

**EAGLE BROOK MEADOWS
METROPOLITAN DISTRICT NO. 3
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025**



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Eagle Brook Meadows Metropolitan District No. 3

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Eagle Brook Meadows 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 thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 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 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.



Littleton, Colorado
September 28, 2026

Basic Financial Statements

Eagle Brook Meadows Metropolitan District No. 3
Governmental Funds Balance Sheet
and Statement of Net Position (Deficit)
December 31, 2025

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Current					
Cash and cash equivalents	\$ -	\$ 4,171	\$ 4,171	\$ -	\$ 4,171
Accounts receivable	-	1,546	1,546	-	1,546
Due from District No. 2	-	11,894	11,894	-	11,894
Due from county treasurer	-	1,562	1,562	-	1,562
Property taxes receivable	37,507	129,992	167,499	-	167,499
Total Assets	<u>\$ 37,507</u>	<u>\$ 149,165</u>	<u>\$ 186,672</u>	<u>\$ -</u>	<u>\$ 186,672</u>
Liabilities					
Current					
Accounts payable	-	64	64	-	64
Due to District No. 1	-	5,576	5,576	-	5,576
Accrued Interest	-	-	-	1,104,260	1,104,260
Noncurrent					
Due in More than One Year	-	-	-	14,449,805	14,449,805
Total Liabilities	<u>\$ -</u>	<u>\$ 5,640</u>	<u>\$ 5,640</u>	<u>\$ 15,554,065</u>	<u>\$ 15,559,705</u>
Deferred Inflows of Resources					
Deferred property tax revenue	37,507	129,992	167,499	-	167,499
Total Deferred Inflows of Resources	<u>37,507</u>	<u>129,992</u>	<u>167,499</u>	<u>-</u>	<u>167,499</u>
Fund Balances					
Fund Balances					
Restricted:					
Emergency reserves	-	933	933	(933)	-
Assigned:					
Debt service	-	12,600	12,600	(12,600)	-
Total Fund Balances	<u>-</u>	<u>13,533</u>	<u>13,533</u>	<u>(13,533)</u>	<u>-</u>
Total Liabilities, Fund Balances and Deferred Inflows of Resources	<u>\$ 37,507</u>	<u>\$ 149,165</u>	<u>\$ 186,672</u>		
Net Position (Deficit)					
Restricted:					
Emergency reserves				933	933
Unrestricted				(15,541,465)	(15,541,465)
Total Net Position (Deficit)				<u>\$ (15,540,532)</u>	<u>\$ (15,540,532)</u>

The accompanying notes are an integral part of these financial statements.

Eagle Brook Meadows Metropolitan District No. 3
Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances - Net Position (Deficit) and Statement of Activities
For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Transfer from District No. 2	\$ -	\$ 708,814	\$ 708,814	\$ -	\$ 708,814
Property taxes	29,230	97,436	126,666	-	126,666
Specific ownership taxes	1,832	6,109	7,941	-	7,941
Interest and other income	<u>26</u>	<u>10,506</u>	<u>10,532</u>	<u>-</u>	<u>10,532</u>
Total Revenues	<u>31,088</u>	<u>822,865</u>	<u>853,953</u>	<u>-</u>	<u>853,953</u>
Expenditures					
General Government					
Payment for services to No. 1 - O&M	30,503	-	30,503	-	30,503
Treasurer fees	585	1,950	2,535	-	2,535
Debt Service					
Interest/fees	-	812,752	812,752	58,791	871,543
Amortization of bond premium	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,368)</u>	<u>(47,368)</u>
Total Expenditures	<u>31,088</u>	<u>814,702</u>	<u>845,790</u>	<u>11,423</u>	<u>857,213</u>
Net Change in Fund Balances	-	8,163	8,163	(8,163)	
Change in Net Position				(3,260)	(3,260)
Fund Balances/Net Position (Deficit):					
Beginning of the Year	<u>-</u>	<u>5,370</u>	<u>5,370</u>	<u>(15,542,642)</u>	<u>(15,537,272)</u>
End of the Year	<u><u>\$ -</u></u>	<u><u>\$ 13,533</u></u>	<u><u>\$ 13,533</u></u>	<u><u>\$ (15,554,065)</u></u>	<u><u>\$ (15,540,532)</u></u>

The accompanying notes are an integral part of these financial statements.

Eagle Brook Meadows Metropolitan District No. 3
Statement of Revenues, Expenditures, and Changes in
Fund Balance—Actual and Budget—General Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Property taxes	\$ 29,308	\$ 29,230	\$ (78)
Specific ownership taxes	1,759	1,832	73
Interest and other income	<u>500</u>	<u>26</u>	<u>(474)</u>
Total Revenue	<u>31,567</u>	<u>31,088</u>	<u>(479)</u>
Expenditures			
Current			
Payment for services to No. 1 - O&M	30,481	30,503	(22)
Treasurer fees	586	585	1
Contingency	<u>500</u>	<u>-</u>	<u>500</u>
Total Expenditures	<u>31,567</u>	<u>31,088</u>	<u>479</u>
Net change in fund balances	-	-	-
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements

December 31, 2025

1. Definition of Reporting Entity

Eagle Brook Meadows Metropolitan District No. 3 (the “District”) was established, pursuant to the Colorado Special District Act, Article 1 of Title 32 of the Colorado Revised Statutes, in November 2018, as a quasi-municipal corporation and a political subdivision of the State of Colorado. The District was formed in conjunction with Eagle Brook Meadows Metropolitan Districts 1 and 2 (collectively, the Districts) to provide financing for the construction, acquisition and operation and maintenance of water, wastewater, streets and other public improvements. The District serves as a Financing District, along with District 2. Eagle Brook Meadows Metropolitan District 1 serves as the “Operating District” for which the taxing districts are to provide funding to the Operating District for Operating expenses and District 2 provides funding to the District for debt service. The District is governed by a five-member Board of Directors. The District is located in the City of Loveland, Colorado.

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District follows the GASB pronouncements, which provide 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. Management has determined that the District is not financially accountable for any other entity. Therefore, no component units are included within the District’s reporting entity.

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

2. Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the District's accounting policies are described below.

Eagle Brook Meadows Metropolitan District No. 3
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on the accrual basis of accounting related to the governmental-type activities of the District. The Statement of Net Position presents information on all the District's assets, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities demonstrates the degree to which the given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. General revenues including property tax revenues, specific ownership taxes, charges for services, and investment earnings are budgeted to meet the operational requirements of the function.

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements are prepared 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 if the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes, specific ownership 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

Governmental Funds

The District reports the following major governmental funds:

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

Eagle Brook Meadows Metropolitan District No. 3
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

- Debt Service Fund- The Debt Service Fund accounts for the financial resources in regard to debt financing.

Budgets and Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the Local Government Budget Law of Colorado, the District's board of directors holds a public hearing 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 total appropriation can only be modified upon completion of public notification and hearing 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.

For the year ended December 31, 2025, the Debt Service Fund expenditures exceeded appropriations by \$4,728, which may constitute a violation of the State statute.

Cash and Cash Equivalents

The District considers cash and cash equivalents to include cash on hand, unrestricted demand deposits, local government investment pools, money market accounts, and investments with original maturities of three months or less.

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents. The District estimates that the fair value of these financial instruments as of December 31, 2025, does not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position. Bond issuance costs are expensed as incurred. Premiums and discounts are amortized over the life of the debt using the interest method.

Eagle Brook Meadows Metropolitan District No. 3
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Deferred Outflows (Inflows) of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period, and a deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statement of net position, but are not recognized in the financial statement as revenues and expenses until the period(s) to which they relate.

Deferred property taxes represent property taxes for which an enforceable legal claim to assets exists, but for which the levy pertains to the subsequent year.

The District does not have any items that qualify for reporting as deferred outflows as of December 31, 2025.

Property Taxes

Property taxes are levied on December 15 and attach an enforceable lien on the respective property on January 1. Taxes are payable in full on or before April 30 or in two installments on February 28 and June 15. The County Treasurer collects and remits the property taxes to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded on December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced. District 1 serves as the operating district for the District and is responsible for the operation, maintenance, and administration of public improvements. District Nos. 2 and 3 are financing districts that levy property taxes and generate revenues to fund the costs of operations, maintenance, administrative services, and debt service obligations in accordance with the Intergovernmental Agreement.

Fund Balances

The District utilizes the fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting* and *Governmental Fund Type Definitions*. Fund balances are categorized as non-spendable, restricted, committed, assigned or unassigned.

- *Non-spendable Fund Balance* –Represents amounts that cannot be spent because they are either in non-spendable form or legally required to remain intact.
- *Restricted Fund Balance* – Represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation.

Eagle Brook Meadows Metropolitan District No. 3
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

- Committed Fund Balance – Represents amounts that can only be used for specific purposes imposed by a formal action of the District’s highest level of decision-making authority, the District’s Board of Directors. Committed resources cannot be used for any other purpose unless the District’s Board of Directors removes or changes the specific uses by the same type of action used to commit those amounts, either by resolution or by ordinance.
- Assigned Fund Balance – Represents amounts that the District intends to use for specific purposes as expressed by the District’s Board of Directors or a District official delegated the authority to assign amounts.
- Unassigned Fund Balance – Represents amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District may 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.
- 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.

Eagle Brook Meadows Metropolitan District No. 3

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent to year-end, on March 18, 2026, the District was consolidated with the Eagle Brook Meadows Metropolitan District No. 1 and Eagle Brook Meadows Metropolitan District No. 2. Upon the effective date, the District's assets, liabilities, and operations were transferred to the consolidated district, Eagle Brook Meadows Metropolitan District, which assumed responsibility for all future operations and obligations. As a result, the District ceased to exist as a separate governmental and reporting entity. However, the boundaries of the District remain for purposes of imposing a debt service mill levy for payment of the 2021 Limited Tax General Obligation Bonds.

3. Cash and Cash Equivalents

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2025, the District's carrying amount of deposits and bank balance were \$4,171 and \$4,121, respectively. The District's deposits did not exceed federal depository insurance limits, therefore, all deposits were fully insured.

4. Long-Term Debt

The following is a summary of the changes in the long-term debt for the year ended December 31, 2025:

	Balance 12/31/24	Additions	Reductions	Balance 12/31/25	Due Within One Year
2021 Limited Tax GO Bonds	\$14,000,000	\$ -	\$ -	\$14,000,000	\$ -
2021 Bond Premium	497,173	-	(47,368)	449,805	-
Total	\$14,497,173	\$ -	\$ (47,368)	\$14,449,805	\$ -

Eagle Brook Meadows Metropolitan District No. 3
Notes to Financial Statements (continued)
December 31, 2025

4. Long-Term Debt (continued)

2021 Limited Tax General Obligation Bonds

On August 31, 2021, the District issued 2021 Limited Tax General Obligation Bonds in the amount of \$14,000,000. Proceeds from the Bonds were used to finance public improvements through repayment of a portion of developer advances made to District 1. Interest accrues at 5% and is payable annually on December 1. Principal is due annually beginning December 1, 2033, and continuing through the final maturity date of December 1, 2051. The bonds will mature December 1, 2051.

Estimated annual debt service requirements for the outstanding bonds at December 31, 2025 are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 700,000	\$ 700,000
2027	-	700,000	700,000
2028	-	700,000	700,000
2029	-	700,000	700,000
2030	-	700,000	700,000
2031-2035	1,802,770	3,352,736	5,155,505
2036-2040	3,363,874	2,746,726	6,110,600
2041-2045	5,307,227	1,723,473	7,030,700
2046-2051	3,526,129	317,763	3,843,892
Total	<u>\$ 14,000,000</u>	<u>\$ 11,640,698</u>	<u>\$ 25,640,698</u>

Authorized, but Unissued Debt

As of December 31, 2025 Eagle Brook Meadows Metropolitan District Nos. 1-3 had no unissued voter authorized debt. The Districts' Service plan limits the total debt issuance to \$14,000,000.

5. Related Parties and Transactions

During fiscal year 2025, two of the members of the Board of Directors were under contract to purchase taxable real property from Front Range Investment Holdings, LLC (Front Range), the Developer of the District. The sale price for the property was \$2,723.

Eagle Brook Meadows Metropolitan District No. 3
Notes to Financial Statements (continued)
December 31, 2025

6. Risk Management

The District is exposed to various risks of loss related to torts, theft 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) as of December 31, 2025. 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 the past three years.

The district pays annual premiums to the Pool for liability, property, and public officials' coverage. In the event aggregated losses incurred by the Pool exceeds 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.

7. Tax, Spending, and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, and debt limitations which apply to the State of Colorado and all local governments. In 2018, the District passed a ballot question authorizing the District to collect, retain, and spend for any lawful purpose the revenues generated from all sources in each fiscal year thereafter.

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 revenues.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt services). 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 manager believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Supplementary Information

Eagle Brook Meadows Metropolitan District No. 3
Schedule of Revenues, Expenditures, and Changes in
Fund Balance—Actual and Budget—Debt Service Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Transfer from District No. 2	\$ 706,914	\$ 708,814	\$ 1,900
Property taxes	97,698	97,436	(262)
Specific ownership taxes	5,862	6,109	247
Interest and other income	500	10,506	10,006
Total Revenue	<u>810,974</u>	<u>822,865</u>	<u>11,891</u>
Expenditures:			
Interest/fees	800,520	812,752	(12,232)
Treasurer fees	1,954	1,950	4
Trustee fees	8,000	-	8,000
Contingency	500	-	500
Total Expenditures	<u>810,974</u>	<u>814,702</u>	<u>(3,728)</u>
Net change in fund balances	<u>-</u>	<u>8,163</u>	<u>8,163</u>
Fund Balance—Beginning of year	<u>-</u>	<u>5,370</u>	<u>5,370</u>
Fund Balance—End of Year	<u><u>\$ -</u></u>	<u><u>\$ 13,533</u></u>	<u><u>\$ 13,533</u></u>