	6,766,370
State Assessed	146,400	141,500	147,000
Natural Resources	-	20	20
Certified Assessed Value	<u>\$ 1,380,170</u>	<u>\$ 2,798,920</u>	<u>\$ 8,293,230</u>
MILL LEVY			
GENERAL FUND	4.000	4.000	4.422
DEBT SERVICE FUND	46.000	46.000	50.855
Total Mill Levy	<u>50.000</u>	<u>50.000</u>	<u>55.277</u>
PROPERTY TAXES			
GENERAL FUND	\$ 5,521	\$ 11,196	\$ 36,673
DEBT SERVICE FUND	63,488	128,750	421,752
Levied property taxes	<u>69,009</u>	<u>139,946</u>	<u>458,425</u>
Adjustments to actual/rounding	1	-	-
Budgeted Property Taxes	<u>\$ 69,010</u>	<u>\$ 139,946</u>	<u>\$ 458,425</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 5,521	\$ 11,196	\$ 36,673
DEBT SERVICE FUND	63,489	128,750	421,752
	<u>\$ 69,010</u>	<u>\$ 139,946</u>	<u>\$ 458,425</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 #3
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 8,584	\$ 10,003	\$ 3,070
REVENUES			
1 Property taxes	5,521	11,196	36,673
2 Specific ownership taxes	563	1,010	3,670
3 Developer advance	45,000	23,000	10,000
Total revenues	51,084	35,206	50,343
TRANSFERS IN			
DEBT SERVICE FUND	9,521	-	-
Total transfers in	9,521	-	-
Total funds available	69,189	45,209	53,413
EXPENDITURES			
General and administration			
4 Accounting	20,726	14,500	15,000
5 Audit	5,900	5,900	5,900
6 Castle Oaks #2 Costs	1,774	-	-
7 Contingency	-	-	-
8 County Treasurer's fees	83	170	550
9 Dues and membership	-	308	350
10 Election	173	-	1,000
11 Insurance	3,422	3,261	3,500
12 Legal	27,108	18,000	20,000
Total expenditures	59,186	42,139	46,300
Total expenditures and transfers out requiring appropriation	59,186	42,139	46,300
ENDING FUND BALANCES	\$ 10,003	\$ 3,070	\$ 7,113
EMERGENCY RESERVE	\$ 200	\$ 400	\$ 1,300
TOTAL RESERVE	\$ 200	\$ 400	\$ 1,300

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 #3
DEBT SERVICE FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 4,335,346	\$ 7,926,985	\$ 4,348,039
REVENUES			
1 Property taxes	63,489	128,750	421,752
2 Specific ownership taxes	5,786	14,000	42,180
3 Developer advance	1,500,000	-	-
4 Net investment income	36,836	61,000	33,000
5 Bond issuance	-	34,105,000	-
6 Bond Premium	-	293,924	-
7 System development fees	172,000	384,000	756,000
Total revenues	<u>1,778,111</u>	<u>34,986,674</u>	<u>1,252,932</u>
TRANSFERS IN			
CAPITAL PROJECTS FUND	3,262,738	3	-
Total transfers in	<u>3,262,738</u>	<u>3</u>	<u>-</u>
Total funds available	<u>9,376,195</u>	<u>42,913,662</u>	<u>5,600,971</u>
EXPENDITURES			
Debt service			
8 Bond interest Series 2015	1,112,500	1,112,500	-
9 Bond interest Series 2016	322,737	735,350	-
10 Bond interest Series 2017	-	-	1,577,356
11 Contingency	-	-	4,314
12 Cost of issuance	-	1,024,251	-
13 County Treasurer's fees	952	1,930	6,330
14 Paying agent fees	3,500	7,000	7,000
15 Payment to escrow account	-	35,684,592	-
Total expenditures	<u>1,439,689</u>	<u>38,565,623</u>	<u>1,595,000</u>
TRANSFERS OUT			
GENERAL FUND	9,521	-	-
Total transfers out	<u>9,521</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,449,210</u>	<u>38,565,623</u>	<u>1,595,000</u>
ENDING FUND BALANCES	<u>\$ 7,926,985</u>	<u>\$ 4,348,039</u>	<u>\$ 4,005,971</u>
DEBT SERVICE RESERVE	\$ -	\$ 1,385,000	\$ 1,385,000
DEBT SERVICE SURPLUS RESERVE	-	2,963,039	2,620,971
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 4,348,039</u>	<u>\$ 4,005,971</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 #3
CAPITAL PROJECTS FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/8/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 4,684,946	\$ 5,170,899	\$ 75,000
REVENUES			
1 Developer advance	6,401,472	4,049,004	-
2 Net investment income	31,866	41,000	-
3 Bond issuance	13,370,000	-	-
4 Bond Premium	410,459	-	-
Total revenues	20,213,797	4,090,004	-
Total funds available	24,898,743	9,260,903	75,000
EXPENDITURES			
Capital projects			
5 Accounting	25,970	11,500	-
6 Capital Outlay	9,129,080	5,114,721	-
7 Cost of Issuance	510,176	-	-
8 Developer Repayment	6,763,393	4,049,004	75,000
9 Engineering	4,375	-	-
10 Legal	32,112	10,675	-
Total expenditures	16,465,106	9,185,900	75,000
TRANSFERS OUT			
DEBT SERVICE FUND			
Total transfers out	3,262,738	3	-
Total expenditures and transfers out requiring appropriation	19,727,844	9,185,903	75,000
ENDING FUND BALANCES	\$ 5,170,899	\$ 75,000	\$ -

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 #3
2018 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.

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 7.20% from 7.96% for property tax years 2017-2018 on April 17, 2017 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 50.855 from 46.000 mills and the general fund mill levy increased to 4.422 from 4.000 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.

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 10% of the property taxes collected.

**CASTLE OAKS METROPOLITAN DISTRICT #3
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Net Investment Income

Interest earned on the District's available funds has been estimated based on historical interest earnings.

Developer Advances

The District is in the development stage. As such, the Developer is expected to fund a portion of the District's operational expenditures in 2018. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer.

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.

Capital Outlay

Anticipated expenditures for capital outlay are detailed on the Capital Projects Funds page of the budget.

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.

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.

**CASTLE OAKS METROPOLITAN DISTRICT #3
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases - (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 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 74.402 and 50.855, 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 2018, 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**

Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2018	\$ -	\$ 1,577,356	\$ 1,577,356
2019	-	1,705,250	1,705,250
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
	\$ 34,105,000	\$ 37,738,606	\$ 71,843,606

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