

Accountant's Compilation Report

Board of Directors
The Canyons Metropolitan District No. 3

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

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

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

We are not independent with respect to The Canyons Metropolitan District No. 3.

Greenwood Village, Colorado
September 16, 2020

**THE CANYONS METROPOLITAN DISTRICT NO. 3
SUMMARY
2020 BUDGET
For the Years Ended and Ending December 31,**

9/16/20

	ACTUAL 2018	ACTUAL 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	50,000
Bond issuance	-	-	4,655,000
Total revenues	<u>-</u>	<u>-</u>	<u>4,705,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>4,705,000</u>
EXPENDITURES			
General Fund	-	-	50,000
Capital Projects Fund	-	-	4,655,000
Total expenditures	<u>-</u>	<u>-</u>	<u>4,705,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>4,705,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

THE CANYONS METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
For the Years Ended and Ending December 31,

9/16/20

	ACTUAL 2018	ACTUAL 2019	BUDGET 2020
ASSESSED VALUATION			
Agricultural	\$ -	\$ -	\$ 310
	-	-	310
Adjustments	-	-	-
Certified Assessed Value	\$ -	\$ -	\$ 310
MILL LEVY			
General	0.000	0.000	0.000
Total mill levy	0.000	0.000	0.000
PROPERTY TAXES			
General	\$ -	\$ -	\$ -
Budgeted property taxes	\$ -	\$ -	\$ -
BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

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

**THE CANYONS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2020 BUDGET
For the Years Ended and Ending December 31,**

9/16/20

	ACTUAL 2018	ACTUAL 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	50,000
Total revenues	-	-	50,000
Total funds available	-	-	50,000
EXPENDITURES			
General and administrative			
Accounting	-	-	15,000
Dues	-	-	1,000
Insurance and bonds	-	-	5,000
Legal	-	-	15,000
Miscellaneous	-	-	14,000
Total expenditures	-	-	50,000
Total expenditures and transfers out requiring appropriation	-	-	50,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

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

**THE CANYONS METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2020 BUDGET
For the Years Ended and Ending December 31,**

9/16/20

	ACTUAL 2018	ACTUAL 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Bond issuance	-	-	4,655,000
Total revenues	<u>-</u>	<u>-</u>	<u>4,655,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>4,655,000</u>
EXPENDITURES			
Capital Projects			
Bond issuance costs	-	-	243,100
Capital outlay	<u>-</u>	<u>-</u>	<u>4,411,900</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>4,655,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>4,655,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized to provide financing for the design, acquisition, installation and construction of storm and sanitary sewers, water systems, streets, parks and recreation facilities, transportation systems, television relay and translator facilities, security, mosquito control and fire protection and operation and maintenance of the District. The District's service area is located in the City of Castle Pines in Douglas County, Colorado and the District operates in connection with District Nos. 1, 2, 4 and 8 - 11.

The District was formed by District Court Order on December 19, 2001, and held its organizational meeting on March 14, 2002. The relationship between the Service District and Financing Districts, including the means for approving, financing, constructing and operating the public services and improvements needed to serve the development, will be established by means of a Master Intergovernmental Agreement between the applicable Districts as the project evolves.

On November 6, 2001, District voters approved authorization to increase property taxes up to \$5,000,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District. Debt authorization was approved in the amount of \$151,000,000 for the above listed facilities and an equal amount for refunding debt. The voters also authorized debt of \$5,000,000 for the costs of operating and maintaining the District's systems and \$10,000,000 for the issuance of mortgages, liens and other encumbrances on District real and personal property. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law.

On November 4, 2014, District voters approved authorization to increase property taxes up to \$100,000,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District as well as \$100,000,000, annually, as necessary to pay for the capital expenditures of the District. Debt authorization was approved in the amount of \$2,260,000,000 for the above listed facilities and \$226,000,000 for refunding debt. The voters authorized debt of \$226,000,000 for the costs of operating and maintaining the District's systems and \$50,000,000 for the issuance of mortgages, liens and other encumbrances on District real and personal property. The voters also authorized \$226,000,000 in debt for both Intergovernmental Agreements and Private Agreements. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law.

Pursuant to the Amended and Restated Service Plan, the maximum mill levy for general obligation debt and operations and maintenance is 69.000 mills. This limit is to be adjusted for increases or decreases in the residential assessment ratio so that the actual tax revenues derived from the mill levy, as adjusted, are neither diminished nor enhanced as a result. The adjustment only applies to the debt service portion of the mill levy.

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

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

**THE CANYONS METROPOLITAN DISTRICT NO. 3
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Developer Advances

The District is in the development stage. As such, the operating and administrative expenditures are to be funded by the Developer. Developer advances are to be recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse others from bond proceeds and other available revenue.

Bond Issuance

The District anticipates issuing general obligation bonds. Bond proceeds will be used to pay infrastructure costs and bond issue costs. Significant terms of the bond issuance will be determined at the time of issuance.

Expenditures

General and Administrative Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance and other administrative expenses.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

The District anticipates issuing general obligation bonds in 2020.

Reserves

Emergency Reserves

TABOR requires local government to establish an Emergency Reserve. This reserve must be at least 3% of fiscal year spending. Since all funds received by the District are Developer advances, an Emergency Reserve is not reflected in the District's budget.

This information is an integral part of the accompanying budget.