

Eagle Brook Meadows Metropolitan District No. 3

Financial Statements
with Independent Auditor's Report

December 31, 2023



Eagle Brook Meadows Metropolitan District No. 3

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December 31, 2023

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Directors
Eagle Brook Meadows Metropolitan District No. 3
Loveland, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Eagle Brook Meadows 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 thereof 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's 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.

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Auditor's 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 GAAS 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 GAAS, 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

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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 listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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 listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Englewood, Colorado
December 20, 2024



Basic Financial Statements

Eagle Brook Meadows Metropolitan District No. 3
Statement of Net Position
December 31, 2023

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 2,075
Accounts Receivable	1,546
Property Taxes Receivable	100,077
Due from County Treasurer	<u>68</u>
Total Assets	<u>103,766</u>
Liabilities	
Accounts Payable	15
Accrued Interest	1,142,058
Due to other districts	5,425
Noncurrent Liabilities	
Due in More Than One Year	<u>14,531,282</u>
Total Liabilities	<u>15,678,780</u>
Deferred Inflows of Resources	
Deferred Property Taxes	<u>100,077</u>
Total Deferred Inflows of Resources	<u>100,077</u>
Net Position	
Restricted	757
Unrestricted	<u>(15,675,848)</u>
Total Net Position	<u>\$ (15,675,091)</u>

Eagle Brook Meadows Metropolitan District No. 3

Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position
Primary Government			
<i>Governmental Activities</i>			
General Government	\$ 3,496	\$ 340,842	\$ 337,346
Interest	<u>682,031</u>	<u>-</u>	<u>(682,031)</u>
Total Governmental Activities	<u>\$ 685,527</u>	<u>\$ 340,842</u>	<u>(344,685)</u>
General Revenues			
			14,318
			<u>7,633</u>
			Total General Revenues and Transfers <u>21,951</u>
Change in Net Position			(322,734)
Net Position, Beginning of Year			<u>(15,352,357)</u>
Net Position, End of Year			<u>\$ (15,675,091)</u>

Eagle Brook Meadows Metropolitan District No. 3

Balance Sheet Governmental Fund December 31, 2023

	General	Debt Service	Total
Assets			
Cash and Investments	\$ -	\$ 2,075	\$ 2,075
Accounts Receivable	-	1,546	1,546
Property Taxes Receivable	23,094	76,983	100,077
Due from County Treasurer	-	68	68
	-	68	68
 Total Assets	 \$ 23,094	 \$ 80,672	 \$ 103,766
Liabilities Deferred Inflows and Fund Balance			
<i>Liabilities</i>			
Accounts Payable	\$ -	\$ 15	\$ 15
Due to other districts	-	5,425	5,425
	-	5,425	5,425
 Total Liabilities	 -	 5,440	 5,440
<i>Deferred Inflows</i>			
Deferred Property Taxes	23,094	76,983	100,077
	23,094	76,983	100,077
<i>Fund Balance</i>			
Restricted	757	-	757
Unrestricted, Unassigned	(757)	(1,751)	(2,508)
	(757)	(1,751)	(2,508)
 Total Fund Balance	 -	 (1,751)	 (1,751)
 Total Liabilities, Deferred Inflows and Fund Balance	 \$ 23,094	 \$ 80,672	 \$ 103,766

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of the Governmental Funds	\$ (1,751)
 Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Bond Payable	(14,000,000)
Bond Premium	(531,282)
Accrued Interest	(1,142,058)
	(15,675,091)
 Total Net Position of Governmental Activities	 \$ (15,675,091)

Eagle Brook Meadows Metropolitan District No. 3
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2023

	General	Debt Service	Total
Revenues			
Charges for Services	\$ -	\$ 340,842	\$ 340,842
Property and Other Taxes	3,304	11,014	14,318
Interest and other income	(12)	7,645	7,633
	3,292	359,501	362,793
Expenditures			
Current			
General Government	3,292	204	3,496
Debt Service			
Interest	-	364,915	364,915
	3,292	365,119	368,411
Net Change in Fund Balance	-	(5,618)	(5,618)
Fund Balance, Beginning of Year	-	3,867	3,867
Fund Balance, End of Year	\$ -	\$ (1,751)	\$ (1,751)

Eagle Brook Meadows Metropolitan District No. 3

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities For the Year Ended December 31, 2023

**Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:**

Net Change in Fund Balance of the Governmental Funds	\$	(5,618)
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. This includes the changes in the following:		
Change in accrued interest payable		(371,930)
Amortization of bond premium		<u>54,814</u>
Change in Net Position of Governmental Activities	\$	<u><u>(322,734)</u></u>

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies

Eagle Brook Meadows Metropolitan District No. 3 (the District) was established, pursuant to the Colorado Special District Act, Article 1 of Title 32 of the Colorado Revised Statutes, in September 2018, as a quasi-municipal corporation and a political subdivision of the State of Colorado. The District was formed in conjunction with Eagle Brook Meadows Metropolitan Districts 1 and 3 (the Districts) to provide financing for the construction, acquisition and operation and maintenance of water, wastewater, streets and other public improvements. The District serves as a Financing District, along with District 2. Eagle Brook Meadows Metropolitan District 1 serves as the Service District. The District is governed by a five-member Board of Directors. The District is in the City of Loveland, Colorado.

The accounting policies of the District conform to the accounting principles generally accepted in the United States of America (US GAAP) as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

Reporting Entity

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities.

In accordance with Governmental Accounting Standards Board (GASB), Statement No. 14, The Reporting Entity and GASB No. 39, *Determining Whether Certain Organizations are Component Units*, the District considered the possibility of inclusion of additional entities in its financial statements.

The definition of a reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-wide Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on the accrual basis of accounting related to the *governmental-type activities* of the District, which rely to a significant extent on property taxes, specific ownership taxes and intergovernmental revenues.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the given function or segment are offset by programs 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 included among program revenues are reported instead as general revenues.

The governmental-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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

The governmental fund financial statements are prepared 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 if the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental Funds

The governmental funds information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenue, expenditures, and change in fund balance. In the fund financial statements, 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 District, except for those required to be accounted for in another fund.
- The *Debt Service Fund* accounts for the financial resources in regards to additional debt financing.

Cash and Cash Equivalents

The District considers cash and cash equivalents to include cash on hand, unrestricted demand deposits, local government investment pools, money market accounts, and investments with original maturities of three months or less.

Fair Value of Financial Instruments

The District's financial instruments include various accounts receivable, accrued liabilities and deferred inflows of resources. The District estimates that the fair value of these financial instruments as of December 31, 2023, does not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position. Bond issuance costs are expensed as incurred.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are report as other financing uses. Premiums and discounts are amortized of the life of the debt using the interest method. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows (Inflows) of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

In addition to the liabilities, that statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property Taxes

Property taxes are levied on December 15 and attach an enforceable lien on the respective property on January 1. Taxes are payable in full on or before April 30 or in two installments on February 28 and June 15. The County Treasurer collects and remits the property taxes to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

District 1 in its capacity as the Service District collects all property taxes on behalf of the District and District 2. The Service District then transfers the debt service portion of the property taxes to the District as service fees.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District may report three categories of net position, as follows:

Net investment in capital assets - consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position - consists of all other net positions that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restrictive net position first.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are categorized as non-spendable, restricted, committed, assigned or unassigned.

Non-spendable Fund Balance

Represents amounts that cannot be spent because they are either in non-spendable form or legally required to remain intact.

Restricted Fund Balance

Represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation.

Committed Fund Balance

Represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the District's Board of Directors. Committed resources cannot be used for any other purpose unless the District's Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance.

Assigned Fund Balance

Represents amounts that the District intends to use for specific purposes as expressed by the District's Board of Directors or a District official delegated the authority to assign amounts.

Unassigned Fund Balance

Represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

Subsequent Events

We have evaluated subsequent events through December 20, 2024, the date the financial statements were available to be issued.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2023

Note 2: Cash and Investments

Investments

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Local Government Investment Pools

At December 31, 2023, the District had a total of \$2,075 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7.

The pools are measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2023

Note 3: Long-Term Debt

The following is a summary of the changes in the long-term debt for the year ended December 31, 2023:

	Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Due Within One Year
2021 Limited Tax GO Bonds	\$ 14,000,000	\$ -	\$ -	\$ 14,000,000	\$ -
2021 Bond Premium	586,096	-	(54,814)	531,282	-
Total	<u>\$ 14,586,096</u>	<u>\$ -</u>	<u>\$ (54,814)</u>	<u>\$ 14,531,282</u>	<u>\$ -</u>

2021 Limited Tax General Obligation Bonds

On August 31, 2021, the District issued 2021 Limited Tax General Obligation Bonds in the Amount of \$14,000,000. Proceeds from the Bonds were used to finance public improvements through repayment of a portion of developer advances made to District 1. Principal and interest payments are due annually on December 1 with interest accruing at 5%. The bonds will mature December 1, 2051.

Estimated annual debt service requirements for the outstanding bonds at December 21, 2023 are as follows:

	Principal	Interest	Total
2024	\$ -	\$ 542,437	\$ 542,437
2025	-	704,642	704,642
2026	-	825,850	825,850
2027	-	858,278	858,278
2028	-	922,097	922,097
2029-2033	283,000	4,667,282	4,950,282
2034-2038	2,561,000	3,202,050	5,763,050
2039-2043	4,226,000	2,405,750	6,631,750
2044-2048	6,593,000	1,127,300	7,720,300
2049	337,000	-	337,000
Total	<u>\$ 14,000,000</u>	<u>\$ 15,255,686</u>	<u>\$ 29,255,686</u>

Authorized Debt

Per the Consolidated Service Plan for Districts the maximum amount of debt that the Districts together with Eagle Brook Meadows Metropolitan District No.1 and No. 2 may incur \$14,000,000. As of December 31, 2023, the District had issued \$14,000,000 of debt.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2023

Note 4: Related Parties and Transactions

All the members of the Board of Directors are under contract to purchase taxable property from Front Range Investment Holdings, LLC (Front Range), the Developer of the District. In addition, certain members of the Board of Directors of the District are employees or are otherwise affiliated with Front Range.

Note 5: Risk Management

The District is exposed to various risks of loss related to torts, theft 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) as of December 31, 2023. 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 the past three years.

The District pays annual premiums to the Pool for liability, property, and public officials' coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 6: Commitments and Contingencies

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

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. At December 31, 2022, the emergency reserve of \$757 was recorded in the General Fund.

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 calculation of the fiscal year spending limits may require judicial interpretation.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2023

Note 7: Restatement of Prior Year Balances

The District understated accrued interest on its 2021 Limited Tax General Obligation Bonds with an ending balance of \$26,829 as of December 31, 2022. Interest accruals on the District's 2021 Limited Tax General Obligation Bonds are expected to exceed the interest portion of bond debt service until December 1, 2026. The liabilities and net position as of December 31, 2022, were restated as follows:

	<u>2022 Balances as Reported</u>	<u>Accrued Interest</u>	<u>2022 Balances as Restated</u>
Governmental Activities			
Statement of Net Position			
Liabilities	\$ <u>14,627,478</u>	\$ <u>743,299</u>	\$ <u>15,370,777</u>
Net Position	\$ <u>(14,609,058)</u>	\$ <u>(743,299)</u>	\$ <u>(15,352,357)</u>

Required Supplementary Information

Eagle Brook Meadows Metropolitan District No. 3
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Property and Other Taxes	\$ 3,560	\$ 3,304	\$ (256)
Interest and other income	100	(12)	(112)
Total Revenues	3,660	3,292	(368)
Expenditures			
Current			
General Government	3,660	3,292	368
Total Expenditures	3,660	3,292	368
Net Change in Fund Balance	-	-	-
Fund Balance, <i>Beginning of Year</i>	-	-	-
Fund Balance, <i>End of Year</i>	\$ -	\$ -	\$ -

Eagle Brook Meadows Metropolitan District No. 3

Notes to Required Supplementary Information
December 31, 2023

Note 1: Stewardship, Compliance, and Accountability

Budgets

A budget is legally adopted for the District. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

The District follows these procedures to establish the budgetary information reflected in the financial statements:

- In October, management submits to the District Board a proposed budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the District Board.
- Budgets are legally adopted for all funds of the District. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Capital outlay and debt payments are budgeted as expenditures and depreciation is not budgeted.
- Colorado governments may not exceed budgeted appropriations at the fund level.
- All appropriations lapse at year end.

Eagle Brook Meadows Metropolitan District No. 3
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Charges for Services	\$ 344,017	\$ 340,842	\$ (3,175)
Property and Other Taxes	11,867	11,014	(853)
Interest and other income	500	7,645	7,145
Total Revenues	356,384	359,501	3,117
Expenditures			
Current			
General Government	224	204	20
Debt Service			
Interest	355,957	364,915	(8,958)
Contingency	500	-	500
Total Expenditures	356,681	365,119	(8,438)
Net Change in Fund Balance	(297)	(5,618)	(5,321)
Fund Balance, Beginning of Year	298	3,867	3,569
Fund Balance, End of Year	\$ 1	\$ (1,751)	\$ (1,752)