

**Trails at Crowfoot Metropolitan District Nos.
1-3**

**2023 Supplemental
Annual Report**

A copy of District No. 3's audited financial statements as required by §32-1-207(3) and the District's Service Plan is attached hereto as Exhibit A.

Exhibit A

2023 Audit

**TRAILS AT CROWFOOT
METROPOLITAN DISTRICT NO. 3
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Trails at Crowfoot Metropolitan District No. 3
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Trails at Crowfoot Metropolitan District No. 3 (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and the budgetary comparison statements for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the 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 statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is 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 listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of debt service requirements to maturity and the schedule of assessed valuation, mill levy, and property taxes collected but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Adams Group, LLC

Greenwood Village, Colorado
September 23, 2024

BASIC FINANCIAL STATEMENTS

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 127,003
Cash and Investments - Restricted	3,157,373
HOA Receivable	178,750
Due from other districts	6,404
Receivable from County Treasurer	2,792
Property Taxes Receivable	810,427
Capital Assets, Not Being Depreciated	<u>47,940,445</u>
Total Assets	52,223,194
LIABILITIES	
Accounts Payable	158,051
Due to Town of Parker	4,021
Accrued Interest Payable	118,510
Noncurrent Liabilities:	
Due Within One Year	245,000
Due in More Than One Year	<u>60,278,474</u>
Total Liabilities	60,804,056
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>810,427</u>
Total Deferred Inflows of Resources	<u>810,427</u>
NET POSITION	
Restricted for:	
Emergency Reserves	29,400
Unrestricted	<u>(9,420,689)</u>
Total Net Position	<u><u>\$ (9,391,289)</u></u>

See accompanying Notes to Basic Financial Statements.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS	<u>Expenses</u>				
Governmental Activities:					
General Government	\$ 815,052	\$ 715,000	\$ 33,204	\$ -	\$ (66,848)
Interest and Related Costs on Long-Term Debt	<u>3,027,304</u>	<u>-</u>	<u>-</u>	<u>33,204</u>	<u>(2,994,100)</u>
Total Governmental Activities	<u>\$ 3,842,356</u>	<u>\$ 715,000</u>	<u>\$ 33,204</u>	<u>\$ 33,204</u>	<u>(3,060,948)</u>
GENERAL REVENUES					
Property Taxes					407,360
Specific Ownership Taxes					37,567
Intergovernmental Property Taxes					1,067,630
Reimbursed Expenditures					1,296
Other Revenue					20
Interest Income					<u>172,678</u>
Total General Revenues					<u>1,686,551</u>
CHANGE IN NET POSITION					(1,374,397)
Net Position - Beginning of Year					<u>(8,016,892)</u>
NET POSITION - END OF YEAR					<u>\$ (9,391,289)</u>

See accompanying Notes to Basic Financial Statements.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Special Revenue	Debt Service	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 127,003	\$ -	\$ -	\$ 127,003
Cash and Investments - Restricted	7,700	21,700	3,127,973	3,157,373
Due from Other Districts	1,247	-	5,157	6,404
HOA Receivable	-	178,750	-	178,750
Receivable from County Treasurer	544	-	2,248	2,792
Property Taxes Receivable	157,871	-	652,556	810,427
Due From Other Funds	12,081	-	-	12,081
	<u>\$ 306,446</u>	<u>\$ 200,450</u>	<u>\$ 3,787,934</u>	<u>\$ 4,294,830</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 47,158	\$ 110,893	\$ -	\$ 158,051
Due to Other Funds	-	12,081	-	12,081
Due to Town of Parker	4,021	-	-	4,021
Total Liabilities	<u>51,179</u>	<u>122,974</u>	<u>-</u>	<u>174,153</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	157,871	-	652,556	810,427
Total Deferred Inflows of Resources	<u>157,871</u>	<u>-</u>	<u>652,556</u>	<u>810,427</u>
FUND BALANCES				
Restricted:				
Emergency Reserves	7,700	21,700	-	29,400
Debt Service	-	-	3,135,378	3,135,378
Committed:				
Special Revenue	-	55,776	-	55,776
Unassigned	89,696	-	-	89,696
Total Fund Balances	<u>97,396</u>	<u>77,476</u>	<u>3,135,378</u>	<u>3,310,250</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 306,446</u>	<u>\$ 200,450</u>	<u>\$ 3,787,934</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets are reported as assets on the Statement of Net Position but are recorded as expenditures in the funds.				
Capital Assets, Not Being Depreciated				47,940,445
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				(54,215,000)
Unamortized Bonds Premium				(238,808)
Accrued Interest on Bonds				(4,387,269)
Developer Advances Payable				(857,352)
Accrued Interest on Developer Advances				<u>(943,555)</u>
Net Position of Governmental Activities				<u>\$ (9,391,289)</u>

See accompanying Notes to Basic Financial Statements.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Special Revenue	Debt Service	Total Governmental Funds
REVENUES				
Property Taxes	\$ 60,800	\$ -	\$ 346,560	\$ 407,360
Specific Ownership Taxes	5,607	-	31,960	37,567
Intergovernmental Property Taxes	146,856	-	920,774	1,067,630
Town Capital and Maintenance				
Property Taxes	30,401	-	-	30,401
Town Capital and Maintenance SO Taxes	2,803	-	-	2,803
Infrastructure Capital Property Taxes	-	-	30,401	30,401
Infrastructure Capital SO Taxes	-	-	2,803	2,803
Reimbursed Expenditures	1,296	-	-	1,296
Transfer from HOA	-	715,000	-	715,000
Other Revenue	-	20	-	20
Interest Income	5,940	7,694	159,044	172,678
Total Revenues	<u>253,703</u>	<u>722,714</u>	<u>1,491,542</u>	<u>2,467,959</u>
EXPENDITURES				
General and Administrative	180,773	-	5,655	186,428
Operations and Maintenance	-	628,624	-	628,624
Debt Service:				
Bond Interest	-	-	1,422,125	1,422,125
Paying Agent Fees	-	-	10,000	10,000
Total Expenditures	<u>180,773</u>	<u>628,624</u>	<u>1,437,780</u>	<u>2,247,177</u>
NET CHANGE IN FUND BALANCES	72,930	94,090	53,762	220,782
Fund Balances - Beginning of Year	<u>24,466</u>	<u>(16,614)</u>	<u>3,081,616</u>	<u>3,089,468</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 97,396</u></u>	<u><u>\$ 77,476</u></u>	<u><u>\$ 3,135,378</u></u>	<u><u>\$ 3,310,250</u></u>

See accompanying Notes to Basic Financial Statements.

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Changes in Fund Balances - Total Governmental Funds	\$ 220,782
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Amounts reported for governmental activities in the Statement of Activities are different because:

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.

Amortization of Bond Premium	13,189
Accrued Interest on Developer Advances - Change in Liability	(62,350)
Accrued Interest on Bonds - Change in Liability	<u>(1,546,018)</u>

Change in Net Position of Governmental Activities	<u>\$ (1,374,397)</u>
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TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

	Budget Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 60,463	\$ 60,557	\$ 60,800	\$ 243
Specific Ownership Taxes	5,442	5,606	5,607	1
Intergovernmental Property Taxes	149,071	149,598	146,856	(2,742)
Reimbursed Expenditures	-	-	1,296	1,296
Town Capital and Maintenance Property Taxes	30,232	30,279	30,401	122
Town Capital and Maintenance SO Taxes	2,721	2,802	2,803	1
Interest Income	-	8,000	5,940	(2,060)
Total Revenues	247,929	256,842	253,703	(3,139)
EXPENDITURES				
Accounting	50,000	50,000	58,024	(8,024)
Audit	6,500	6,500	6,500	-
County Treasurer's Fee	907	908	912	(4)
County Treasurer's Fee - Town Capital and Maintenance	453	454	456	(2)
Dues	2,000	1,144	1,144	-
Election	1,500	4,891	4,968	(77)
Engineering	-	500	380	120
Insurance	24,000	22,821	23,774	(953)
Legal	50,000	50,000	50,918	(918)
Miscellaneous	1,000	1,000	949	51
Transfers to Town	32,499	32,627	32,748	(121)
Contingency	6,141	24,155	-	24,155
Total Expenditures	175,000	195,000	180,773	14,227
NET CHANGE IN FUND BALANCE	72,929	61,842	72,930	11,088
Fund Balance - Beginning of Year	50,346	-	24,466	24,466
FUND BALANCE - END OF YEAR	<u>\$ 123,275</u>	<u>\$ 61,842</u>	<u>\$ 97,396</u>	<u>\$ 35,554</u>

See accompanying Notes to Basic Financial Statements.

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
SPECIAL REVENUE FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES			
Transfer from HOA	715,000	\$ 715,000	\$ -
Interest Income	-	7,694	7,694
Other Revenue	-	20	20
Total Revenues	715,000	722,714	7,714
EXPENDITURES			
Clubhouse/Cabana	5,000	159	4,841
Common Area Lighting	5,000	988	4,012
Electric	15,700	16,813	(1,113)
Fire Inspection/Repairs/Materials	1,000	10,651	(9,651)
Holiday Lighting	12,000	-	12,000
Insurance	21,520	22,235	(715)
Keys and Locks	1,000	216	784
Landscape Maintenance	273,769	180,993	92,776
Management	85,000	74,409	10,591
Miscellaneous	1,011	-	1,011
Monuments/Signage	5,000	-	5,000
Pest Control	5,000	2,504	2,496
Pet Waste Services	3,500	1,628	1,872
Pool - Chemicals	9,000	18,563	(9,563)
Pool - Contract	60,000	64,372	(4,372)
Pool - Deck	4,000	-	4,000
Pool - Supplies	1,000	7,367	(6,367)
Security	2,500	-	2,500
Snow Removal	25,000	42,705	(17,705)
Social Committee	15,000	14,098	902
Trails/Parks	5,000	-	5,000
Trash and Recycling	35,000	97,081	(62,081)
Water	110,000	73,842	36,158
Total Expenditures	701,000	628,624	72,376
NET CHANGE IN FUND BALANCE	14,000	94,090	80,090
Fund Balance - Beginning of Year	7,239	(16,614)	(23,853)
FUND BALANCE - END OF YEAR	<u>\$ 21,239</u>	<u>\$ 77,476</u>	<u>\$ 56,237</u>

See accompanying Notes to Basic Financial Statements.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Trails at Crowfoot Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized as Hess Ranch Metropolitan District No. 3 by order of the District Court in Douglas County on April 11, 2016. The formation of the District was approved by the Town of Parker, Colorado (the Town) in conjunction with the approval by the Town Board of a Consolidated Service Plan for the District and Trails at Crowfoot Metropolitan District 1-2 (the Pledge Districts, and together with the District, the Districts) and Hess Ranch Metropolitan District 4-8. In June 2019, the District changed its name to Trails at Crowfoot Metropolitan District No. 3. The District's service area is located south of Hess Road and west of Motsenbocker Road in the Town of Parker in Douglas County, Colorado, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised statutes). The District is located within the boundaries of the Town. On June 17, 2019, the Town approved an Amended and Restated Consolidated Service Plan for the Districts.

The District was established to provide a part or all of the public improvements for the use and benefit of all anticipated constituents and taxpayers of the District. The primary purpose of the District is to finance the construction of public improvements, including street improvements, park and recreation, water, sanitation, public transportation, mosquito control, traffic and safety control, fire 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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

The statement of activities demonstrates the degree to which the direct 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 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 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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 Special Revenue Fund accounts for revenues received from the District and expenses related to the operation and maintenance of public improvements and capital facilities.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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.

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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, sale 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.

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 acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities and capital assets under construction which the District may own are recorded as construction in progress and are not included in the calculation of the net investment in capital assets.

Amortization

Original Issue 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 issuances 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 assets 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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 127,003
Cash and Investments - Restricted	<u>3,157,373</u>
Total Cash and Investments	<u><u>\$ 3,284,376</u></u>

Cash and Investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 168,794
Investments	<u>3,115,582</u>
Total	<u><u>\$ 3,284,376</u></u>

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.

As of December 31, 2023, the District had a bank balance and a carrying balance of \$168,794.

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.

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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average	
Total	Under 60 Days	<u>\$ 3,115,582</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 currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates 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, highest rated commercial paper, and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, 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 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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

CSAFE CASH FUND is rated AAAmf and CSAFE CORE is rated AAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023, follows:

	Balance - December 31, 2022	Additions	Deletions	Balance - December 31, 2023
Governmental Type Activities:				
Capital Assets Not Being				
Depreciated:				
Construction in Progress	\$ 47,940,445	\$ -	\$ -	\$ 47,940,445
Total Capital Assets, Not				
Being Depreciated	<u>\$ 47,940,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,940,445</u>

Upon completion and acceptance, certain fixed assets will be conveyed to other local governments.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2023:

	Balance - December 31, 2022	Additions	Retirement	Balance - December 31, 2023	Due Within One Year
Bonds Payable:					
G.O. Bonds - Series 2019A	\$ 28,830,000	\$ -	\$ -	\$ 28,830,000	\$ 245,000
Bonds Premium - Series 2019A	251,997	-	13,189	238,808	-
G.O. Bonds - Series 2019B ₍₃₎	6,275,000	-	-	6,275,000	-
G.O. Bonds - Series 2022C	19,110,000	-	-	19,110,000	-
Accrued and Unpaid Interest - 2019B ₍₃₎	2,159,173	759,075	-	2,918,248	-
Accrued and Unpaid Interest - 2022C	563,568	786,943	-	1,350,511	-
Subtotal	57,189,738	1,546,018	13,189	58,722,567	245,000
Direct Borrowings and Direct Placements:					
Developer Advance - Capital	441,419	-	-	441,419	-
Accrued Interest - Developer Advance - Capital	774,511	35,314	-	809,825	-
Developer Advance - Operations	415,933	-	-	415,933	-
Accrued Interest -- Developer Advance - Operations	106,694	27,036	-	133,730	-
Subtotal	1,738,557	62,350	-	1,800,907	-
Total	<u>\$ 58,928,295</u>	<u>\$ 1,608,368</u>	<u>\$ 13,189</u>	<u>\$ 60,523,474</u>	<u>\$ 245,000</u>

The details of the District's general obligation bonds outstanding are as follows:

Limited Tax General Obligation Bonds, Series 2019A (the 2019A Senior Bonds) and **Subordinate Limited Tax General Obligation Bonds, Series 2019B₍₃₎** (the 2019B Subordinate Bonds, and, with the 2019A Senior Bonds, the 2019 Bonds).

The District issued the 2019 Bonds on July 30, 2019, in the par amounts of \$28,830,000 for the 2019A Senior Bonds and \$6,275,000 for the 2019B Subordinate Bonds.

The 2019 Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the 2019 Bonds.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2019A Senior Bonds Details

The 2019A Senior Bonds bear interest at rates ranging from 4.375% to 5.000% and are payable semiannually on June 1 and December 1, beginning on December 1, 2019. The 2019A Senior Bonds are comprised of three term bonds that mature December 1, 2030, December 1, 2039, and December 1, 2049, with annual mandatory sinking fund principal payments due on December 1, beginning on December 1, 2024. The 2019A Senior Bonds mature on December 1, 2049.

To the extent the principal of any Series 2019A Bond is not paid when due, principal will remain outstanding, subject to discharge on December 1, 2059 and continue to bear interest at the rate borne by and the Series 2019A Bond. To the extent interest is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate borne by the 2019A Senior Bonds.

Any amount of unpaid principal or interest on the 2019A Senior Bonds shall be deemed discharged on December 1, 2059.

2019A Senior Bonds Pledged Revenue

The 2019A Senior Bonds are secured by and payable from the Senior Pledged Revenue, consisting of the moneys derived by the District from the following sources: (a) the Required Mill Levy of the District and the Pledge District Required Mill Levy of the Pledge Districts; (b) the Infrastructure Capital Mill Levy; (c) all specific ownership tax revenues resulting from the Required Mill Levy, the Pledge District Required Mill Levy, and the Infrastructure Capital Mill Levy; and (d) any other legally available moneys the District and the Pledge Districts determine to credit to the Senior Bond Fund.

Required Mill Levy

The Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District in an amount that, when combined with amounts from the Pledge Districts Required Mill Levy, the Infrastructure Capital Mill Levy, and moneys then on deposit in the Senior Bond Fund, is sufficient to pay the principal of, premium, if any, and interest on the 2019A Senior Bonds when due; and, if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Required Reserve; and if necessary, an amount sufficient to accumulate the Maximum Surplus Amount, but (i) not in excess of 57.000 mills, and (ii) until the Maximum Surplus Amount has been accumulated in the Senior Surplus Fund, not less than 57.000 mills.

In the event the method of calculating assessed valuation is changed on or after January 1, 2019, the minimum and maximum mill levies provided above shall be increased or decreased to reflect such changes.

The District certified 57.353 mills for debt service for collection in 2023.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Pledge Districts Required Mill Levy

Pursuant to the Pledge Agreement, the Pledge Districts covenanted to impose an ad valorem mill levy upon all taxable property of each of the Pledge Districts in an amount that, when combined with amounts from the Infrastructure Capital Mill Levy, the debt service mill levy imposed by the District pursuant to the Indentures, and moneys on deposit in the Senior Bond Fund is sufficient to pay the principal of, premium, if any, and interest on the 2019A Senior Bonds when due; and, if necessary, an amount sufficient to replenish the Senior Reserve Fund to the Senior Required Reserve; and, if necessary, an amount sufficient to accumulate the Maximum Surplus Amount, but (i) not in excess of 57.000 mills (subject to adjustment), and (ii) until the Maximum Surplus Amount has been accumulated in the Senior Surplus Fund, not less than 57.000 mills (subject to adjustment).

District No. 1 certified 58.419 mills and District No. 2 certified 57.939 mills, for debt service on the 2019 Bonds for collection in 2023.

Infrastructure Capital Mill Levy

Pursuant to separate intergovernmental agreements that each District entered into with the Town of Parker (see Note 7), the District and each Pledge District may impose and retain the Infrastructure Capital Mill Levy; provided; however, when no debt obligations remain outstanding, the revenues from the Infrastructure Capital Mill must be delivered to the Town.

The Infrastructure Capital Mill Levy is an ad valorem mill levy imposed by the District upon all taxable property of the District and by the Pledge Districts upon all taxable property of the respective Pledge District each year, beginning in the first year each District certifies the Senior Required Mill Levy, in an amount of 5 mills (subject to adjustment). Revenues from the Infrastructure Capital Mill Levy are to be used for the planning, design, financing, acquisition, or construction of certain regional infrastructure by, or on behalf of, the District or the Town. Revenues resulting from the imposition of the Infrastructure Capital Mill Levy are pledged to the 2019 Bonds.

The District imposed 5.031 mills, District No. 1 imposed 5.124 mills, and District No. 2 imposed 5.082 mills for the Infrastructure Capital Mill Levy for collection in 2023.

Senior Reserve Fund

The 2019A Senior Bonds are additionally secured by amounts on deposit in the Senior Reserve Fund which was funded from proceeds of the 2019A Senior Bonds in the amount of the Reserve Requirement of \$2,263,250. The balance of the Reserve Fund at December 31, 2023 is \$2,272,658.

Moneys in the Reserve Fund shall be used by the Trustee, if necessary, only to prevent a default in the payment of the principal of, premium if any, or interest on the 2019A Senior Bonds.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Surplus Fund

The Senior Surplus Fund, which also secures the 2019A Senior Bonds, is to be funded from Senior Pledged Revenue in excess of the amounts needed to pay annual debt service on the 2019A Senior Bonds up to the Maximum Surplus Amount of \$2,883,000.

The Surplus Fund is to be maintained for so long as any 2019A Senior Bond is outstanding and is pledged to the payment of the 2019A Senior Bonds.

Amounts on deposit in the Senior Surplus Fund (if any) in the final year of maturity of the 2019A Senior Bonds are pledged to the payment of the 2019B Subordinate Bonds. The balance in the Senior Surplus Fund on December 31, 2023, was \$828,852.

2019B Subordinate Bonds

The 2019B Subordinate Bonds bear interest at the rate of 9.000% per annum and are payable annually on December 15, beginning December 15, 2019, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2049.

The 2019B Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2019B Subordinate Bonds compounds annually on each December 15. If any amount of principal or interest due on the 2019B Subordinate Bonds remains unpaid on December 15, 2059, such unpaid amount shall be deemed discharged.

2019B Subordinate Bonds Pledged Revenue

The 2019A Subordinate Bonds are secured by and payable from the Subordinate Pledged Revenue, consisting generally of the moneys derived by the District from the following sources: (a) the Subordinate Required Mill Levy of the District; (b) the Pledge District Required Mill Levy of the Pledge Districts available after all debt service on the 2019A Senior Bonds has been fully paid and the 2019A Senior Bonds are no longer outstanding; (c) the amounts, if any, from the Infrastructure Capital Mill Levy remaining after payment of the 2019A Senior Bonds; (d) the portion of the specific ownership tax revenues resulting from the Subordinate Required Mill Levy and the Infrastructure Capital Mill Levy; and (e) any other legally available moneys the District and the Pledge Districts determine to credit to the Subordinate Bond Fund.

District Subordinate Required Mill Levy

Pursuant to the 2019B Subordinate Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District in an amount of 57.000 mills, as adjusted, less the amount of the Senior Bond Required Mill Levy, or such lesser mill levy which, when combined with amounts from the Pledge District Required Mill Levy (after the application to any Senior Bonds and Permitted Refunding Bonds), the Infrastructure Capital Mill Levy, and moneys on deposit in the Subordinate Bond Fund will be sufficient to pay all of the principal of, premium if any, and interest on the 2019B Subordinate Bonds in full.

In the event the amount of the Senior Required Mill Levy equals or exceeds 57.000 mills (as adjusted) in any year, the Subordinate Required Mill Levy for that year shall be zero.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of Default of the 2019A Senior Bonds

Events of default occur if the District fails to impose the Senior Required Mill Levy, the Infrastructure Capital Mill Levy or to apply the Senior Pledged Revenues as required by the 2019A Senior Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the 2019A Senior Indenture.

Acceleration of the 2019A Senior Bonds shall not be an available remedy for a 2019A Event of Default.

Events of Default under the Pledge Agreement

Events of default occur if the Pledge Districts fail to impose the Pledge District Required Mill Levy, the Infrastructure Capital Mill Levy or to remit the Pledge Districts Pledged Revenues as required by the terms of the Pledge Agreement.

Events of Default of the 2019B Subordinate Bonds

Events of default occur if the District fails to impose the Subordinate Required Mill Levy, the Infrastructure Capital Mill Levy or to apply the Subordinate Pledged Revenues as required by the 2019B Subordinate Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the 2019B Subordinate Indenture.

Acceleration of the 2019B Subordinate Bonds shall not be an available remedy for a 2019B Event of Default.

Optional Redemption

The 2019A Senior Bonds and 2019B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
September 1, 2024 to August 31, 2025	3.00%
September 1, 2025 to August 31, 2026	2.00
September 1, 2026 to August 31, 2027	1.00
September 1, 2027 and Thereafter	0.00

Junior Subordinate Limited Tax General Obligation Bonds, Series 2022C₍₃₎ (the “2022C Junior Lien Bonds”). The District issued the 2022C Junior Lien Bonds on April 6, 2022, in the amount of \$19,110,000.

Proceeds of the 2022C Junior Lien Bonds

Proceeds from the sale of the 2022C Junior Lien Bonds were used to reimburse the cost of public improvements related to the development and pay the costs of issuance of the 2022C Junior Lien Bonds.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Details of the 2022C Junior Lien Bonds

The 2022C Junior Lien Bonds bear interest at the rate of 4.000% and are payable annually on December 16, beginning December 16, 2022, from, and to the extent of, Junior Lien Pledged Revenue available, if any, pursuant to a mandatory redemption. The 2022C Junior Lien Bonds mature on December 16, 2051.

The 2022C Junior Lien Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2022C Junior Lien Bonds compounds annually on each December 16. If any amount of principal or interest on the 2022C Junior Lien Bonds remains unpaid after the application of all Junior Lien Pledged Revenue available on the Junior Lien Bonds Termination Date of December 16, 2059, such unpaid amount will be deemed discharged.

2022C Junior Lien Bonds Pledged Revenue

2022C Junior Lien Pledged Revenue means the District Junior Lien Pledged Revenue and any amount of the Pledge Districts Pledged Revenue available after all amounts have been applied pursuant to indentures, bond resolutions, loan agreements, and other security documents relating to Senior/Subordinate Obligations.

District Junior Lien Pledged Revenue is the money derived by the District from the following sources, net of any costs of collection of the Town and/or County and any tax refunds or abatements authorized by or on behalf of the Town and/or County: (a) the District Junior Lien Required Mill Levy; (b) the amounts, if any, from the Infrastructure Capital Mill Levy remaining after payment of the Senior/Subordinate Obligations; (c) the portion of the Specific Ownership Tax revenues resulting from the District Junior Lien Required Mill Levy and the Specific Ownership Tax revenues, if any, resulting from the Infrastructure Capital Mill Levy remaining after payment of the Senior/Subordinate Obligations; (d) the amounts, if any, in the Senior Bonds Surplus Fund released to the District pursuant to the 2019A Senior Indenture; and (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund.

Junior Lien Required Mill Levy

Pursuant to the 2022C Junior Lien Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in an amount equal to: (i) 57.000 mills (subject to adjustment) less the Senior/Subordinate Required Mill Levy, or (ii) such lesser mill levy that will generate Junior Lien Property Tax Revenues which will pay the 2022C Junior Lien Bonds in full.

If the amount of the Senior/Subordinate Required Mill Levy equals or exceeds 57.000 mills (subject to adjustment) in any year, the Junior Lien Required Mill Levy for that year is to be zero.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2019A Senior Bonds Debt Service

The outstanding principal and interest of the 2019A Senior Bonds are due as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2024	\$ 245,000	\$ 1,422,125	\$ 1,667,125
2025	375,000	1,411,406	1,786,406
2026	425,000	1,395,000	1,820,000
2027	445,000	1,376,406	1,821,406
2028	500,000	1,356,938	1,856,938
2029-2033	3,105,000	6,411,907	9,516,907
2034-2038	4,505,000	5,515,000	10,020,000
2039-2043	6,285,000	4,219,750	10,504,750
2044-2048	8,630,000	2,425,750	11,055,750
2049	4,315,000	215,750	4,530,750
Total	<u>\$ 28,830,000</u>	<u>\$ 25,750,032</u>	<u>\$ 54,580,032</u>

Due to the cash flow nature of the 2019B Subordinate Bonds and the 2022C Junior Lien Bonds that are payable only to the extent of available Subordinate Pledged Revenue and Junior Lien Pledged Revenue, respectively, principal and interest payments on the 2019B Subordinate Bonds and the 2022C Junior Lien Bonds cannot be predicted with certainty and are not presented in the above maturity schedule.

Debt Authorization

On November 3, 2015 and November 5, 2019, the District's voters authorized total indebtedness for the District. The maximum debt mill levy is 57.000 mills, as adjusted for changes in the assessment ratio. Pursuant to the Service Plan, the total combined debt that the Districts are permitted to issue shall not exceed \$90,068,750. At December 31, 2023, the District had authorized but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 3, 2015 Election	Authorization Used Series 2019A & 2019B	Authorization Used Series 2022C ₍₃₎	Remaining at December 31, 1900
Public Improvements	\$ 900,687,500	\$ (35,105,000)	\$ (19,110,000)	\$ 846,472,500
In-District Special Assessment	90,068,750	-	-	90,068,750
Operations and Maintenance	90,068,750	-	-	90,068,750
Intergovernmental Agreements	90,068,750	-	-	90,068,750
Private Agreements	90,068,750	-	-	90,068,750
Refunding	900,687,500	-	-	900,687,500
Total	<u>\$ 2,161,650,000</u>	<u>\$ (35,105,000)</u>	<u>\$ (19,110,000)</u>	<u>\$ 2,107,435,000</u>

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 restricted net position as of December 31, 2023 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 29,400
Total Restricted Net Position	<u>\$ 29,400</u>

The District has a deficit in unrestricted net position. The deficit at December 31, 2023 was primarily due to bonds interest paid to date and related costs on long-term debts.

NOTE 7 AGREEMENTS

Funding and Reimbursement Agreement

On January 1, 2017, the District and the Developer entered into a Funding and Reimbursement Agreement (Operations and Maintenance) (the O&M Agreement). Pursuant to the O&M Agreement, the District and Developer acknowledge that the District does not currently possess sufficient funds to pay for its operations and maintenance cost, and the Developer has stated its willingness to loan funds to the District for this purpose, on the condition that the District agrees to repay such loans as set forth therein.

Pursuant to the O&M Agreement, the Developer agrees to loan the District an amount not to exceed \$500,000 in a series of installments through December 31, 2021. With respect to such loan advances prior to the issuance of an O&M Reimbursement Obligation, the interest rate shall be 6.5% per annum, simple interest. The provision for repayment of amounts due thereunder is subject to annual appropriation by the District. The agreement was extended through December 31, 2023.

As of December 31, 2023, \$415,933 was outstanding with accrued interest of \$133,730.

Public Improvements Acquisition and Reimbursement Agreement

On January 1, 2017, the District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement, which the District and the Developer amended and restated on July 11, 2019, and again on September 18, 2019 (as amended, the Infrastructure Agreement). Pursuant to this agreement, the Developer agrees to construct certain public improvements for the benefit of the District, and the District agrees to reimburse the Developer for such costs, with interest, at 8%, simple interest.

As of December 31, 2023, \$441,419 was outstanding with accrued interest of \$809,825 under the Infrastructure Agreement.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

District Operating Agreement

On June 17, 2019, the Districts entered into an Amended and Restated District Operating Agreement (the Districts IGA). Pursuant to this agreement, the Districts have agreed that in order to provide the most economical and efficient services associated with certain portions of the public improvements, The District will act as the Operating District and perform certain functions on behalf of the Districts.

Pursuant to the Districts IGA, the District, on behalf of the Districts, will own, operate and maintain a part of the public improvements, and will also perform all administrative services on behalf of the Districts, including serving as records custodian, coordinating board of director meetings, preparation of checks, coordination with an accounting firm for financial report preparation, insurance administration, election administration, budget preparation, responses to inquiries from property owners, and other services.

In exchange for these services, the Pledge Districts agree to fund the Capital Costs and the Service Costs on an annual basis. Capital Costs means the costs of planning, designing, constructing and acquiring the public improvements. Service Costs means all operation, maintenance, and administrative costs incurred by the District under the Districts IGA.

Agreement with Town

On June 17, 2019, each of the Districts entered into separate intergovernmental agreements with the Town (collectively, the Town IGAs). The Town IGAs provide that the Districts will impose (a) the Infrastructure Capital Mill Levy (5 mills, subject to adjustment) and use the proceeds for regional improvements, (b) the Town Capital and Maintenance Mill Levy (5 mills, subject to adjustment) and use the proceeds for Town improvements, and (c) the Operations Mill Levy (up to 10 mills, subject to adjustment) and use the proceeds for the ongoing administrative and operating expenses of the Districts and for the maintenance of certain of the regional improvements.

The Town IGAs require that the proceeds of the Infrastructure Capital Mill Levy and the Town Capital and Maintenance Mill Levy be paid by the Districts to the Town; provided, however, that the Districts are permitted to retain revenues from the Infrastructure Capital Mill Levy to the extent needed to pay debt service on obligations repayable in whole or in part from such mill levy (which includes the 2019 Bonds).

The Town IGAs also impose a debt limit on the Districts of \$90,068,750, exclusive of refunding, which is consistent with the debt limit set forth in the Service Plans.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 AGREEMENTS (CONTINUED)

Agreement with HOA

On September 18, 2019, the District entered into a Regional Infrastructure Maintenance and Cost Sharing Agreement (HOA Agreement) with Trails at Crowfoot Master Owner's Association, Inc. (the Association). Under the HOA Agreement, the District agrees to maintain the Regional Infrastructure defined therein. Prior to September 1 of each year, the District and the Association will meet to review the operation and maintenance needs of the Regional Infrastructure. Thereafter, on or before October 1 of each year, the District shall deliver to the Association its proposed budget related to the operation and maintenance of the Regional Infrastructure for the upcoming year. In the event the budgeted District operations and maintenance revenue is less than the estimated expenses, the Association shall be obligated to remit the amount of such budget shortfall to the District in 12 equal installments.

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is HR 935, LLC. The members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

NOTE 9 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 (the 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, workers' compensation, 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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10 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 an annual increase in taxes of \$5,000,000, further increased to \$10,000,000 on November 5, 2019, 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.

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.

NOTE 11 SUBSEQUENT EVENT

On August 22, 2024, the District issued its General Obligation Limited Tax Refunding Bonds, Series 2024A (Senior Bonds) in the amount of \$47,945,000 and the Subordinate General Obligation Limited Tax Refunding Bonds, Series 2024B (Subordinate Bonds) in the amount of \$9,440,000 (collectively, the 2024 Bonds). The proceeds of the 2024 Bonds were used (i) to advance refund all of the outstanding principal balance of the Limited Tax General Obligation Bonds, Series 2019 and a portion of the outstanding principal balance of the Junior Subordinate Limited Tax General Obligation Bonds, Series 2022C(3), and (ii) pay the cost of issuance. The Senior Bonds are term bonds due on December 1, 2054, with an interest rate ranging from 4.00% to 5.00%. The Subordinate Bonds are due December 15, 2052, with an interest rate of 6.875%.

SUPPLEMENTARY INFORMATION

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts			Variance -
	Original	Final	Actual	Positive (Negative)
REVENUES				
Property Taxes	\$ 344,639	\$ 345,177	\$ 346,560	\$ 1,383
Specific Ownership Taxes	31,018	31,952	31,960	8
Intergovernmental Property Taxes	924,279	927,532	920,774	(6,758)
Infrastructure Capital Property Taxes	30,232	30,279	30,401	122
Infrastructure Capital SO Taxes	2,721	2,802	2,803	1
Interest Income	85,000	145,000	159,044	14,044
Total Revenues	1,417,889	1,482,742	1,491,542	8,800
EXPENDITURES				
County Treasurer's Fee	5,170	5,178	5,199	(21)
County Treasurer's Fee - Infrastructure				
Capital Mill Levy	453	454	456	(2)
Bond Interest	1,422,125	1,422,125	1,422,125	-
Paying Agent Fees	7,000	10,000	10,000	-
Contingency	2,252	2,243	-	2,243
Total Expenditures	1,437,000	1,440,000	1,437,780	2,220
NET CHANGE IN FUND BALANCE	(19,111)	42,742	53,762	11,020
Fund Balance - Beginning of Year	3,036,296	3,036,296	3,081,616	45,320
FUND BALANCE - END OF YEAR	<u>\$ 3,017,185</u>	<u>\$ 3,079,038</u>	<u>\$ 3,135,378</u>	<u>\$ 56,340</u>

OTHER INFORMATION

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023

\$28,830,000			
Limited Tax General Obligation Bonds			
Series 2019A			
Dated July 30, 2019			
Interest Rate 4.375% - 5.000%			
Bonds and Interest Maturing in the Year Ending December 31.	Interest Due June 1, Principal and Interest Due December 1		
	Principal	Interest	Total
2024	\$ 245,000	\$ 1,422,125	\$ 1,667,125
2025	375,000	1,411,406	1,786,406
2026	425,000	1,395,000	1,820,000
2027	445,000	1,376,406	1,821,406
2028	500,000	1,356,938	1,856,938
2029	525,000	1,335,063	1,860,063
2030	585,000	1,312,094	1,897,094
2031	610,000	1,286,500	1,896,500
2032	675,000	1,256,000	1,931,000
2033	710,000	1,222,250	1,932,250
2034	785,000	1,186,750	1,971,750
2035	825,000	1,147,500	1,972,500
2036	905,000	1,106,250	2,011,250
2037	950,000	1,061,000	2,011,000
2038	1,040,000	1,013,500	2,053,500
2039	1,090,000	961,500	2,051,500
2040	1,185,000	907,000	2,092,000
2041	1,245,000	847,750	2,092,750
2042	1,350,000	785,500	2,135,500
2043	1,415,000	718,000	2,133,000
2044	1,530,000	647,250	2,177,250
2045	1,605,000	570,750	2,175,750
2046	1,730,000	490,500	2,220,500
2047	1,815,000	404,000	2,219,000
2048	1,950,000	313,250	2,263,250
2049	4,315,000	215,750	4,530,750
Total	<u>\$ 28,830,000</u>	<u>\$ 25,750,032</u>	<u>\$ 54,580,032</u>

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Taxes		Percentage Collected to Levied
		General	Contract	Debt Service	Levied	Collected	
2019	\$ 2,370	35.000	0.000	0.000	\$ 83	\$ 86	103.61 %
2020	449,690	10.069	10.068	57.398	34,867	26,533	76.10
2021	587,520	10.069	10.068	57.398	45,554	45,554	100.00
2022	4,289,750	10.069	10.068	57.398	332,606	292,542	87.95
2023	6,009,080	10.062	10.062	57.353	465,565	468,162	100.56
Estimated for the Year Ending December 31, 2024	\$ 9,800,790	10.739	10.738	61.213	\$ 810,427		

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.