

**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024

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YEAR ENDED DECEMBER 31, 2024**

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Board of Directors
The Ridge at Harmony Road Metro District No. 3
Weld County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Ridge at Harmony Road Metro District No. 3 (the "District"), as of and for the year ended December 31, 2024, 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 accompanying 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 Ridge at Harmony Road Metro District No. 3 as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (GAAP), 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.

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.

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in our report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and, accordingly, we do not express an opinion or provide any assurance on them.

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.

Wipfli LLP

Wipfli LLP
Denver, Colorado

September 11, 2025

BASIC FINANCIAL STATEMENTS

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments - Restricted	\$ 1,083
Due from Other Districts - RAHR No. 1	6,059
Receivable from County Treasurer	1,379
Property Tax Receivable	<u>465,128</u>
Total Assets	473,649
LIABILITIES	
Due to Other Districts - RAHR No. 4	430
Accrued Interest	1,751,230
Noncurrent Liabilities:	
Due in More Than One Year	<u>19,500,000</u>
Total Liabilities	<u>21,251,660</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>465,128</u>
Total Deferred Inflows of Resources	465,128
NET POSITION	
Unrestricted	<u>(21,243,139)</u>
Total Net Position	<u><u>\$ (21,243,139)</u></u>

See accompanying Notes to Basic Financial Statements.

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 124,137	\$ -	\$ -	\$ -	\$ (124,137)
Interest on Long-Term Debt and Related Costs	1,054,517	-	-	-	(1,054,517)
Total Governmental Activities	\$ 1,178,654	\$ -	\$ -	\$ -	(1,178,654)
GENERAL REVENUES					
Property Taxes					467,894
Specific Ownership Taxes					16,796
Interest Income					5,144
Intergovernmental Revenues - RAHR No. 1					452,097
Intergovernmental Revenues - RAHR No. 4					23
Total General Revenues and Transfers					941,954
CHANGES IN NET POSITION					(236,700)
Net Position - Beginning of Year					(21,006,439)
NET POSITION - END OF YEAR					\$ (21,243,139)

See accompanying Notes to Basic Financial Statements.

**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments - Restricted	\$ -	1,083	\$ 1,083
Receivable from County Treasurer	345	1,034	1,379
Due from Other Districts - RAHR No. 1	-	6,059	6,059
Property Tax Receivable	116,280	348,848	465,128
Total Assets	\$ 116,625	\$ 357,024	\$ 473,649
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to Other Districts - RAHR No. 4	\$ 430	\$ -	\$ 430
Total Liabilities	430	-	430
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	116,280	348,848	465,128
Total Deferred Inflows of Resources	116,280	348,848	465,128
FUND BALANCES			
Restricted for:			
Debt Service	-	8,176	8,176
Unassigned	(85)	-	(85)
Total Fund Balances	(85)	8,176	8,091
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 116,625	\$ 357,024	

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

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest	(1,751,230)
Bonds Payable	(19,500,000)

Net Position of Governmental Activities	\$ (21,243,139)
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**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 119,923	\$ 347,971	\$ 467,894
Specific Ownership Taxes	4,199	12,597	16,796
Interest Income	15	5,129	5,144
Intergovernmental Revenues - RAHR No. 1	-	452,097	452,097
Intergovernmental Revenues - RAHR No. 4	-	23	23
Total Revenues	<u>124,137</u>	<u>817,817</u>	<u>941,954</u>
EXPENDITURES			
Current:			
County Treasurer's Fee	1,799	5,220	7,019
Intergovernmental Expenditures - RAHR No. 4	122,338	-	122,338
Debt Service:			
Bond Interest - Series 2020	-	813,000	813,000
Total Expenditures	<u>124,137</u>	<u>818,220</u>	<u>942,357</u>
NET CHANGE IN FUND BALANCES	-	(403)	(403)
Fund Balances (Deficit) - Beginning of Year	<u>(85)</u>	<u>8,579</u>	<u>8,494</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u><u>\$ (85)</u></u>	<u><u>\$ 8,176</u></u>	<u><u>\$ 8,091</u></u>

See accompanying Notes to Basic Financial Statements.

**THE RIDGE AT HARMONY ROAD 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, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$	(403)
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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.

Accrued Interest Payable - Change in Liability		<u>(236,297)</u>
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Changes in Net Position of Governmental Activities	\$	<u><u>(236,700)</u></u>
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**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 115,990	\$ 119,923	\$ 119,923	\$ -
Specific Ownership Taxes	5,800	4,199	4,199	-
Interest Income	-	15	15	-
Other Revenue	300	863	-	(863)
Total Revenues	<u>122,090</u>	<u>125,000</u>	<u>124,137</u>	<u>(863)</u>
EXPENDITURES				
Contingency	300	863	-	863
County Treasurer's Fee	1,740	1,799	1,799	-
Intergovernmental Expenditures - RAHR No. 4	120,050	122,338	122,338	-
Total Expenditures	<u>122,090</u>	<u>125,000</u>	<u>124,137</u>	<u>863</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>-</u>	<u>(85)</u>	<u>(85)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85)</u>	<u>\$ (85)</u>

See accompanying Notes to Basic Financial Statements.

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 DEFINITION OF REPORTING ENTITY

The Ridge at Harmony Road Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, which was organized by order and decree of Weld County District Court on February 26, 2015, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes) and the service plan approved by the Town of Windsor, Colorado on September 8, 2014 and as amended on February 25, 2019. The District, along with The Ridge at Harmony Road Metropolitan District Nos. 1 and 2, operate as the Financing Districts along with District No. 4 serving as the Coordinating District. The Districts' service area is located in the Town of Windsor within Weld County (the County), Colorado.

The Districts were established to provide financing for the construction, installation, and operation of public improvements, including water, sanitation, streets, safety protections, storm drainage, covenant enforcement and design review services, and parks and recreation facilities.

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 has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ending December 31, 2024.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes net of estimated uncollectible taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflow of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2024 are classified in the accompanying financial statements of the District as follows:

Statement of Net Position:

Cash and Investments - Restricted	\$ 1,083
Total Cash and Investments	<u>\$ 1,083</u>

Cash and cash equivalents for the District as of December 31, 2024 consist of the following:

Investments	\$ 1,083
Total Cash and Investments	<u>\$ 1,083</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, 2024, the District had no cash deposits.

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.

**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2024, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 1,083
Total		<u>\$ 1,083</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable net asset value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AA Af/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Reductions	Balance at December 31, 2024	Due Within One Year
Bonds Payable:					
Series 2020 - Limited Tax					
General Obligation Bonds	\$ 19,500,000	\$ -	\$ -	\$ 19,500,000	\$ -
Subtotal of Bonds Payable	<u>19,500,000</u>	<u>-</u>	<u>-</u>	<u>19,500,000</u>	<u>-</u>
 Total Long-Term Obligations	 <u>\$ 19,500,000</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 19,500,000</u>	 <u>\$ -</u>

\$19,500,000 Limited Tax General Obligation Bonds, Series 2020

On April 20, 2020, the District authorized the issuance of Limited Tax General Obligation Bonds, Series 2020 (the Series 2020 Bonds) in the aggregate principal amount of \$19,500,000 with an interest rate of 5.00% per annum calculated on the basis of a 360-day year of 12 30-day months, matures on December 1, 2050. The bonds are payable on each June 1 and December 1, commencing on December 1, 2020. The principal and interest on the bonds are payable solely from and the extent of Pledged Revenues, which may or may not be sufficient to pay the principal and interest on the bonds. The bonds are subject to redemption prior to maturity without premium.

The Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, and (2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable including any accrued interest and unpaid amounts and interest due as a result of compounding, if any.

**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$19,500,000 Limited Tax General Obligation Bonds, Series 2020 (Continued)

The Series 2020 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 15, 2030 and thereafter, upon payment of the principal amount so redeemed plus accrued interest to the date of redemption, without redemption premium. The Series 2020 Bonds also are subject to mandatory redemption prior to maturity, in part, by lot, on each December 15, thereafter prior to the maturity date of the Series 2020 Bonds, upon payment of the principal amount so redeemed plus accrued interest to the date of redemption as set forth in the Series 2020 Bond Fund Mandatory Redemption schedule below.

The District issued the Series 2020 Bonds for infrastructure related to streets, water, sewer and storm drainage.

The Series 2020 Bonds principal and interest will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 2,638,051	\$ 2,638,051
2026	-	975,000	975,000
2027	-	975,000	975,000
2028	-	975,000	975,000
2029	-	975,000	975,000
2030-2034	1,623,000	4,756,918	6,379,918
2035-2039	3,531,000	4,152,401	7,683,401
2040-2044	5,773,000	3,063,914	8,836,914
2045-2049	8,573,000	1,330,733	9,903,733
Total	<u>\$ 19,500,000</u>	<u>\$ 19,842,017</u>	<u>\$ 39,342,017</u>

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 4, 2014 a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$320,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2024, the District has authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 4, 2014 Election	Authorization Used Series 2020 Bonds	Authorized But Unissued
Street Improvements	\$ 20,000,000	\$ 8,910,186	\$ 11,089,814
Safety Protection	20,000,000	-	20,000,000
Water	20,000,000	3,368,309	16,631,691
Sanitation/Storm Sewer	20,000,000	5,362,735	14,637,265
Parks and Recreation	20,000,000	1,569,971	18,430,029
Transportation	20,000,000	288,799	19,711,201
Television Relay and Translation	20,000,000	-	20,000,000
Mosquito Control	20,000,000	-	20,000,000
Security	20,000,000	-	20,000,000
Fire Protection	20,000,000	-	20,000,000
Operations and Maintenance Debt	20,000,000	-	20,000,000
Refunding Debt	20,000,000	-	20,000,000
District Intergovernmental Agreements as Debt	20,000,000	-	20,000,000
District Private Agreements as Debt	20,000,000	-	20,000,000
In-District Special Assessments	20,000,000	-	20,000,000
Mortgage	20,000,000	-	20,000,000
Total	<u>\$ 320,000,000</u>	<u>\$ 19,500,000</u>	<u>\$ 300,500,000</u>

As set forth in the District's 2014 and amended 2019 Service Plan, the City has limited the amount of debt to be issued by the District to a total of \$36,000,000 without future approval by the City. The District may levy up to a collective total of 39.000 mills for debt service and for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District and the combined mill levy is not to exceed 39 mills, subject to Gallagher adjustments.

NOTE 5 NET POSITION

The District has net position consisting of one component – unrestricted.

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of debt obligations issued for improvements conveyed to District No. 4.

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 RELATED PARTIES

The Developer of the property which constitutes the District are Eagle Development Company, Tralon Homes, LLC, and Affirmed Financial Services, LLC. The members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

NOTE 7 AGREEMENTS

Funding and Reimbursement Agreement for Operations

On May 5, 2015, as amended on April 13, 2020, the District entered into an agreement with the Developer. The Developer has agreed to fund the costs of operations and maintenance costs. Such advances will bear simple interest at 2.00% plus the current Federal Reserve Board Prime Rate per annum are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues of the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District's ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. As of December 31, 2024, no balances outstanding related to this agreement.

Funding and Reimbursement Agreement for Capital Costs

On May 5, 2015, as amended on April 13, 2020, the District entered into an agreement with the Developer. The Developer has agreed to fund the costs of capital projects. Such advances include an interest rate of 8.0% and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues of the District. Any reimbursement is subject to annual appropriation by the District and is contingent upon the District's ability to generate sufficient revenues, after payment of annual operating expenditures and debt service requirements. As of December 31, 2024, no balances outstanding related to this agreement.

Master Intergovernmental Agreement (IGA)

On May 5, 2015, the District entered into a Master Intergovernmental Agreement (IGA) with The Ridge at Harmony Road Metropolitan District Nos. 1 and 3 and was amended April 13, 2020 to include The Ridge at Harmony Road Metropolitan District No. 4. The amended and restated IGA provides that the District No. 4 will serve as the operating district and will be responsible for managing the construction and operation of the facilities and improvements for the Districts. Districts Nos. 1, 2 and 3 will serve as the financing districts and are responsible for providing the funding and tax base needed to support the capital improvements.

THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 9 TAX, SPENDING AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2018, the District has not provided for an emergency reserve fund equal to 3% fiscal year spending, as defined under TABOR, because net tax revenue is transferred to District No. 1, which provides for the required reserve amount.

On November 4, 2014, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 347,971	\$ 347,971	\$ 347,971	\$ -
Specific Ownership Taxes	17,399	12,597	12,597	-
Interest Income	-	5,129	5,129	-
Intergovernmental Revenues - RAHR No. 1	457,345	452,097	452,097	-
Intergovernmental Revenues - Rahr No. 4	23	23	23	-
Total Revenues	<u>822,738</u>	<u>817,817</u>	<u>817,817</u>	<u>-</u>
EXPENDITURES				
Contingency	-	1,780	-	1,780
County Treasurer's Fee	5,220	5,220	5,220	-
Bond Interest - Series 2020	771,000	813,000	813,000	-
Total Expenditures	<u>776,220</u>	<u>820,000</u>	<u>818,220</u>	<u>1,780</u>
NET CHANGE IN FUND BALANCE	46,518	(2,183)	(403)	1,780
Fund Balance - Beginning of Year	<u>1,219</u>	<u>8,579</u>	<u>8,579</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 47,737</u></u>	<u><u>\$ 6,396</u></u>	<u><u>\$ 8,176</u></u>	<u><u>\$ 1,780</u></u>

OTHER INFORMATION

**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
YEAR ENDED DECEMBER 31, 2024**

\$19,500,000 Limited Mill General Obligation Bonds
Series 2020
Dated April 20, 2020
Interest Rate 5.00%
Principal Due December 1
Interest Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 2,638,051	\$ 2,638,051
2026	-	975,000	975,000
2027	-	975,000	975,000
2028	-	975,000	975,000
2029	-	975,000	975,000
2030	33,000	975,000	1,008,000
2031	332,000	971,732	1,303,732
2032	348,000	955,646	1,303,646
2033	444,000	938,277	1,382,277
2034	466,000	916,263	1,382,263
2035	572,000	893,006	1,465,006
2036	601,000	864,612	1,465,612
2037	719,000	834,619	1,553,619
2038	754,000	798,898	1,552,898
2039	885,000	761,266	1,646,266
2040	929,000	717,271	1,646,271
2041	1,074,000	670,906	1,744,906
2042	1,128,000	617,488	1,745,488
2043	1,289,000	561,193	1,850,193
2044	1,353,000	497,056	1,850,056
2045	1,532,000	429,531	1,961,531
2046	1,608,000	353,279	1,961,279
2047	1,806,000	273,027	2,079,027
2048	1,896,000	183,112	2,079,112
2049	1,731,000	91,784	1,822,784
	<u>1,731,000</u>	<u>91,784</u>	<u>1,822,784</u>
Total	<u>\$ 19,500,000</u>	<u>\$ 19,842,017</u>	<u>\$ 39,342,017</u>

**THE RIDGE AT HARMONY ROAD METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2024**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2020	\$ 582,200	43.418	0.000	\$ 25,278	\$ 25,279	100.00 %
2021	4,938,990	11.133	32.285	214,441	214,441	100.00 %
2022	7,419,060	11.133	32.285	322,121	321,880	99.93 %
2023	7,539,970	11.453	34.359	345,421	345,487	100.02 %
2024	8,858,950	13.093	39.279	463,961	467,894	100.85 %
Estimated for Year Ending December 31, 2025	\$ 8,885,130	13.087	39.262	\$ 465,128		

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.