CASTLE OAKS METROPOLITAN DISTRICT NO. 3
Douglas County, Colorado

FINANCIAL STATEMENTS
December 31, 2016

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BARNES GRIGGS
& ASSOCIATES, PC

Certified Public Accountants and Business Consultants

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, 2016, 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, 2016, 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.

Barnes Griggs & Associates, PC

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Other Matters

Economic Dependency

As disclosed in Note 11 to the financial statements, the District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, the District may be dependent upon the developer of the District's service area for funding of continued operations.

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 operation, 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 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 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Lakewood, Colorado
September 19, 2017

BASIC FINANCIAL STATEMENTS

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
December 31, 2016

	Governmental Activities
ASSETS	
Cash and investments	$ 7,536
Cash and investments - Restricted	13,203,437
Prepaid expense	3,061
Receivable from County Treasurer	537
Property taxes receivable	139,946
Construction in progress	17,107,241
Total assets	30,461,758
LIABILITIES	
Accounts payable	24,320
Retainage payable	82,364
Accrued interest payable	153,988
Noncurrent liabilities	
Due in more than one year	33,227,263
Total liabilities	33,487,935
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	139,946
Total deferred inflows of resources	139,946
NET POSITION	
Restricted for:	
Emergency reserves	200
Debt service	1,618,924
Unrestricted	(4,785,247)
Total net position	$ (3,166,123)

These financial statements should be read only in connection with the accompanying notes to financial statements.

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Government activities:					
General government	$ 59,186	$ -	$ -	$ -	$ (59,186)
Interest and related costs on long-term debt	2,057,502	-	-	172,000	(1,885,502)
	$ 2,116,688	$ -	$ -	$ 172,000	(1,944,688)
	General revenues:				
	Property taxes				69,010
	Specific ownership taxes				6,349
	Net investment income				68,702
	Total general revenues				144,061
	Change in net position				(1,800,627)
	Net position - Beginning				(1,365,496)
	Net position - Ending				$ (3,166,123)

These financial statements should be read only in connection with the accompanying notes to financial statements.

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments	$ 7,536	$ -	$ -	$ 7,536
Cash and investments - Restricted	200	7,926,491	5,276,746	13,203,437
Receivable from County Treasurer	43	494	-	537
Prepaid expenses	3,061	-	-	3,061
Property taxes receivable	11,196	128,750	-	139,946
Total assets	$ 22,036	$ 8,055,735	$ 5,276,746	$ 13,354,517
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 837	$ -	$ 23,483	$ 24,320
Retainage payable	-	-	82,364	82,364
Total liabilities	837	-	105,847	106,684
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	11,196	128,750	-	139,946
Total deferred inflows of resources	11,196	128,750	-	139,946
FUND BALANCES				
Nonspendable:				
Prepaid amounts	3,061	-	-	3,061
Restricted for:				
Emergency reserves	200	-	-	200
Debt service	-	7,926,985	-	7,926,985
Capital projects	-	-	5,170,899	5,170,899
Assigned:				
Subsequent years expenditures	6,742	-	-	6,742
Total fund balances	10,003	7,926,985	5,170,899	13,107,887
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 22,036	$ 8,055,735	$ 5,276,746	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	17,107,241
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	(31,170,000)
Bond premium (net of amortization)	(511,212)
Bond interest payable	(153,988)
Developer advances payable	(1,545,000)
Accrued interest on Developer advances	(1,051)
	$ (3,166,123)

These financial statements should be read only in connection with the accompanying notes to financial statements.

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property taxes	$ 5,521	$ 63,489	$ -	$ 69,010
Specific ownership taxes	563	5,786	-	6,349
Facility fees	-	172,000	-	172,000
Interest income	-	36,836	31,866	68,702
Total revenues	6,084	278,111	31,866	316,061
EXPENDITURES				
Current				
Accounting	20,726	-	25,970	46,696
Audit	5,900	-	-	5,900
County Treasurer's fees	83	952	-	1,035
Election	173	-	-	173
Castle Oaks #2 Costs	1,774	-	-	1,774
Insurance and bonds	3,422	-	-	3,422
Legal	27,108	-	32,112	59,220
Debt service				
Paying agent fees	-	3,500	-	3,500
Bond interest	-	1,435,237	-	1,435,237
Capital				
Capital Outlay	-	-	9,129,080	9,129,080
Engineering	-	-	4,375	4,375
Bond issue costs	-	-	510,176	510,176
Total expenditures	59,186	1,439,689	9,701,713	11,200,588
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(53,102)	(1,161,578)	(9,669,847)	(10,884,527)
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	13,370,000	13,370,000
Bond premium	-	-	410,459	410,459
Developer advance	45,000	1,500,000	6,401,472	7,946,472
Transfers from other funds	9,521	3,262,738	-	3,272,259
Developer Repayment	-	-	(6,763,393)	(6,763,393)
Transfers to other fund	-	(9,521)	(3,262,738)	(3,272,259)
Total other financing sources (uses)	54,521	4,753,217	10,155,800	14,963,538
NET CHANGE IN FUND BALANCES	1,419	3,591,639	485,953	4,079,011
FUND BALANCES - BEGINNING OF YEAR	8,584	4,335,346	4,684,946	9,028,876
FUND BALANCES - END OF YEAR	$ 10,003	$ 7,926,985	$ 5,170,899	$13,107,887

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

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

Net changes in fund balances - Total governmental funds	$ 4,079,011
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.	
Capital outlay	9,133,455
Long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:	
Developer advances	(7,946,472)
Developer advance repayment	6,763,393
Bond issuance	(13,370,000)
Bond premium	(410,459)
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	(1,051)
Amortization of bond premium	12,776
Accrued interest on bonds - Change in liability	(61,280)
Change in net position of governmental activities	$ (1,800,627)

These financial statements should be read only in connection with the accompanying notes to financial statements.

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 5,521	$ 5,521	$ 5,521	$ -
Specific ownership taxes	500	500	563	63
Total revenues	6,021	6,021	6,084	63
EXPENDITURES				
Current				
Accounting	20,000	27,000	20,726	6,274
Audit	-	5,900	5,900	-
County Treasurer's fees	80	80	83	(3)
Election	5,000	5,000	173	4,827
Castle Oaks #2 Costs	-	-	1,774	(1,774)
Insurance and bonds	2,842	3,422	3,422	-
Legal	30,000	28,000	27,108	892
Contingency	1,978	498	-	498
Total expenditures	59,900	69,900	59,186	10,714
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(53,879)	(63,879)	(53,102)	10,777
OTHER FINANCING SOURCES (USES)				
Developer advance	45,000	45,000	45,000	-
Transfers from other funds	-	-	9,521	9,521
Intergovernmental revenue	-	16,209	-	(16,209)
Total other financing sources (uses)	45,000	61,209	54,521	(6,688)
NET CHANGE IN FUND BALANCES	(8,879)	(2,670)	1,419	4,089
FUND BALANCES - BEGINNING OF YEAR	17,434	17,434	8,584	(8,850)
FUND BALANCES - END OF YEAR	$ 8,555	$ 14,764	$ 10,003	$ (4,761)

These financial statements should be read only in connection with the accompanying notes to financial statements.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.
>
> The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and 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 appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2016.

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.

Investments are carried at fair value.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 non-profit 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 non-residential property, and shall not be imposed on real properties conveyed to and/or owned by a nonprofit 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 estimated acquisition value at the date of donation.

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.

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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has no items that qualify for reporting in this category.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Equity

Net Position

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

Fund Balance

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

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

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

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

- *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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments	$	7,536
Cash and investments - Restricted		13,203,437
Total cash and investments	$	13,210,973

Cash and investments as of December 31, 2016, consist of the following:

Deposits with financial institutions	$	277,252
Investments		12,933,721
Total cash and investments	$	13,210,973

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, 2016, the District had a bank balance of $296,727 and carrying balance of $277,252.

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.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

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

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

As of December 31, 2016, the District had the following investments:

Investment	**Maturity**	**Fair Value**
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	$ 12,933,721

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), 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 CSAFE. CSAFE 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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in property for the period ended December 31, 2016, follows:

	Balance at December 31, 2015	Additions	Deletions	Balance at December 31, 2016
Governmental Type Activities:				
Capital assets not being depreciated:				
Construction in progress	$ 7,973,786	$ 9,133,455	$ -	$ 17,107,241
Total capital assets, not being depreciated	$ 7,973,786	$ 9,133,455	$ -	$ 17,107,241

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2016:

	Balance at December 31, 2015	Additions	Retirement of Long-Term Obligations	Balance at December 31, 2016	Due Within One Year
G.O. Bonds - Series 2015	$ 17,800,000	$ -	$ -	$ 17,800,000	$ -
G.O. Bonds - Series 2016	-	13,370,000	-	13,370,000	-
Developer advances	361,921	7,946,472	6,763,393	1,545,000	-
Accrued interest -					
Developer advances - operations	-	1,051	-	1,051	-
Bond Premium	113,529	410,459	12,776	511,212	-
	$ 18,275,450	$ 21,727,982	$ 6,776,169	$ 33,227,263	$ -

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

General Obligation Limited Tax Bonds

Series 2015

On April 16, 2015, the District issued $17,800,000 in General Obligation Limited Tax Bonds, Series 2015. The bonds carry a coupon rate of 6.25% and mature on December 1, 2044. The bonds are secured by property taxes generated from a limited mill levy imposed on taxable property within the District of no more than 67.299 mills in the Debt Service Fund (55.000 mills adjusted for changes in the ratio of assessed values to market values), a portion of specific ownership taxes attributable to the Debt Service Fund mill levy, facilities fees, and a guaranty by Starwood Land Ventures, LLC which includes $1,500,000 in escrowed funds which is recorded as a non-interest accruing payable back to the Developer so long as no amounts are drawn on the escrowed funds. The guaranty shall fund any shortfall between the pledged revenue and the debt service payments after the Surplus Fund (maximum amount is $2,000,000) is depleted but before a draw to the Reserve Fund, but not in excess of the then applicable guaranty amount. The guaranty amount shall be lesser of $17,800,000 or the outstanding debt, less the reserve fund and less 65% of the most recent Adjusted Assessed Value. Adjusted Assessed Value is defined as 100% of the assessed valuation of residential, commercial, personal property, and state assessed property plus 50% of the assessed value of vacant land, vacant lots, oil and gas property, and any other type of property not described above. The Surplus Fund can be released when the ratio of outstanding debt to the District's total adjusted assessed valuation is less than 55%.

The District is required to impose a minimum mill levy of 37.5934 mills (subject to adjustment) until the Surplus Fund is filled. Principal is payable annually on December 1, and interest is payable semiannually on June 1 and December 1, beginning June 1, 2015. The bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, on December 1, 2020, and on any date thereafter, upon payment of par and accrued interest and redemption premium.

Series 2016

The District issued its Series 2016 Bonds on June 23, 2016, in the amount of $13,370,000. The proceeds from the sale of the Series 2016 Bonds will be used for the purposes of: (i) paying a portion of the costs of capital infrastructure improvements or reimbursing the Developer for the advancement of those costs, to the extent of available proceeds; (ii) providing capitalized interest; (iii) funding additional deposits to the Reserve Fund; and, (iv) paying costs of issuance of the Series 2016 Bonds.

The Series 2016 Bonds bear interest at 5.50%, payable semi-annually on June 1 and December 1, beginning on December 1, 2016. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The Series 2016 Bonds mature on December 1, 2045.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2016 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, on December 1, 2020, and on any date thereafter, upon payment of par and accrued interest and a redemption premium.

The Series 2016 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) Facilities Fees; (iii) specific ownership taxes attributable to the Required Mill Levy; and, (iv) any other legally available moneys of the District credited to the Bond Fund. The Series 2016 Bonds are also secured by a Debt Service Guaranty and by amounts held in the Reserve Fund and amounts accumulated in the Surplus Fund, if any, on parity with the District's outstanding Series 2015 Bonds.

The Indentures for the Series 2015 Bonds and Series 2016 Bonds provide 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 ($500,000), to pay the principal of and interest on the Bonds, to fund the Reserve Fund up to the Required Reserve, and to fully repay any Guaranty Reimbursement Obligation, but not in excess of 55 mills (as adjusted) and for so long as the Surplus Fund is less than the Maximum Surplus Amount of $2,000,000, not less than 37.5934 mills (as adjusted). Such maximum and minimum mill levies are subject to adjustment per the Gallagher Amendment (defined below) from January 9, 2001 and are currently 60.801 and 41.562, respectively. No funds have accumulated in the Surplus Fund as of December 31, 2016.

Subsequent to year end the residential assessment rate was changed from 7.96% to 7.20%. Based upon the May 2017 preliminary assessed valuations, the service plan limitation of 50 mills may be increased to 67.218.

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

	Governmental Activities		
Series 2015 and 2016:	**Principal**	**Interest**	**Total**
2017	$ -	$ 1,847,850	$ 1,847,850
2018	-	1,847,850	1,847,850
2019	-	1,847,850	1,847,850
2020	-	1,847,850	1,847,850
2021	-	1,847,850	1,847,850
2022-2026	1,675,000	9,124,463	10,799,463
2027-2031	3,690,000	8,340,702	12,030,702
2032-2036	5,635,000	7,021,862	12,656,862
2037-2041	8,220,000	5,050,273	13,270,273
2042-2045	11,950,000	1,932,462	13,882,462
	$ 31,170,000	$ 40,709,012	$ 71,879,012

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

At December 31, 2016, 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	Remaining at December 31, 2015
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	-	-	36,000,000
IGA Debt	36,000,000	-	-	36,000,000
	$ 432,000,000	$ 17,800,000	$ 13,370,000	$ 400,830,000

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 $200 for Emergency Reserves and $1,618,924 for Debt Service as of December 31, 2016.

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 will be conveyed or were conveyed to other governmental entities.

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.

During 2016, the District received $45,000 in Developer advances and has accrued interest of $1,051 on the Developer Advances.

Acquisition and Reimbursement Agreement

The District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement dated November 21, 2014 (the "Acquisition and Reimbursement Agreement"), whereby the Developer agreed to advance funds to the District for construction of Public Infrastructure (as defined therein) and/or construct Public Infrastructure for acquisition or payment by the District. The District agrees to: (i) reimburse the Developer for all District eligible costs for which the District receives advances; (ii) acquire any Public Infrastructure constructed for the benefit of the District from the Developer that is not being dedicated to other governmental entities and to pay all reasonable costs related thereto; and (iii) to reimburse the Developer for any costs incurred by the Developer for Public Infrastructure that is being dedicated to third parties.

Prior to the reimbursement by the District, the Developer must provide the District with, among other things, a description of the Public Infrastructure, copies of all invoices, statements and evidence of payment thereof; evidence of any and all real property interests to permit the Districts' use and occupancy; as built drawing of the Public Infrastructure certified by a professional engineer of licensed land surveyor; a form of bill of sale or other instrument of conveyance; and such additional information as the District may reasonably require. Under the Acquisition and Reimbursement Agreement, the District agrees to reimburse all District eligible costs of the Developer in financing, constructing or installing such Public Infrastructure together with interest thereon at the rate of 8% per annum, accruing from the date the Developer deposits funds with the District, when the Developer has paid such funds, and such infrastructure is conveyed to the District until paid.

NOTE 7 - AGREEMENTS (CONTINUED)

Melody Homes Agreements

Completion Guaranty Agreement – Pursuant to the Acquisition and Reimbursement Agreement discussed above, the Developer had previously agreed to construct certain public improvements, including certain street and sanitary sewer public improvements, in connection with the purchase by Melody Homes of single-family detached lots within the development (the "Melody Improvements"). With regard to such Melody Improvements, the Developer and Melody Homes entered into a Completion Guaranty Agreement dated May 14, 2015 (the "MH Completion Agreement"), whereby the Developer agreed to construct the Melody Improvements by November 1, 2015 (as such date has been extended due to force majeure); provided that in the event the Developer does not construct such improvements, Melody Homes is authorized to construct such improvements subject to reimbursement from the Developer plus interest at an annual rate of 6%. Because all Melody Improvements have been commenced by the Developer or the District (as described below), the Developer does not anticipate making any payments under the MH Completion Agreement.

Infrastructure Acquisition and Reimbursement Agreement – In the event that the Developer fails to complete the Melody Improvements or failed to reimburse Melody Homes for construction of such improvements, the District and Melody Homes have entered into an Infrastructure Acquisition and Reimbursement Agreement, dated as of May 14, 2015 (the "Melody Homes Agreement"), whereby the District has agreed to (a) reimburse Melody Homes for all costs of any kind related to the provision of the Melody Improvements that may be lawfully funded by the District (the "District Eligible Costs"), (b) acquire those Melody Improvements that are not being dedicated to other governmental entities, and (c) reimburse Melody Homes for any costs incurred for Melody Improvements being dedicated to third parties.

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 - INTERFUND AND OPERATING TRANSFERS

During 2016, the District transferred $3,262,738 from the Capital Projects Fund to the Debt Service Fund to establish the required reserves related to the bond issuance.

The District transferred $9,521 from the Debt Service Fund to the General Fund in order to use the funds for any lawful purpose as they were not pledged to the Series 2015 bonds nor to any other obligation.

NOTE 10 - CONSTRUCTION COMMITMENTS

As of December 31, 2016, the District had unexpended construction related contract commitments of approximately $105,974.

NOTE 11 - ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

NOTE 12 - 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.

NOTE 13 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

On 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.

NOTE 13 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

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 BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$ 63,488	$ 63,489	$ 1
Specific ownership taxes	5,710	5,786	76
Facility fees	-	172,000	172,000
Interest income	1,500	36,836	35,336
Total revenues	70,698	278,111	207,413
EXPENDITURES			
Paying agent fees	-	3,500	(3,500)
County Treasurer's fees	974	952	22
Interest expense - bonds	1,945,993	1,435,237	510,756
Total expenditures	1,946,967	1,439,689	507,278
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,876,269)	(1,161,578)	714,691
OTHER FINANCING SOURCES (USES)			
Developer advance	-	1,500,000	1,500,000
Transfers from other funds	-	3,262,738	3,262,738
Transfers to other funds	-	(9,521)	(9,521)
Total other financing sources (uses)	-	4,753,217	4,753,217
NET CHANGE IN FUND BALANCES	(1,876,269)	3,591,639	5,467,908
FUND BALANCES - BEGINNING OF YEAR	8,029,586	4,335,346	(3,694,240)
FUND BALANCES - END OF YEAR	$ 6,153,317	$ 7,926,985	$ 1,773,668

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Net investment income	$ 5,800	$ 5,800	$ 31,866	$ 26,066
Total revenues	5,800	5,800	31,866	26,066
EXPENDITURES				
Accounting	10,000	10,000	25,970	(15,970)
Engineering	-	-	4,375	(4,375)
Legal	30,000	30,000	32,112	(2,112)
Bond issue costs	-	500,000	510,176	(10,176)
Capital Outlay	8,940,398	54,460,000	9,129,080	45,330,920
Total expenditures	8,980,398	55,000,000	9,701,713	45,298,287
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,974,598)	(54,994,200)	(9,669,847)	45,324,353
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	13,370,000	13,370,000	-
Bond premium	-	-	410,459	410,459
Developer advance	-	41,847,339	6,401,472	(35,445,867)
Developer repayment	-	(5,000,000)	(6,763,393)	(1,763,393)
Transfers to other fund	-	-	(3,262,738)	(3,262,738)
Total other financing sources (uses)	-	50,217,339	10,155,800	(40,061,539)
NET CHANGE IN FUND BALANCES	(8,974,598)	(4,776,861)	485,953	5,262,814
FUND BALANCES - BEGINNING OF YEAR	8,974,598	4,776,861	4,684,946	(91,915)
FUND BALANCES - END OF YEAR	$ -	$ -	$ 5,170,899	$ 5,170,899

OTHER INFORMATION

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

Bonds and Interest Maturing in the Year Ending December 31,	$17,800,000 General Obligation Refunding Bonds Series 2015 Interest 6.25% Dated April 16, 2015 Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2017	$ -	$ 1,112,500	$ 1,112,500
2018	-	1,112,500	1,112,500
2019	-	1,112,500	1,112,500
2020	-	1,112,500	1,112,500
2021	-	1,112,500	1,112,500
2022	-	1,112,500	1,112,500
2023	115,000	1,112,500	1,227,500
2024	235,000	1,105,313	1,340,313
2025	300,000	1,090,625	1,390,625
2026	345,000	1,071,875	1,416,875
2027	370,000	1,050,313	1,420,313
2028	420,000	1,027,188	1,447,188
2029	445,000	1,000,938	1,445,938
2030	505,000	973,125	1,478,125
2031	535,000	941,563	1,476,563
2032	600,000	908,125	1,508,125
2033	635,000	870,625	1,505,625
2034	705,000	830,937	1,535,937
2035	750,000	786,875	1,536,875
2036	825,000	740,000	1,565,000
2037	880,000	688,437	1,568,437
2038	965,000	633,437	1,598,437
2039	1,025,000	573,125	1,598,125
2040	1,120,000	509,062	1,629,062
2041	1,190,000	439,062	1,629,062
2042	1,295,000	364,687	1,659,687
2043	1,380,000	283,750	1,663,750
2044	3,160,000	197,500	3,357,500
	$ 17,800,000	$ 23,874,062	$ 41,674,062

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

Bonds and Interest Maturing in the Year Ending December 31,	$13,370,000 General Obligation Refunding Bonds Series 2016 Interest 5.5% Dated June 23, 2016 Interest Payable June 1 and December 1 Principal Payable December 1			TOTALS		
	Principal	Interest	Total	Principal	Interest	Total
2017	$ -	$ 735,350	$ 735,350	$ -	$ 1,847,850	$ 1,847,850
2018	-	735,350	735,350	-	1,847,850	1,847,850
2019	-	735,350	735,350	-	1,847,850	1,847,850
2020	-	735,350	735,350	-	1,847,850	1,847,850
2021	-	735,350	735,350	-	1,847,850	1,847,850
2022	-	735,350	735,350	-	1,847,850	1,847,850
2023	90,000	735,350	825,350	205,000	1,847,850	2,052,850
2024	180,000	730,400	910,400	415,000	1,835,713	2,250,713
2025	190,000	720,500	910,500	490,000	1,811,125	2,301,125
2026	220,000	710,050	930,050	565,000	1,781,925	2,346,925
2027	230,000	697,950	927,950	600,000	1,748,263	2,348,263
2028	265,000	685,300	950,300	685,000	1,712,488	2,397,488
2029	280,000	670,725	950,725	725,000	1,671,663	2,396,663
2030	310,000	655,325	965,325	815,000	1,628,450	2,443,450
2031	330,000	638,275	968,275	865,000	1,579,838	2,444,838
2032	365,000	620,125	985,125	965,000	1,528,250	2,493,250
2033	385,000	600,050	985,050	1,020,000	1,470,675	2,490,675
2034	425,000	578,875	1,003,875	1,130,000	1,409,812	2,539,812
2035	450,000	555,500	1,005,500	1,200,000	1,342,375	2,542,375
2036	495,000	530,750	1,025,750	1,320,000	1,270,750	2,590,750
2037	520,000	503,525	1,023,525	1,400,000	1,191,962	2,591,962
2038	570,000	474,925	1,044,925	1,535,000	1,108,362	2,643,362
2039	600,000	443,575	1,043,575	1,625,000	1,016,700	2,641,700
2040	655,000	410,575	1,065,575	1,775,000	919,637	2,694,637
2041	695,000	374,550	1,069,550	1,885,000	813,612	2,698,612
2042	755,000	336,325	1,091,325	2,050,000	701,012	2,751,012
2043	790,000	294,800	1,084,800	2,170,000	578,550	2,748,550
2044	860,000	251,350	1,111,350	4,020,000	448,850	4,468,850
2045	3,710,000	204,050	3,914,050	3,710,000	204,050	3,914,050
	$ 13,370,000	$ 16,834,950	$ 30,204,950	$ 31,170,000	$ 40,709,012	$ 71,879,012

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2016

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	
2012	$ 1,627,230	40.000	4.000	$ 71,598	$ 71,613	100.02%
2013	$ 1,579,000	40.000	4.000	$ 69,476	$ 69,477	100.00%
2014	$ 961,100	4.000	40.000	$ 42,288	$ 42,288	100.00%
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%
Estimated for the year ending December 31, 2017	$ 2,798,920	4.000	46.000	$ 139,946		

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.