

**TRAILS AT CROWFOOT
METROPOLITAN DISTRICT NO. 3
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2025**

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITOR'S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
SPECIAL REVENUE FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	7
NOTES TO BASIC FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	30
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	32
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	33



INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Trails at Crowfoot Metropolitan District No. 3
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Trails at Crowfoot 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 statements for the General Fund and Special Revenue 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 Auditors' 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.

Auditors' 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.

Required Supplementary Information

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

historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of debt service requirements to maturity and the schedule of assessed valuation, mill levy, and property taxes collected but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Adams Group, LLC

Greenwood Village, Colorado
July 23, 2026

BASIC FINANCIAL STATEMENTS

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 642,679
Cash and Investments - Restricted	306,706
Receivable from County Treasurer	6,088
Prepaid Insurance	44,818
Due from Other Districts	14,457
Property Tax Receivable	1,036,939
Capital Assets, Net	<u>6,255,586</u>
Total Assets	8,307,273
DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding, Net	<u>1,330,131</u>
Total Deferred Outflows of Resources	1,330,131
LIABILITIES	
Accounts Payable	79,533
Due to Town of Parker	395
Accrued Interest Payable	175,184
Noncurrent Liabilities:	
Due Within One Year	415,000
Due in More Than One Year	<u>63,021,511</u>
Total Liabilities	63,691,623
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>1,036,939</u>
Total Deferred Inflows of Resources	<u>1,036,939</u>
NET POSITION	
Net Investment in Capital Assets	(2,285,584)
Restricted for:	
Emergency Reserve	41,800
Unrestricted	<u>(52,847,374)</u>
Total Net Position	<u><u>\$ (55,091,158)</u></u>

See accompanying Notes to Basic Financial Statements.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 1,922,410	\$ 835,000	\$ -	\$ (755,461)
Interest on Long-Term Debt and Related Costs	3,168,370	-	2,057,273	(1,111,097)
Transfer of Public Improvements to Another Government	43,420,022	-	-	(43,420,022)
Total Governmental Activities	<u>\$ 48,510,802</u>	<u>\$ 835,000</u>	<u>\$ 2,057,273</u>	<u>(45,286,580)</u>
GENERAL REVENUES				
Property Taxes				947,006
Specific Ownership Taxes				72,890
Interest Income				63,834
Other Revenue				80
Total General Revenues and Transfers				<u>1,083,810</u>
CHANGES IN NET POSITION				(44,202,770)
Net Position - Beginning of Year				<u>(10,888,388)</u>
NET POSITION - END OF YEAR				<u>\$ (55,091,158)</u>

See accompanying Notes to Basic Financial Statements.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 467,303	\$ 175,376	\$ -	\$ 642,679
Cash and Investments - Restricted	16,600	25,200	264,906	306,706
Receivable from County Treasurer	1,186	-	4,902	6,088
Due from Other Districts	2,008	-	12,449	14,457
Prepaid Insurance	18,365	26,453	-	44,818
Property Tax Receivable	201,986	-	834,953	1,036,939
Total Assets	<u>\$ 707,448</u>	<u>\$ 227,029</u>	<u>\$ 1,117,210</u>	<u>\$ 2,051,687</u>
LIABILITIES, DEFERRED INFLOWS OF LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 27,328	\$ 50,205	\$ 2,000	\$ 79,533
Due to Town of Parker	395	-	-	395
Total Liabilities	<u>27,723</u>	<u>50,205</u>	<u>2,000</u>	<u>79,928</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	201,986	-	834,953	1,036,939
Total Deferred Inflows of Resources	<u>201,986</u>	<u>-</u>	<u>834,953</u>	<u>1,036,939</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	18,365	26,453	-	44,818
Restricted for:				
Emergency Reserves	16,600	25,200	-	41,800
Debt Service	-	-	280,257	280,257
Committed:				
Operations	-	125,171	-	125,171
Assigned to:				
Subsequent Year's Expenditures	71,683	-	-	71,683
Unassigned	371,091	-	-	371,091
Total Fund Balances	<u>477,739</u>	<u>176,824</u>	<u>280,257</u>	<u>934,820</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 707,448</u>	<u>\$ 227,029</u>	<u>\$ 1,117,210</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Net 6,255,586

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Cost of Refunding, Net 1,330,131

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

Bonds Payable	(58,014,000)
Unamortized Bond Premium	(2,525)
Accrued Interest on Bonds	(793,371)
Developer Advances Payable	(3,405,597)
Accrued Interest on Developer Advances	<u>(1,396,202)</u>

Net Position of Governmental Activities \$ (55,091,158)

See accompanying Notes to Basic Financial Statements.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Special Revenue	Debt Service	Total Governmental Funds
REVENUES				
Property Taxes	\$ 122,988	\$ -	\$ 701,030	\$ 824,018
Specific Ownership Taxes	9,466	-	53,958	63,424
Interest Income	20,685	6,414	36,735	63,834
Other Revenue	-	80	-	80
Transfer from Other Districts	331,949	-	2,057,273	2,389,222
Property Taxes - Town Capital and Maintenance	61,494	-	-	61,494
Specific Ownership Taxes - Town Capital and Maintenance	4,733	-	-	4,733
Property Taxes - Infrastructure Capital	-	-	61,494	61,494
Specific Ownership Taxes - Infrastructure Capital	-	-	4,733	4,733
Transfer from HOA	-	835,000	-	835,000
Total Revenues	551,315	841,494	2,915,223	4,308,032
EXPENDITURES				
General and Administrative	208,786	-	11,442	220,228
Operations and Maintenance	-	900,542	-	900,542
Debt Service:				
Bond Interest - Series 2024A	-	-	2,113,713	2,113,713
Bond Interest - Series 2024B	-	-	324,500	324,500
Bond Principal - Series 2024A	-	-	230,000	230,000
Bond Principal - Series 2024B	-	-	74,000	74,000
Paying Agent Fees	-	-	10,000	10,000
Total Expenditures	208,786	900,542	2,763,655	3,872,983
EXCESS OF REVENUES OVER EXPENDITURES	342,529	(59,048)	151,568	435,049
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(153,300)	153,300	-	-
Total Other Financing Sources (Uses)	(153,300)	153,300	-	-
NET CHANGE IN FUND BALANCES	189,229	94,252	151,568	435,049
Fund Balances - Beginning of Year	288,510	82,572	128,689	499,771
FUND BALANCES - END OF YEAR	<u>\$ 477,739</u>	<u>\$ 176,824</u>	<u>\$ 280,257</u>	<u>\$ 934,820</u>

See accompanying Notes to Basic Financial Statements.

**TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Net Change in Fund Balances - Total Governmental Funds	\$ 435,049
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Depreciation Expense	(813,082)
Transfer of Public Improvements to Other Governments	(43,420,022)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Bond Principal Payments	304,000
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Bonds - Change in Liability	(371,307)
Accrued Interest on Developer Advances - Change in Liability	(266,209)
Amortization of Bond Premium	135
Amortization of Cost of Refunding	<u>(71,334)</u>

Changes in Net Position of Governmental Activities	<u><u>\$ (44,202,770)</u></u>
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TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 122,988	\$ 122,988	\$ -
Specific Ownership Taxes	11,069	9,466	(1,603)
Interest Income	12,000	20,685	8,685
Transfer from Other Districts	335,747	331,949	(3,798)
Property Taxes - Town Capital and Maintenance	61,494	61,494	-
Specific Ownership Taxes - Town Capital and Maintenance	5,534	4,733	(801)
Total Revenues	<u>548,832</u>	<u>551,315</u>	<u>2,483</u>
EXPENDITURES			
Accounting	60,000	61,177	(1,177)
Auditing	7,000	30,000	(23,000)
County Treasurer's Fee	1,845	1,845	-
County Treasurer's Fee - Town Capital and Maintenance	922	923	(1)
Dues and Membership	1,600	1,177	423
Election	20,000	5,327	14,673
Insurance	25,000	6,892	18,108
Legal	55,000	33,961	21,039
Miscellaneous	1,200	885	315
Transfers to Town of Parker	66,106	65,304	802
Engineering	10,000	1,295	8,705
Contingency	6,327	-	6,327
Total Expenditures	<u>255,000</u>	<u>208,786</u>	<u>46,214</u>
OTHER FINANCING SOURCES (USES)			
Transfers To Other Fund	(312,000)	(153,300)	158,700
Total Other Financing Sources (Uses)	<u>(312,000)</u>	<u>(153,300)</u>	<u>158,700</u>
NET CHANGE IN FUND BALANCE	(18,168)	189,229	207,397
Fund Balance - Beginning of Year	<u>292,574</u>	<u>288,510</u>	<u>(4,064)</u>
FUND BALANCE - END OF YEAR	<u>\$ 274,406</u>	<u>\$ 477,739</u>	<u>\$ 203,333</u>

See accompanying Notes to Basic Financial Statements.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfer from HOA	\$ 835,000	\$ 835,000	\$ -
Interest Income	3,000	6,414	3,414
Other Revenue	-	80	80
Total Revenues	838,000	841,494	3,494
EXPENDITURES			
Clubhouse/Cabana/Pool Deck	5,000	2,749	2,251
Common Area Lighting	2,000	-	2,000
Electricity & Gas	20,000	18,094	1,906
Fence Repair	5,000	-	5,000
Fence Staining	100,000	48,488	51,512
Fire Inspection/Repairs/Materials	1,000	-	1,000
Holiday Lighting	15,000	14,387	613
Insurance	46,500	37,653	8,847
Irrigation Repairs	40,000	29,701	10,299
Landscape Maintenance	278,000	210,847	67,153
Management	96,000	97,375	(1,375)
Miscellaneous	2,000	-	2,000
Monuments/Signage	2,000	-	2,000
Pest Control	11,400	13,779	(2,379)
Pool - Chemicals & Supplies	35,000	15,614	19,386
Pool - Contract	82,000	89,500	(7,500)
Security	10,000	1,440	8,560
Snow Removal	60,000	20,740	39,260
Social Committee	21,100	20,741	359
Trails/Parks	5,000	-	5,000
Trash & Recycling	150,000	143,107	6,893
Water	160,000	136,327	23,673
Total Expenditures	1,147,000	900,542	246,458
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(309,000)	(59,048)	249,952
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	312,000	153,300	(158,700)
Total Other Financing Sources (Uses)	312,000	153,300	(158,700)
NET CHANGE IN FUND BALANCE	3,000	94,252	91,252
Fund Balance - Beginning of Year	22,576	82,572	59,996
FUND BALANCE - END OF YEAR	\$ 25,576	\$ 176,824	\$ 151,248

See accompanying Notes to Basic Financial Statements.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Trails at Crowfoot Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized as Hess Ranch Metropolitan District No. 3 by order of the District Court in Douglas County on April 11, 2016. The formation of the District was approved by the Town of Parker, Colorado (the Town) in conjunction with the approval by the Town Board of a Consolidated Service Plan for the District and Trails at Crowfoot Metropolitan District 1-2 (the Pledge Districts, and together with the District, the Districts) and Hess Ranch Metropolitan District 4-8. In June 2019, the District changed its name to Trails at Crowfoot Metropolitan District No. 3. The District's service area is located south of Hess Road and west of Motsenbocker Road in the Town of Parker in Douglas County, Colorado, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the boundaries of the Town. On June 17, 2019, the Town approved an Amended and Restated Consolidated Service Plan for the Districts.

The District was established to provide a part or all of the public improvements for the use and benefit of all anticipated constituents and taxpayers of the District. The primary purpose of the District is to finance the construction of public improvements, including street improvements, park and recreation, water, sanitation, public transportation, mosquito control, traffic and safety control, fire protection, television relay and translation, and security.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

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

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct 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 as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

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

The Special Revenue Fund accounts for revenues received from the District and expenses related to the operation and maintenance of public improvements and capital facilities.

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

Budgets

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 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 has amended its annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

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

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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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

Capital Assets

Capital assets, which include infrastructure assets, are reported in the applicable governmental activities column 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. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities and capital assets under construction which the District may own are recorded as construction in progress and are not included in the calculation of the net investment in capital assets.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Recreation	20 Years
Detention Pond	20 Years
Community Pool	30 Years
Monuments	30 Years

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Cost of Bond Refunding

In the government-wide financial, the deferred cost of bond refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, cost of refunding, is deferred and recognized as an outflow of resources in the period that the amounts are incurred.

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

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

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 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 642,679
Cash and Investments - Restricted	<u>306,706</u>
Total Cash and Investments	<u><u>\$ 949,385</u></u>

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

Deposits with Financial Institutions	\$ 943,884
Investments	<u>5,501</u>
Total Cash and Investments	<u><u>\$ 949,385</u></u>

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized.

The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2025, the District had a bank balance and a carrying balance of \$943,884.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- * Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Invesco Treasury Fund	Weighted-Average Under 60 Days	\$ 5,501
		<u>\$ 5,501</u>

Invesco Treasury Fund

Funds held in trust by BOK Financial were invested in the Invesco Treasury Fund which invests primarily in short-term, high-credit-quality money market instruments that are direct obligations of the U.S. Treasury and repurchase agreements backed by Treasury obligations. The fund is designed for short- to medium- term cash investments, operating cash, cash sweeps, and the liquidity components of investment portfolios. The fund aims to preserve capital, maintain liquidity and produce a competitive yield. The Invesco Treasury Fund is rated AAAm by Standard & Poors and Aaa-mf by Moody's.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 50,488,690	\$ -	\$ 50,488,690	\$ -
Total Capital Assets, Not Being Depreciated	50,488,690	-	50,488,690	-
Capital Assets, Being Depreciated:				
Parks and Recreation/Landscaping	-	4,395,973	-	4,395,973
Detention Pond	-	50,475	-	50,475
Community Pool	-	1,874,033	-	1,874,033
Monuments	-	748,187	-	748,187
Total Capital Assets, Being Depreciated	-	7,068,668	-	7,068,668
Less Accumulated Depreciation for:				
Parks and Recreation/Landscaping	-	529,610	-	529,610
Detention Pond	-	2,734	-	2,734
Community Pool	-	197,815	-	197,815
Monuments	-	82,923	-	82,923
Total Accumulated Depreciation	-	813,082	-	813,082
Total Capital Assets, Being Depreciated, Net	-	6,255,586	-	6,255,586
Governmental Activities Capital Assets, Net	<u>\$ 50,488,690</u>	<u>\$ 6,255,586</u>	<u>\$ 50,488,690</u>	<u>\$ 6,255,586</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	<u>\$ 813,082</u>

Certain capital assets (e.g. street improvements) that were conveyed to, and accepted by, other local governments were removed from the District's books as of December 31, 2025.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
General Obligation - Series 2022C	\$ 933,000	\$ -	\$ -	\$ 933,000	\$ -
General Obligation - Series 2024A	47,945,000	-	230,000	47,715,000	415,000
General Obligation - Series 2024B	9,440,000	-	74,000	9,366,000	-
Accrued and Unpaid Interest On:					
General Obligation Bonds - Series 2024B	233,181	658,936	324,500	567,617	-
General Obligation Bonds - Series 2022C	12,740	37,830	-	50,570	-
Bond Premium - Series 2024A	2,660	-	135	2,525	-
Subtotal	58,566,581	696,766	628,635	58,634,712	415,000
Developer Advances:					
Operations	415,933	-	-	415,933	-
Capital	2,989,664	-	-	2,989,664	-
Accrued Interest On Developer Advances:					
Operations	160,766	27,036	-	187,802	-
Capital	969,227	239,173	-	1,208,400	-
Subtotal	4,535,590	266,209	-	4,801,799	-
Total Long-Term Obligations	<u>\$ 63,102,171</u>	<u>\$ 962,975</u>	<u>\$ 628,635</u>	<u>\$ 63,436,511</u>	<u>\$ 415,000</u>

The details of the District's general obligation bonds outstanding are as follows:

Junior Subordinate Limited Tax General Obligation Bonds, Series 2022C(3) (the "2022C Junior Lien Bonds")

The District issued the 2022C Junior Lien Bonds on April 6, 2022, in the amount of \$19,110,000.

Proceeds of the 2022C Junior Lien Bonds

Proceeds from the 2022C Junior Lien Bonds were used to reimburse the cost of public improvements related to the development and pay the costs of issuance of the 2022C Junior Lien Bonds.

Details of the 2022C Junior Lien Bonds

The 2022C Junior Lien Bonds bear interest at the rate of 4.000% and are payable annually on December 16, beginning December 16, 2022, from, and to the extent of, Junior Lien Pledged Revenue available, if any, pursuant to a mandatory redemption. The 2022C Junior Lien Bonds mature on December 16, 2051.

The 2022C Junior Lien Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the 2022C Junior Lien Bonds compounds annually on each December 16. If any amount of principal or interest on the 2022C Junior Lien Bonds remains unpaid after the application of all Junior Lien Pledged Revenue available on the Junior Lien Bonds Termination Date of December 16, 2059, such unpaid amount will be deemed discharged.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Junior Subordinate Limited Tax General Obligation Bonds, Series 2022C(3) (the "2022C Junior Lien Bonds") (Continued)

2022C Junior Lien Bonds Pledged Revenue

2022C Junior Lien Pledged Revenue means the District Junior Lien Pledged Revenue and any amount of the Pledge Districts Pledged Revenue available after all amounts have been applied pursuant to indentures, bond resolutions, loan agreements, and other security documents relating to Senior/Subordinate Obligations. District Junior Lien Pledged Revenue is the money derived by the District from the following sources, net of any costs of collection of the Town and/or County and any tax refunds or abatements authorized by or on behalf of the Town and/or County: (a) the District Junior Lien Required Mill Levy; (b) the amounts, if any, from the Infrastructure Capital Mill Levy remaining after payment of the Senior/Subordinate Obligations; (c) the portion of the Specific Ownership Tax revenues resulting from the District Junior Lien Required Mill Levy and the Specific Ownership Tax revenues, if any, resulting from the Infrastructure Capital Mill Levy remaining after payment of the Senior/Subordinate Obligations; (d) the amounts, if any, in the Senior Bonds Surplus Fund released to the District pursuant to the 2019A Senior Indenture; and (e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund.

Junior Lien Required Mill Levy

Pursuant to the 2022C Junior Lien Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in an amount equal to: (i) 57.000 mills (subject to adjustment) less the Senior/Subordinate Required Mill Levy, or (ii) such lesser mill levy that will generate Junior Lien Property Tax Revenues which will pay the 2022C Junior Lien Bonds in full.

If the amount of the Senior/Subordinate Required Mill Levy equals or exceeds 57.000 mills (subject to adjustment) in any year, the Junior Lien Required Mill Levy for that year is to be zero.

The 2022C Junior Lien Bonds were partially paid on August 22, 2024 upon issuance of the 2024 Bonds (detailed and defined below).

General Obligation Limited Tax Refunding Bonds, Series 2024A (the Senior Bonds) and Subordinate General Obligation Limited Tax Refunding Bonds, Series 2024B (the Subordinate Bonds, and together with the Senior Bonds, the Bonds)

The District issued the Senior Bonds and Subordinate Bonds on August 22, 2024, in the amounts of \$47,945,000 and \$9,440,000, respectively.

Proceeds of the Senior Bonds

The proceeds from the sale of the Senior Bonds were used to (i) pay the costs of refunding the Refunded Bonds (defined below); and (ii) pay other costs incurred in connection with the issuance of the Senior Bonds and the refunding of the Refunded Bonds (including the premium for the 2024A Senior Bond Insurance Policy and the 2024A Reserve Policy).

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Refunding Bonds, Series 2024A (the Senior Bonds) and Subordinate General Obligation Limited Tax Refunding Bonds, Series 2024B (the Subordinate Bonds, and together with the Senior Bonds, the Bonds)

Details of the Senior Bonds

The Senior Bonds bear interest at rates ranging from 4.00% to 5.00%, payable semi-annually on June 1 and December 1, beginning on December 1, 2024. The Senior Bonds were issued as five term bonds that have annual mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2024. The Senior Bonds mature on December 1, 2054.

The Senior Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 2, 2060 (the Termination Date), regardless of the amount of principal and interest paid prior to the Termination Date.

Senior Pledged Revenue

The Senior Bonds constitute limited tax general obligations of the Issuing District payable solely from and to the extent of the Senior Pledged Revenue, defined in the Senior Indenture as the moneys derived by the District from the following sources: (i) the Senior Required Mill Levy; (ii) the Senior Infrastructure Capital Mill Levy; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy and Senior Infrastructure Capital Mill Levy; (iv) the Pledge Districts Pledged Revenue; and (v) any other legally available moneys which the Issuing District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Senior Required Mill Levy

The Senior Indenture generally defines "Senior Required Mill Levy" as an ad valorem mill levy imposed upon all taxable property of the Issuing District in an amount sufficient to fund the Senior Bond Fund for the relevant Bond Year and pay the Senior Bonds as they come due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Required Reserve, but not in excess of 57 mills (subject to adjustment as described herein) less the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Senior Bond Fund for the relevant Bond Year and pay the Senior Bonds as they come due and will replenish the Senior Reserve Fund to the amount of the Required Reserve.

Senior Infrastructure Capital Mill Levy

The Senior Indenture generally defines "Senior Infrastructure Capital Mill Levy" as an ad valorem mill levy imposed on all taxable property of the Issuing District each year, in an amount of 5 mills (subject to adjustment), the revenues of which shall be used for the planning, design, financing, acquisition, or construction of regional infrastructure by, or on behalf of, the Issuing District or the Town.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Refunding Bonds, Series 2024A (the Senior Bonds) and Subordinate General Obligation Limited Tax Refunding Bonds, Series 2024B (the Subordinate Bonds, and together with the Senior Bonds, the Bonds) Continued)

The Senior Bonds will mature as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 415,000	\$ 2,102,213	\$ 2,517,213
2027	545,000	2,081,463	2,626,463
2028	620,000	2,054,213	2,674,213
2029	655,000	2,023,213	2,678,213
2030	740,000	1,990,463	2,730,463
2031-2035	4,635,000	9,340,065	13,975,065
2036-2040	6,730,000	7,982,315	14,712,315
2041-2045	9,105,000	6,315,765	15,420,765
2046-2050	12,045,000	4,189,439	16,234,439
2051-2055	12,225,000	1,334,076	13,559,076
Total	<u>\$ 47,715,000</u>	<u>\$ 39,413,225</u>	<u>\$ 87,128,225</u>

Senior Bonds Optional Redemption

The Senior Bonds are subject to redemption prior to maturity, at the option of the District, on July 1, 2034 at no premium.

Details of the Subordinate Bonds

The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Rather, principal on the Subordinate Bonds is payable annually on each December 15, commencing December 15, 2024, from, and to the extent of available Subordinate Pledged Revenue (defined below). The Subordinate Bonds mature on December 15, 2052.

The Subordinate Bonds bear interest at the rate of 6.875% per annum payable annually on each December 15, but only from and to the extent of available Subordinate Pledged Revenue, beginning on December 15, 2024. To the extent principal of any Subordinate Bonds is not paid when due, such principal shall remain outstanding until the earlier of its payment or December 16, 2060 (the Subordinate Termination Date). In the event interest on any Subordinate Bonds is not paid when due, such interest is to compound annually on each December 15, at the rate then borne by the Subordinate Bonds.

All of the Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Termination Date, regardless of the amount of principal and interest paid prior to such date.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Refunding Bonds, Series 2024A (the Senior Bonds) and Subordinate General Obligation Limited Tax Refunding Bonds, Series 2024B (the Subordinate Bonds, and together with the Senior Bonds, the Bonds) Continued

Subordinate Bonds Optional Redemption

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
September 1, 2029, to August 31, 2030	3.00%
September 1, 2030, to August 31, 2031	2.00
September 1, 2031, to August 31, 2032	1.00
September 1, 2032, and thereafter	0.00

Subordinate Pledged Revenue

The Subordinate Indenture defines "Subordinate Pledged Revenue" as the moneys derived by the Issuing District from the following sources: (i) the Subordinate Required Mill Levy; (ii) the Subordinate Infrastructure Capital Mill Levy; (iii) the Subordinate Pledge Districts Pledged Revenue; (iv) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy and Subordinate Infrastructure Capital Mill Levy; and (v) any other legally available moneys which the Issuing District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Subordinate Required Mill Levy

The 2024B Subordinate Indenture generally defines "Subordinate Required Mill Levy" as an ad valorem mill levy imposed upon all taxable property of the Issuing District each year in the amount of 57 mills (subject to adjustment) less the amount of the Senior Bond Mill Levy (defined herein and including the Senior Required Mill Levy) and the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the 2024B Subordinate Bonds in full.

Subordinate Infrastructure Capital Mill Levy

The Subordinate Indenture generally defines "Subordinate Infrastructure Capital Mill Levy" as any revenue from the Senior Infrastructure Capital Mill Levy remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of the Senior Bonds and any Senior Parity Bonds.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Refunding Bonds, Series 2024A (the Senior Bonds) and Subordinate General Obligation Limited Tax Refunding Bonds, Series 2024B (the Subordinate Bonds, and together with the Senior Bonds, the Bonds) Continued

Pledge Districts Pledged Revenue

The Pledge Agreement defines “Pledge Districts Pledged Revenue” as the money derived by the Pledge Districts from the following sources being pledged pursuant to the Pledge Agreement, net of any costs of collection and any tax refunds or abatements authorized by or on behalf of the Town and/or County (to the extent not previously deducted by definition): (i) the Pledge District Required Mill Levy; (ii) the Pledge District Infrastructure Capital Mill Levy; (iii) all Specific Ownership Tax revenues resulting from the Pledge District Required Mill Levy and the Pledge District Infrastructure Capital Mill Levy; and (iv) any other legally available moneys which the Pledge Districts determine, in their sole discretion, to credit to the Issuing District for credit to the Senior Bond Fund.

Pledge District Required Mill Levy

The Pledge Agreement defines “Pledge District Required Mill Levy” as an ad valorem mill levy imposed upon all taxable property of each of the Pledge Districts in an amount that when combined with amounts from the Pledge District Infrastructure Capital Mill Levy, the debt service mill levy imposed by the Issuing District pursuant to the Indentures and moneys on deposit in the Senior Bond Fund or Subordinate Bond Fund, as applicable, is sufficient to pay the principal of, premium, if any, and interest on the Bonds and any Senior Parity Bonds or Subordinate Bonds as they come due; and, if necessary, an amount sufficient to replenish the Senior Reserve Fund to the Required Reserve; and, if necessary, an amount sufficient to replenish the Senior Reserve Fund to the Required Reserve, but not in excess of 57.000 mills (subject to adjustment).

In the event the method of calculating assessed valuation is changed on or after January 1, 2019, the minimum and maximum mill levies provided in the Pledge Agreement shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Pledge District Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Notwithstanding anything in the Pledge Agreement to the contrary, in no event may the Pledge District Required Mill Levy be established at a mill levy which would constitute a material departure from the requirements of the Pledge Districts’ Service Plans, or cause the Pledge Districts to derive tax revenue in any year in excess of the maximum tax increases permitted by the Pledge Districts’ electoral authorization, and if the Pledge District Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the Pledge Districts’ electoral authorization, the Pledge District Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Limited Tax Refunding Bonds, Series 2024A (the Senior Bonds) and Subordinate General Obligation Limited Tax Refunding Bonds, Series 2024B (the Subordinate Bonds, and together with the Senior Bonds, the Bonds) Continued

Refunded Bonds

On July 30, 2019, the District issued its: (i) Limited Tax General Obligation Bonds, Series 2019A, in the aggregate principal amount of \$28,830,000 (the 2019A Bonds); and (ii) Subordinate Limited Tax General Obligation Bonds, Series 2019B(3), in the aggregate principal amount of \$6,275,000 (the 2019B(3) Bonds, and together with the 2019A Bonds, the Series 2019 Bonds). On April 6, 2022, the District issued its Junior Subordinate Limited Tax General Obligation Bonds, Series 2022C(3), in the aggregate principal amount of \$19,110,000.

As of the date of the issuance of the Bonds, the 2019A Bonds were outstanding in the principal amount of \$28,830,000, the 2019B(3) Bonds were outstanding in the principal amount of \$6,275,000, and the 2022C Junior Lien Bonds were outstanding in the principal amount of \$19,110,000.

The Bonds were issued to refund all of the Series 2019 Bonds and \$18,152,000 in principal amount outstanding of the 2022C Junior Lien Bonds (together, the Refunded Bonds). Following the issuance of the Bonds, the only outstanding indebtedness of the District consists of the Bonds and the remaining the 2022C Junior Lien Bonds.

Events of Default

Events of default occur if the District fails to impose the Required Mill Levies, or to apply the Pledged Revenues as required by the Indentures and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indentures.

Acceleration of the Bonds shall not be an available remedy for an Event of Default.

The Bonds do not have unused line of credit. No assets have been pledged as collateral on The Bonds.

Debt Authorization

Pursuant to the Consolidated Service Plan, the Districts are permitted to issue aggregate bond indebtedness of up to \$90,068,750 (Service Plan Debt Issuance Limit). In no event are the Districts authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Consolidated Service Plan.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization (Cotinued)

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer, or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power relative to debt for public improvements. With that understanding, on November 5, 2019, a majority of the qualified electors of the District authorized the issuance of indebtedness in accordance with State Law.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investment in capital assets of \$(2,285,584).

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2025, as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergencies	<u>\$ 41,800</u>
Total Restricted Net Position	<u><u>\$ 41,800</u></u>

The District has a deficit in unrestricted net position. The deficit at December 31, 2025, was primarily due to bonds issued for public improvements that were conveyed to other governments (i.e. capital assets have been removed from the District's books, whereas the bonds payable, and accrued interest, remain).

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7 AGREEMENTS

Funding and Reimbursement Agreement

On January 1, 2017, the District and the Developer entered into a Funding and Reimbursement Agreement (Operations and Maintenance) (the O&M Agreement). Pursuant to the O&M Agreement, the District and Developer acknowledge that the District does not currently possess sufficient funds to pay for its operations and maintenance cost, and the Developer has stated its willingness to loan funds to the District for this purpose, on the condition that the District agrees to repay such loans as set forth therein.

Pursuant to the O&M Agreement, the Developer agrees to loan the District an amount not to exceed \$500,000 in a series of installments through December 31, 2021, and extended through December 31, 2023. With respect to such loan advances prior to the issuance of an O&M Reimbursement Obligation, the interest rate shall be 6.5% per annum, simple interest. The provision for repayment of amounts due thereunder is subject to annual appropriation by the District.

As of December 31, 2025, \$415,933 was outstanding with accrued interest of \$187,802.

Public Improvements Acquisition and Reimbursement Agreement

On January 1, 2017, the District and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement, which the District and the Developer amended and restated on July 11, 2019, and again on September 18, 2019 (as amended, the Infrastructure Agreement). Pursuant to this agreement, the Developer agrees to construct certain public improvements for the benefit of the District, and the District agrees to reimburse the Developer for such costs, with interest, at 8%, simple interest.

As of December 31, 2025, \$2,989,664 was outstanding with accrued interest of \$1,208,400 under the Infrastructure Agreement.

District Operating Agreement

On June 17, 2019, the Districts entered into an Amended and Restated District Operating Agreement (the Districts IGA). Pursuant to this agreement, the Districts have agreed that in order to provide the most economical and efficient services associated with certain portions of the public improvements, the District will act as the Operating District and perform certain functions on behalf of the Districts.

Pursuant to the Districts IGA, the District, on behalf of the Districts, will own, operate and maintain a part of the public improvements, and will also perform all administrative services on behalf of the Districts, including serving as records custodian, coordinating board of director meetings, preparation of checks, coordination with an accounting firm for financial report preparation, insurance administration, election administration, budget preparation, responses to inquiries from property owners, and other services.

In exchange for these services, the Pledge Districts agree to fund the Capital Costs and the Service Costs on an annual basis. Capital Costs means the costs of planning, designing, constructing, and acquiring the public improvements. Service Costs means all operation, maintenance, and administrative costs incurred by the District under the Districts IGA.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7 AGREEMENTS (CONTINUED)

Agreement with Town

On June 17, 2019, each of the Districts entered into separate intergovernmental agreements with the Town (collectively, the Town IGAs). The Town IGAs provide that the Districts will impose (a) the Infrastructure Capital Mill Levy (5 mills, subject to adjustment) and use the proceeds for regional improvements, (b) the Town Capital and Maintenance Mill Levy (5 mills, subject to adjustment) and use the proceeds for Town improvements, and (c) the Operations Mill Levy (up to 10 mills, subject to adjustment) and use the proceeds for the ongoing administrative and operating expenses of the Districts and for the maintenance of certain of the regional improvements.

The Town IGAs require that the proceeds of the Infrastructure Capital Mill Levy and the Town Capital and Maintenance Mill Levy be paid by the Districts to the Town; provided, however, that the Districts are permitted to retain revenues from the Infrastructure Capital Mill Levy to the extent needed to pay debt service on obligations repayable in whole or in part from such mill levy (which includes the Bonds).

The Town IGAs also impose a debt limit on the Districts of \$90,068,750, exclusive of refunding, which is consistent with the debt limit set forth in the Service Plans.

Agreement with HOA

On September 18, 2019, the District entered into a Regional Infrastructure Maintenance and Cost Sharing Agreement (HOA Agreement) with Trails at Crowfoot Master Owner's Association, Inc. (the Association). Under the HOA Agreement, the District agrees to maintain the Regional Infrastructure defined therein. Prior to September 1 of each year, the District and the Association will meet to review the operation and maintenance needs of the Regional Infrastructure. Thereafter, on or before October 1 of each year, the District shall deliver to the Association its proposed budget related to the operation and maintenance of the Regional Infrastructure for the upcoming year. In the event the budgeted District operations and maintenance revenue is less than the estimated expenses, the Association shall be obligated to remit the amount of such budget shortfall to the District in 12 equal installments.

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is HR 935, LLC. Some members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 9 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be 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 (the 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 liability, property, workers' compensation, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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.

On November 3, 2015, the District's voters approved an annual ad valorem taxes of \$5,000,000, further increased to \$10,000,000 on November 5, 2019, for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within 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.

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado. Annual operating revenue is limited to a 5.25% increase, such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues. The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

SUPPLEMENTARY INFORMATION

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 701,030	\$ 701,030	\$ 701,030	\$ -
Specific Ownership Taxes	63,093	53,958	53,958	-
Transfer from Other Districts	2,081,738	2,057,273	2,057,273	-
Property Taxes - Infrastructure Capital	61,494	61,494	61,494	-
Specific Ownership Taxes - Infrastructure Capital	5,534	4,733	4,733	-
Interest Income	64,000	37,000	36,735	(265)
Total Revenues	2,976,889	2,915,488	2,915,223	(265)
EXPENDITURES				
County Treasurer's Fee	10,515	10,519	10,519	-
Infrastructure Capital County Treasurer's Fee	922	923	923	-
Paying Agent Fees	10,000	10,000	10,000	-
Bond Interest - Series 2024A	2,113,713	2,113,713	2,113,713	-
Bond Interest - Series 2024B	-	324,500	324,500	-
Bond Principal - Series 2024A	230,000	230,000	230,000	-
Bond Principal - Series 2024B	-	74,000	74,000	-
Contingency	4,850	6,345	-	6,345
Total Expenditures	2,370,000	2,770,000	2,763,655	6,345
NET CHANGE IN FUND BALANCE	606,889	145,488	151,568	6,080
Fund Balance - Beginning of Year	1,275,355	128,689	128,689	-
FUND BALANCE - END OF YEAR	<u>\$ 1,882,244</u>	<u>\$ 274,177</u>	<u>\$ 280,257</u>	<u>\$ 6,080</u>

OTHER INFORMATION

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

				\$47,945,000		
				Limited Tax General Obligation Refunding Bonds		
				Series 2024A		
				Issue date August 22, 2024		
				Interest from 4.00%-5.00%		
				Interest Payable		
				June 1 and December 1		
				Principal Payable December 1		
Bonds/Loans and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total			
2026	\$ 415,000	\$ 2,102,213	\$ 2,517,213			
2027	545,000	2,081,463	2,626,463			
2028	620,000	2,054,213	2,674,213			
2029	655,000	2,023,213	2,678,213			
2030	740,000	1,990,463	2,730,463			
2031	775,000	1,953,463	2,728,463			
2032	870,000	1,914,713	2,784,713			
2033	910,000	1,871,213	2,781,213			
2034	1,015,000	1,825,713	2,840,713			
2035	1,065,000	1,774,963	2,839,963			
2036	1,175,000	1,721,713	2,896,713			
2037	1,235,000	1,662,963	2,897,963			
2038	1,350,000	1,601,213	2,951,213			
2039	1,420,000	1,533,713	2,953,713			
2040	1,550,000	1,462,713	3,012,713			
2041	1,610,000	1,400,713	3,010,713			
2042	1,735,000	1,336,313	3,071,313			
2043	1,805,000	1,266,913	3,071,913			
2044	1,940,000	1,194,713	3,134,713			
2045	2,015,000	1,117,113	3,132,113			
2046	2,165,000	1,031,475	3,196,475			
2047	2,255,000	939,463	3,194,463			
2048	2,415,000	843,625	3,258,625			
2049	2,520,000	740,988	3,260,988			
2050	2,690,000	633,888	3,323,888			
2051	2,805,000	519,563	3,324,563			
2052	2,990,000	400,350	3,390,350			
2053	3,115,000	273,275	3,388,275			
2054	3,315,000	140,888	3,455,888			
Total	<u>\$ 47,715,000</u>	<u>\$ 39,413,225</u>	<u>\$ 87,128,225</u>			

TRAILS AT CROWFOOT METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Taxes		Percent Collected to Levied
		General	Contract	Debt Service	Levied	Collected	
2021	\$ 587,520	10.069	10.068	57.398	\$ 45,553	\$ 45,554	100.00 %
2022	4,289,750	10.069	10.068	57.398	332,606	292,542	87.95 %
2023	6,009,080	10.062	10.062	57.353	465,565	468,162	100.56 %
2024	9,800,790	10.739	10.738	61.213	810,427	810,419	100.00 %
2025	11,235,890	10.946	10.946	62.392	947,006	947,006	100.00 %
Estimated for Year Ending December 31, 2026	\$ 12,084,820	11.143	11.142	63.520	\$ 1,036,939		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.