

**COLORADO CROSSING  
METROPOLITAN DISTRICT NO. 3**

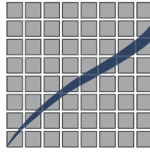
**El Paso County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2023**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>1</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>2</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>3</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN         FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>4</b>
<b>GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND         CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>5</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>6</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>18</b>
<b>OTHER INFORMATION</b>	
<b>SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY     TAXES COLLECTED</b>	<b>20</b>



**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
**Colorado Crossing Metropolitan District No. 3**  
El Paso County, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Colorado Crossing Metropolitan District No. 3 ("District") as of and for the year ended December 31, 2023, 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, 2023, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 identified 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. Such 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, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any 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.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
September 23, 2024

## **BASIC FINANCIAL STATEMENTS**

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Receivable from County Treasurer	\$ 8,247
Property Tax Receivable	<u>1,351,182</u>
Total Assets	<u>1,359,429</u>
<b>LIABILITIES</b>	
Due to CCMD No. 1	2,356
Due to CCMD No. 2	<u>5,891</u>
Total Liabilities	8,247
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	<u>1,351,182</u>
Total Deferred Inflows of Resources	<u>1,351,182</u>
<b>NET POSITION</b>	
Unrestricted	<u>-</u>
Total Net Position	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,161,234	\$ -	\$ -	\$ -	\$ (1,161,234)
Total Governmental Activities	\$ 1,161,234	\$ -	\$ -	\$ -	(1,161,234)
<b>GENERAL REVENUES</b>					
Property Taxes					1,025,383
Specific Ownership Taxes					107,356
Interest Income					28,495
Total General Revenues and Transfers					1,161,234
<b>CHANGES IN NET POSITION</b>					
Net Position - Beginning of Year					-
<b>NET POSITION - END OF YEAR</b>					\$ -

See accompanying Notes to Basic Financial Statements.



**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3  
BALANCE SHEET –  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Receivable from County Treasurer	\$ 2,356	\$ 5,891	\$ 8,247
Property Tax Receivable	368,038	983,144	1,351,182
Total Assets	\$ 370,394	\$ 989,035	\$ 1,359,429
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to CCMD No. 1	\$ 2,356	\$ -	\$ 2,356
Due to CCMD No. 2	-	5,891	5,891
Total Liabilities	2,356	5,891	8,247
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax	368,038	983,144	1,351,182
Total Deferred Inflows of Resources	368,038	983,144	1,351,182
<b>FUND BALANCES</b>			
Total Fund Balances	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 370,394	\$ 989,035	\$ 1,359,429

Amounts reported for governmental activities in the Statement of Net Position are the same as above.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 287,565	\$ -	\$ 287,565
Specific Ownership Taxes	30,674	-	30,674
Property Taxes - Series 2020A-1	-	333,578	333,578
Property Taxes - Series 2020A-2/B-2	-	385,337	385,337
Interest Income	7,991	-	7,991
Property Taxes - Excluded Property	-	18,903	18,903
Specific Ownership Taxes - Series 2020A-1	-	35,581	35,581
Specific Ownership Taxes - Series 2020A-2/B-2	-	41,101	41,101
Interest Income - Series 2020A-1	-	9,796	9,796
Interest Income - Series 2020A-2/B-2	-	10,708	10,708
Total Revenues	326,230	835,004	1,161,234
<b>EXPENDITURES</b>			
Current:			
County Treasurer's Fee	4,433	-	4,433
County Treasurer's Fee - Series 2020A-1	-	5,435	5,435
County Treasurer's Fee - Series 2020A-2/B-2	-	5,940	5,940
Intergovernmental Expenditures - CCMD No. 1	321,797	-	321,797
Intergovernmental Expenditures - CCMD No. 2 - Series 2020A-1	-	392,422	392,422
Intergovernmental Expenditures - CCMD No. 2 - Series 2020A-2/B-2	-	431,207	431,207
Total Expenditures	326,230	835,004	1,161,234
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-
Fund Balances - Beginning of Year	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	\$ -	\$ -	\$ -

Amounts reported for governmental activities in the Statement of Activities are the same as above.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 287,537	\$ 287,565	\$ 28
Specific Ownership Taxes	28,754	30,674	1,920
Interest Income	-	7,991	7,991
Other Revenue	10,000	-	(10,000)
Total Revenues	<u>326,291</u>	<u>326,230</u>	<u>(61)</u>
<b>EXPENDITURES</b>			
Contingency	10,000	-	10,000
County Treasurer's Fee	4,313	4,433	(120)
Intergovernmental Expenditures - CCMD No. 1	311,978	321,797	(9,819)
Total Expenditures	<u>326,291</u>	<u>326,230</u>	<u>61</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Colorado Crossing Metropolitan District No. 3 (the District or District No. 3), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court of El Paso County, Colorado, recorded on December 5, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised statutes). The District was organized in conjunction with two other related districts, Colorado Crossing Metropolitan District No. 1 (District No. 1), the Operating District, and Colorado Crossing Metropolitan District No. 2 (District No. 2, together with the District and District No. 1, the Districts). The Districts operate under a Consolidated Service Plan which was approved by the City Council of the City of Colorado Springs (the City) on August 22, 2006, as amended by that First Amendment to the Consolidated Service Plan approved by the City on October 25, 2016, as amended by that Second Amendment to the Consolidated Service Plan approved by the City on December 11, 2018, by that Third Amendment to the Consolidated Service Plan approved by the City on November 10, 2020, and by that Fourth Amendment to the Consolidated Service Plan approved by the City on April, 26, 2022 (the Service Plan). The Districts' service area is located entirely within the City. District No. 1 will own (subject to dedication of improvements to the City), operate, maintain and construct facilities benefiting all three Districts, and District No. 2 and District No. 3 will contribute to the costs of construction, operation, and maintenance of such facilities. The District was established to provide the following services: parks and recreation, sanitary sewer, storm drainage, streets, traffic and safety protection, water, mosquito control, and television relay and transportation systems, and all other powers under the Colorado Special District Act, subject to limitations in the Service Plan.

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

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

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 outflow of resources and the sum of liabilities and deferred inflow of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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 intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has 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.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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 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, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2023.

**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 and investments.

**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.

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

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows of Resources**

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, the 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.

*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.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*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.

**NOTE 3 CASH AND INVESTMENTS**

**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.

At December 31, 2023, the District had no cash deposits.

**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 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 CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments**

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

As of December 31, 2023, the District had no investments.

**NOTE 4 LONG-TERM OBLIGATIONS**

**Facilities Funding and Acquisition Agreement**

On October 5, 2016, District No. 1 entered into a Facilities Funding and Acquisition Agreement (FFAA), amended by that First Amendment dated December 7, 2020, and that Second Amendment dated November 18, 2021, that Third Amendment dated November 16, 2022, and that Fourth Amendment dated November 16, 2023, with Interquest Westside LLC (the Developer) whereby District No. 1 agreed to reimburse the Developer for costs of constructing and/or acquiring public improvements and to acquire such public improvements completed by the Developer. The FFAA also acknowledges that District No. 1 will reimburse the Developer for previously installed public improvements (Prior Expenses). District No. 1 and the Developer agreed that prior to acquisition of any public improvements, District No. 1 will obtain a (i) certification of an independent engineer that the Prior Expenses, and any future construction related expenses incurred by the Developer and then acquired by District No. 1, are reasonable and comparable for similar costs in the community, and (ii) verification from the District accountant that the same expenses are reimbursable (Verified Costs). The Developer agrees to advance funds up to \$37,500,000. The FFAA states simple interest will accrue at the rate of 8.0% from the date of the deposit (for advances), from the organization date (for Verified Costs incurred prior to organization), and from the date costs were incurred by the Developer (for Verified Costs). Payments made to the Developer will be applied first to accrued and unpaid interest and then to any principal amount due.

District No. 2 issued bonds in 2017 and transferred net proceeds to District No. 1 to partially reimburse the Developer for obligations under this agreement. In connection with District No. 2's bond issuance in 2017, the Districts entered into a Capital Pledge Agreement.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Facilities Funding and Acquisition Agreement (Continued)**

District No. 2's bond issuance in 2017 was refunded in 2020. In connection with District No. 2's bond issuance in 2020, the Districts entered into a Capital Pledge Agreement (A-1) and Capital Pledge Agreement (A-2/B-2) (see Note 7).

**Authorized Debt**

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts for the following purposes:

	Authorized November 7, 2006 Election	Authorized November 8, 2016 Election	Authorized Used for District No. 2 Series 2017 Bonds	Authorization Used for District No. 2 Series 2020A-2 and Series 2020B-2 Bonds	Authorized But Unused
Street Improvements	\$ 15,000,000	\$ 35,000,000	\$ 6,616,283	\$ 13,951,660	\$ 29,432,057
Parks and Recreation	1,000,000	35,000,000	-	2,843,159	33,156,841
Water	8,000,000	35,000,000	699,940	2,799,332	39,500,728
Sanitation	8,000,000	35,000,000	1,479,616	153,378	41,367,006
Transportation	500,000	35,000,000	5,985,161	9,625,480	19,889,359
Safety Protection	1,000,000	35,000,000	-	4,446,991	31,553,009
TV Relay	1,000,000	35,000,000	-	-	36,000,000
Mosquito Control	500,000	-	-	-	500,000
Operations	-	35,000,000	-	9,016,000	25,984,000
Refunding	35,000,000	35,000,000	-	-	70,000,000
District IGA's	-	35,000,000	-	-	35,000,000
Total	<u>\$ 70,000,000</u>	<u>\$ 350,000,000</u>	<u>\$ 14,781,000</u>	<u>\$ 42,836,000</u>	<u>\$ 362,383,000</u>

Pursuant to the fourth amendment to the Consolidated Service Plan, the Districts can issue debt in the aggregate principal amount not to exceed \$72,000,000, including not more than \$60,000,000 supported by general obligation revenues and \$12,000,000 supported by assessment revenues. The maximum interest rate per the consolidate service plan is 18%. In addition, the maximum debt service mill levy for the District is 50.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

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.

**NOTE 5 NET POSITION**

The District has a \$-0- balance in net position.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 6 RELATED PARTIES**

The Developer of the property which constitutes the District is Interquest Westside, LLC, a Delaware limited liability company. The members of the Board of Directors are officers, employees, or associated with the Developer and may have conflicts of interest in dealing with the District.

**NOTE 7 AGREEMENTS AND COMMITMENTS**

**Intergovernmental Agreement**

On November 28, 2007, the Districts entered into an Intergovernmental Agreement (Original Agreement). The Original Agreement provided that District No. 1 (Operating District) would provide for the construction, design, operation, and maintenance of the public improvements, as well as the overall administration of the Districts.

On July 11, 2017, an Amended and Restated Intergovernmental Agreement (Amended IGA) was entered into by the Districts for the purpose of establishing the Operating District's responsibility for coordinating the construction, design, financing, and operation and maintenance of the public improvements that benefit the Districts and establish District No. 2 and District No. 3's (Financing Districts) obligation to pay for the services and benefits of the public improvements provided by the Operating District.

The Operating District is responsible for providing all administration services and project management services of the Districts, as well as supervising the construction and acquisition of public improvements, paying project costs or bond requirements from pledged revenue, consulting with the Financing Districts regarding the budget process, requesting Developer Advances as needed, and other items outlined in the Amended IGA.

**Operations Pledge Agreement**

On July 11, 2017, District No. 1 (Operating District) and District Nos. 2 and 3 (Financing Districts) entered into an Operations Pledge Agreement (OPA). The purpose of the OPA is to determine each District' allocated management costs associated with the operations and maintenance costs of the Districts. Pursuant to this agreement, the Financing Districts agreed to impose ad valorem mill levy and remit the resulting tax revenues to District No. 1 within 30 days of receipt. It is anticipated that all operations costs of the Districts will be funded by the Financing Districts.

**Pledge Agreements**

On December 23, 2020, the District has entered into the Capital Pledge Agreement (A-1) (the 2020A-1 Pledge Agreement) with District No. 1 and District No. 2, whereby both the District and District No. 1 have pledged certain revenues to District No. 2 for the repayment of its 2020A-1 Bonds and any Additional Obligations. Pledged Revenues are the 2020A-1 Property Tax Revenues of the Districts, the portion of Specific Ownership Taxes of the Districts which is collected as a result of imposition of each District's 2020A-1 Required Mill Levy and all of the Restricted PIF Property PIF Revenue plus 46.4% of District PIF Revenue.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 AGREEMENTS AND COMMITMENTS (CONTINUED)**

**Pledge Agreements (Continued)**

The District also entered into the Capital Pledge Agreement (A-2/B-2) (the 2020A-2/B-2 Pledge Agreement) with District No. 1 and District No. 2 to pledge certain revenues to District No. 2 for the repayment of its 2020A-2 Senior Bonds and 2020B-2 Subordinate Bonds and any Additional Obligations that may be issued in the future. 2020A-2/B-2 Pledge Agreement Revenue does not include any revenue collected from within the Excluded Property discussed below. Pledged Revenues are the 2020A-2 Senior Property Tax Revenues of the Districts, the portion of the Specific Ownership Taxes of the Districts which is collected as a result of imposition of each District's 2020A-2/B-2 Senior Required Mill Levy, the District PIF Revenue remaining after application of the portion of District PIF Revenue pledged to the 2020A-1 Bonds, and after the 2020A-1 Bonds have been fully repaid or defeased, all District PIF Revenue and the Capital Fees of the Districts.

**PIF Revenue**

A public improvement fee (PIF) is required to be imposed pursuant to the Declaration of Covenants Imposing and Implementing the Interquest Westside Public Improvement Fee dated March 22, 2017, and, as amended (the PIF Covenant). The Sales PIF and the Lodging PIF are to be determined from time to time by District No. 1, subject to limitations, in amounts not to exceed 2.0% and 6.0%, respectively. District No. 1 has initially determined that the Sales PIF applicable to all PIF Sales will be 1.0% and the Lodging PIF applicable to all Lodging Activities will be 2.0% (the PIF Revenue). The PIF Covenant provides that, with respect to the Restricted PIF Property, until the 2020A-1 Bonds or any refunding bonds thereof are defeased, the PIF Revenues generated from the Restricted PIF Property will be used first for repayment of the 2020A-1 Bonds, and second to pay for or reimburse operations and maintenance costs. After the 2020A-1 Bonds or any refunding bonds thereof are defeased, the PIF Revenues generated from the Restricted PIF Property will be used only to pay operations and maintenance costs.

The Developer has excluded the INO Facility Parcel from the PIF Property (defined in the PIF Covenant). As such, the INO Facility Parcel is released from and no longer encumbered by the PIF Covenant or any conditions of the PIF Covenant. The PIF Revenue portion of the 2020A-1 Pledged Revenue includes only Restricted PIF Property PIF Revenue and a portion of the District PIF Revenue (defined below). The 2020A-1 Pledged Revenue (defined below) does not include any PIF Revenue generated from the INO Facility Parcel.

PIF Property means the property described in the PIF Covenant less the INO Facility Parcel. District PIF Property means the Original PIF Property less the Restricted PIF Property and less the INO Facility Parcel. District PIF Revenue means PIF Revenue collected within the District PIF Property.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 AGREEMENTS AND COMMITMENTS (CONTINUED)**

**Exclusion Agreement**

On February 8, 2019, the Districts, Interquest Westside LLC, a Delaware limited liability company (Interquest); and In-N-Out Burgers, a California corporation (INO) entered into the Exclusion Agreement pursuant to which certain real property to be acquired by INO would be excluded from the geographic boundaries of the Districts (the Excluded Property). Upon such exclusion, the Excluded Property would no longer be subject to or obligated to pay the operating levies of the Districts; however, notwithstanding such exclusion: (a) the Excluded Property remained subject to and obligated to pay the mill levies associated with the 2017 Bonds and any Refunding Bonds (as such terms are defined in the Exclusion Agreement); and (b) certain portions of the Excluded Property is subject to, and INO is required to pay, as applicable, the Operations Annual Fee and amounts due under the PIF Covenants, all as such terms are defined in, and subject to the terms and conditions of, the Exclusion Agreement. The Excluded Property remains subject to taxation by the Districts pursuant to the indenture of trust and pledge agreements executed in 2017 in connection with the issuance of District No. 2's Series 2017 Bonds and any refundings thereof. Accordingly, the Excluded Property will be subject to taxation to pay debt service on District No. 2's (refunding) 2020A-1 Bonds only.

**NOTE 8 RISK MANAGEMENT**

The District is exposed to various risks of losses 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 an 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 fiscal years.

The District pays annual premiums to the Pool for liability 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 9 TAX, SPENDING, AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District transfers its net operating revenues to the Operating District pursuant to an intergovernmental agreement. Therefore, Emergency Reserves related to the District's revenues are reported in the Operating District.

On November 8, 2016, the District voters passed an election question allowing the District to increase property taxes up to \$5,000,000 annually, without limitation of rate, and without regard to any spending, revenue raising, or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-2-301, C.R.S., to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, spend, or retain all revenue without regard to any limitations under TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

## **SUPPLEMENTARY INFORMATION**

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes - Series 2020A-1	\$ 333,543	\$ 333,578	\$ 333,578	\$ -
Property Taxes - Series 2020A-2/B-2	385,299	385,337	385,337	-
Property Taxes - Excluded Property	18,903	18,903	18,903	-
Specific Ownership Taxes - Series 2020A-1	33,354	35,581	35,581	-
Specific Ownership Taxes - Series 2020A-2/B-2	38,529	41,101	41,101	-
Other Revenue	15,000	2,996	-	(2,996)
Interest Income - Series 2020A-1	-	9,796	9,796	-
Interest Income - Series 2020A-2/B-2	-	10,708	10,708	-
Total Revenues	824,628	838,000	835,004	(2,996)
<b>EXPENDITURES</b>				
County Treasurer's Fee - Series 2020A-1	5,287	5,435	5,435	-
County Treasurer's Fee - Series 2020A-2/B-2	5,779	5,940	5,940	-
Intergovernmental Expenditures - CCMD No. 2 - Series 2020A-1	380,513	392,422	392,422	-
Intergovernmental Expenditures - CCMD No. 2 - Series 2020A-2/B-2	418,049	431,207	431,207	-
Contingency	15,000	2,996	-	2,996
Total Expenditures	824,628	838,000	835,004	2,996
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -



## **OTHER INFORMATION**

**COLORADO CROSSING METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED  
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2019	\$ 8,207,840	70.000	\$ 574,549	\$ 358,172	62.34 %
2020	3,697,840	70.000	258,849	257,498	99.48
2021	3,693,620	70.000	258,553	258,553	100.00
2021 - Excluded Property	82,160	23.500	1,931	1,931	100.00
2022	12,240,050	70.000	856,803	856,849	100.01
2022 - Excluded Property	809,200	23.200	18,773	18,773	100.00
2023	14,376,840	70.000	1,006,379	1,006,480	100.01
2023 - Excluded Property	814,780	23.200	18,903	18,903	100.00
Estimated for the Year Ending December 31,					
2024	\$ 18,401,920	72.278	\$ 1,330,054		
2024 - Excluded Property	871,060	24.257	21,129		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.