

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3**

**Adams County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2023**

<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>I</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
<b>FUND FINANCIAL STATEMENTS</b>	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
<b>SUPPLEMENTARY INFORMATION</b>	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	25
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	26
<b>OTHER INFORMATION</b>	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	28
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	29



---

Dazzio & Associates, PC

---

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
White Buffalo Metropolitan District No. 3  
Adams County, Colorado

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the White Buffalo Metropolitan District No. 3 (the 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, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

8200 South Quebec Street, Suite A3259, Centennial, Colorado 80112  
303-905-0809 • [info@dazziocpa.com](mailto:info@dazziocpa.com)

• Member American Institute of Certified Public Accountants • Member Colorado Society of Certified Public Accountants •

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, 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 any form of assurance thereon.

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

*Duggio & Associates, P.C.*

August 22, 2024

## **BASIC FINANCIAL STATEMENTS**

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 18,163
Cash and Investments - Restricted	4,066,494
Receivable from County Treasurer	2,365
Property Tax Receivable - ARI	18,044
Property Tax Receivable	667,920
Capital Assets:	
Capital Assets Not Being Depreciated	11,502,791
Total Assets	<u>16,275,777</u>
<b>LIABILITIES</b>	
Accounts Payable	16,785
Due to ARI	21,366
Accrued Bond Interest	63,754
Noncurrent Liabilities:	
Due in More Than One Year	20,985,052
Total Liabilities	<u>21,086,957</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax	685,964
Total Deferred Inflows of Resources	<u>685,964</u>
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserve	2,200
Debt Service	411,939
Net Position - Unrestricted	<u>(5,911,283)</u>
Total Net Position	<u>\$ (5,497,144)</u>

See accompanying Notes to Basic Financial Statements.

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Primary Government:	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 128,058	\$ -	\$ -	\$ (128,058)
Interest on Long-Term Debt and Related Costs	<u>1,568,638</u>	<u>-</u>	<u>-</u>	<u>(1,568,638)</u>
Total Governmental Activities	<u>\$ 3,585,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,585,307)</u>
<b>GENERAL REVENUES</b>				
Property Taxes				422,517
Specific Ownership Taxes				28,174
Interest Income				112,657
Total General Revenues				<u>563,348</u>
<b>CHANGES IN NET POSITION</b>				
Net Position - Beginning of Year				<u>(2,475,185)</u>
<b>NET POSITION - END OF YEAR</b>				
				<u>\$ (5,497,144)</u>

See accompanying Notes to Basic Financial Statements.



**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 18,163	\$ -	\$ -	\$ 18,163
Cash and Investments - Restricted	2,200	1,670,692	2,393,602	4,066,494
Receivable from County Treasurer	605	1,760	-	2,365
Property Tax Receivable - ARI	18,044	-	-	18,044
Property Tax Receivable	90,257	577,663	-	667,920
	<u>\$ 129,269</u>	<u>\$ 2,250,115</u>	<u>\$ 2,393,602</u>	<u>\$ 4,772,986</u>
<b>Total Assets</b>				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 14,101	\$ -	\$ 2,684	\$ 16,785
Due to ARI	21,366	-	-	21,366
Total Liabilities	<u>35,467</u>	<u>-</u>	<u>2,684</u>	<u>38,151</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax	108,301	577,663	-	685,964
Total Deferred Inflows of Resources	<u>108,301</u>	<u>577,663</u>	<u>-</u>	<u>685,964</u>
<b>FUND BALANCES</b>				
Restricted for:				
Emergency Reserves	2,200	-	-	2,200
Debt Service	-	1,672,452	-	1,672,452
Capital Projects	-	-	2,390,918	2,390,918
Unassigned	(16,699)	-	-	(16,699)
Total Fund Balances	<u>(14,499)</u>	<u>1,672,452</u>	<u>2,390,918</u>	<u>4,048,871</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 129,269</u>	<u>\$ 2,250,115</u>	<u>\$ 2,393,602</u>	

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

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

11,502,791

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

Accrued Interest	(361,326)
Bonds Payable	(20,673,000)
Developer Advance Payable	(196,652)
Accrued Developer Advance Interest	(40,342)
Series 2020 Unamortized Bond Premium	(37,456)
Series 2023B Unamortized Bond Discount	259,970
	<u>(20,028,706)</u>

Net Position of Governmental Activities

\$ (5,497,144)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 55,593	\$ 355,805	\$ -	\$ 411,398
Property Taxes - ARI	11,119	-	-	11,119
Specific Ownership Taxes	4,449	23,725	-	28,174
Interest Income	668	90,093	21,896	112,657
Total Revenues	71,829	469,623	21,896	563,348
<b>EXPENDITURES</b>				
Current:				
Accounting	28,428	-	-	28,428
Auditing	4,900	-	-	4,900
ARI Mill Levy	11,034	-	-	11,034
County Treasurer's Fee	424	2,715	-	3,139
ARI Country Treasurer's fee	85	-	-	85
Dues and Membership	823	-	-	823
Election	4,108	-	-	4,108
Engineering	-	-	21,276	21,276
Insurance	9,132	-	-	9,132
Landscaping	12,212	-	-	12,212
Legal	31,925	-	-	31,925
Snow Removal	256	-	-	256
Water	3,455	-	-	3,455
Debt Service:				
Bond Interest - Series 2020	-	765,050	-	765,050
Bond Issue Costs	-	-	479,780	479,780
Paying Agent Fees	-	4,000	6,000	10,000
Capital Projects:				
Capital Outlay	-	-	3,831,110	3,831,110
Total Expenditures	106,782	771,765	4,338,166	5,216,713
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	(34,953)	(302,142)	(4,316,270)	(4,653,365)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance Proceeds	-	-	6,763,000	6,763,000
Bond Discount	-	-	(259,970)	(259,970)
Developer Advance	25,000	-	-	25,000
Total Other Financing Sources	25,000	-	6,503,030	6,528,030
<b>NET CHANGE IN FUND BALANCES</b>	(9,953)	(302,142)	2,186,760	1,874,665
Fund Balances - Beginning of Year	(4,546)	1,974,594	204,158	2,174,206
<b>FUND BALANCES - END OF YEAR</b>	\$ (14,499)	\$ 1,672,452	\$ 2,390,918	\$ 4,048,871

See accompanying Notes to Basic Financial Statements.

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 1,874,665

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Outlay	3,831,110
Transfer of Public Improvements to Other Governments	(1,888,611)

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

Series 2023B Bond Issuance	(6,763,000)
Series 2023B Bond Discount	259,970
Developer Advance	(25,000)

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

Accrued Interest Payable - Change in Liability	(297,572)
Accrued Interest Payable Developer Advance - Change in Liability	(15,402)
Amortization of Bond Premium - Series 2020	1,881

Changes in Net Position of Governmental Activities \$ (3,021,959)

**WHITE BUFFALO 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	\$ 111,448	\$ 55,593	\$ (55,855)
Property Taxes - ARI	11,145	11,119	(26)
Specific Ownership Taxes	8,582	4,449	(4,133)
Interest Income	-	668	668
Total Revenues	<u>131,175</u>	<u>71,829</u>	<u>(59,346)</u>
<b>EXPENDITURES</b>			
Accounting	25,300	28,428	(3,128)
Auditing	5,250	4,900	350
Ari Mill Levy	11,145	11,034	111
Contingency	4,416	-	4,416
County Treasurer's Fee	1,672	424	1,248
ARI Country Treasurer's fee	167	85	82
Dues and Membership	1,150	823	327
Election	2,200	4,108	(1,908)
Insurance	10,000	9,132	868
Landscaping	12,000	12,212	(212)
Legal	16,500	31,925	(15,425)
Repairs and Maintenance	10,000	-	10,000
Snow Removal	25,000	256	24,744
Water	3,000	3,455	(455)
Total Expenditures	<u>127,800</u>	<u>106,782</u>	<u>21,018</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	3,375	(34,953)	(38,328)
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advance	100,000	25,000	(75,000)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>25,000</u>	<u>(75,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	103,375	(9,953)	(113,328)
Fund Balance - Beginning of Year	<u>2,087</u>	<u>(4,546)</u>	<u>(6,633)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 105,462</u>	<u>\$ (14,499)</u>	<u>\$ (119,961)</u>

See accompanying Notes to Basic Financial Statements.

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

**NOTE 1 DEFINITION OF REPORTING ENTITY**

White Buffalo Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Order and Decree of the Adams County District Court issued on November 20, 2019, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the City of Aurora (the City), Adams County (the County), Colorado (the State). The organization was approved by eligible electors of the District at an election held on November 5, 2019. On August 5, 2019, the City of Aurora approved the Service Plan (Original Service Plan) for the White Buffalo Metropolitan District Nos. 1, 2 and 3. The City approved an Amended and Restated Service Plan for White Buffalo Metropolitan District Nos. 1-3 on April 11, 2023 (the Amended Service Plan). The Amended Service Plan is intended to modify, replace, restate, and supersede the Original Service Plan in its entirety.

The District was established to provide financing for the planning, design, acquisition, construction, installation, relocation, redevelopment, operations, and maintenance of the public improvements within the District including streets, parks and recreation, water, sanitation and storm, public transportation, mosquito control, safety protection, fire protection, television relay and translation, and security subject to the limitations of the Amended 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.

**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 property taxes and intergovernmental revenues.

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

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

**Government-Wide and Fund Financial Statements (Continued)**

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, 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 instead 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. 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 due.

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 general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**WHITE BUFFALO 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 Capital Projects – Regional Improvements Fund is used to account for financial resources to be used for a regional improvement or to be remitted to the Aurora Regional Improvement Authority or to the City.

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds a public hearing 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 amended its annual budget for 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 sales 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.

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

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

**Capital Assets**

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress. Construction in progress is not depreciated and is not included in the calculation of Net Investment in the capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation on property that will remain assets of the District is reported on the statement of activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2023.

**Amortization**

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

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

**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.



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

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

**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.

*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.

The District has a deficit in fund balance for the General Fund. This deficit amount will be eliminated with the receipt of property taxes in 2024.

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

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 18,163
Cash and Investments - Restricted	4,066,494
Total Cash and Investments	<u>\$ 4,084,657</u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 5,143
Investments	4,079,514
Total Cash and Investments	<u>\$ 4,084,657</u>

**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's cash deposits had a bank balance and a carrying balance of \$5,143.

**Investments**

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

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

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

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

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

**Investments (Continued)**

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 the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average	\$ 23,405
Fidelity Investments Money Market Portfolio Class III	Under 60 Days	1,663,089
Morgan Stanley Institutional Liquidity Funds		2,393,020
		<u>\$ 4,079,514</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by State statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operations similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, and any security allowed under Section 24-75-601, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under Section 24-75-601, C.R.S.

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

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

**CSAFE (Continued)**

A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**Fidelity Investments**

The debt service money that was included in the trust accounts at United Missouri Bank, n.a., was invested in the Fidelity Treasury Fund Class III. This portfolio is a money market mutual fund which invests in U.S. Government Securities, which are fully guaranteed as to principal and interest by the United States, with maturities of 30 days or less and repurchase agreements collateralized by U.S. Government Securities. The Fund is rated AAA-mf by Moody’s and AAAm by Standard & Poor’s. The fund is recorded at net asset value.

**Morgan Stanley Institutional Liquidity Funds**

The project fund money held in trust accounts at United Missouri Bank, n.a., was invested in the Morgan Stanley Institutional Liquidity Funds Treasury Portfolio that are valued using quoted market prices in active markets for identical assets. This portfolio is managed by Morgan Stanley and each share is equal in value to \$1.00. The Fund is rated AAA-mf by Moody’s and AAAm by Standard & Poor’s and invests in a process that seeks to select maturities based on the shape of the money market yield curve and on expectations as to future shifts in the level and shape of the curve, taking into consideration such factors as current short-term interest rates, Federal Reserve policy regarding interest rates, and U.S. economic activity.

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 9,560,292	\$ 3,831,110	\$ 1,888,611	\$ 11,502,791
Total Capital Assets, Not Being Depreciated	<u>\$ 9,560,292</u>	<u>\$ 3,831,110</u>	<u>\$ 1,888,611</u>	<u>\$ 11,502,791</u>

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

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable:					
General Obligation Bonds:					
Series 2020	\$ 13,910,000	\$ -	\$ -	\$ 13,910,000	\$ -
Subordinate Limited Tax Supported					
Revenue Bonds:					
Series 2023B	-	6,763,000	-	6,763,000	-
Accrued Interest:					
Series 2023B	-	297,572	-	297,572	-
Subtotal Bonds Payable	13,910,000	7,060,572	-	20,970,572	-
Other Debts:					
Developer Advance - Operating	171,652	25,000	-	196,652	-
Accrued Interest on:					
Developer Advance - Operating	24,940	15,402	-	40,342	-
Subtotal Other Debts	196,592	40,402	-	236,994	-
Bond Premium/Discount:					
Bond Discount - Series 2023	-	(259,970)	-	(259,970)	-
Bond Premium - Series 2020	39,337	-	1,881	37,456	-
Subtotal Bond Premium/Discount	39,337	(259,970)	1,881	(222,514)	-
<b>Total Long-Term Obligations</b>	<b>\$ 14,145,929</b>	<b>\$ 6,841,004</b>	<b>\$ 1,881</b>	<b>\$ 20,985,052</b>	<b>\$ -</b>

The District issued General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020, on June 17, 2020, in the amount of \$13,910,000.

**Use of Proceeds**

Proceeds from the sale of the Bonds were used to: (a) pay the Project Costs (as defined in the Indenture of Trust related to the Bonds, the Indenture); (b) fund a deposit to the Surplus Fund (as defined in the Indenture) in the amount of \$1,194,000; (c) fund capitalized interest on the Bonds; and (d) pay other costs incurred in connection with the issuance of the Bonds.

**2020 General Obligation Bond Details**

The Bonds will bear interest at 5.5%, payable semi-annually to the extent of Pledged Revenue (as defined in the Indenture) available on June 1 and December 1 (Interest Payment Dates) beginning on December 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2028. The Bonds mature December 1, 2050.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Bonds; provided however, that notwithstanding anything in the Indenture to the contrary, the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds.

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of 3%, declining to 2% on June 1, 2026, and then declining to 1% on June 1, 2027, and no redemption premium June 1, 2028 and thereafter.

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

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**2020 General Obligation Bond Details (Continued)**

In the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefore on December 2, 2060 (the Termination Date), the Bonds shall be deemed paid, satisfied, and discharged, regardless of the amount of principal and interest paid prior to the Termination Date.

**Pledged Revenue**

The Bonds are secured by and payable from and to the extent of Pledged Revenue, which includes the moneys derived by the District from the following sources: (i) the Required Mill Levy, (ii) the portion of the Specific Ownership Tax (as defined in the Indenture) which is collected as a result of imposition of the Required Mill Levy, and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

**Required Mill Levy**

Pursuant to the Indenture, prior to the Conversion Date, the District has covenanted to impose a Required Mill Levy, net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County on all taxable property of the District each year in an amount sufficient to fund the Bond Fund (as defined in the Indenture) and pay the Bonds when due, but (i) not in excess of 50.000 mills less the number of mills necessary to pay any unlimited mill levy debt, and (ii) for so long as the Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount (as defined in the Indenture), not less than 32.000 mills less the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, and will fund the Surplus Fund up to the Maximum Surplus Amount.

If after January 1, 2004, there are changes in the method of calculating assessed valuation, the minimum and maximum mill levies in the Indenture shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of assessed valuation to actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

On and after the Conversion Date, the District covenants to impose a Required Mill Levy on all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds when due, without limitation of rate and in amounts sufficient to make such payments and replenishments when due. On and after the Conversion Date, the definition of Required Mill Levy shall be determined exclusively by this paragraph regardless of any subsequent increase in the Senior Debt to Assessed Ratio.

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

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Conversion Date**

The Conversion Date is the first date on which both of the following conditions are met: (i) the Senior Debt to Assessed Ratio is 50% or less; and (ii) no payments of principal or interest on the Bonds are due but unpaid. The Debt to Assessed Ratio means the ratio derived by dividing the then-outstanding principal amount of all debt of the District to which property taxes are pledged by the assessed valuation of the taxable property of the District, as such assessed valuation is certified. For purposes of the forecast, the current year Debt to Assessed Ratio is calculated based on the outstanding debt as of December 2 of the current year and the assessed valuation for the subsequent year.

**Additional Security**

The Bonds are additionally secured by capitalized interest which will be funded from the proceeds of the Bonds, and by amounts in the Surplus Fund, which was partially funded on the date of the issuance of the Bonds.

**Surplus Fund**

The Surplus Fund was partially funded with proceeds of the Bonds in the amount of \$1,194,000. Excess Pledged Revenue in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$2,782,000. The District has acknowledged that State Law places certain restrictions on the use of money derived from the Required Mill Levy. The forecast anticipates that the Surplus Fund will be drawn upon in 2024 to meet annual debt service requirements on the Bonds. The balance in the Surplus Fund at December 31, 2023 is \$1,661,082.

**Unused Lines of Credit**

The Bonds do not have any unused lines of credit.

**Collateral**

No assets have been pledged as collateral on the Bonds.

**Events of Default**

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

**Termination Events**

The Bonds are not subject to early termination.

**Acceleration**

The Bonds are not subject to acceleration.

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

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Bonds Debt Service**

The outstanding principal and interest of the Bonds are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 765,050	\$ 765,050
2025	-	765,050	765,050
2026	-	765,050	765,050
2027	-	765,050	765,050
2028	85,000	765,050	850,050
2029-2033	1,330,000	3,668,500	4,998,500
2034-2038	2,045,000	3,229,050	5,274,050
2039-2043	2,960,000	2,571,525	5,531,525
2044-2048	4,195,000	1,629,100	5,824,100
2049-2050	3,295,000	306,900	3,601,900
Total	<u>\$ 13,910,000</u>	<u>\$ 15,230,325</u>	<u>\$ 29,140,325</u>

**Subordinate General Obligation Limited Tax Bonds, Series 2023 (the 2023 Subordinate Bonds)**

The District issued the 2023 Subordinate Bonds on June 13, 2023, in the amount of \$6,763,000 pursuant to an Indenture of Trust relating to the 2023 Subordinate Bonds (the 2023 Subordinate Bonds Indenture).

**Proceeds of the Bonds**

Proceeds from the sale of the 2023 Subordinate Bonds were used for the purposes of paying the Project Costs (as defined in the 2023 Subordinate Bonds Indenture) and paying other costs incurred in connection with the issuance of the 2023 Subordinate Bonds.

**2023 Subordinate Bonds Details**

The 2023 Subordinate Bonds bear interest at the rate of 8.00%, payable annually on December 15, beginning on December 15, 2023. The 2023 Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. The 2023 Subordinate Bonds mature on December 15, 2035.

To the extent principal of any 2023 Subordinate Bond is not paid when due, such principal shall remain outstanding until paid, subject to termination on December 16, 2060 (the Subordinate Termination Date). To the extent interest on any 2023 Subordinate Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the 2023 Subordinate Bonds.

The 2023 Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Subordinate Termination Date, regardless of the principal and interest amounts remaining unpaid.



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

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**2023 Subordinate Bonds Details (Continued)**

The 2023 Subordinate Bonds may be subject to acceleration pursuant to mandatory redemption provisions as described in the 2023 Subordinate Bonds Indenture. The 2023 Subordinate Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the 2023 Subordinate Bonds.

**Optional Redemption**

The 2023 Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2025, to May 31, 2026	3.00%
June 1, 2026, to May 31, 2027	2.00
June 1, 2027, to May 31, 2028	1.00
June 1, 2028, and Thereafter	0.00

**Subordinate Pledged Revenue**

The 2023 Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue derived by the District from the following sources: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax (as defined in the 2023 Subordinate Bonds Indenture) which is collected as a result of imposition of the Subordinate Required Mill Levy; (c) the amounts, if any, in the Series 2020A Senior Bond Surplus Fund (as defined in the 2023 Subordinate Bonds Indenture) after the payment or defeasance of the Series 2020A Senior Bonds (as defined in the 2023 Subordinate Bonds Indenture); and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

**Subordinate Required Mill Levy**

The Subordinate Required Mill Levy, net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County, is an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 32 mills, less the amount of the Senior Bond Mill Levy (as defined in the 2023 Subordinate Bonds Indenture).

In the event there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2004, the Subordinate Required Mill Levy shall be increased or decreased to reflect such changes. Such increases or decreases shall be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

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

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Events of Default of the 2023 Subordinate Bonds**

Events of default occur if the District fails or refuses to impose the Subordinate Required Mill Levy, or to apply the Subordinate Pledged Revenue as required by the 2023 Subordinate Bonds Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture. Acceleration of the 2023 Subordinate Bonds shall not be an available remedy for an Event of Default under the 2023 Subordinate Bonds Indenture.

**Authorized Debt**

At an election held November 5, 2019, a majority of the qualified electors of the District who voted in the election authorized the issuance of general obligation indebtedness in an amount not to exceed \$840,000,000 for providing public improvements and refunding of previously issued indebtedness.

At December 31, 2023, with the issuance of the Bonds and the Series 2023 Subordinate Bonds, the District had authorized but unissued indebtedness remaining in the amount of \$819,327,000 for public improvements and refunding.

	Amount Authorized on November 5, 2019	Authorization Used Series 2020 Bonds	Authorization Used Series 2023 Subordinate Bonds	Authorized But Unused
Water	\$ 60,000,000	\$ 1,669,200	\$ 1,517,340	\$ 56,813,460
Street	60,000,000	7,789,600	-	52,210,400
Safety Protection	60,000,000	-	693,641	59,306,359
Television Relay	60,000,000	-	-	60,000,000
Parks and Recreation	60,000,000	-	-	60,000,000
Sanitation	60,000,000	4,451,200	4,552,019	50,996,781
Mosquito Control	60,000,000	-	-	60,000,000
Public Transportation	60,000,000	-	-	60,000,000
Fire Protection	60,000,000	-	-	60,000,000
Operations and Maintenance Debt	60,000,000	-	-	60,000,000
IGA Debt	60,000,000	-	-	60,000,000
Reimbursement Agreements	60,000,000	-	-	60,000,000
Construction Management	60,000,000	-	-	60,000,000
Refunding Debt	60,000,000	-	-	60,000,000
Total	<u>\$ 840,000,000</u>	<u>\$ 13,910,000</u>	<u>\$ 6,763,000</u>	<u>\$ 819,327,000</u>

Pursuant to the Amended Service Plan, the District is permitted to issue bond indebtedness of up to \$80,000,000 in the aggregate among the White Buffalo Metropolitan District Nos. 1-3 (the Districts), provided however, that any Debt issued by the Districts for the Regional Improvements shall not be included within this limitation and shall be subject to the limitations set forth in Section VI of the Amended Service Plan.

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

**NOTE 6 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 2,200
Debt Service Reserve	411,939
Total Restricted Net Position	\$ 414,139

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, of which a significant portion of these improvements will be conveyed to other governmental entities and which costs will be removed from the District’s financial records.

**NOTE 7 AGREEMENTS**

**Intergovernmental Agreement with the City of Aurora**

On January 10, 2020, the District, White Buffalo Metropolitan District No. 1 and White Buffalo Metropolitan District No. 2 (collectively, the Districts) entered into the Intergovernmental Agreement between the City of Aurora and the Districts (the IGA). The IGA defines and clarifies the services which the Districts may provide, as well as those services which the Districts are prohibited from providing. Pursuant to the Original Service Plan, the Districts are required to impose the Aurora Regional Improvement (ARI) Mill Levy upon the Districts’ residents. The IGA was amended and restated on May 8, 2023 to recognize the Amended Service Plan.

**NOTE 8 RELATED PARTIES**

The Developer of the property within the District is Green Industrial Development Group, LLC. All of the members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**Advance and Reimbursement Agreement**

On June 1, 2020, the District entered into an Advance and Reimbursement Agreement with Green Industrial Development Group LLC (GIDG). Under the Advance and Reimbursement Agreement, the District will be obligated to reimburse GIDG for advances made to the District to fund the operating, maintenance, and general administrative expenses at a rate of 8% per annum. As of December 31, 2023, outstanding advances under the Advance and Reimbursement Agreement totaled \$196,652 and accrued interest totaled \$40,342.

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

**NOTE 8 RELATED PARTIES (CONTINUED)**

**Facilities Acquisition Agreement**

On June 1, 2020, the District entered into a Facilities Acquisition Agreement (the Acquisition Agreement) with the Developer. Under the Acquisition Agreement, the District is obliged to reimburse GIDG for certain advances made to the District to finance public infrastructure and acquire public infrastructure from GIDG, subject to requirements and limitations as set forth therein. Funds advanced by the Developer will be reimbursed at a rate of 8%. The term of Acquisition Agreement extends through and including December 31, 2060 unless terminated earlier by the mutual written agreement of the Parties or payment of all amounts due to the Developer by the District.

**NOTE 9 ECONOMIC DEPENDENCY**

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

**NOTE 10 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 (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, 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 11 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.

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

**NOTE 11 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.

On November 5, 2019, a majority of the District's electors authorized the District to increase taxes by \$5,000,000 annually for operations and maintenance, intergovernmental agreements and an ARI Mill Levy and to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

## **SUPPLEMENTARY INFORMATION**

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND – SCHEDULE 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	\$ 356,668	\$ 355,805	\$ (863)
Specific Ownership Taxes	24,967	23,725	(1,242)
Interest Income	33,224	90,093	56,869
Total Revenues	<u>414,859</u>	<u>469,623</u>	<u>54,764</u>
<b>EXPENDITURES</b>			
County Treasurer's Fee	5,350	2,715	2,635
Paying Agent Fees	6,000	4,000	2,000
Bond Interest - Series 2020	765,050	765,050	-
Total Expenditures	<u>776,400</u>	<u>771,765</u>	<u>4,635</u>
<b>NET CHANGE IN FUND BALANCE</b>	(361,541)	(302,142)	59,399
Fund Balance - Beginning of Year	<u>1,945,735</u>	<u>1,974,594</u>	<u>28,859</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 1,584,194</u></u>	<u><u>\$ 1,672,452</u></u>	<u><u>\$ 88,258</u></u>

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3  
CAPITAL PROJECTS 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>				
Interest Income	\$ 3,447	\$ 8,000	\$ 21,896	\$ 13,896
Total Revenues	<u>3,447</u>	<u>8,000</u>	<u>21,896</u>	<u>13,896</u>
<b>EXPENDITURES</b>				
Engineering	-	-	21,276	(21,276)
Paying Agent Fees	-	6,000	6,000	-
Capital Outlay	175,789	4,717,110	3,831,110	886,000
Bond Issue Costs	-	276,890	479,780	(202,890)
Total Expenditures	<u>175,789</u>	<u>5,000,000</u>	<u>4,338,166</u>	<u>661,834</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(172,342)	(4,992,000)	(4,316,270)	675,730
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Issuance Proceeds	-	6,300,140	6,763,000	462,860
Bond Discount	-	-	(259,970)	(259,970)
Total Other Financing Sources	<u>-</u>	<u>6,300,140</u>	<u>6,503,030</u>	<u>202,890</u>
<b>NET CHANGE IN FUND BALANCE</b>	(172,342)	1,308,140	2,186,760	878,620
Fund Balance - Beginning of Year	<u>172,342</u>	<u>204,158</u>	<u>204,158</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 1,512,298</u>	<u>\$ 2,390,918</u>	<u>\$ 878,620</u>



## OTHER INFORMATION

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2023**

	\$13,910,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds Series 2020 Dated June 17, 2020 Interest Rate 5.50% Payable June 1 and December 1 Principal Due December 1		
Bonds/Loans and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2024	\$ -	\$ 765,050	\$ 765,050
2025	-	765,050	765,050
2026	-	765,050	765,050
2027	-	765,050	765,050
2028	85,000	765,050	850,050
2029	215,000	760,375	975,375
2030	250,000	748,550	998,550
2031	260,000	734,800	994,800
2032	295,000	720,500	1,015,500
2033	310,000	704,275	1,014,275
2034	350,000	687,225	1,037,225
2035	370,000	667,975	1,037,975
2036	410,000	647,625	1,057,625
2037	435,000	625,075	1,060,075
2038	480,000	601,150	1,081,150
2039	505,000	574,750	1,079,750
2040	555,000	546,975	1,101,975
2041	585,000	516,450	1,101,450
2042	640,000	484,275	1,124,275
2043	675,000	449,075	1,124,075
2044	735,000	411,950	1,146,950
2045	775,000	371,525	1,146,525
2046	840,000	328,900	1,168,900
2047	885,000	282,700	1,167,700
2048	960,000	234,025	1,194,025
2049	1,010,000	181,225	1,191,225
2050	2,285,000	125,675	2,410,675
	\$ 13,910,000	\$ 15,230,325	\$ 29,140,325
Total	\$ 13,910,000	\$ 15,230,325	\$ 29,140,325

**WHITE BUFFALO 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 Tax Levy	Total Mills Levied				Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	ARI	Total	Levied	Collected	
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- %
2020	-	-	-	-	-	-	-	-
2021	5,003,840	5.000	32.000	1.000	38.000	190,146	190,146	100.00
2022	5,484,980	5.000	32.000	1.000	38.000	208,429	207,441	99.53
2023	11,144,830	5.000	32.001	1.000	38.001	423,515	422,517	99.76
Estimated for Year Ending December 31, 2024	\$ 17,367,060	5.197	33.262	1.039	39.498	\$ 685,964		

Note:  
Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.  
Information received from the Treasurer does not permit identification of specific year of levy.