THE RIDGE AT HARMONY ROAD 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
Ridge at Harmony Road Metropolitan District No. 3
Weld County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ridge at Harmony Road 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 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 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.

Hiratsuka & Associates, LLP

October 2, 2026
Wheat Ridge, Colorado

THE RIDGE AT HARMONY ROAD 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	$ 1,548	$ -	$ 1,548	$ -	$ 1,548
Cash and investments - restricted	-	5,393	5,393	-	5,393
Property taxes receivable	109,291	316,936	426,227	-	426,227
Total Assets	$ 110,839	$ 322,329	$ 433,168	-	433,168
Total Assets and Deferred Outflows of Resources	$ 110,839	$ 322,329	$ 433,168		
LIABILITIES					
Accrued interest on long term debt	-	-	-	$ 1,957,670	$ 1,957,670
Long-term liabilities:					
Due in more than one year	-	-	-	19,500,000	19,500,000
Total Liabilities	-	-	-	21,457,670	21,457,670
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	109,291	316,936	426,227	-	426,227
Total Deferred Inflows of Resources	109,291	316,936	426,227	-	426,227
FUND BALANCES/NET POSITION					
Fund Balances:					
Restricted:					
Debt service	-	5,393	5,393	(5,393)	-
Unassigned	1,548	-	1,548	(1,548)	-
Total Fund Balances	1,548	5,393	6,941	(6,941)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 110,839	$ 322,329	$ 433,168		
Net Position:					
Unrestricted				(21,450,729)	(21,450,729)
Total Net Position				$ (21,450,729)	$ (21,450,729)

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

THE RIDGE AT HARMONY ROAD 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					
Treasurer's fees	1,746	5,238	6,984	-	6,984
Transfers to RAHR No. 4	117,814	-	117,814	-	117,814
Bond interest	-	853,584	853,584	206,440	1,060,024
Total Expenditures	119,560	858,822	978,382	206,440	1,184,822
GENERAL REVENUES					
Property taxes	115,842	347,533	463,375	-	463,375
Specific ownership taxes	5,149	15,448	20,597	-	20,597
Interest income	202	4,289	4,491	-	4,491
Transfers from RAHR No. 1	-	488,747	488,747	-	488,747
Transfers from RAHR No. 4	-	22	22	-	22
Total General Revenues	121,193	856,039	977,232	-	977,232
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,633	(2,783)	(1,150)	(206,440)	(207,590)
NET CHANGES IN FUND BALANCES	1,633	(2,783)	(1,150)	1,150	
CHANGE IN NET POSITION				(207,590)	(207,590)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	(85)	8,176	8,091	(21,251,230)	(21,243,139)
END OF YEAR	$ 1,548	$ 5,393	$ 6,941	$ (21,457,670)	$ (21,450,729)

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

THE RIDGE AT HARMONY ROAD 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 and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 116,280	$ 115,842	$ (438)
Specific ownership taxes	4,651	5,149	498
Interest income	-	202	202
Contingency Income	3,069	-	(3,069)
Total Revenues	124,000	121,193	(2,807)
EXPENDITURES			
County Collection fee - 1.5% of property tax	1,744	1,746	(2)
Intrrgvt Expense - District no.4 general fund	119,187	117,814	1,373
Contingency	3,069	-	3,069
Emergency Reserve	-	-	-
Total Expenditures	124,000	119,560	4,440
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	1,633	1,633
FUND BALANCE:			
BEGINNING OF YEAR	-	(85)	(85)
END OF YEAR	$ -	$ 1,548	$ 1,548

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 Ridge at Harmony Road Metropolitan District No. 3, (the "District"), located in the Town of Windsor, ("Town") Weld 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 Ridge at Harmony Road Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, 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 ("District No. 1" and "District No. 2"), operate as the Financing Districts along with The Ridge at Harmony Road District No. 4 ("District No. 4") which serves 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 (GASS) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASS 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.

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. 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.*

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 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 and interest on long-term general obligation debt of the government funds.

Budgetary Accounting

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 Debt Service Fund in 2025.

Assets, Liabilities and Net Position

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 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.

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.

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 has no items that qualify for reporting in this category.

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 type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

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.

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.

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
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 Debt Service Fund in the amount of $5,393 is restricted for the payment of debt service costs associated with the Series 2020 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. The District has no amounts to report as Committed Fund Balance as of December 31, 2025.

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. The District has no amounts to report as Assigned Fund Balance as of December 31, 2025.

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

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.

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 of resources related to those assets. The District does not have any investment in capital assets to report as of December 31, 2025.

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	$	1,548
Cash and investments – Restricted		5,393
Total	$	6,941

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

Deposits with financial institutions	$	5,939
Colotrust		1,002
	$	6,941

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.

Investments

Credit Risk

The District has elected to 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.

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 investments are not required to be categorized within the fair value hierarchy. The investment values are calculated using the net asset value method ("NAV") per share.

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

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 District's funds are invested in Colotrust PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offering daily liquidity. Colotrust PLUS+ may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities and certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for 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 PLUS+ is rated AAAm by Standard & Poor's. 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. As of December 31, 2025, the District has $1,002 invested in the Trust.

Note 3: Long-Term Obligations

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

$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. The Series 2020 Bonds mature on December 15, 2049. The Series 2020 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 to the extent of Pledged Revenues, which may or may not be sufficient to pay the principal and interest on the bonds. To the extent any interest on the Series 2020 Bonds is not paid when due, interest shall compound on this amount at each interest payment date at the rate then borne by the Series 2020 Bonds.

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. The District and District No. 1 have also entered into a Pledge Agreement pursuant to which District No. 1 has agreed to impose a mill levy of 35 mills on all taxable property within District No. 1 to be paid to the District as Pledged Revenue for the Series 2020 Bonds. 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 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.

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

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
General Obligation Debt Series 2020 – Limited tax	$ 19,500,000	$ -	$ -	$ 19,500,000
Total	$ 19,500,000	$ -	$ -	$ 19,500,000

Because of the uncertainty of payments on the Series 2020 Bonds, a future maturity schedule is not presented.

Debt Authorization

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. 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 4: Other 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, 2025, 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, 2025, 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 District transferred $117,814 to District No. 4 during 2025 related to this agreement.

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.

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: 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.

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: 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) Capital improvements used in government activities are not financial resources and, therefore are not reported in the fund; and,

2) long-term liabilities such as bonds payable, developer advances payable and accrued bond/loan interest payable are not due and payable in the current period and, therefore, are not 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; and,

2) governmental funds report developer advances, loan and/or bond proceeds as revenue, which are as changes to long term liabilities on the Statement of Net Position; and,

3) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfers to other governmental entities.

SUPPLEMENTAL INFORMATION

THE RIDGE AT HARMONY ROAD 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 tax revenue	$ 348,848	$ 347,533	$ 347,533	$ -
Specific ownership tax	13,954	15,448	15,448	-
Transfer from district No.1 Debt fund	456,042	488,747	488,747	-
Transfer from district No.4 Debt fund	23	22	22	-
Interest income	4,087	4,289	4,289	-
Total Revenues	822,954	856,039	856,039	-
EXPENDITURES				
County Collection fee - 1.5% of property tax	5,233	5,238	5,238	-
Interest on Bond	825,000	853,584	853,584	-
Contingency	3,767	-	-	-
Total Expenditures	834,000	858,822	858,822	-
NET CHANGE IN FUND BALANCE	(11,046)	(2,783)	(2,783)	-
FUND BALANCE:				
BEGINNING OF YEAR	11,046	8,176	8,176	-
END OF YEAR	$ -	$ 5,393	$ 5,393	$ -

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