

**Serratoga Falls Metropolitan District No. 3
Forecasted Statement of Sources and Uses of Cash - Operating**

**For the Years Ending
December 31, 2020 through 2058**

January 13, 2020

Board of Directors
Serratoga Falls Metropolitan District No. 3
Larimer County, Colorado

Management is responsible for the accompanying forecast of Serratoga Falls Metropolitan District No. 1 & District No. 3, which comprises the accompanying forecasted cash flows for the years ending December 31, 2020 through December 31, 2058. (Exhibit D). The additional items are for analyses only including: the forecasted absorption and market values (Exhibit A), the actual sales and assessed values (Exhibit B), District Water Fees (Exhibit C), and forecasted cash flows (Exhibit D).

This includes the related summaries of significant assumptions and accounting policies. We have performed a compilation engagement. We did not examine or review the forecast 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 this forecast.

The accompanying presentation of projected sources and uses of cash for the years ending December 31, 2020 through December 31, 2058, under the hypothetical assumptions described in the accompanying notes are for additional analyses only. They should not be used for any other purpose.

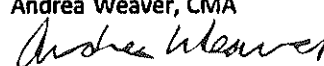
There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Alex Carlson



District Manager

Andrea Weaver, CMA



District Accountant

Serratoga Falls District No. 3

Summary of Significant Assumptions and Accounting Policies

This forecast is based on information provided by representatives of the Board of Directors of the Serratoga Falls Metropolitan District No. 1 and District No. 3 (the District) collectively referred to as "management" herein. Management has relied on actual sales, actual assessed values, and a market analysis and absorption forecast prepared by King & Associates, Inc. Littleton Colorado dated January 2021 for the taxable value and absorption of the residential property.

This forecast presents, to the best of management's knowledge and belief, the expected cash receipts, and disbursements for the forecast period. Accordingly, the forecast reflects management's judgment as of January 13, 2020. The assumptions disclosed herein are those that management believes are significant to the forecast.

There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The purpose of this forecast is to show the amount of funds available for operations and debt payments during the period for the proposed Limited Tax General Obligation Bonds, Series 2021B (the "Series 2021B Bonds") in the amount of \$11,550,000. The Series 2021B Bonds are forecasted to be issued on January 26, 2021. The proceeds will be used for the purposes of reimbursing a portion of the costs of acquiring, constructing and installing certain public improvements, and to pay costs of issuing the Series 2021 Bonds.

Note 1: Intergovernmental Agreements

This forecast assumes that an intergovernmental agreement exists between Serratoga Falls Metropolitan Districts No. 1 and No. 3 to achieve operational economies of scale through sharing costs for certain items such as General administrative costs, landscaping maintenance and repairs, utilities, and non-potable irrigation water fees.

Note 2: Ad Valorem Taxes

A primary source of revenues for the District will be the collection of ad valorem taxes. For collection year 2020, residential property is assessed at 7.15% of market values. Prior to the construction of a dwelling unit, residential lots are assessed at 29% of market values. Per the King and Associates Metrostudy report, the residential development within the District is anticipated to include 250 residential units from 2019 through completion in 2023. Market values for the residential property in the District are forecasted to range from \$450,000 to \$875,000 as of 2020 as detailed in Exhibit A. Actual sales and assessed values through December 22, 2020 are summarized in Exhibit B. Market values of residential dwelling units are forecasted to inflate at 5% per year. After the construction of residential property, market values are assumed to inflate at 6% biennially.

Vacant lots are assumed to be assessed annual as of January 1st. Homes are assumed to be assessed on the January 1st after completion. This forecast recognizes the related property taxes as revenue in the following year. The Larimer County Treasurer charges a 2% fee for the collection of property taxes.

According to the District's Amended and Restated Service Plan, the maximum aggregate levy the district is permitted to impose for operations, capital projects, and debt service is 50.000 mills (subject to

adjustment for changes in the method of calculating the assessed valuation after January 1, 2014) for debt service. As a result of the residential rate change from 7.96% to 7.15% in collection year 2020, the District estimates that it will impose an operation levy of 11.133 mills and a debt levy of 44.531 mills in collection year 2021 and all subsequent years.

The forecast assumes that Specific Ownership Taxes collected on motor vehicle and other personal property registrations will be 5% of property taxes. The forecast assumes trustee fees will be \$7,500 annually.

Note 3: Water Fees

As set forth in the Water Rules and Regulations, the Districts impose water fees based on lot size as outlined in Exhibit C. These fees are billed annually on March 15. The annual Water Charge may be used by the District for purposes of paying all or any part of the costs associated with the District's operation and maintenance expenses including, but not limited to, the operation and maintenance of the District's irrigation system, the District's ground maintenance services, such services to include, but not be limited to, the irrigation and landscaping of the Districts' open spaces, and any other budgeted general fund expenditures of the Districts. No change to these rates is anticipated as part of this analysis.

Note 4: Operating Expenses

Operating expenses for the District are forecasted to be paid by District No. 1 through District No. 3's operating levy and through fees imposed on District No. 3 Residents for non-potable water use. It is anticipated that District No. 3 will contribute one-half of the common expenses related to general & administrative cost, landscape maintenance and repair, utilities, and irrigation water expenses. This forecast assumes an annual inflation rates of 2% for general and administrative, landscaping, and water costs. Utilities are assumed to inflate at a rate of 1% annually. Major repairs to the non-potable system or landscaping are presumed to occur biennially with a 4% annual inflation rate (8% biennially).

The anticipated sources and uses of operating income and expenses can be found in Exhibit D. The anticipated sources and uses of debt service income and expenses can be found in Exhibit D.

Exhibit A – Forecasted Absorption and Market Values

Phase Year	Market Value ¹	2019	2020	2021	2022	2023
Vacant Lots	30,915	214	137	78	22	-
Home Type 1	450,000	33	84	85	85	85
Home Type 2	520,000	3	20	43	53	53
Home Type 3	640,000	-	9	24	30	30
Home Type 4	700,000	-	0	10	25	32
Home Type 5	875,000	-	0	10	35	50
Total Homes		36	113	172	228	250

¹Based on Market Study prepared by King & Associates, Inc. Littleton Colorado dated January 2021

Exhibit B – Actual Sales and Assessed Values¹

Sale Year	Home Type	Number of Homes	Average Sales Price	Average Actual Value	Average Assessed Value	Total Assessed Value
2019	1	33	447,610	466,345	33,344	1,100,342
2019	2	3	508,173	512,933	36,675	110,024
2020	1	51	449,975	227,131	21,214	1,081,913
2020	2	17	521,545	133,971	16,764	284,983
2020	3	9	637,250	43,000	12,470	112,230
Unsold	Lot	137	n/a	31,274	8,287	1,135,294
Total		250				3,824,786

¹Sales data as of December 22, 2020

Exhibit C – District Water Fees

Lot Size – sq ft		
Min	Max	Annual Charge
5,000	6,999	300.00
7,000	8,999	375.00
9,000	10,999	450.00
11,000	12,999	525.00
13,000	14,999	600.00
15,000	16,999	675.00
17,000	18,999	750.00
19,000	20,999	825.00

Exhibit D – Forecasted Cash Flows – Including Assessed Values

Assessment Year	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Total Assessed Value	20,375,247	21,597,762	21,597,762	22,893,628	22,893,628	24,267,246	24,267,246	25,723,281	25,723,281	27,266,678
Assessed Value - 2016B Debt - 5% Growth	-	-	-	-	-	-	-	-	-	-
Total Assessed Value including 2016B	20,375,247	21,597,762	21,597,762	22,893,628	22,893,628	24,267,246	24,267,246	25,723,281	25,723,281	27,266,678
Collection Year	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Prior Year Assessed Value	20,375,247	20,375,247	21,597,762	21,597,762	22,893,628	22,893,628	24,267,246	24,267,246	25,723,281	25,723,281
Operating Levy	11.133	11.133	11.133	11.133	11.133	11.133	11.133	11.133	11.133	11.133
Debt Levy	44.531	44.531	44.531	44.531	44.531	44.531	44.531	44.531	44.531	44.531
Operating										
Beginning Fund Balance	497,994	483,346	556,143	537,805	614,113	591,925	672,166	645,949	730,578	700,141
Operating Revenue										
Operating Property Taxes	226,838	226,838	240,448	240,448	254,875	254,875	270,167	270,167	286,377	286,377
Operating Specific Ownership Taxes - 5%	11,342	11,342	12,022	12,022	12,744	12,744	13,508	13,508	14,319	14,319
Water Fees	105,375	105,375	105,375	105,375	105,375	105,375	105,375	105,375	105,375	105,375
Total Revenue	343,555	343,555	357,845	357,845	372,994	372,994	389,050	389,050	406,071	406,071
Operating Expenses										
Treasurer's Fees - 2% of Property Taxes	4,537	4,537	4,809	4,809	5,098	5,098	5,403	5,403	5,728	5,728
General & Administrative	29,134	29,717	30,311	30,917	31,535	32,166	32,809	33,465	34,134	34,817
Utilities	12,080	12,201	12,323	12,446	12,570	12,696	12,823	12,951	13,081	13,212
Landscaping	149,324	152,310	155,356	158,463	161,632	164,865	168,162	171,525	174,956	178,455
Irrigation Water Costs	70,581	71,993	73,433	74,902	76,400	77,928	79,487	81,077	82,699	84,353
Major Repairs	92,547	-	99,951	-	107,947	-	116,583	-	125,910	-
Total Expenses	358,203	270,758	376,183	281,537	395,182	292,753	415,267	304,421	436,508	316,565
Excess Revenue (Expenses)	(14,648)	72,797	(18,338)	76,308	(22,188)	80,241	(26,217)	84,629	(30,437)	89,506
Developer Funding of Shortfall	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	483,346	556,143	537,805	614,113	591,925	672,166	645,949	730,578	700,141	789,647
Debt Service										
Beginning Fund Balance	1,595	1,595	1,595	1,595	1,595	2,040	1,900	2,124	2,748	2,115
Debt Service Revenue										
Property Taxes	907,330	907,330	961,770	961,770	1,019,476	1,019,476	1,080,645	1,080,645	1,145,483	1,145,483
Specific Ownership Taxes (5% of Property Tax)	45,367	45,367	48,089	48,089	50,974	50,974	54,032	54,032	57,274	57,274
Total Revenue	952,697	952,697	1,009,859	1,009,859	1,070,450	1,070,450	1,134,677	1,134,677	1,202,757	1,202,757
Expenses										
Treasurer's Fees (2% of Property Tax)	18,147	18,147	19,235	19,235	20,390	20,390	21,613	21,613	22,910	22,910
Trustee Fees	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Principal 2016B	-	-	-	-	-	-	-	-	-	-
Interest 2016B	-	-	-	-	-	-	-	-	-	-
Principal 2021B	-	-	-	-	105,000	356,000	440,000	466,000	562,000	595,000
Interest 2021B	927,050	927,050	983,124	983,124	937,115	686,700	665,340	638,940	610,980	577,260
Principal 2021C	-	-	-	-	-	-	-	-	-	-
Interest 2021C	-	-	-	-	-	-	-	-	-	-
Total Expenses	952,697	952,697	1,009,859	1,009,859	1,070,005	1,070,590	1,134,453	1,134,053	1,203,390	1,202,670
Ending Fund Balance	1,595	1,595	1,595	1,595	2,040	1,900	2,124	2,748	2,115	2,202

Exhibit D – Forecasted Cash Flows – Including Assessed Values

Assessment Year	2050	2051	2052	2053	2054	2055	2056	2057	2058
Total Assessed Value	27,266,678	28,902,679	28,902,679	30,636,840	30,636,840	32,475,050	32,475,050	34,423,553	34,423,553
Assessed Value – 2016B Debt - 5% Growth	-	-	-	-	-	-	-	-	-
Total Assessed Value including 2016B	27,266,678	28,902,679	28,902,679	30,636,840	30,636,840	32,475,050	32,475,050	34,423,553	34,423,553
Collection Year	2050	2051	2052	2053	2054	2055	2056	2057	2058
Prior Year Assessed Value	27,266,678	27,266,678	28,902,679	28,902,679	30,636,840	30,636,840	32,475,050	32,475,050	34,423,553
Operating Levy	11.133	11.133	11.133	11.133	11.133	11.133	11.133	11.133	11.133
Debt Levy	44.531	44.531	44.531	44.531	44.531	44.531	44.531	44.531	44.531
Operating									
Beginning Fund Balance	789,647	754,785	849,702	810,191	911,089	866,680	974,170	924,596	1,039,342
Operating Revenue									
Operating Property Taxes	303,560	303,560	321,774	321,774	341,080	341,080	361,545	361,545	383,237
Operating Specific Ownership Taxes - 5%	15,178	15,178	16,089	16,089	17,054	17,054	18,077	18,077	19,162
Water Fees	105,375	105,375	105,375	105,375	105,375	105,375	105,375	105,375	105,375
Total Revenue	424,113	424,113	443,238	443,238	463,509	463,509	484,997	484,997	507,774
Operating Expenses									
Treasurer's Fees - 2% of Property Taxes	6,071	6,071	6,435	6,435	6,822	6,822	7,231	7,231	7,565
General & Administrative	35,513	36,223	36,947	37,686	38,440	39,209	39,993	40,793	41,609
Utilities	13,344	13,477	13,612	13,748	13,885	14,024	14,164	14,306	14,449
Landscaping	182,024	185,664	189,377	193,165	197,028	200,969	204,988	209,088	213,270
Irrigation Water Costs	86,040	87,761	89,516	91,306	93,132	94,995	96,895	98,833	100,810
Major Repairs	135,983	-	146,862	-	158,611	-	171,300	-	185,004
Total Expenses	458,975	329,196	482,749	342,340	507,918	356,019	534,571	370,251	562,807
Excess Revenue (Expenses)	(34,862)	94,917	(39,511)	100,898	(44,409)	107,490	(49,574)	114,746	(55,033)
Developer Funding of Shortfall	-	-	-	-	-	-	-	-	-
Ending Fund Balance	754,785	849,702	810,191	911,089	866,680	974,170	924,596	1,039,342	984,309
Debt Service									
Beginning Fund Balance	2,202	1,781	1,480	1,857	2,014	1,611	2,208	1,838	2,308
Debt Service Revenue									
Property Taxes	1,214,212	1,214,212	1,287,065	1,287,065	1,364,289	1,364,289	1,446,146	1,446,146	1,532,915
Specific Ownership Taxes (5% of Property Tax)	60,711	60,711	64,353	64,353	68,214	68,214	72,307	72,307	76,546
Total Revenue	1,274,923	1,274,923	1,351,418	1,351,418	1,432,503	1,432,503	1,518,453	1,518,453	1,609,561
Expenses									
Treasurer's Fees (2% of Property Tax)	24,284	24,284	25,741	25,741	27,286	27,286	28,923	28,923	30,658
Trustee Fees	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Principal 2016B	-	-	-	-	-	-	-	-	-
Interest 2016B	-	-	-	-	-	-	-	-	-
Principal 2021B	702,000	744,000	863,000	915,000	1,050,000	1,112,000	1,264,000	1,339,000	1,037,000
Interest 2021B	541,560	499,440	454,800	403,020	348,120	285,120	218,400	142,560	62,220
Principal 2021C	-	-	-	-	-	-	-	-	-
Interest 2021C	-	-	-	-	-	-	-	-	474,491
Total Expenses	1,275,344	1,275,224	1,351,041	1,351,261	1,432,906	1,431,906	1,518,823	1,517,983	1,611,869
Ending Fund Balance	1,781	1,480	1,857	2,014	1,611	2,208	1,838	2,308	-