

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3

Adams County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITOR'S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE 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
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	27
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	28
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	30
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	31



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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025, and the respective changes in financial position 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.

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 31, 2026

BASIC FINANCIAL STATEMENTS

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 36,889
Cash and Investments - Restricted	4,254,370
Prepaid Insurance	9,785
Receivable from County Treasurer	2,494
Property Tax Receivable - ARI	24,173
Property Tax Receivable	1,015,323
Capital Assets:	
Capital Assets Not Being Depreciated	7,212,457
Capital Assets Net of Depreciation	<u>612,837</u>
Total Assets	<u>13,168,328</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding, Net	<u>417,787</u>
Total Deferred Outflows of Resources	<u>417,787</u>
 LIABILITIES	
Accounts Payable	6,356
Due to ARI	56,895
Accrued interest - Series 2020	63,754
Noncurrent Liabilities:	
Due in More Than One Year	<u>28,641,432</u>
Total Liabilities	<u>28,768,437</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>1,039,496</u>
Total Deferred Inflows of Resources	<u>1,039,496</u>
 NET POSITION	
Net Investment in Capital Assets	(69,129)
Restricted for:	
Emergency Reserve	3,500
Debt Service	241,138
Net Position - Unrestricted	<u>(16,397,327)</u>
 Total Net Position	<u><u>\$ (16,221,818)</u></u>

See accompanying Notes to Basic Financial Statements.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 169,870	\$ -	\$ -	\$ -	\$ (169,870)
Transfer of Public Improvements to Another Government	7,505,055	-	-	-	(7,505,055)
Interest on Long-Term Debt and Related Costs	3,272,235	-	-	-	(3,272,235)
Total Governmental Activities	<u>\$ 10,947,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(10,947,160)
GENERAL REVENUES					
Property Taxes					687,304
Specific Ownership Taxes					34,387
Interest Income					130,727
Total General Revenues					<u>852,418</u>
CHANGES IN NET POSITION					(10,094,742)
Net Position - Beginning of Year					<u>(6,127,076)</u>
NET POSITION - END OF YEAR					<u>\$ (16,221,818)</u>

See accompanying Notes to Basic Financial Statements.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 36,889	\$ -	\$ -	\$ 36,889
Cash and Investments - Restricted	3,500	1,496,734	2,754,136	4,254,370
Prepaid Insurance	9,785	-	-	9,785
Receivable from County Treasurer	337	2,157	-	2,494
Property Tax Receivable - ARI	24,173	-	-	24,173
Property Tax Receivable	241,733	773,590	-	1,015,323
Total Assets	<u>\$ 316,417</u>	<u>\$ 2,272,481</u>	<u>\$ 2,754,136</u>	<u>\$ 5,343,034</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 6,356	\$ -	\$ -	\$ 6,356
Due to ARI	56,895	-	-	56,895
Total Liabilities	63,251	-	-	63,251
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	265,906	773,590	-	1,039,496
Total Deferred Inflows of Resources	265,906	773,590	-	1,039,496
FUND BALANCES				
Nonspendable:				
Prepaid Expense	9,785	-	-	9,785
Restricted for:				
Emergency Reserves	3,500	-	-	3,500
Debt Service	-	1,498,891	-	1,498,891
Capital Projects	-	-	2,754,136	2,754,136
Unassigned	(26,025)	-	-	(26,025)
Total Fund Balances	<u>(12,740)</u>	<u>1,498,891</u>	<u>2,754,136</u>	<u>4,240,287</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 316,417</u>	<u>\$ 2,272,481</u>	<u>\$ 2,754,136</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.	7,825,294
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
Cost of Refunding, Net	417,787
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	(567,194)
Bonds Payable	(13,910,000)
Bonds Payable - 2025B	(13,888,000)
Developer Advance Payable	(233,652)
Unamortized Bond Premium	(33,694)
Accrued Developer Advance Interest	(72,646)
Net Position of Governmental Activities	<u>\$ (16,221,818)</u>

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, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 90,433	\$ 578,791	\$ -	\$ 669,224
Property Taxes - ARI	18,080	-	-	18,080
Specific Ownership Taxes	4,647	29,740	-	34,387
Interest Income	4,773	75,651	50,303	130,727
Total Revenues	<u>117,933</u>	<u>684,182</u>	<u>50,303</u>	<u>852,418</u>
EXPENDITURES				
Current:				
Accounting	31,500	-	-	31,500
Auditing	5,500	-	-	5,500
ARI Mill Levy	17,802	-	-	17,802
County Treasurer's Fee	1,390	8,899	-	10,289
ARI County Treasurer's Fee	278	-	-	278
Dues and Membership	841	-	-	841
Election	26,773	-	-	26,773
Insurance	9,755	-	-	9,755
Legal	36,884	-	-	36,884
Snow Removal	7,757	-	-	7,757
Water	23,960	-	-	23,960
Website	4,350	-	-	4,350
Debt Service:				
Bond Interest	-	765,050	-	765,050
Bond Issue Costs	-	-	668,120	668,120
Paying Agent Fees	-	4,422	-	4,422
Repay Developer Advance	-	-	1,793,015	1,793,015
Developer Advance - Interest Expense	-	-	923,481	923,481
Capital Projects:				
Capital Outlay	-	-	1,793,015	1,793,015
Total Expenditures	<u>166,790</u>	<u>778,371</u>	<u>5,177,631</u>	<u>6,122,792</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(48,857)	(94,189)	(5,127,328)	(5,270,374)
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	-	13,888,000	13,888,000
Developer Advance	37,000	-	1,793,015	1,830,015
Refunding Escrow	-	(8,195,820)	-	(8,195,820)
Transfers In (Out)	(4,000)	8,196,243	(8,192,243)	-
Total Other Financing Sources	<u>33,000</u>	<u>423</u>	<u>7,488,772</u>	<u>7,522,195</u>
NET CHANGE IN FUND BALANCES	(15,857)	(93,766)	2,361,444	2,251,821
Fund Balances - Beginning of Year	<u>3,117</u>	<u>1,592,657</u>	<u>392,692</u>	<u>1,988,466</u>
FUND BALANCES - END OF YEAR	<u>\$ (12,740)</u>	<u>\$ 1,498,891</u>	<u>\$ 2,754,136</u>	<u>\$ 4,240,287</u>

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, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 2,251,821

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	1,793,015
Depreciation Expense	(3,080)
Transfer of Public Improvements to Other Governments	(7,505,055)

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.

Bond Issuance Proceeds	(13,888,000)
Cost of Refunding	432,526
Developer Advance	(1,830,015)
Principal on Refunded Bonds	6,763,000
Repay Developer Advance	1,793,015

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	357,054
Accrued Interest Payable Developer Advance - Change in Liability	(16,529)
Amortization of Bond Premium - Series 2020	1,881
Amortization of Bond Discount - Series 2023	(229,636)
Amortization of Cost of Bond Refunding	(14,739)

Changes in Net Position of Governmental Activities	\$ (10,094,742)
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WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 90,145	\$ 90,145	\$ 90,433	\$ 288
Property Taxes - ARI	18,022	18,022	18,080	58
Specific Ownership Taxes	5,409	5,409	4,647	(762)
Interest Income	95	2,818	4,773	1,955
Total Revenues	113,671	116,394	117,933	1,539
EXPENDITURES				
Accounting	30,000	30,000	31,500	(1,500)
Auditing	5,250	5,500	5,500	-
ARI Mill Levy	17,367	17,752	17,802	(50)
Contingency	1,161	2,430	-	2,430
County Treasurer's Fee	1,352	1,352	1,390	(38)
ARI County Treasurer's Fee	270	270	278	(8)
Dues and Membership	1,000	841	841	-
Election	4,000	30,000	26,773	3,227
Insurance	10,000	9,755	9,755	-
Landscaping	12,000	-	-	-
Legal	25,000	38,000	36,884	1,116
Miscellaneous	100	100	-	100
Repairs and Maintenance	10,000	10,000	-	10,000
Snow Removal	25,000	15,000	7,757	7,243
Water	3,000	25,000	23,960	1,040
Website	1,500	4,000	4,350	(350)
Total Expenditures	147,000	190,000	166,790	23,210
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(33,329)	(73,606)	(48,857)	24,749
OTHER FINANCING SOURCES (USES)				
Developer Advance	37,000	74,000	37,000	(37,000)
Transfers To Other Fund	-	-	(4,000)	(4,000)
Total Other Financing Sources (Uses)	37,000	74,000	33,000	(41,000)
NET CHANGE IN FUND BALANCE	3,671	394	(15,857)	(16,251)
Fund Balance - Beginning of Year	-	3,117	3,117	-
FUND BALANCE - END OF YEAR	<u>\$ 3,671</u>	<u>\$ 3,511</u>	<u>\$ (12,740)</u>	<u>\$ (16,251)</u>

See accompanying Notes to Basic Financial Statements.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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 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 May 8, 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, 2025

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 (as defined herein) 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, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 has amended its annual budget for the year ended December 31, 2025.

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.

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

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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/Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Authority has one item that qualifies for reporting in this category. Accordingly, the item *loss on refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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 Authority 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, 2025

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 General Fund reported a deficit in the fund financial statements as of December 31, 2025. The deficit will be eliminated with the receipt of property taxes in 2026.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (Statement 102). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District implemented the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of implementation. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 36,889
Cash and Investments - Restricted	4,254,370
Total Cash and Investments	<u>\$ 4,291,259</u>

Cash and investments as of December 31, 2025, consist of the following:

Deposits with Financial Institutions	\$ 21,258
Investments	4,270,001
Total Cash and Investments	<u>\$ 4,291,259</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, 2025, the District's cash deposits had a bank balance and a carrying balance of \$21,258.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

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, 2025, the District had the following investments:

Investment	Maturity	Amount
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average	\$ 21,718
Fidelity Investments Money Market Portfolio Class III	Under 60 Days	1,494,147
Morgan Stanley Institutional Liquidity Funds		2,754,136
Total		<u><u>\$ 4,270,001</u></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.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE (Continued)

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.

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 AAAf/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.

Goldman Sachs Financial Square Treasury Instruments Fund

The District's debt service and capital project funds held by the trustee are invested in the Goldman Sachs Financial Square Treasury Instruments Fund, a money market mutual fund that invests exclusively in U.S. Treasury obligations backed by the full faith and credit of the U.S. Government. The fund seeks to maintain a stable net asset value of \$1.00 per share and is rated AAAM by Standard & Poor's, Aaa-mf by Moody's, and AAmmf by Fitch.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025 follows:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 13,540,414	\$ 1,177,098	\$ 7,505,055	\$ 7,212,457
Total Capital Assets, Not Being Depreciated	<u>\$ 13,540,414</u>	<u>\$ 1,177,098</u>	<u>\$ 7,505,055</u>	<u>\$ 7,212,457</u>
Capital Assets, Being Depreciated:				
Retaining Wall	-	615,917	-	615,917
Total Capital Assets, Being Depreciated	-	615,917	-	615,917
Less Accumulated Depreciation for:				
Retaining Wall	-	3,080	-	(3,080)
Total Accumulated Depreciation	-	3,080	-	(3,080)
Total Capital Assets, Being Depreciated, Net	-	612,837	-	612,837
Governmental Activities Capital Assets, Net	<u>\$ 13,540,414</u>	<u>\$ 1,789,935</u>	<u>\$ 7,505,055</u>	<u>\$ 7,825,294</u>

During 2025, a significant portion of the capital assets constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records.

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Total Depreciation Expense - Governmental Activities	<u>\$ 3,080</u>
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WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
General Obligation Bonds:					
Series 2020	\$ 13,910,000	\$ -	\$ -	\$ 13,910,000	\$ -
Subordinate Limited Tax Bonds:					
Series 2023B	6,763,000	-	6,763,000	-	-
Series 2025B	-	13,888,000	-	13,888,000	-
Accrued Interest:					
Series 2023B	860,494	369,436	1,229,930	-	-
Series 2025B	-	503,440	-	503,440	-
Subtotal Bonds Payable	<u>21,533,494</u>	<u>14,760,876</u>	<u>7,992,930</u>	<u>28,301,440</u>	<u>-</u>
Other Debts:					
Developer Advance - Operating	196,652	37,000	-	233,652	-
Developer Advance - Capital	-	1,793,015	1,793,015	-	-
Accrued Interest on:					
Developer Advance - Operating	56,117	16,529	-	72,646	-
Developer Advance - Capital	-	923,481	923,481	-	-
Subtotal Other Debts	<u>252,769</u>	<u>2,770,025</u>	<u>2,716,496</u>	<u>306,298</u>	<u>-</u>
Bond Premium/Discount:					
Bond Discount - Series 2023	(229,636)	-	(229,636)	-	-
Bond Premium - Series 2020	35,575	-	1,881	33,694	-
Subtotal Bond Premium/Discount	<u>(194,061)</u>	<u>-</u>	<u>(227,755)</u>	<u>33,694</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 21,592,202</u>	<u>\$ 17,530,901</u>	<u>\$ 10,481,671</u>	<u>\$ 28,641,432</u>	<u>\$ -</u>

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 (the Bonds).

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 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.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2020 General Obligation Bond Details (Continued)

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.

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.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Required Mill Levy (Continued)

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.

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 2025 to meet annual debt service requirements on the Bonds. The balance in the Surplus Fund at December 31, 2025 is \$1,493,823.

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.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Surplus Fund (Continued)

Termination Events

The Bonds are not subject to early termination.

Acceleration

The Bonds are not subject to acceleration.

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>
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
2031-2035	1,585,000	3,514,775	5,099,775
2036-2040	2,385,000	2,995,575	5,380,575
2041-2045	3,410,000	2,233,275	5,643,275
2046-2050	5,980,000	1,152,525	7,132,525
Total	<u>\$ 13,910,000</u>	<u>\$ 13,700,225</u>	<u>\$ 27,610,225</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.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2023 Subordinate Bonds Details (Continued)

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.

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

The 2023 Subordinate Bonds were refunded on August 8, 2025.

**Subordinate General Obligation Limited Tax Refunding and Improvement Bonds,
Series 2025B**

On August 8, 2025, the District issued its Subordinate General Obligation Limited Tax Refunding and Improvement Bonds, Series 2025B (the Series 2025B Bonds) in the aggregate principal amount of \$13,888,000 pursuant to an Indenture of Trust relating to the 2025B Bonds (the 2025B Bonds Indenture). The Series 2025B Bonds were issued to refund the District's outstanding Series 2023B Subordinate Bonds, including accrued interest thereon, and to finance a portion of the costs of public improvements within the District.

The Series 2025B Bonds bear interest at the rate of 9.00%, payable annually on December 15, beginning on December 15, 2025. The Series 2025B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. The Series 2025B Bonds mature on December 15, 2055.

To secure additional financing for the Development, the 2025B Bonds were issued at a higher interest rate and with an extended final maturity relative to the Series 2023B Subordinate Bonds. Given these comparatively less advantageous debt parameters, the transaction did not produce net present value savings and was undertaken solely to meet project funding requirements rather than to achieve economic refunding benefits.

**WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**Subordinate General Obligation Limited Tax Refunding and Improvement Bonds,
Series 2025B (Continued)**

In the government-wide statements, the District incurred a cost on bond refunding in the amount of \$432,526, which has been deferred and is being amortized over the life of the new debt.

Security and Source of Payment

The Series 2025B Bonds are limited tax general obligations of the District and are payable solely from and to the extent of the District's Subordinate Pledged Revenue (as defined in the 2025B Bonds Indenture). Subordinate Pledged Revenue includes revenues derived from the Subordinate Required Mill Levy (as defined in the 2025B Bonds Indenture), the portion of Specific Ownership Tax attributable to such levy, certain surplus revenues remaining after payment of senior obligations, and any other legally available moneys that the District determines to transfer for such purpose.

The Series 2025B Bonds constitute an irrevocable lien on the Subordinate Pledged Revenue, but such lien is subordinate to the lien securing the District's outstanding senior obligations, including the Bonds.

Optional Redemption

The Series 2025B Bonds are subject to redemption prior to maturity at the option of the District, on or after September 1, 2030, 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:

Date of Redemption	Redemption Premium
September 1, 2030 to August 31, 2031	3.00%
September 1, 2031 to August 31, 2032	2.00%
September 1, 2032 to August 31, 2033	1.00%
September 1, 2033 and thereafter	0.00%

Subordinate Required Mill Levy

Pursuant to the 2025 Bonds Indenture, the District is required to impose a Subordinate Required Mill Levy on all taxable property within the District for the payment of the Series 2025B Bonds. The Subordinate Required Mill Levy is generally defined as a mill levy of up to 32 mills, less the amount of the Senior Bond Mill Levy (as defined in the 2025B Bonds Indenture), or such lesser levy as is necessary to fund the Subordinate Bond Fund in an amount sufficient to pay debt service on the Series 2025B Bonds. In the event that the Senior Bond Mill Levy equals or exceeds 32 mills in any year, the Subordinate Required Mill Levy may be reduced to zero. The District has covenanted to impose the Subordinate Required Mill Levy annually through at least 2054, or thereafter as necessary, subject to the limitations of the District's Amended Service Plan and voter-approved debt authorizations.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Flow of Funds

Subordinate Pledged Revenue is required to be remitted to the Trustee and applied in accordance with the 2025B Bonds Indenture. Funds are applied first to the payment of Trustee fees and expenses, second to the Subordinate Bond Fund for the payment of principal of and interest on the Series 2025B Bonds, and thereafter to any other lawful purpose of the District. Amounts in the Subordinate Bond Fund are applied first to payment of accrued interest, including any compounded interest, and thereafter to payment of principal of the Series 2025B Bonds.

Nature of Obligation

The Series 2025B Bonds are structured as limited revenue obligations. The Series 2025B Bonds are payable only from the pledged revenue described above, and the District is not obligated to pay the Series 2025B Bonds from any other revenue source.

Due to the limited nature of the pledged revenue, failure of the District to pay principal or interest when due does not constitute an event of default. To the extent interest is not paid when due, such interest compounds at the stated interest rate. The District's obligation to repay the Series 2025B Bonds is further limited by the amount of debt authorized by the District's electors, and the District is not obligated to pay more than such authorized amount.

Termination Provision

Notwithstanding the stated maturity date, the Series 2025B Bonds and any unpaid principal and interest thereon are deemed to be paid, satisfied, and discharged on December 16, 2070, regardless of the amount of principal and interest paid prior to that date.

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 an election held May 6, 2025, the District's eligible electors approved the issuance of general obligation indebtedness in the amount of \$1,200,000,000.

At December 31, 2025, the District had authorized but unissued indebtedness remaining in the amount of \$2,085,439,000 for public improvements and refunding.

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, 2025

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, 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, 2025, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 3,500
Debt Service	241,138
Total Restricted Net Position	<u>\$ 244,638</u>

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 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 (the Developer). 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, 2025, outstanding advances under the Advance and Reimbursement Agreement totaled \$233,652 and accrued interest totaled \$72,646.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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.

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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.

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.

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado.

On May 6, 2025, the qualified electors of the District approved an election question to waive the 5.25% property tax limit established under Section 29-1-1702, C.R.S. for 2026 and all future budget years.

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, 2025

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 576,949	\$ 576,949	\$ 578,791	\$ 1,842
Specific Ownership Taxes	34,617	34,617	29,740	(4,877)
Interest Income	85,000	65,000	75,651	10,651
Total Revenues	696,566	676,566	684,182	7,616
EXPENDITURES				
County Treasurer's Fee	8,654	8,654	8,899	(245)
Paying Agent Fees	6,000	6,000	4,422	1,578
Bond Interest	765,050	765,050	765,050	-
Contingency	-	4,476	-	4,476
Total Expenditures	779,704	784,180	778,371	5,809
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(83,138)	(107,614)	(94,189)	13,425
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	-	8,195,820	8,196,447	627
Transfers To Other Fund	-	-	(204)	(204)
Refunding Escrow	-	(8,195,820)	(8,195,820)	-
Total Other Financing Sources	-	-	423	423
NET CHANGE IN FUND BALANCE	(83,138)	(107,614)	(93,766)	13,848
Fund Balance - Beginning of Year	1,583,272	1,592,657	1,592,657	-
FUND BALANCE - END OF YEAR	<u>\$ 1,500,134</u>	<u>\$ 1,485,043</u>	<u>\$ 1,498,891</u>	<u>\$ 13,848</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, 2025

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 50,303	\$ 50,303
Total Revenues	-	-	50,303	50,303
EXPENDITURES				
Paying Agent Fees	6,000	6,000	-	6,000
Bond Issue Costs	-	406,200	668,120	(261,920)
Repay Developer Advance	-	-	1,793,015	(1,793,015)
Developer Advance - Interest Expense	-	-	923,481	(923,481)
Capital Outlay	290,028	5,387,156	1,793,015	3,594,141
Total Expenditures	296,028	5,799,356	5,177,631	621,725
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(296,028)	(5,799,356)	(5,127,328)	672,028
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	13,540,000	13,888,000	348,000
Developer Advance	-	-	1,793,015	1,793,015
Transfers From Other Funds	-	-	4,204	4,204
Transfers To Other Fund	-	(8,133,336)	(8,196,447)	(63,111)
Total Other Financing Sources	-	5,406,664	7,488,772	2,082,108
NET CHANGE IN FUND BALANCE	(296,028)	(392,692)	2,361,444	2,754,136
Fund Balance - Beginning of Year	296,028	392,692	392,692	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,754,136</u>	<u>\$ 2,754,136</u>

OTHER INFORMATION

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

\$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
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
Total	<u>\$ 13,910,000</u>	<u>\$ 13,700,225</u>	<u>\$ 27,610,225</u>

WHITE BUFFALO METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

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	
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
2024	17,367,060	5.197	33.262	1.039	39.498	685,964	684,308	99.76
2025	17,345,600	5.197	33.262	1.039	39.498	685,116	687,304	100.32
Estimated for Year Ending December 31, 2026	\$ 22,507,700	10.740	34.370	1.074	46.184	\$ 1,039,496		

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.