COPPERLEAF METROPOLITAN DISTRICT NO. 3

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Copperleaf Metropolitan District No. 3
Arapahoe County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Copperleaf Metropolitan District No. 3 (the District) as of and for the year ended December 31, 2025, 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, 2025, and the respective changes in financial position and the 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 Opinion

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 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 opinion.

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.

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 opinion. 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 not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and is derived from and related 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Unaudited Information

The Continuing Disclosure Annual Financial Information – Unaudited as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hiratsuka & Associates, LLP

September 29, 2026
Wheat Ridge, Colorado

COPPERLEAF METROPOLITAN DISTRICT NO. 3

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2025

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	$ 55,469	$ -	$ 55,469	$ -	$ 55,469
Cash and investments - restricted	279	502,435	502,714	-	502,714
Receivable - County Treasurer	235	5,755	5,990	-	5,990
Property taxes receivable	52,681	1,286,012	1,338,693	-	1,338,693
Total Assets	108,664	1,794,202	1,902,866	-	1,902,866
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	894,396	894,396
Total Deferred Outflows of Resources	-	-	-	894,396	894,396
Total Assets and Deferred Outflows of Resources	$ 108,664	$ 1,794,202	$ 1,902,866		
LIABILITIES					
Accrued interest on GO Debt	$ -	$ -	$ -	$ 35,829	$ 35,829
Long-term liabilities:					
Due within one year	-	-	-	372,000	372,000
Due in more than one year	-	-	-	15,960,000	15,960,000
Total Liabilities	-	-	-	16,367,829	16,367,829
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	52,681	1,286,012	1,338,693	-	1,338,693
Total Deferred Inflows of Resources	52,681	1,286,012	1,338,693	-	1,338,693
FUND BALANCES/NET POSITION					
Restricted:					
Emergencies	279	-	279	(279)	-
Debt service	-	508,190	508,190	(508,190)	-
Unassigned	55,704	-	55,704	(55,704)	-
Total Fund Balances	55,983	508,190	564,173	(564,173)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 108,664	$ 1,794,202	$ 1,902,866		
Net Position:					
Restricted for:					
Emergencies				279	279
Debt service				472,361	472,361
Unrestricted				(15,381,900)	(15,381,900)
Total Net Position				$ (14,909,260)	$ (14,909,260)

The notes to the financial statements are an integral part of these statements.

COPPERLEAF METROPOLITAN DISTRICT NO. 3

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Transfer to District No. 1	$ 101,200	$ -	$ 101,200	$ -	$ 101,200
Audit	5,800	-	5,800	-	5,800
Treasurer's fees	751	18,348	19,099	-	19,099
Miscellaneous	-	102	102	-	102
Principal payments	-	1,030,000	1,030,000	(1,030,000)	-
Interest expense	-	506,313	506,313	79,788	586,101
Trustee fees	-	3,000	3,000	-	3,000
Total Expenditures	107,751	1,557,763	1,665,514	(950,212)	715,302
GENERAL REVENUES					
Property taxes	50,041	1,222,838	1,272,879	-	1,272,879
Specific ownership taxes	2,721	66,500	69,221	-	69,221
Interest income	35,581	14,925	50,506	-	50,506
Total General Revenues	88,343	1,304,263	1,392,606	-	1,392,606
NET CHANGES IN FUND BALANCES	(19,408)	(253,500)	(272,908)	272,908	
CHANGE IN NET POSITION				677,304	677,304
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	75,391	761,690	837,081	(16,423,645)	(15,586,564)
END OF YEAR	$ 55,983	$ 508,190	$ 564,173	$ (15,473,433)	$ (14,909,260)

The notes to the financial statements are an integral part of these statements.

COPPERLEAF METROPOLITAN DISTRICT NO. 3

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 50,067	$ 50,067	$ 50,041	$ (26)
Specific ownership taxes	3,217	3,217	2,721	(496)
Interest income	100	9,000	35,581	26,581
Total Revenues	53,384	62,284	88,343	26,059
EXPENDITURES				
Transfer to District No. 1	59,506	128,924	101,200	27,724
Audit	6,000	6,000	5,800	200
Miscellaneous	2,000	2,000	-	2,000
Treasurer's fees	751	751	751	-
Emergency reserve	263	-	-	-
Total Expenditures	68,520	137,675	107,751	29,924
NET CHANGE IN FUND BALANCE	(15,136)	(75,391)	(19,408)	55,983
FUND BALANCE:				
BEGINNING OF YEAR	15,136	75,391	75,391	-
END OF YEAR	$ -	$ -	$ 55,983	$ 55,983

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Copperleaf Metropolitan District No. 3, (the "District") located in Arapahoe County, Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on February 7, 2005, as a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to the Special District Act. The District was established to provide for the construction and financing of water and sanitary sewer and storm drainage facilities, streets, and park and recreation facilities, safety protection facilities and services, transportation facilities, and television relay and translation services. Copperleaf Metropolitan District No. 1 ("District No. 1") is the service district for seven other districts within the development which include the District and Copperleaf Metropolitan District Nos. 4 through No. 9 ("Districts 4 - 9"). District No. 1 is charged with the coordination and management of services for Districts 3 – 9 and the provision of improvements authorized in the service plans and pursuant to several intergovernmental agreements. Upon recommendation from District No. 1, Districts 3 – 9 approve improvements which benefit a particular district and provide financing.

The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB Pronouncements' which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e., the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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.*

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 the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. 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 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 appropriation is at the total fund expenditures level and lapses at year end.

In November 2025, the District amended the total appropriations in the General Fund from $68,520 to $137,675 primarily due to increased expenses and in the Debt Service Fund from $972,797 to $973,000 primarily due to increased expenses. Subsequent to year-end, the District further amended its total appropriations in the Debt Service Fund from $973,000 to $1,566,000 primarily to increased principal payments on the long-term debt (see Note 3).

Assets, Liabilities, Deferred Inflows/Inflows of Resources and Net Position:

Fair Value of Financial Instruments

The District’s financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting under this category. Property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Deferred Loss on Refunding

Deferred loss on refunding from the Series 2021A-1 Loan, (See Note 3) is being amortized over the term of the bonds using the interest method. Accumulated amortization of the deferred loss on refunding amounted to $368,703 at December 31, 2025.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $279 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $508,190 is restricted for the payment of the debt service costs associated with the General Obligation Loans Series 2021A-1 and the Series 2021A-2 and the Series 2021B Bonds (see Note 3).

Committed Fund Balance
The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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
Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance
Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position
Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can 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. At December 31, 2025, the District did not have any amounts to report in this category.

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 position 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 are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2025, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 55,469
Cash and investments - Restricted	502,714
Total	$ 558,183

Cash and investments as of December 31, 2025, consist of the following:

Deposits with financial institutions	$ 264,845
Investments - COLOTRUST	293,338
	$ 558,183

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments:

Investment Valuation

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. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

As of December 31, 2025, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2025, the District had $293,338 invested in COLOTRUST Plus+.

Credit Risk

The District's investment policy requires that the District follow state statutes for 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.

Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2025, is as follows:

Taxable (Convertible to Tax-Exempt) General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Loan, Series 2021A-1 ("Series 2021A-1 Loan"), and General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement Loan, Series 2021A-2 Loan, ("Series 2021A-2 Loan")

The District issued the Taxable (Convertible to Tax-Exempt) General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Loan Series 2021A-1 ("Series 2021A-1 Loan") in the amount of $12,712,000 on July 1, 2021, primarily to refund the Series 2017A and 2017B Bonds. The Series 2021A-1 Loan carries a coupon rate of 3.32% until the Tax-Exempt Conversion Date, which occurred on September 16, 2022, at which time the Series 2021A-1 Loan carries a coupon rate of 2.62%. The Series 2021A-1 Loan matures on July 1, 2036, at which time the outstanding principal amount of $8,170,000 is expected to be refunded. Should the Series 2021A-1 Loan not be refunded the interest rate will increase to the default variable rate equal to Wall Street Prime plus 4.00%. The Series 2021A-1 Loan is secured by a maximum required mill levy of up to 50.000 mills (subject to adjustment for changes in the method of calculating the assessed valuation) from the District, the portion of specific ownership taxes attributable to the property taxes used for debt service and a Reserve Fund in the amount of $184,390. When the ratio of the outstanding general obligation debt of the District to the District's assessed valuation is 50% or less, the Series 2021A-1 Loan will convert to unlimited tax. Principal amounts shall come due and payable each December 1 commencing December 1, 2021. Interest payments are due June 1 and December 1 commencing December 1, 2021.

The District issued the General Obligation (Limited Tax Convertible to Unlimited Tax) Improvement Loan Series 2021A-2 ("Series 2021A-2 Loan") in the amount of $3,938,000 on July 1, 2021. The Series 2021A-2 carries a coupon rate of 2.62% and matures on July 1, 2036, at which time the outstanding principal amount of $2,511,000 is expected to be refunded. Should the Series 2021A-2 Loan not be refunded the interest rate will increase to the default variable rate equal to Wall Street Prime plus 4.00%. The Series 2021A-2 Loan is secured by a maximum required mill levy of up to 50.000 mills (subject to adjustment for changes in the method of calculating the assessed valuation) from the District, the portion of specific ownership taxes attributable to the property taxes used for debt service, and a Reserve Fund in the amount of $57,330. When the ratio of the outstanding general obligation debt of the District to the District's assessed valuation is 50% or less, the Series 2021A-2 Loan will convert to unlimited tax. Principal amounts shall come due and payable each December 1 commencing December 1, 2021.

The Series 2021A-1 Loan and Series 2021A-2 Loan are subject to prepayment at the option of the District through July 1, 2028, with a Yield Maintenance Fee. After July 1, 2028, the Series 2021A-1 Loan and Series 2021A-2 Loan may be prepaid with no fee.

The Series 2021A-1 and Series 2021A-2 Loans are secured by and payable from the Senior Pledged Revenue consisting of moneys derived by the District from the following sources, net of any costs of collection: (a) the Senior Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Senior Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2021A-1 Loan:

	Principal	Interest	Total
2026	$ 284,000	$ 304,470	$ 588,470
2027	292,000	297,030	589,030
2028	311,000	289,380	600,380
2029	319,000	281,230	600,230
2030	339,000	272,874	611,874
2031 - 2035	1,906,000	1,224,196	3,130,196
2036	8,170,000	124,865	8,294,865
	$ 11,621,000	$ 2,794,045	$ 14,415,045

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2021A-2 Loan:

	Principal	Interest	Total
2026	$ 88,000	$ 93,482	$ 181,482
2027	89,000	91,176	180,176
2028	95,000	88,844	183,844
2029	98,000	86,355	184,355
2030	104,000	83,788	187,788
2031 - 2035	583,000	376,022	959,022
2036	2,511,000	38,376	2,549,376
	$ 3,568,000	$ 858,043	$ 4,426,043

Subordinate Limited Tax General Obligation Bonds Series 2021B Bonds, ("Series 2021B Bonds")

The District issued its Subordinate Limited Tax General Obligation Bonds ("Series 2021B Bonds") totaling $1,858,000 on July 20, 2021. The Series 2021B Bonds carry a coupon rate of 5.50% and mature on December 15, 2036. The Series 2021B Bonds are cash flow bonds with annual payments anticipated to be made on December 15. Unpaid interest compounds annually on December 15 at the rate of 5.50%. Payments toward interest and principal can be made provided the Series 2021A-1 and Series 2021A-2 Loans (and any other Senior Debt outstanding) are current and the Reserve Funds for the Series 2021A-1 and Series 2021A-2 Loans are fully funded. The District is required to impose the minimum required mill levy of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation).

The Series 2021B 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 September 1, 2026, and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest thereon to the date of redemption, without redemption premium, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
September 1, 2026, to August 31, 2027	3.00%
September 1, 2027, to August 31, 2028	2.00%
September 1, 2028, to August 31, 2029	1.00%
September 1, 2029, and thereafter	0.00%

In the event that any of the principal and interest on the Series 2021B Bonds remains unpaid after the application of all Subordinate Pledged Revenue available on December 16, 2057, this amount shall be deemed discharged and paid in full.

Because of the uncertainty of the timing of payments for the Series 2021B Bonds, summaries of the long-term debt principal and interest requirements are not presented.

The following is an analysis of changes in long-term debt for the period ending December 31, 2025:

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025	Current Portion
General Obligation Refunding Loan - Series 2021A-1	$ 11,887,000	$ -	$ 266,000	$ 11,621,000	$ 284,000
General Obligation Loan - Series 2021A-2	3,650,000	-	82,000	3,568,000	88,000
Subordinate General Obligation Bonds - Series 2021B	1,825,000	-	682,000	1,143,000	-
Total	$ 17,362,000	$ -	$ 1,030,000	$ 16,332,000	$ 372,000

Debt Authorization

The limit on the District's ability to issue Debt is set forth in its Service Plan as $258,000,000 (the "Service Plan Debt Issuance Limit"). In no event is the District authorized to issue Debt in excess of the Service Plan Debt Issuance Limit.

The District's voters have authorized the District to issue debt in accordance with the Service Plan Debt Issuance Limit. The amount of debt authorization remaining within the Service Plan Debt Issuance Limit is $227,554,000.

In the future, the District may issue a portion or all of the remaining Service Plan Debt Issuance for the purposes of providing public improvements to support development as it occurs within the District's service area.

Note 4: Related Party

In 2025, all members of the Board of Directors were employees, owners or were otherwise associated with the Developer and may have had conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 5: Agreements

Amended and Restated District Administration Agreement: On July 16, 2018, Copperleaf Metropolitan District Nos. 1 and 3 - 9 entered into that certain Amended and Restated District Administration Agreement ("Amended and Restated Administration Agreement"), which replaces and supersedes the existing District Administration Agreement dated October 3, 2005, as subsequently amended. Pursuant to the Amended and Restated Administration Agreement, District No. 1 agrees to provide Administration Services to and on behalf of the other Districts. Further, each other District shall share the administrative costs incurred by District No. 1 in providing such Administration Services. In furtherance of this, each other District will set a General Fund mill levy of not less than 10 mills and not more than 60 mills to pay its administrative costs; provided Commercial Districts (District Nos. 5 and 7-9) can elect to use another Commercial District Revenue defined therein to pay their share. In the event there is a shortfall in the Districts' ability to pay their full share, District No. 1 will retain PIF revenues to make up the shortfall. The Financing Districts (Districts Nos. 3-9) have the option to terminate their participation in the Amended and Restated Administration Agreement.

Resolution Regarding the Imposition of System Development Fees: On February 23, 2016, the District adopted a resolution imposing a system development fee, ("SDF") due and payable upon issuance of a building permit to a buyer by Arapahoe County. The SDF, at the District's discretion, may be used for costs associated with capital improvements, operations, and maintenance, and/or pledge for debt service payment. The SDFs are $2,500 per single family unit; $1,500 per multi-family unit intended for sale, $1,000 for multi-family unit intended for rental and $.50 per square foot of commercial land. The resolution was amended on September 29, 2017, to add additional property subject to the SDF. During 2025, the District collected $0 in SDFs.

Intergovernmental Agreement Regarding Facilities Funding and Construction (Residential Districts): On July 16, 2018, Copperleaf Metropolitan District Nos. 1, 3, 4, & 6 entered into an agreement whereby District No. 1 acknowledged it will coordinate the construction of Additional Residential Improvements by either constructing them or acquiring them from the Residential Developer under the Facilities Acquisition Agreement dated July 16, 2018 ("Residential IGA"). The Parties acknowledged that this Residential IGA replaces and supersedes the FFCOA previously entered into by the Parties. District No. 1 is designated as the Service District and shall coordinate construction and funding of public improvements with and for the benefit of other Districts within the Development. The Residential Districts that are also a party to this Residential IGA agree to, from time to time, issue debt and convey the proceeds from same to District No. 1 to fund their respective costs of such improvements. Residential Revenue is pledged to pay Residential District Debt, to be collected from: (i) community SDFs; (ii) Residential Debt Service Mill Levy of 50 mills (subject to adjustment changes in the method of calculating the assessed valuation) and (iii) any Payment in Lieu of Taxes, ("PILOT") payments attributable to same.

District No. 1 will reimburse the Residential Owners and Commercial Owner for any Additional Residential Improvement costs not reimbursed from Pledged Residential District Bond Proceeds with Pledged Net Commercial District Revenues as provided in the Commercial District Revenues Pledge Agreement.

Each Residential District shall adopt a community SDF resolution in conjunction with execution of this Residential IGA which establishes uniform Community SDFs throughout the Development. In addition, District No. 1 is to enter into an Agreement with each Owner to establish the requirement of each owner to submit an Inclusion Petition. This Residential IGA also obligates each Owner to record PILOT Covenants against its property at the time of an Inclusion Petition requirement trigger, as defined in the agreement.

The principal balance of developer capital advances outstanding for District No. 1 as of December 31, 2025, was $7,210,844.31 and accrued interest was $569,449.88.

Administrative Services Funding Agreement (Residential): On July 16, 2018, Copperleaf Metropolitan District Nos. 1, 3, 4, 6, South Quincy Residential Developers, Inc., (the "Residential Developer") and SQH Residential Investors, Inc. (the "Residential Investor") entered into a certain Administrative Services Funding Agreement (Residential) ("Residential ASFA") whereby District No. 1 agrees to provide Administrative Services to District Nos. 3, 4, & 6. District Nos. 3, 4, & 6 agreed to reimburse District No. 1 for advances made by the Residential Developer for these administrative services using (i) General Fund mill levy; (ii) allocated PIF revenue; or (iii) a combination thereof, after payment of annual debt service obligations. Interest on these reimbursements shall accrue at 8% per annum. The District transferred $101,220 to District No. 1 in accordance with the agreement during 2025.

Administrative Services Agreement: On July 1, 2005, District Nos. 2 – 8 and East Cherry Creek Valley Water & Sanitation District ("ECCV") entered into an Administrative Services Agreement, under which the parties set forth the terms by which ECCV would provide certain administrative services to the Districts, including that an applicant for a tap connection to ECCV's facilities is required to provide to ECCV a certificate evidencing payment of system development fees before ECCV issues the tap.

Letter of Direction: On December 5, 2017, the District, South Quincy Residential Developers, Inc., SQH Residential Investors, Inc., Staack Commercial Investors, LLC, Quincy-West Commercial Investors, LLC, Quincy-East Commercial Investors, LLC and Rippey Commercial Investors, LLC entered into a Letter of Direction, under which the parties agreed that any revenue generated by solely by the District from the imposition of system development fees is payable to SQH Residential Investors, Inc.

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

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.

On November 2, 2004, 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 Article X, Section 20 of the Colorado Constitution.

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

1) long-term liabilities such as bonds and loans payable and accrued bonds and loans interest payable are not due and payable in the current period and, therefore, are not in the funds; and,

2) unamortized debt insurance, deferred loss on refunding and original issue premium are not financial resources and, therefore are not reported in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;

2) governmental funds report developer advances and/or bond proceeds as revenue; and,

3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

COPPERLEAF METROPOLITAN DISTRICT NO. 3

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 1,223,496	$ 1,223,496	$ 1,222,838	$ (658)
Specific ownership taxes	86,107	86,107	66,500	(19,607)
Interest income	3,500	5,000	14,925	9,925
Total Revenues	1,313,103	1,314,603	1,304,263	(10,340)
EXPENDITURES				
Principal payments	437,000	1,030,000	1,030,000	-
Interest expense	507,445	507,445	506,313	1,132
Trustee fees	10,000	10,000	3,000	7,000
Miscellaneous	-	266	102	164
Treasurer's fees	18,352	18,289	18,348	(59)
Total Expenditures	972,797	1,566,000	1,557,763	8,237
NET CHANGE IN FUND BALANCE	340,306	(251,397)	(253,500)	(2,103)
FUND BALANCE:				
BEGINNING OF YEAR	740,012	761,725	761,690	(35)
END OF YEAR	$ 1,080,318	$ 510,328	$ 508,190	$ (2,138)

The notes to the financial statements are an integral part of these statements.

COPPERLEAF METROPOLITAN DISTRICT NO. 3

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Tax		Percent Collected to Levied
		General Fund	Debt Service	Levied	Collected	
2016	$ 145	60.000	0.000	$ 9	$ 9	103.45%
2017	$ 307	60.000	0.000	$ 18	$ 18	97.72%
2018	$ 1,501,535	10.000	55.277	$ 98,016	$ 98,015	100.00%
2019	$ 4,480,812	7.000	55.277	$ 279,052	$ 227,524	81.53% (1)
2020	$ 10,614,003	7.000	55.664	$ 665,116	$ 652,520	98.11% (1)
2021	$ 12,894,426	2.000	55.664	$ 743,544	$ 743,544	100.00%
2022	$ 15,620,464	2.000	55.664	$ 900,738	$ 900,739	100.00%
2023	$ 15,447,186	2.050	57.229	$ 915,694	$ 915,694	100.00%
2024	$ 18,812,909	1.653	64.765	$ 1,250,152	$ 1,251,487	100.11%
2025	$ 18,871,840	2.653	64.765	$ 1,273,563	$ 1,272,879	99.95%
Estimated for year ending December 31, 2026	$ 18,510,609	2.846	69.373	$ 1,338,693		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

(1) - Property taxes from the Arapahoe County included abatements from the prior year.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION - UNAUDITED

COPPERLEAF METROPOLITAN DISTRICT NO. 3

ASSESSED AND ACTUAL VALUATION OF CLASSES
OF PROPERTY IN DISTRICT
December 31, 2025
UNAUDITED

Class	2025 Assessed Valuation	Percent of Assessed Valuation	2025 Actual Valuation	Percent of Actual Valuation
Vacant	$ 4,171	0.02%	$ 15,444	0.01%
Residential	18,107,252	97.82%	289,715,120	99.49%
State Assessed	398,140	2.15%	1,474,593	0.51%
Commercial	1,018	0.01%	3,772	0.00%
Agricultural	28	0.01%	103	0.00%
Total	$ 18,510,609	100.01%	$ 291,209,032	100.00%

COPPERLEAF METROPOLITAN DISTRICT NO. 3

DISTRICT HISTORICAL DEBT RATIOS

December 31, 2025
UNAUDITED

	2022	2023	2024	2025
General Obligation & Long-Term Debt Outstanding	$ 18,051,000	$ 17,701,000	$ 17,362,000	$ 16,332,000
District Assessed Value	$ 15,447,186	$ 18,812,909	$ 18,871,840	$ 18,510,609
Ratio of Debt to Assessed Value	116.86%	94.09%	92.00%	88.23%