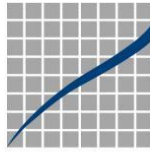


**BANNING LEWIS RANCH
METROPOLITAN DISTRICT NO. 3
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020**

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
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YEAR ENDED DECEMBER 31, 2020**

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BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Banning Lewis Ranch Metropolitan District No. 3
El Paso County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Banning Lewis Ranch Metropolitan District No. 3 ("District") as of and for the year ended December 31, 2020, 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 the District as of December 31, 2020, the changes in its financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary 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 identified in the table of contents, is presented for purposes of 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. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information, as identified in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on the other information.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 16, 2021

BASIC FINANCIAL STATEMENTS

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 618,859
Receivable - County Treasurer	11,203
Due from Banning Lewis Ranch MD No. 2	36,896
Property Taxes Receivable	965,299
Total Assets	1,632,257
LIABILITIES	
Accounts Payable	5,500
Due to Banning Lewis Ranch MD No. 1	11,581
Accrued Interest Payable	22,544
Noncurrent Liabilities:	
Due Within One Year	180,000
Due in More than One Year	98,597,842
Total Liabilities	98,817,467
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	965,299
Total Deferred Inflows of Resources	965,299
NET POSITION	
Restricted for:	
Debt Service	15,421
Capital Projects	38,078
Unrestricted	(98,204,008)
Total Net Position	\$ (98,150,509)

See accompanying Notes to Basic Financial Statements.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Government Activities:					
General Government	\$ 566,114	\$ -	\$ -	\$ -	\$ (566,114)
Interest and Related Costs on Long-Term Debt	3,750,518	-	-	1,000	(3,749,518)
Total Governmental Activities	\$ 4,316,632	\$ -	\$ -	\$ 1,000	(4,315,632)
 GENERAL REVENUES					
Property Taxes					1,274,955
Specific Ownership Taxes					138,943
Net Investment Income					16,854
Total General Revenues					1,430,752
 CHANGE IN NET POSITION					
					(2,884,880)
Net Position - Beginning of Year					(95,265,629)
 NET POSITION - END OF YEAR					
					\$ (98,150,509)

See accompanying Notes to Basic Financial Statements.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments - Restricted	\$ -	\$ 580,781	\$ 38,078	\$ 618,859
Receivable - County Treasurer	4,481	6,722	-	11,203
Due from Banning Lewis Ranch MD No. 2	-	36,896	-	36,896
Property Taxes Receivable	529,471	435,828	-	965,299
Total Assets	\$ 533,952	\$ 1,060,227	\$ 38,078	\$ 1,632,257
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 5,500	\$ -	\$ 5,500
Due to Banning Lewis Ranch MD No. 1	4,481	7,100	-	11,581
Total Liabilities	4,481	12,600	-	17,081
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	529,471	435,828	-	965,299
Total Deferred Inflows of Resources	529,471	435,828	-	965,299
FUND BALANCES				
Restricted for:				
Debt Service	-	611,799	-	611,799
Capital Projects	-	-	38,078	38,078
Total Fund Balances	-	611,799	38,078	649,877
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 533,952	\$ 1,060,227	\$ 38,078	

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 are not reported in the funds.

Bonds Payable	(8,470,000)
Bond Premium	(1,077,425)
Bond Interest Payable	(22,544)
Developer Advance Payable	(34,917,692)
Accrued Interest Payable - Developer Advance	(54,312,725)

Net Position of Governmental Activities

\$ (98,150,509)

See accompanying Notes to Basic Financial Statements.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 509,991	\$ 764,964	\$ -	\$ 1,274,955
Specific Ownership Taxes	55,578	83,365	-	138,943
Net Investment Income	545	41,471	656	42,672
Facilities Fees	-	1,000	-	1,000
Total Revenues	<u>566,114</u>	<u>890,800</u>	<u>656</u>	<u>1,457,570</u>
EXPENDITURES				
General				
County Treasurer's Fees	7,655	11,482	-	19,137
Transfer to Banning Lewis Ranch MD				
No. 1 - O&M Taxes	558,459	-	-	558,459
Debt Service:				
Paying Agent/Trustee Fees	-	5,500	-	5,500
Bond Principal - Series 2015A	-	8,455,000	-	8,455,000
Bond Interest - Series 2015A	-	530,815	-	530,815
Bond Principal - Series 2015B	-	1,620,000	-	1,620,000
Bond Interest - Series 2015B	-	727,604	-	727,604
Bond Issue Costs	-	212,450	-	212,450
Total Expenditures	<u>566,114</u>	<u>11,562,851</u>	<u>-</u>	<u>12,128,965</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(10,672,051)	656	(10,671,395)
OTHER FINANCING SOURCES (USES)				
Bond Issuance	-	8,470,000	-	8,470,000
Bond Premium	-	1,077,425	-	1,077,425
Transfer from (to) Other Funds	-	22,255	(22,255)	-
Bond Redemption Premium	-	(302,250)	-	(302,250)
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,267,430</u>	<u>(22,255)</u>	<u>9,245,175</u>
NET CHANGE IN FUND BALANCES	-	(1,404,621)	(21,599)	(1,426,220)
Fund Balances - Beginning of Year	<u>-</u>	<u>2,016,420</u>	<u>59,677</u>	<u>2,076,097</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 611,799</u>	<u>\$ 38,078</u>	<u>\$ 649,877</u>

See accompanying Notes to Basic Financial Statements.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (1,426,220)

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

The issuance of long-term debt (e.g., bonds, leases) 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:

Bond Issuance	(8,470,000)
Bond Issue Premium	(1,077,425)
Bond Principal	10,075,000
Subordinate Bond Interest	463,211

Some income 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 Income - Facilities Fees	(25,818)
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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 Bonds - Change in Liability	20,612
Accrued Interest on Developer Advances - Change in Liability	(2,444,240)
	(2,423,628)

Changes in Net Position of Governmental Activities \$ (2,884,880)

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 511,320	\$ 509,991	\$ (1,329)
Specific Ownership Taxes	56,245	55,578	(667)
Net Investment Income	1,020	545	(475)
Other Income	6,415	-	(6,415)
Total Revenues	<u>575,000</u>	<u>566,114</u>	<u>(8,886)</u>
EXPENDITURES			
County Treasurer's Fees	7,670	7,655	15
Contingency	6,415	-	6,415
Transfer to Banning Lewis Ranch MD No. 1 - O&M Taxes	<u>560,915</u>	<u>558,459</u>	<u>2,456</u>
Total Expenditures	<u>575,000</u>	<u>566,114</u>	<u>8,886</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

Banning Lewis Ranch Metropolitan District No. 3 (the District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized concurrently with Banning Lewis Ranch Metropolitan District Nos. 1, 2, 4, 5, 6 (now Banning Lewis Ranch Regional Metropolitan District No. 1), and 7 (now Banning Lewis Ranch Regional Metropolitan District No. 2) (collectively, the Districts) by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado, on December 1, 2005, and is governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The Districts' service area is located entirely within the City of Colorado Springs, El Paso County, Colorado. The Districts operate under a Consolidated Service Plan to provide financing for the design, acquisition, installation and construction of public improvements and services, including street improvements, parks and recreational facilities, water supply, wastewater facilities, traffic and safety controls, public transportation, fire protection, mosquito control, and television relay. Pursuant to the Service Plan, the District, along with District Nos. 2, 4, 5, and Banning Lewis Ranch Regional Metropolitan District Nos. 1 and 2 are intended to serve as the Taxing Districts related to District No. 1, which will serve as the Operating District.

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 property taxes.

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

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct 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 the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. 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.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall 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, 2020.

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 and investments.

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 deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Facilities Fees

The District assesses a facility fee of \$1,000 per lot which is due at the time of lot sale.

During 2019, the District performed an analysis of the system development fees collected. Based on this analysis performed it was determined that some fees were unpaid from home closings. The total amount unpaid as of December 31, 2019 was \$145,000. Pursuant to the System Development Fee Resolution, adopted by the District, the District calculated interest on the outstanding fees at the rate of 12% per annum from the date the particular system development fee became due. The total accrued interest receivable as of December 31, 2019 in the amount of \$25,818 and the unpaid facility fees totaling \$145,000 were collected during 2020.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts 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 and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period 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.

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.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Restricted	\$ 618,859
Total Cash and Investments	<u>\$ 618,859</u>

Cash and investments as of December 31, 2020, consist of the following:

Investments	\$ 618,859
Total Cash and Investments	<u>\$ 618,859</u>

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.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

As of December 31, 2020, 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	\$ 573,861
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	44,998
		<u>\$ 618,859</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 by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Bonds Payable					
Series 2015 G.O. Bonds	\$ 8,455,000	\$ -	\$ 8,455,000	\$ -	\$ -
Series 2015 Subordinate Obligation - Limited Tax Bonds:					
Principal	1,620,000	-	1,620,000	-	-
Accrued Interest	580,685	10,387	591,072	-	-
Bond Discount	(117,474)	-	(117,474)	-	-
Series 2020 Refunding Bonds	-	8,470,000	-	8,470,000	180,000
Bond Premium	-	1,077,425	-	1,077,425	-
Subtotal of Bonds Payable	<u>10,538,211</u>	<u>9,557,812</u>	<u>10,548,598</u>	<u>9,547,425</u>	<u>180,000</u>
Other Debts					
Developer Advance - Operating	3,626,207	-	-	3,626,207	-
Developer Advance - Capital	31,291,485	-	-	31,291,485	-
Accrued Interest on:					
Developer Advance - Operating	1,821,899	253,834	-	2,075,733	-
Developer Advance - Capital	50,046,586	2,190,406	-	52,236,992	-
Subtotal of Other Debts	<u>86,786,177</u>	<u>2,444,240</u>	<u>-</u>	<u>89,230,417</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 97,324,388</u>	<u>\$ 12,002,052</u>	<u>\$ 10,548,598</u>	<u>\$ 98,777,842</u>	<u>\$ 180,000</u>

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

General Obligation Bonds

\$8,455,000 General Obligation Limited Tax Bonds, Series 2015A, dated November 24, 2015, (the Senior Bonds) with interest of 6.125%, payable semi-annually on June 1 and December 1, beginning on June 1, 2016. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Bonds mature on December 1, 2045, and are subject to redemption prior to maturity, at the option of the District, on December 1, 2020, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2020, to November 30, 2021	3.00%
December 1, 2021, to November 30, 2022	2.00%
December 1, 2022, to November 30, 2023	1.00%
December 1, 2023, and Thereafter	0.00%

The proceeds from the sale of the Senior and Subordinate Bonds were used for the purposes of funding and reimbursing a portion of the costs of acquiring, constructing, and installing certain public improvements and paying costs of issuance, and, with respect to proceeds of the Senior Bonds only: (a) funding a Senior Reserve Fund and (b) providing capitalized interest for the Senior Bonds.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collections: (i) the Senior Required Mill Levy; (ii) the System Development Fees; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (iv) any other legally available moneys of the District which the District deposits with the Trustee for application as Senior Pledged Revenue.

Pursuant to the Senior Indenture, the District has covenanted to levy a Senior Required Mill Levy to be imposed in an amount sufficient (together with certain other amounts held under the Senior Indenture) to pay the principal of, premium if any, and interest on the Senior Bonds, and to fund the Senior Reserve Fund to the Required Reserve, but (a) not in excess of 30 mills (subject to adjustment as described below), and (b) for so long as the Surplus Fund is less than the Maximum Surplus Amount of \$845,500, not less than 30 mills (subject to adjustment as described below) or such lesser mill levy which, when combined with other Senior Pledged Revenue legally available in the Senior Bond Fund will permit the District to fully fund the Senior Bond Fund for the next Senior Bond Year and pay the Senior Bonds as they come due, to fund the Senior Reserve Fund up to the Required Reserve, and to fund the Surplus Fund up to the Maximum Surplus Amount. Such maximum and minimum mill levies are subject to adjustment for changes occurring in the method of calculating assessed valuation after the date of issuance of the Bonds.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds (Continued)

The Senior Bonds are also secured by amounts held in the Senior Reserve Fund, which was funded upon issuance of the Senior Bonds in the amount of the Required Reserve equal to \$755,869, and amounts accumulated in the Surplus Fund, if any. A deposit to the Surplus Fund in the amount of \$117,000 was made upon closing of the Bonds.

Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount. Under the Senior Indenture, the Surplus Fund shall be maintained for so long as any Senior Bonds are outstanding. The District has acknowledged that State Law places certain restrictions on the use of money derived from the Senior Required Mill Levy.

\$1,620,000 Subordinate General Obligation Limited Tax Bonds, Series 2015B, dated November 24, 2015, (the Subordinate Bonds) with interest of 7.75%, payable annually from Subordinate Pledged Revenue on December 15, beginning on December 15, 2016. The Subordinate Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of principal prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are also subject to redemption prior to maturity, at the option of the District, on December 15, 2020, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2020, to December 14, 2021	3.00%
December 15, 2021, to December 14, 2022	2.00%
December 15, 2022, to December 14, 2023	1.00%
December 15, 2023, and Thereafter	0.00%

The Subordinate Bonds are secured by and payable solely from Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collections: (i) the Subordinate Required Mill Levy; (ii) the Subordinate System Development Fee Revenue; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

The Subordinate Indenture requires that a Subordinate Required Mill Levy be imposed in the amount of (i) 30 mills (subject to adjustment as described above) less the amount of the Senior Bond Mill Levy; or (ii) such lesser mill levy which, when combined with other Subordinate Pledged Revenue legally available in the Subordinate Bond Fund, will permit the District to fully fund the Subordinate Bond Fund for the next Subordinate Bond Year and pay all of the principal of and interest on the Subordinate Bonds in full. No payments can be made on the Subordinate Bonds until the Required Reserve and Maximum Surplus Amount on the Senior Bonds have been funded.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds (Continued)

On December 10, 2020 the District issued \$8,470,000 of *General Obligation Limited Tax Refunding Bonds, Series 2020* (the 2020 Bonds). The 2020 Bonds are serial and term bonds that bear interest between 2.250% and 4.000% per annum payable on June 1 and December 1, commencing on June 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Bonds mature on December 1, 2045, and are subject to redemption prior to maturity, at the option of the District, on December 1, 2030, and on any date thereafter, upon payment of par.

Pledged Revenue consists of (i) revenues produced from the required debt service mill levy to produce an amount sufficient to pay debt service up to the District's mill levy cap of 30 mills, as adjusted (the Required Mill Levy), (ii) capital fees, if any, (ii) the portion of the specific ownership taxes generated from the Required Mill Levy, and (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as pledged revenue. The 2020 Bonds will be further secured by amounts held by a Trustee in the Reserve Fund in the amount of \$538,800.

Proceeds of the 2020 Bonds and other District funds were used to: (i) pay and cancel all of the District's outstanding General Obligation Limited Tax Bonds, Series 2015A, in the aggregate principal amount of \$8,455,000 at date of payment (the Senior Bonds); (ii) all of the District's outstanding Subordinate General Obligation Limited Tax Bonds, Series 2015B, in the aggregate principal amount of \$1,620,000 at date of payment (the Subordinate Bonds), (iii) pay the cost of issuing the 2020 Bonds, and (iv) realize a net present value savings of \$5,411,869.

The District's long-term General Obligation Limited Tax Refunding Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 180,000	\$ 270,526	\$ 450,526
2022	185,000	272,063	457,063
2023	190,000	266,513	456,513
2024	205,000	260,813	465,813
2025	210,000	254,663	464,663
2026-2030	1,220,000	1,191,713	2,411,713
2031-2035	1,535,000	996,150	2,531,150
2036-2040	1,910,000	743,100	2,653,100
2041-2045	2,835,000	390,400	3,225,400
Total	<u>\$ 8,470,000</u>	<u>\$ 4,645,938</u>	<u>\$ 13,115,938</u>

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances

Effective January 1, 2014, the District entered into an Advance, Acquisition and Reimbursement Agreement (Agreement) with Banning Lewis Ranch Metropolitan District No. 1 (BLR No. 1) and MREC Oakwood Colorado, LLC (Developer) that will allow the District and BLR No. 1 to acquire completed public improvements from the Developer or, in the alternative, the Developer will advance to the District funds necessary to construct and complete public improvements, which will be constructed and completed by BLR No. 1. The Developer, in its sole discretion may, but shall not be obligated to, advance funds to the District to pay the costs of public improvements and any management, operating, and administrative expenses. Any sums advanced to the District or on behalf of BLR No. 1 prior to the date of this Agreement shall be considered advances pursuant to this Agreement.

During 2014, Banning Lewis Ranch Metropolitan District No. 2 (BLR No. 2) issued bonds. In connection with that bond issuance, BLR No. 2 entered into a Termination Agreement with the Developer whereby amounts previously advanced to BLR No. 2 on behalf of BLR No. 1 were deemed fully performed and were terminated and no longer of any force or effect. As a result of the Termination Agreement, \$93,225,471 of advances and accrued interest was transferred from BLR No. 2 to the District and was shown as an assumption of debt on the government-wide financial statements of the District. These advances represent costs associated with the development as a whole, and the repayment obligation of each of the Districts will be determined as build out is reached.

The District agrees to repay the Developer along with a simple interest of 7% from the date of the advance or, in the event the Developer has paid construction or acquisition costs directly for public improvements constructed by third parties, such costs shall bear said interest from the date the completed improvements are accepted by the District. The Agreement does not constitute "debt" or a "multiple-fiscal year direct or indirect District debt or other financial obligations" within the meaning of the Colorado constitution or any other Colorado law, and shall not constitute the District's pledge of funds from any specific source except as contemplated in the Agreement, including: 1) bond or note proceeds, 2) imposition of fees, charges, and general ad valorem taxes, and 3) the creation and maintenance of reserve and contingency funds. As of December 31, 2020, outstanding Developer advances totaled \$89,230,417, consisting of \$3,626,207 for operations advances, \$31,291,485 for capital advances, and \$54,312,725 of accrued interest.

During 2017, MREC Oakwood Colorado LLC was purchased by Clayton Properties Group II, Inc.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

On November 1, 2005, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$929,500,000 for infrastructure improvements and operations, such debt to bear interest at a rate not in excess of 18% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 1, 2005	Authorization Used Series 2015A	Authorization Used Series 2015B	Authorization Used Series 2020	Remaining at December 31, 2020
Street Improvements	\$ 84,500,000	\$ 8,455,000	\$ 1,620,000	\$ -	\$ 74,425,000
Water	84,500,000	-	-	-	84,500,000
Sanitation	84,500,000	-	-	-	84,500,000
Traffic and Safety	84,500,000	-	-	-	84,500,000
Fire Protection, Ambulance Service	84,500,000	-	-	-	84,500,000
Park and Recreation	84,500,000	-	-	-	84,500,000
Mosquito Control	84,500,000	-	-	-	84,500,000
Television Relay and Translation	84,500,000	-	-	-	84,500,000
Public Transportation	84,500,000	-	-	-	84,500,000
Operations and Maintenance	84,500,000	-	-	-	84,500,000
Debt Refunding	84,500,000	-	-	8,470,000	76,030,000
Total	<u>\$ 929,500,000</u>	<u>\$ 8,455,000</u>	<u>\$ 1,620,000</u>	<u>\$ 8,470,000</u>	<u>\$ 910,955,000</u>

Pursuant to the Consolidated Service Plan, the District is only permitted to issue debt up to \$84,500,000. District Nos. 2, 4, 5, and Banning Lewis Ranch Regional Metropolitan District Nos. 1 and 2 will be permitted to issue additional debt only at such time that such additional debt is approved by the City and that repayment of such additional debt can be accomplished only to the extent of the maximum permitted residential or commercial mill levy of 30.000 mills and 50.000 mills, respectively, as may be adjusted by a change in the ratio of actual valuation.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 NET POSITION

The District has net position consisting of two components - restricted and unrestricted. Restricted assets include amounts that are restricted for use externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2020 as follows:

	Governmental Activities
Restricted Net Position:	
Debt Service	\$ 15,421
Capital Projects	38,078
Total Restricted Net Position	\$ 53,499

The District has a deficit in unrestricted net position. This deficit amount is the result of the District being responsible for the repayment of bonds issued for public improvements and for Developer advances for capital improvements along with the assumption of developer advance debt for capital and operations costs transferred from BLR No. 2 and the District being responsible for the repayment of Developer advances for operations and maintenance costs which were recorded by BLR No. 1.

NOTE 6 RELATED PARTIES

The Developer of the property which constitutes the District is Clayton Properties Group II, Inc. Certain members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District. See Note 4 concerning advances made by the Developer.

NOTE 7 INTERGOVERNMENTAL AGREEMENT

Effective as of December 31, 2014, the District and Banning Lewis Ranch Metropolitan District No. 1 entered into a District Facilities Agreement (Agreement) wherein District No. 1 has agreed to construct, own, operate, and maintain facilities benefitting both the District and District No. 1. The District has agreed to pay for the costs of operation and maintenance of such facilities from: 1) the imposition of a mill levy not to exceed 20.000 mills, adjusted to account for constitutional and legislative changes, including new exemptions, in the manner, method or base percentage calculation for the computation of assessed values of taxable property, provided that the levy shall never exceed 50.000 mills, 2) to the extent that the 20.000 mills are insufficient to pay the costs of operations, from the imposition of fees assessed and collected from each single family lot and from each multi-family unit, and from each square foot of commercial development, their pro rata share of the operating costs, and 3) from any other revenues the District may have legally available to pay for such costs.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 RISK MANAGEMENT

The District is 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 9 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known 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. The District transfers its net operating revenue to District No. 1 (Operating District) pursuant to an intergovernmental agreement. Therefore, the Emergency Reserves related to the District's revenues are reported in District No. 1.

On November 1, 2005, the District's voters authorized the District to increase property taxes \$8,000,000 annually, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitutions (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under 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

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Amended Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 766,958	\$ 766,958	\$ 764,964	\$ (1,994)
Specific Ownership Taxes	84,365	81,750	83,365	1,615
Net Investment Income	23,500	41,000	41,471	471
Facilities Fees	94,000	1,000	1,000	-
Total Revenues	<u>968,823</u>	<u>890,708</u>	<u>890,800</u>	<u>92</u>
EXPENDITURES				
County Treasurer's Fees	11,504	11,504	11,482	22
Paying Agent/Trustee Fees	5,500	5,500	5,500	-
Bond Principal - Series 2015A	-	8,455,000	8,455,000	-
Bond Interest - Series 2015A	517,869	530,815	530,815	-
Bond Principal - Series 2015B	-	1,620,000	1,620,000	-
Bond Interest - Series 2015B	360,000	727,604	727,604	-
Bond Issue Costs	-	315,591	212,450	103,141
Contingency	7,508	31,736	-	31,736
Total Expenditures	<u>902,381</u>	<u>11,697,750</u>	<u>11,562,851</u>	<u>134,899</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	66,442	(10,807,042)	(10,672,051)	134,991
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	-	22,251	22,255	4
Bond Issuance	-	8,490,000	8,470,000	(20,000)
Bond Premium	-	1,141,449	1,077,425	(64,024)
Bond Redemption Premium	-	(302,250)	(302,250)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,351,450</u>	<u>9,267,430</u>	<u>(84,020)</u>
CHANGE IN NET POSITION	66,442	(1,455,592)	(1,404,621)	50,971
Fund Balance - Beginning of Year	<u>1,601,369</u>	<u>2,016,420</u>	<u>2,016,420</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,667,811</u></u>	<u><u>\$ 560,828</u></u>	<u><u>\$ 611,799</u></u>	<u><u>\$ 50,971</u></u>

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 900	\$ 656	\$ (244)
Total Revenues	<u>900</u>	<u>656</u>	<u>(244)</u>
EXPENDITURES			
Contingency	60,837	-	60,837
Total Expenditures	<u>60,837</u>	<u>-</u>	<u>60,837</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(59,937)	656	60,593
OTHER FINANCING SOURCES (USES)			
Transfer to Other Funds	-	<u>(22,255)</u>	<u>(22,255)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(22,255)</u>	<u>(22,255)</u>
CHANGE IN NET POSITION	(59,937)	(21,599)	38,338
Fund Balances - Beginning of Year	<u>59,937</u>	<u>59,677</u>	<u>(260)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 38,078</u>	<u>\$ 38,078</u>

OTHER INFORMATION

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020**

\$8,470,000 General Obligation Limited Tax
Refunding Bonds
Dated December 10, 2020
Interest Rate 2.250 - 4.000%
Principal Due December 1
Interest Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 180,000	\$ 270,526	\$ 450,526
2022	185,000	272,063	457,063
2023	190,000	266,513	456,513
2024	205,000	260,813	465,813
2025	210,000	254,663	464,663
2026	225,000	249,938	474,938
2027	230,000	244,875	474,875
2028	245,000	239,700	484,700
2029	250,000	232,350	482,350
2030	270,000	224,850	494,850
2031	275,000	216,750	491,750
2032	295,000	208,500	503,500
2033	305,000	199,650	504,650
2034	325,000	190,500	515,500
2035	335,000	180,750	515,750
2036	355,000	170,700	525,700
2037	365,000	160,050	525,050
2038	385,000	149,100	534,100
2039	395,000	137,550	532,550
2040	410,000	125,700	535,700
2041	425,000	113,400	538,400
2042	440,000	96,400	536,400
2043	460,000	78,800	538,800
2044	475,000	60,400	535,400
2045	1,035,000	41,400	1,076,400
Total	<u>\$ 8,470,000</u>	<u>\$ 4,645,938</u>	<u>\$ 13,115,938</u>

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 3
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2016	\$ 2,066,940	20.000	30.000	\$ 103,347	\$ 103,347	100.00 %
2017	4,992,140	20.000	30.000	249,607	249,607	100.00
2018	11,484,000	22.111	33.166	634,801	634,785	100.00
2019	17,423,110	22.111	33.166	963,097	963,098	100.00
2020	22,964,180	22.266	33.398	1,278,278	1,274,955	99.74
Estimated for the Year Ending December 31, 2021	\$ 23,779,360	22.266	18.328	\$ 965,299		

NOTE:

Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessments.