COLLIERS HILL METROPOLITAN DISTRICT NO. 3

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Colliers Hill Metropolitan District No. 3
Weld County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Colliers Hill 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 Colliers Hill Metropolitan District No. 3 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 Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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



Flynn CPA, LLC

Castle Pines, CO
September 24, 2026

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

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

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	$ 25,111	$ -	$ -	$ 25,111	$ -	$ 25,111
Cash and investments - restricted	4,596	1,343,170	312,750	1,660,516	-	1,660,516
Receivable - county treasurer	1,987	2,969	-	4,956	-	4,956
Accounts receivable - developer	-	-	639,467	639,467	(639,467)	-
Property taxes receivable	106,629	543,505	-	650,134	-	650,134
Accounts receivable - other	44,444	-	-	44,444	-	44,444
Capital assets not being depreciated	-	-	-	-	31,736,418	31,736,418
Total Assets	$ 182,767	$ 1,889,644	$ 952,217	$ 3,024,628	31,096,951	34,121,579
LIABILITIES						
Accounts payable	$ 13,574	$ 719,750	$ 521,938	$ 1,255,262	-	1,255,262
Retainage payable	-	-	430,279	430,279	-	430,279
Accrued interest on bonds	-	-	-	-	1,056,076	1,056,076
Long-term liabilities:						
Due in more than one year	-	-	-	-	37,039,008	37,039,008
Total Liabilities	13,574	719,750	952,217	1,685,541	38,095,084	39,780,625
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	106,629	543,505	-	650,134	-	650,134
Total Deferred Inflows of Resources	106,629	543,505	-	650,134	-	650,134
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	4,596	-	-	4,596	(4,596)	-
Debt service	-	626,389	-	626,389	(626,389)	-
Unassigned	57,968	-	-	57,968	(57,968)	-
Total Fund Balances	62,564	626,389	-	688,953	(688,953)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 182,767	$ 1,889,644	$ 952,217	$ 3,024,628		
Net Position:						
Restricted for:						
Emergencies					4,596	4,596
Debt service					(429,687)	(429,687)
Unrestricted					(5,884,089)	(5,884,089)
Total Net Position					$ (6,309,180)	$ (6,309,180)

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

COLLIERS HILL 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	Capital Projects	Total	Adjustments	Statement of Activities
EXPENDITURES						
Accounting	$ 16,295	$ -	$ -	$ 16,295	$ -	$ 16,295
Audit	6,300	-	-	6,300	-	6,300
Insurance	28,667	-	-	28,667	-	28,667
Legal	33,732	-	-	33,732	-	33,732
Miscellaneous expenses	350	-	-	350	-	350
Utilities	23,402	-	-	23,402	-	23,402
Stormwater maintenance	44,443	-	-	44,443	-	44,443
Treasurer's fees	1,609	2,405	-	4,014	-	4,014
Interest expense	-	1,439,500	-	1,439,500	858,626	2,298,126
Paying agent fees	-	8,000	-	8,000	-	8,000
Capital outlay	-	-	2,129,998	2,129,998	(2,129,998)	-
Total Expenditures	154,798	1,449,905	2,129,998	3,734,701	(1,271,372)	2,463,329
PROGRAM REVENUES						
System development fees	-	423,000	-	423,000	-	423,000
Total Program Revenues	-	423,000	-	423,000	-	423,000
Net Program Income (Expenses)	(154,798)	(1,026,905)	(2,129,998)	(3,311,701)	1,271,372	(2,040,329)
GENERAL REVENUES						
Property taxes	107,113	160,081	-	267,194	-	267,194
Specific ownership taxes	4,339	6,486	-	10,825	-	10,825
Interest income	13,438	44,188	3,062	60,688	-	60,688
Total General Revenues	124,890	210,755	3,062	338,707	-	338,707
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,908)	(816,150)	(2,126,936)	(2,972,994)	1,271,372	(1,701,622)
OTHER FINANCING SOURCES (USES)						
Developer advances	-	-	2,126,936	2,126,936	(2,126,936)	-
Total Other Financing Sources (Uses)	-	-	2,126,936	2,126,936	(2,126,936)	-
NET CHANGES IN FUND BALANCES	(29,908)	(816,150)	-	(846,058)	846,058	
CHANGE IN NET POSITION					(1,701,622)	(1,701,622)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	92,472	1,442,539	-	1,535,011	(6,142,569)	(4,607,558)
END OF YEAR	$ 62,564	$ 626,389	$ -	$ 688,953	$ (6,998,133)	$ (6,309,180)

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

COLLIERS HILL 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	$ 107,113	$ 103,727	$ 107,113	$ 3,386
Specific ownership taxes	6,427	6,427	4,339	(2,088)
Interest income	300	7,374	13,438	6,064
Total Revenues	113,840	117,528	124,890	7,362
EXPENDITURES				
Accounting	25,000	23,864	16,295	7,569
Audit	6,500	6,500	6,300	200
Election expense	15,000	-	-	-
Insurance	30,000	30,000	28,667	1,333
Legal	35,000	42,874	33,732	9,142
Directors fees	3,600	-	-	-
Payroll taxes	275	-	-	-
Miscellaneous expenses	2,500	2,500	350	2,150
Utilities	-	67,655	23,402	44,253
Stormwater maintenance	75,000	75,000	44,443	30,557
Treasurer's fees	1,607	1,607	1,609	(2)
Emergency reserve	3,536	-	-	-
Total Expenditures	198,018	250,000	154,798	95,202
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(84,178)	(132,472)	(29,908)	102,564
OTHER FINANCING SOURCES (USES)				
Developer advances	40,561	40,000	-	(40,000)
Total Other Financing Sources (Uses)	40,561	40,000	-	(40,000)
NET CHANGE IN FUND BALANCE	(43,617)	(92,472)	(29,908)	62,564
FUND BALANCE:				
BEGINNING OF YEAR	43,617	92,472	92,472	-
END OF YEAR	$ -	$ -	$ 62,564	$ 62,564

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 Colliers Hill Metropolitan District No. 3, (the "District"), located in 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 District was organized on June 24, 2008, under the name of Bridgewater Metropolitan District No. 3 as a quasi-municipal organization established under the State of Colorado Special District Act. The name of the District was changed to DayBreak Metropolitan District No. 3 on June 7, 2013, and subsequently to Colliers Hill Metropolitan District No. 3 on June 2, 2014. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues for 2025 are property taxes, interest income, one-time reimbursements from other governments and developer advances. 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.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

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 2025, the District amended its total appropriations in the General Fund from $198,018 to $250,000 primarily due to an anticipation of increased expenses. The District also amended its total appropriations in the Capital Projects Fund from $1,000,000 to $3,000,000 primarily due to an increase in capital expenditures.

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.

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 has no qualifying items 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 items that qualify for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge.

Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2024.

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 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.

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 $4,596 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 $626,389 is restricted for the payment of the debt service costs associated with the General Obligation Limited Tax Bonds Series 2020 Bonds and Series 2021B(3) Bonds (see Note 4).

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. The District doesn't have any amounts to report in this category at 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.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures (Statement 102)*. Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

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	$ 25,111
Cash and investments - Restricted	1,660,516
Total	$ 1,685,627

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

Deposits with financial institutions	$ 71,136
Investments - COLOTRUST	1,614,491
	$ 1,685,627

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.

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

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 COLOTRUST. 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. 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 $1,614,491 invested in COLOTRUST Plus+.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ending December 31, 2025, follows:

Governmental Type Activities:	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Construction in progress	$ 29,606,420	$ 2,129,998	$ -	$ 31,736,418
Total capital assets	$ 29,606,420	$ 2,129,998	$ -	$ 31,736,418

Upon completion and acceptance, all fixed assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance.

Note 4: Long Term Debt

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

General Obligation Limited Tax Bonds, Series 2020 - On November 5, 2020, the District issued $26,550,000 of General Obligation Limited Tax Bonds, Series 2020, (the "Series 2020 bonds"). The Series 2020 bonds will be used for the purposes of: (a) paying the project costs for infrastructure located within the District and (b) paying the costs of issuance of the Series 2020 bonds. The Bonds are term bonds, of which, $8,300,000 bearing interest at 5.250% mature December 1, 2040, and $18,250,000 bearing interest at 5.500% mature December 1, 2048, payable semiannually on each June 1 and December 1, commencing on December 1, 2020.

The Series 2020 bonds are subject to a sinking fund redemption prior to maturity, as a whole or in integral multiples of $1,000, at the option of the District, on December 1, 2025, and any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Redemption Date	Redemption Premium
December 1, 2025 to November 30, 2026	3.00%
December 1, 2026 to November 30, 2027	2.00%
December 1, 2027 to November 30, 2028	1.00%
December 1, 2028, and thereafter	0.00%

The Bonds maturing on December 1, 2040, are also subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, commencing December 1, 2027. The Bonds maturing on December 1, 2048, are also subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, commencing December 1, 2041.

Series 2020 Bonds are secured by and payable from the pledged revenue, consisting of the moneys derived from a required mill levy of not to exceed 55.664 mills (adjusted for changes occurring after the issuance of such bonds in the ratio of assessed values to market values), facility fees (see Note 6) and any other legally available moneys of the District credited to the Bond Fund. The required and limited mill levy rates require adjustment for changes in the ratio of assessed values to market values occurring after the issuance date of the Bonds.

The Series 2020 Bonds are also secured by amounts on deposit in the Surplus Fund, which were partially funded upon issuance of the Series 2020 Bonds from the proceeds in the amount of $2,630,000 and to be funded from excess Pledged Revenue, if any, accumulated therein up to the maximum amount of $5,310,000.

Subordinate Limited Tax General Obligation Bonds Series 2021B(3) -
On May 6, 2021, the District issued $2,213,000 in Subordinate Limited Tax General Obligation Bonds, Series 2021B(3), ("Series 2021B(3) Bonds) for the purpose of repaying the Property Owner for costs incurred on the construction of the infrastructure within the boundaries of the District. The Series 2021B(3) Bonds bear interest at 8.500%, payable annually on December 15, commencing on December 15, 2021, to the extent that Subordinate Pledged Revenue is available. The Series 2021B(3) Bonds mature on December 15, 2043. The Series 2021B(3) Bonds are secured by Pledged Revenues including the Subordinate Required Mill Levy (as defined in the Indenture of Trust for the Series 2021B(3) Bonds or the "Series 2021B(3) Indenture"), specific ownership taxes which is collected as a result of the Subordinate Required Mill Levy and any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue.

The Series 2021B(3) Bonds are "cash flow" bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Subordinate Pledged Revenue for payment. As of December 31, 2025, the accrued interest was $623,856.

The Series 2021B(3) Bonds are subject to a sinking fund redemption prior to maturity, as a whole or in integral multiples of $1,000, at the option of the District, on December 1, 2025, and any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Redemption Date	Redemption Premium
December 1, 2025 to November 30, 2026	3.00%
December 1, 2026 to November 30, 2027	2.00%
December 1, 2027 to November 30, 2028	1.00%
December 1, 2028, and thereafter	0.00%

Any principal and accrued interest remaining unpaid on the Series 2021B(3) Bonds after December 16, 2048, will be deemed to be discharged, satisfied and no longer due and payable.

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2020 bonds:

	Principal	Interest	Total
2026	$ -	$ 1,439,500	$ 1,439,500
2027	90,000	1,439,500	1,529,500
2028	190,000	1,434,775	1,624,775
2029	200,000	1,424,800	1,624,800
2030	310,000	1,414,300	1,724,300
2031 - 2035	2,520,000	6,767,000	9,287,000
2036 - 2040	4,990,000	5,864,788	10,854,788
2041 - 2045	8,340,000	4,190,175	12,530,175
2046 - 2048	9,910,000	1,258,125	11,168,125
	$ 26,550,000	$ 25,232,963	$ 51,782,963

Because of the uncertainty of the timing of payments for the Series 2021B$_{(3)}$ Bonds, summaries of the long-term debt principal and interest requirements is not presented.

Administrative Advance and Reimbursement Agreement - On November 15, 2013, the District and District No. 2, entered into an Administrative Advance and Reimbursement Agreement with the DayBreak Recovery Acquisition, LLC, (the "Investor"). The District anticipates that it will not have sufficient funds to make the payment of its operations and maintenance expenses; therefore, pursuant to this agreement the Investor advances funds to meet any shortfalls. The advances earn interest from the date the funds are deposited into the District's account at the rate of 8.0% per annum. As of December 31, 2025, the principal was $170,000, and the accrued interest was $26,088.

Funding and Reimbursement Agreement

In November 2015, the District entered into a Funding and Reimbursement Agreement (the "Agreement"), with DayBreak Recovery Acquisition, LLC, (the "Investor"). The advances earned interest from the date of the advance at the rate of 8.5% per annum. The District anticipates that it will not have sufficient funds to make the payment of its capital expenses; therefore, pursuant to this agreement the Investor will advance funds to meet any shortfalls. As of December 31, 2025, the principal was $7,273,077, and the accrued interest was $793,243. At December 31, 2025, an amount of $639,467 was recorded as receivable in the Capital Projects Fund related to this agreement. This amount was received in full during 2025.

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 Bonds					
General Obligation Bonds - Series 2020 Bonds	$ 26,550,000	$ -	$ -	$ 26,550,000	$ -
Subordinate General Obligation Bonds - Series 2021B(3) Bonds	2,213,000	-	-	2,213,000	-
Total	28,763,000	-	-	28,763,000	-
Other					
Funding & Reimbursement Agreement - Capital	4,909,605	2,363,472	-	7,273,077	-
Funding & Reimbursement Agreement - Interest	268,222	525,021	-	793,243	-
Administrative Adv & Reimbursement Agreement - O&M	170,000	-	-	170,000	-
Administrative Adv & Reimbursement Agreement - Interest	26,088	13,600	-	39,688	-
Total	5,373,915	2,902,093	-	8,276,008	-
	$ 34,136,915	$ 2,902,093	$ -	$ 37,039,008	$ -

Debt Authorization

On May 8, 2008, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness in accordance with Colorado law. Per the District's Service Plan, the District with Colliers Hill Metropolitan District No. 2, ("District No. 2") have an aggregate debt limit of $60,000,000 of which all debt has been issued. The District has not budgeted to issue any new debt during 2026.

Note 5: Related Party

In 2025, one member of the Board of Directors was an employee of RainTree Investment Corporation ("RainTree"), which has significant ownership and/or investment interests in the property within the Districts. Management believes that all potential conflicts, if any, have been disclosed to the Secretary of State and the Board of Directors. Two members of the Board of Directors are employees of JR Engineering LLC, of which is contracted as project manager for the construction of the capital infrastructure. In 2025, the District recognized expenses of $128,263 for services rendered by JR Engineering LLC, of which $30,863 is included in payables at the year end.

Note 6: Agreements

District Facility Fees – On November 7, 2016, and as amended and/or restated in 2017, the District imposes a facility fee due and payable upon issuance of a building permit to a buyer by the County. The fee, at the District's discretion, may increase on an annual basis in an amount up to 10% annually not to exceed $5,000 overall, unless, subsequently consented to by the Town of Erie, Colorado, (the "Town"). Initially, the fee was $2,250 per single family detached unit, $1,700 per single family attached unit and $1,500 per apartment unit. During 2025, the District received $423,000 in facility fees.

Cost Sharing Intergovernmental Agreement (Weld County Road 5 Widening and Raw Water Line Project) – On May 12, 2021, the District entered into a Cost Sharing Intergovernmental Agreement ("Cost Sharing IGA"), with the Town of Erie, Colorado (the "Town"), in which, the District is willing to construct and install public improvements related to the widening of Weld County Road 5 and the installation of a raw water line along and adjacent to Weld County Road 5 bounded by Weld County Road 10, and north of Erie Parkway (the "Project"). The Town, willing to pay its proportionate share of the costs, deposited $3,090,408 into an escrow account on July 12, 2021. In 2024, the District received $507,674 from this escrow fund. After this receipt, no additional funds remain in the escrow account.

Intergovernmental Agreement between Colliers Hill Metropolitan District No. 2 and Colliers Hill Metropolitan District No. 3 Regarding Stormwater Facilities Cost Sharing. On September 1, 2024, the District entered into the Intergovernmental Agreement with Colliers Hill Metropolitan District No. 2. Regarding Stormwater Facilities Cost Sharing agreement ("Maintenance IGA"). The Districts agree to a 50/50 equal cost sharing of the annual Stormwater Facility maintenance costs. The District will coordinate with the contractors and pay the costs. District No. 2 will reimburse the District for one-half of the costs incurred. The Parties further agree, starting with the 2025 budget year and each subsequent year, to cooperate in good faith and shall budget, appropriate, contribute, pay and share equally in the annual budgeted and annual actual Stormwater Facilities maintenance costs. At December 31, 2025, the District recorded a receivable in the amount of $44,444 from District No. 2 for their share of these annual costs.

Note 7: 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 May 6, 2008, 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 8: 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 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 funds; and

2) developer advance receivables, unamortized debt insurance, deferred cost on refunding and original issue premium are not financial resources and, therefore are not reported in the funds; and,

3) long-term liabilities such as bonds payable and accrued bond 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 capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;

2) 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;

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

4) 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

COLLIERS HILL 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 and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 160,081	$ 160,081	$ -
Specific ownership taxes	9,605	6,486	(3,119)
Interest income	50,000	44,188	(5,812)
Facility fees	-	423,000	423,000
Total Revenues	219,686	633,755	414,069
EXPENDITURES			
Interest expense	1,439,500	1,439,500	-
Paying agent fees	15,000	8,000	7,000
Treasurer's fees	2,401	2,405	(4)
Total Expenditures	1,456,901	1,449,905	6,996
NET CHANGE IN FUND BALANCE	(1,237,215)	(816,150)	421,065
FUND BALANCE:			
BEGINNING OF YEAR	1,405,451	1,442,539	37,088
END OF YEAR	$ 168,236	$ 626,389	$ 458,153

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest income	$ -	$ 2,000	$ 3,062	$ 1,062
Total Revenues	-	2,000	3,062	1,062
EXPENDITURES				
Capital expenditures	1,000,000	3,000,000	2,129,998	870,002
Total Expenditures	1,000,000	3,000,000	2,129,998	870,002
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,000,000)	(2,998,000)	(2,126,936)	871,064
OTHER FINANCING SOURCES (USES)				
Developer advances	1,000,000	2,998,000	2,126,936	(871,064)
Total Other Financing Sources (Uses)	1,000,000	2,998,000	2,126,936	(871,064)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE:				
BEGINNING OF YEAR	-	-	-	-
END OF YEAR	$ -	$ -	$ -	$ -

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

COLLIERS HILL METROPOLITAN DISTRICT NO. 3

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

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	
2013	$ 742,510	50.000	0.000	$ 37,126	$ 28,223	76.02% (a)
2014	$ 586,709	50.000	0.000	$ 29,335	$ 29,335	100.00%
2015	$ 671,980	50.000	0.000	$ 33,599	$ 35,165	104.66%
2016	$ 510,880	50.000	0.000	$ 25,544	$ 25,544	100.00%
2017	$ 341,310	50.000	0.000	$ 17,066	$ 17,066	100.00%
2018	$ 256,950	55.275	0.000	$ 14,203	$ 14,203	100.00%
2019	$ 359,670	55.275	0.000	$ 19,881	$ 14,596	73.42% (b)
2020	$ 224,350	55.664	0.000	$ 12,488	$ 12,488	100.00%
2021	$ 202,210	55.664	0.000	$ 11,256	$ 13,673	121.47%
2022	$ 181,060	55.664	0.000	$ 10,079	$ 10,079	100.00%
2023	$ 758,630	55.711	0.000	$ 42,264	$ 39,045	92.38%
2024	$ 2,155,110	57.748	0.000	$ 124,453	$ 127,763	102.66%
2025	$ 4,626,900	23.150	34.598	$ 267,194	$ 267,194	100.00%
Estimated for December 31, 2026	$ 10,689,660	9.975	50.844	$ 650,134		

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.

(a) The collected tax in 2013 reflects abatements of $8,902.
(b) The collected tax in 2019 reflects abatements of $5,285.