

**TRANSPORT METROPOLITAN
DISTRICT NO. 3
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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

INDEPENDENT AUDITOR'S REPORT	I
FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	20
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	21
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	22
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	23

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of TransPort Metropolitan District No. 3, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise TransPort Metropolitan District No. 3's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, and the aggregate remaining fund information of TransPort Metropolitan District No. 3, as of December 31, 2023, and the respective changes in financial position and, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 TransPort Metropolitan District No. 3 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TransPort Metropolitan District No. 3'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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 TransPort Metropolitan District No. 3'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 TransPort Metropolitan District No. 3'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 not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basis 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 basis financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise TransPort Metropolitan District No. 3's basic financial statements. The supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules of Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual and Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual 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 Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual and Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Debt Service Requirements to Maturity and Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express any opinion or provide any assurance on them.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC
May 21, 2024
Centennial, Colorado

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

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 4,578
Cash and Investments - Restricted	9,492,856
Property Tax Receivable	1,386
Receivable from County Treasurer	9
Total Assets	<u>9,498,829</u>
LIABILITIES	
Due to Transport MD1	4,580
Accrued Interest	341,191
Noncurrent Liabilities:	
Due in More Than One Year	<u>96,940,422</u>
Total Liabilities	<u>97,286,193</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>1,386</u>
Total Deferred Inflows of Resources	<u>1,386</u>
NET POSITION	
Restricted for:	
Debt Service	9,492,283
Capital Projects	580
Net Position - Unrestricted	<u>(97,281,613)</u>
Total Net Position	<u>\$ (87,788,750)</u>

See accompanying Notes to Financial Statements.

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

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
\$	1,087,346	\$ -	\$ -	\$ (1,087,346)
	<u>4,764,720</u>	<u>-</u>	<u>-</u>	<u>(4,764,720)</u>
\$	<u>5,852,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(5,852,066)</u>

FUNCTIONS/PROGRAMS

Primary Government:
 Governmental Activities:
 General Government
 Interest on Long-Term Debt
 and Related Costs

Total Governmental Activities

GENERAL REVENUES

Property Taxes	1,645
Specific Ownership Taxes	115
ARI - Aurora Regional Improvement Tax	33
Interest Income	544,127
Total General Revenues and Transfers	<u>545,920</u>

CHANGES IN NET POSITION

Net Position - Beginning of Year	(82,482,604)
NET POSITION - END OF YEAR	<u>\$ (87,788,750)</u>

See accompanying Notes to Financial Statements.

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

ASSETS	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 4,578	\$ -	\$ -	\$ 4,578
Cash and Investments - Restricted	-	9,492,276	580	9,492,856
Receivable from County Treasurer	2	7	-	9
Property Tax Receivable	272	1,114	-	1,386
Total Assets	\$ 4,852	\$ 9,493,397	\$ 580	\$ 9,498,829
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to Transport MD1	\$ 4,580	\$ -	\$ -	\$ 4,580
Total Liabilities	4,580	-	-	4,580
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	272	1,114	-	1,386
Total Deferred Inflows of Resources	272	1,114	-	1,386
FUND BALANCES				
Restricted for:				
Debt Service	-	9,492,283	-	9,492,283
Capital Projects	-	-	580	580
Total Fund Balances	-	9,492,283	580	9,492,863
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,852	\$ 9,493,397	\$ 580	

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

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	(341,191)
Bonds Payable	(96,940,422)

Net Position of Governmental Activities	\$ (87,788,750)
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See accompanying Notes to Financial Statements.

**TRANSPORT 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
REVENUES				
Property Taxes	\$ 329	\$ 1,316	\$ -	\$ 1,645
ARI - Aurora Regional Improvement Tax	-	33	-	33
Specific Ownership Taxes	23	92	-	115
Interest Income	10	520,803	23,314	544,127
Total Revenues	<u>362</u>	<u>522,244</u>	<u>23,314</u>	<u>545,920</u>
EXPENDITURES				
County Treasurer's Fee	4	17	-	21
Intergovernmental Expenditures	358	-	1,086,967	1,087,325
Bond Interest	-	4,094,288	-	4,094,288
Paying Agent Fees	-	6,000	-	6,000
Total Expenditures	<u>362</u>	<u>4,100,305</u>	<u>1,086,967</u>	<u>5,187,634</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>-</u>	<u>(3,578,061)</u>	<u>(1,063,653)</u>	<u>(4,641,714)</u>
NET CHANGE IN FUND BALANCES	-	(3,578,061)	(1,063,653)	(4,641,714)
Fund Balances - Beginning of Year	<u>-</u>	<u>13,070,344</u>	<u>1,064,233</u>	<u>14,134,577</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 9,492,283</u>	<u>\$ 580</u>	<u>\$ 9,492,863</u>

See accompanying Notes to Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ (4,641,714)

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

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.

Accretion of 2021 A-2 Bonds	(705,962)
Amortization of Bond Premium	<u>41,530</u>

Changes in Net Position of Governmental Activities \$ (5,306,146)

**TRANSPORT 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)
REVENUES			
Property Taxes	\$ 329	\$ 329	\$ -
Specific Ownership Taxes	23	23	-
Interest Income	10	10	-
Other Revenue	2,638	-	(2,638)
Total Revenues	3,000	362	(2,638)
EXPENDITURES			
Contingency	2,638	-	2,638
County Treasurer's Fee	5	4	1
Intergovernmental Expenditures	357	358	(1)
Total Expenditures	3,000	362	2,638
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

TransPort Metropolitan District No. 3 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, which is located in the City of Aurora was organized following an election held on November 7, 2006 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District, together with TransPort Metropolitan District Nos. 1-2, 4-15 (collectively the Districts) are collectively undertaking the financing and construction of certain public improvements within the boundaries of the Districts. The service plans for the Districts authorize the Districts to enter into certain intergovernmental cost sharing and recovery agreements which govern the relationships between and among the Districts with respect to financing, construction and operation of the public improvements. These services are determined through the Coordinating Services Agreement.

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

The District is not a component unit of any other primary governmental entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. 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.

TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

Pooled Cash and Investments

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

Property Taxes

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

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 position 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.

TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO 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.

**TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO 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	\$ 4,578
Cash and Investments - Restricted	9,492,856
Total Cash and Investments	<u>\$ 9,497,434</u>

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

Deposits with Financial Institutions	\$ 7,402
Investments	9,490,032
Total Cash and Investments	<u>\$ 9,497,434</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

As of December 31, 2023, the District had cash deposits of \$7,402.

Investments

The District has not adopted a formal investment policy, but it 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.

**TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO 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 of the World Bank
- . Certain international agency securities
- . 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 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>
Morgan Stanley Institutional Liquidity Funds (MSILF) Treasury	Weighted-Average Under 60 Days	\$ 9,490,032
		<u>\$ 9,490,032</u>

Fair Value Measurement

The District Categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are the quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of December 31, 2022:

Level 1 Inputs

Morgan Stanley Institutional Liquidity Funds

On December 31, 2023, all of District's funds held in trust accounts at United Missouri Bank were invested in the Morgan Stanley Institutional Liquidity Funds Treasury Portfolio. This portfolio is managed by Morgan Stanley, each share is equal in value to \$1.00, and is valued at Fair Market Value. The fund is AAAM rated 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. The average maturity of the underlying securities is 90 days or less.

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

NOTE 4 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 - December 31, 2022	Additions	Retirements	Balance - December 31, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable					
General Obligation Limited Tax:					
Series 2021A-1	\$ 82,745,000	\$ -	\$ -	\$ 82,745,000	\$ -
Series 2021A-1 Premium	869,268	-	41,530	827,738	-
Series 2021A-2	12,661,722	705,962	-	13,367,684	-
Total	<u>\$ 96,275,990</u>	<u>\$ 705,962</u>	<u>\$ 41,530</u>	<u>\$ 96,940,422</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding during 2023 are as follows:

General Obligation Limited Tax Bonds, Series 2021A-1 (the 2021A-1 Bonds) and General Obligation Limited Tax Convertible Capital Appreciation Bonds, Series 2021A-2 (the 2021A-2 Bonds, and with the 2021A-1 Bonds, the Bonds)

Bond Proceeds

The District issued the Bonds on February 9, 2021, in the par amounts of \$82,745,000 for the 2021A-1 Bonds and \$11,476,725 (Original Principal Amount) and \$14,900,000 (Value at end of Accretion Period) for the 2021A-2 Bonds.

Proceeds from the sale of the Bonds are used to: (i) finance and/or reimburse the costs of acquisition, construction, and installation of certain public improvements; (ii) fund capitalized interest on the 2021A-1 Bonds; (iii) fund an initial deposit to the Surplus Fund; and (iv) pay other costs of issuance of the Bonds.

2021A-1 Bonds

The 2021A-1 Bonds bear interest at rates ranging from 4.125% to 5.000% (yield 4.870%), payable semi-annually on June 1 and December 1, beginning on June 1, 2021. The 2021A-1 Bonds were issued as three term bonds that have annual mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2028. The 2021A-1 Bonds mature on December 1, 2051.

To the extent principal of any 2021A-1 Bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate then borne by the 2021A-1 Bond. To the extent interest on any 2021A-1 Bond is not paid when due, such interest shall compound semi-annually on each interest payment date at the rate borne by the 2021A-1 Bond.

2021A-2 Bonds

The 2021A-2 Bonds were issued as capital accretion bonds that automatically convert to current interest bonds on December 1, 2025. Prior to conversion to current interest bonds, the 2021A-2 Bonds do not pay current interest, rather they accrete in value at an annual

TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Bond Proceeds (continued)

2021A-2 Bonds (continued)

yield equal to 5.500%. The accreted amount compounds semi-annually on each June 1 and December 1, to but not including December 1, 2025. Such accreted amount, together with the original principal amount of the 2021A-2 Bonds, bears interest at the interest rate borne by the 2021A-2 Bonds upon conversion to current interest bonds.

The accreted principal balance at conversion on December 1, 2025, is expected to be \$14,900,000. Upon conversion to current interest bonds, the 2021A-2 Bonds will bear interest at a rate of 5.500%, payable semi-annually on June 1 and December 1, commencing on June 1, 2026. Annual principal payments are due on December 1 of each year beginning December 1, 2028. The 2021A-2 Bonds mature on December 1, 2051.

On and after conversion to current interest bonds, to the extent principal of any 2021A-2 Bond is not paid when due, such principal shall remain outstanding until paid, and shall continue to bear interest at the rate then borne by the 2021A-2 Bond. To the extent interest on any 2021A-2 Bond is not paid when due, such unpaid interest shall compound semi-annually on each interest payment date at the rate borne by the 2021A-2 Bond.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2026, 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>
March 1, 2026, to February 28, 2027	3.00%
March 1, 2027, to February 29, 2028	2.00
March 1, 2028, to February 28, 2029	1.00
March 1, 2029, and Thereafter	0.00

Mandatory Extraordinary Redemption

The Bonds are subject to mandatory extraordinary redemption in integral multiples of \$1,000 on the January 15 immediately succeeding the Partial Surplus Fund Release Date, if any, solely from and to the extent of moneys on deposit in the Surplus Fund in excess of the amount of the initial deposit made thereto, at a redemption price equal to the principal amount thereof to be redeemed, with no redemption premium, plus interest accrued to the redemption date. The Partial Surplus Release Date means (i) the first date on which the Debt to Assessed Ratio is 50% or less, and no amounts of principal or interest on the Bonds are due but unpaid; and (ii) for each year following the first Partial Surplus Fund Release Date, the first date on which no amounts of principal or interest on the Bonds are due but unpaid and the Surplus Fund is funded in the amount of the Maximum Surplus Amount. On the Partial Surplus Fund Release Date, the Trustee shall determine the amount, if any, on deposit in the Surplus Fund in excess of the amount of the initial deposit made thereto and, without any further direction required from the District, shall take such actions as may be necessary to redeem as many Bonds as can be redeemed with such moneys on the immediately succeeding January 15th, subject to the following:

TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Mandatory Extraordinary Redemption (Continued)

i) Bonds to be redeemed shall be selected first from any Outstanding Series 2021A-2 Bonds, and, only after all Outstanding Series 2021A-2 Bonds have been redeemed, then from any outstanding Series 2021A-1 Bonds; and (ii) within each series, Bonds shall be selected for redemption in inverse order of maturity.

Pledged Revenue

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue which means:

- (a) the Required Mill Levy
- (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and
- (c) 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

The District has covenanted to impose a Required Mill Levy upon all taxable property of the District each year in an amount sufficient to pay the Bonds when due, but (i) not in excess of 50 mills less the number of mills necessary to pay any unlimited mill levy debt (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2004); and (ii) not less than 40 mills (subject to adjustment) less the number of mills necessary to pay any unlimited mill levy debt, or such lesser mill levy which will pay the Bonds when due and will fund the Surplus Fund up to the Maximum Surplus Amount.

Additional Security

The 2021A-1 Bonds are additionally secured by capitalized interest which was funded from proceeds of the 2021A-1 Bonds in the amount of \$12,282,863. In addition, the Bonds are secured by the Surplus Fund which was partially funded from proceeds of the Bonds in the amount of \$8,070,000.

Pledged Revenue that is not needed to pay debt service on the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount. Prior to the Partial Surplus Fund Release Date, the Maximum Surplus Amount is \$16,549,000 and after the Partial Surplus Fund Release Date, the Maximum Surplus Amount is \$8,070,000.

As of December 31, 2023, the balance in the capitalized interest account is \$995,682 and the balance in the Surplus Fund is \$8,493,770.

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

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Service

The outstanding principal and interest of the 2021A-1 Bonds are due as follows:

	Principal	Interest	Total
2024	\$ -	\$ 4,094,288	\$ 4,094,288
2025	-	4,094,288	4,094,288
2026	-	4,094,288	4,094,288
2027	-	4,094,287	4,094,287
2028	440,000	4,094,287	4,534,287
2029-2033	8,370,000	19,757,849	28,127,849
2034-2038	12,725,000	17,301,750	30,026,750
2039-2043	17,855,000	13,634,500	31,489,500
2044-2048	24,625,000	8,528,000	33,153,000
2049-2051	18,730,000	1,910,000	20,640,000
Total	<u>\$ 82,745,000</u>	<u>\$ 81,603,537</u>	<u>\$ 164,348,537</u>

The outstanding principal and interest of the 2021A-2 Bonds are due as follows:

	Principal	Interest	Total
2024	\$ -	\$ -	\$ -
2025	-	-	-
2026	-	819,500	819,500
2027	-	819,500	819,500
2028	40,000	819,500	859,500
2029-2033	1,380,000	3,956,700	5,336,700
2034-2038	2,220,000	3,481,775	5,701,775
2039-2043	3,200,000	2,770,075	5,970,075
2044-2048	4,535,000	1,750,925	6,285,925
2049-2051	3,525,000	396,000	3,921,000
	<u>\$ 14,900,000</u>	<u>\$ 14,813,975</u>	<u>\$ 29,713,975</u>

Debt Authorization

As of December 31, 2023, the District had remaining voted debt authorization of approximately \$20,905,778,275.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to the District.

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

NOTE 5 NET POSITION

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

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

	Governmental Activities
Restricted Net Position:	
Debt Service Reserve	\$ 9,492,283
Total Restricted Net Position	\$ 9,492,283

The District has a deficit in unrestricted net position. The deficit was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 6 AGREEMENTS

District Coordinating Services Agreement (District Nos. 1-4)

Effective February 5, 2020, the District and TransPort Metropolitan District Nos. 1-2 & 4 (collectively, the Coordinating Districts) entered into a District Coordinating Services Agreement (the Coordinating Services Agreement) for the purpose of establishing the respective obligations of the Coordinating Districts with respect to the coordination, oversight, construction and funding of certain administrative costs of the Coordinating Districts, and costs related to the continued operation and maintenance of certain of the public improvements within such Coordinating Districts. Pursuant to the Coordinating Services Agreement, the District and TransPort Metropolitan District Nos. 2 & 4 were designated as the "financing districts". TransPort Metropolitan District No. 1 was designated as the "coordinating district".

NOTE 7 INTERGOVERNMENTAL AGREEMENTS

Service Plan Intergovernmental Agreement with the City of Aurora

The Service Plan for the District includes authorization for the District to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements. The District shall impose the ARI Mill Levy. Effective in 2022, the District imposed a mill levy of one (1) mill, dedicated and pledged to the City for this purpose.

TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 RELATED PARTIES

The property within the District is being developed by Western Transport, LLC, (Developer). During 2023, all of the members of the board of directors were officers or employees of, or otherwise associated with the Developer or a related entity and may have conflicts of interest in matters involving the District.

NOTE 9 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; 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 10 TAX, SPENDING, AND DEBT LIMITATION

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.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2023, the District has not provided for an emergency reserve fund equal to at least 3% of the fiscal year spending, as defined under TABOR, because net tax revenue is transferred to District No. 1, which provides for the required reserve amount.

TRANSPORT METROPOLITAN DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

On November 7, 2006, a majority of the District's electors authorized the District 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.

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.

**TRANSPORT 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)
REVENUES			
Property Taxes	\$ 1,316	\$ 1,316	\$ -
Specific Ownership Taxes	92	92	-
ARI - Aurora Regional Improvement Tax	33	33	-
Interest Income	145,199	520,803	375,604
Total Revenues	<u>146,640</u>	<u>522,244</u>	<u>375,604</u>
EXPENDITURES			
County Treasurer's Fee	20	17	3
Paying Agent Fees	6,000	6,000	-
Bond Interest	4,094,288	4,094,288	-
Contingency	9,692	-	9,692
Total Expenditures	<u>4,110,000</u>	<u>4,100,305</u>	<u>9,695</u>
NET CHANGE IN FUND BALANCE	(3,963,360)	(3,578,061)	385,299
Fund Balance - Beginning of Year	<u>13,027,087</u>	<u>13,070,344</u>	<u>43,257</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 9,063,727</u></u>	<u><u>\$ 9,492,283</u></u>	<u><u>\$ 428,556</u></u>

**TRANSPORT METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS 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)
REVENUES			
Interest Income	\$ 25,000	\$ 23,314	\$ (1,686)
Total Revenues	<u>25,000</u>	<u>23,314</u>	<u>(1,686)</u>
EXPENDITURES			
Intergovernmental Expenditures	2,156,506	1,086,967	1,069,539
Total Expenditures	<u>2,156,506</u>	<u>1,086,967</u>	<u>1,069,539</u>
NET CHANGE IN FUND BALANCE	(2,131,506)	(1,063,653)	1,067,853
Fund Balance - Beginning of Year	<u>2,131,506</u>	<u>1,064,233</u>	<u>(1,067,273)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 580</u>	<u>\$ 580</u>

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

Year Ending December 31,	Series 2021A-1 \$82,745,000 General Obligation Limited Tax Bonds Dated February 9, 2021		Series 2021A-2 \$14,900,000 General Obligation Convertible Capital Appreciation Bonds Dated February 9, 2021		Annual Total
	Principal	Interest	Principal	Interest	
	2024	\$ -	\$ 4,094,288	\$ -	
2025	-	4,094,288	-	-	4,094,288
2026	-	4,094,288	-	819,500	4,913,788
2027	-	4,094,287	-	819,500	4,913,787
2028	440,000	4,094,287	40,000	819,500	5,393,787
2029	1,100,000	4,076,137	165,000	817,300	6,158,437
2030	1,650,000	4,030,762	270,000	808,225	6,758,987
2031	1,720,000	3,962,700	285,000	793,375	6,761,075
2032	1,905,000	3,891,750	320,000	777,700	6,894,450
2033	1,995,000	3,796,500	340,000	760,100	6,891,600
2034	2,215,000	3,696,750	380,000	741,400	7,033,150
2035	2,325,000	3,586,000	405,000	720,500	7,036,500
2036	2,560,000	3,469,750	445,000	698,225	7,172,975
2037	2,685,000	3,341,750	470,000	673,750	7,170,500
2038	2,940,000	3,207,500	520,000	647,900	7,315,400
2039	3,090,000	3,060,500	545,000	619,300	7,314,800
2040	3,365,000	2,906,000	600,000	589,325	7,460,325
2041	3,535,000	2,737,750	630,000	556,325	7,459,075
2042	3,835,000	2,561,000	695,000	521,675	7,612,675
2043	4,030,000	2,369,250	730,000	483,450	7,612,700
2044	4,360,000	2,167,750	795,000	443,300	7,766,050
2045	4,575,000	1,949,750	835,000	399,575	7,759,325
2046	4,935,000	1,721,000	910,000	353,650	7,919,650
2047	5,180,000	1,474,250	960,000	303,600	7,917,850
2048	5,575,000	1,215,250	1,035,000	250,800	8,076,050
2049	5,855,000	936,500	1,095,000	193,875	8,080,375
2050	6,280,000	643,750	1,185,000	133,650	8,242,400
2051	6,595,000	329,750	1,245,000	68,475	8,238,225
Total	<u>\$ 82,745,000</u>	<u>\$ 81,603,537</u>	<u>\$ 14,900,000</u>	<u>\$ 14,813,975</u>	<u>\$ 194,062,512</u>

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

**TRANSPORT METROPOLITAN DISTRICT NO.3
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2023**

Year Ended <u>December 31.</u>	Assessed <u>Valuation</u>	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General <u>Operations</u>	Debt <u>Service</u>	Special <u>Abatement</u>	Levied	Collected	
2019/2020	\$ 52,650	50.000	-	-	2,819	2,632	93.37 %
2020/2021	59,780	50.000	-	-	2,989	1,544	51.66 %
2021/2022	30,880	10.000	40.000	1.000	1,235	1,235	100.00 %
2022/2023	32,910	10.000	40.000	1.000	1,678	1,678	100.00 %
Estimated for Year Ending December 31, 2024	\$ 27,180	10.000	40.000	1.000	1,386		

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.

Source: Adams County Assessor and Treasurer.