

**EAGLE BROOK MEADOWS METROPOLITAN
DISTRICT NO. 3**

BASIC FINANCIAL STATEMENTS

December 31, 2021

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Title Page

Table of Contents

FINANCIAL SECTION

Independent Auditors' Report

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 – Governmental Funds to the Statement of Activities 5

Notes to the Financial Statements 6 – 14

Required Supplemental Information

General Fund – Budgetary Comparison Schedule 15

Individual Fund Schedules

Debt Service Fund – Budgetary Comparison Schedule 16

Capital Projects Fund – Budgetary Comparison Schedule 17

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Eagle Brook Meadows Metropolitan District No.3
Loveland, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of the Eagle Brook Meadows Metropolitan District No. 3 (the "District") as of and for the year ended December 31, 2021, 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 accompanying 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 Eagle Brook Meadows Metropolitan District No. 3 as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Eagle Brook Meadows Metropolitan District No. 3 and to meet our 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 the 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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

Accounting principles generally accepted in the United States of America require that the required budgetary information on page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental 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 is not affected by this missing information.

Supplementary and Other 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 individual fund schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The individual fund schedules have 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Luttrell & Associates, LLC

August 1, 2022

BASIC FINANCIAL STATEMENTS

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

STATEMENT OF NET POSITION
As of December 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 4,113
Accounts Receivable	<u>298</u>
 TOTAL ASSETS	 <u>4,411</u>
LIABILITIES	
Accrued Interest	298
Noncurrent Liabilities	
Due within One Year	-
Due in more than One Year	<u>14,595,600</u>
 TOTAL LIABILITIES	 <u>14,595,898</u>
NET POSITION	
Net Investment in Capital Assets	(14,595,600)
Restricted for Emergencies	1
Unrestricted	<u>4,112</u>
 TOTAL NET POSITION	 <u>\$ (14,591,487)</u>

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

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Position</u>
PRIMARY GOVERNMENT			
Governmental Activities			
General Government	\$ 575,924	\$ 28,189	\$ (547,735)
Interest on Long-Term Debt	28,300	-	(28,300)
Transfers to Other Districts	14,015,600	-	(14,015,600)
Total Governmental Activities	<u>\$ 14,619,824</u>	<u>\$ 28,189</u>	(14,591,635)
GENERAL REVENUES			
			146
			<u>2</u>
			TOTAL GENERAL REVENUES <u>148</u>
			CHANGE IN NET POSITION (14,591,487)
			NET POSITION, Beginning <u>-</u>
			NET POSITION, Ending <u>\$ (14,591,487)</u>

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

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2021

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECT FUND	TOTALS
ASSETS				
Cash and Investments	\$ -	\$ -	\$ 4,113	\$ 4,113
Accounts Receivable	-	298	-	298
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 298</u>	<u>\$ 4,113</u>	<u>\$ 4,411</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
FUND EQUITY				
Fund Balance				
Restricted for Emergencies	1	-	-	1
Unassigned	(1)	298	4,113	4,410
TOTAL FUND EQUITY	-	298	4,113	4,411
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY	<u>\$ -</u>	<u>\$ 298</u>	<u>\$ 4,113</u>	

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

Long-term liabilities that are not due and payable in the current period and are not reported in the funds. These include bonds payable (\$14,000,000), bond premium of (\$595,600) and accrued interest (\$298).	<u>(14,595,898)</u>
Net position of governmental activities	<u>\$ (14,591,487)</u>

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

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECT FUND	TOTALS
REVENUES				
Charges for Services	\$ -	\$ 28,189	\$ -	\$ 28,189
Taxes	34	112	-	146
Interest and Other Income	-	1	1	2
TOTAL REVENUES	34	28,302	1	28,337
EXPENDITURES				
Current				
General Government	34	2	-	36
Debt Service	-	28,002	-	28,002
TOTAL EXPENDITURES	34	28,004	-	28,038
EXCESS OF REVENUES OVER (UNDER) EXPENSES	-	298	1	299
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	14,595,600	14,595,600
Bond Issuance Costs	-	-	(575,888)	(575,888)
Transfer to District No. 1	-	-	(14,015,600)	(14,015,600)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	4,112	4,112
NET CHANGE IN FUND BALANCES	-	298	4,113	4,411
FUND BALANCES, Beginning	-	-	-	-
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ 298</u>	<u>\$ 4,113</u>	<u>\$ 4,411</u>

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

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 4,411
Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(14,595,600)
Repayment of long-term debt principal and proceeds from borrowing are recorded as expenditures and revenues in the governmental funds, but the repayment reduces or increases long-term liabilities in the statement of net position. This amount includes change in accrued interest.	<u>(298)</u>
Change in Net Position of Governmental Activities	<u>\$ (14,591,487)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The was established to provide financing for the construction, acquisition, and operation and maintenance of water, wastewater, streets, and other public improvements. The District is governed by a five-member Board of Directors elected by the eligible electors.

The accounting policies of the (the “District”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the District considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

In the fund financial statements, 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 District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the financial resources utilized in acquiring debt.

The *Capital Projects Fund* accounts for the financial resources utilized in acquiring or constructing capital assets.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets

Capital assets, which include property and equipment, are reported in the 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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method, landscaping and signage 25 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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 issue costs are reported as deferred charges and amortized over the term of the related debt.

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 debt service expenditures.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property Taxes

The District certifies its property taxes expressed as a mill levy, on or before December 15. Property taxes attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits 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 at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third party limitation on their use. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. At December 31, 2021, the District does not report any nonspendable fund balance.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District has also classified the balance of the Capital Projects Fund and restricted as its use is restricted for the construction of capital assets.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2021.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

NOTE 3: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. At December 31, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

At December 31, 2021, the District had deposits with financial institutions with a carrying amount of \$4,113. The bank balances with the financial institutions were \$4,113. All of the balances were covered by federal depository insurance.

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2021.

	Balance <u>12/31/20</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/21</u>	Due In <u>One Year</u>
Bond Series 2021	\$ -	\$ 14,000,000	\$ -	\$ 14,000,000	\$ -
Bond Premium	-	<u>595,600</u>	-	<u>595,600</u>	-
Total	\$ -	\$ <u>14,595,600</u>	\$ -	\$ <u>14,595,600</u>	\$ -

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 will be used to build infrastructure in District No. 1 and to pay a portion of developer advances. Principal payments are due annually on November 15 and interest payments are due annually on December 1 with interest accruing at 5%. The Bonds will mature in 2051.

Estimated annual debt service requirements for the outstanding bonds at December 31, 2021 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 199,899	\$ 199,899
2023	-	321,953	321,953
2024	-	542,437	542,437
2025	-	704,642	704,642
2026	-	825,850	825,850
2027 – 2031	24,000	4,633,776	4,657,776
2032 – 2036	2,311,000	3,124,693	5,435,693
2037 – 2041	3,813,000	2,441,928	6,254,928
2042 – 2046	5,935,000	1,346,815	7,281,815
2047 – 2048	<u>1,917,000</u>	<u>643,125</u>	<u>2,029,291</u>
Total	<u>\$ 14,000,000</u>	<u>\$ 14,254,284</u>	<u>\$ 28,254,284</u>

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 4: LONG-TERM DEBT (Continued)

Authorized Debt

Per the Consolidated Service Plan for Eagle Brook Meadows Metropolitan District No. 3 the maximum amount of debt that Eagle Brook Meadows Metropolitan District No. 3 may incur is \$154,000,000. As of December 31, 2021, the District had \$140,000,000 of authorized but unissued debt.

NOTE 5: RELATED PARTIES

All of the members of the Board of Directors are either investors in the Developer, or otherwise affiliated with the Developer

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage, to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2021. 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 exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from 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.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 7: COMMITMENTS AND CONTINGENCIES

TABOR Amendment

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2021, the emergency reserve of \$1 was recorded in the General Fund.

NOTE 8: SUBSEQUENT EVENTS

Potential subsequent events were considered through August 1, 2022. It was determined that the following event is required to be disclosed through this date.

REQUIRED SUPPLEMENTAL INFORMATION

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2021

	2021		VARIANCE Positive (Negative)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Taxes	\$ 33	\$ 34	\$ 1
Interest and Other Income	25	-	(25)
TOTAL REVENUES	<u>58</u>	<u>34</u>	<u>(24)</u>
EXPENDITURES			
Current			
Payment for Services to District No. 1	32	33	(1)
Treasurer's Fees	1	1	-
Contingency	25	-	25
TOTAL EXPENDITURES	<u>58</u>	<u>34</u>	<u>24</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2021

	2021			VARIANCE Positive (Negative)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for Services	\$ -	\$ 28,206	\$ 28,189	\$ (17)
Taxes	110	112	112	-
Interest and Other Income	100	-	1	1
TOTAL REVENUES	210	28,318	28,302	(16)
EXPENDITURES				
Current				
Payment for Services to District No. 1	108	-	-	-
Treasurer's Fees	2	2	2	-
Contingency	100	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	28,316	28,002	314
TOTAL EXPENDITURES	210	28,318	28,004	314
NET CHANGE IN FUND BALANCE	-	-	298	298
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 298	\$ 298

See the accompanying independent auditors' report.

EAGLE BROOK MEADOWS METROPOLITAN DISTRICT NO. 3

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2021

	2021			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)
REVENUES				
Other Income	\$ -	\$ -	\$ 1	\$ 1
TOTAL REVENUES	-	-	1	1
EXPENDITURES				
Current				
General Government	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1	1
OTHER FINANCING SOURCES				
Bond Proceeds	-	14,595,600	14,595,600	-
Bond Issuance Costs	-	(580,000)	(575,888)	4,112
Transfer to District No. 1	-	(14,015,600)	(14,015,600)	-
TOTAL OTHER FINANCING SOURCES	-	-	4,112	4,112
NET CHANGE IN FUND BALANCE	-	-	4,113	4,113
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 4,113	\$ (4,113)

See the accompanying independent auditors' report.