

**UPPER COTTONWOOD CREEK
METROPOLITAN DISTRICT NO. 3
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023**

INDEPENDENT AUDITOR’S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES 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	22
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	23
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	25
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	28



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Upper Cottonwood Creek Metropolitan District No. 3

El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Upper Cottonwood Creek Metropolitan District No. 3 ("District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

BiggsKofford, P.C.

Colorado Springs, Colorado
August 15, 2024

BASIC FINANCIAL STATEMENTS

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 7,065
Cash and Investments - Restricted	330,756
Receivable from County Treasurer	15,570
Property Tax Receivable	2,943,880
Total Assets	3,297,271
LIABILITIES	
Due to Old Ranch Metropolitan District	13,293
Accrued Interest on Bonds	110,300
Noncurrent Liabilities:	
Due Within One Year	230,000
Due in More Than One Year	21,830,000
Total Liabilities	22,183,593
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	2,943,880
Total Deferred Inflows of Resources	2,943,880
NET POSITION	
Restricted for:	
Debt Service	229,798
Unrestricted	(22,060,000)
Total Net Position	\$ (21,830,202)

See accompanying Notes to Basic Financial Statements.

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Expenses	Charges for Services	Program Revenues		Net Revenues (Expenses) and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 855,058	\$ -	\$ -	\$ -	\$ (855,058)
Intergovernmental Expenditures - Old Ranch MD	4,055,000	-	-	-	(4,055,000)
Interest on Long-Term Debt and Related Costs	1,340,960	-	-	-	(1,340,960)
Total Governmental Activities	<u>\$ 6,251,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,251,018)</u>
GENERAL REVENUES					
Property Taxes					1,933,512
Specific Ownership Taxes					202,682
Interest Income					64,341
Total General Revenues					<u>2,200,535</u>
CHANGE IN NET POSITION					(4,050,483)
Net Position - Beginning of Year					<u>(17,779,719)</u>
NET POSITION - END OF YEAR					<u>\$ (21,830,202)</u>

See accompanying Notes to Basic Financial Statements.

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 7,065	\$ -	\$ -	\$ 7,065
Cash and Investments - Restricted	-	330,756	-	330,756
Receivable from County Treasurer	6,228	9,342	-	15,570
Property Tax Receivable	1,177,543	1,766,337	-	2,943,880
Total Assets	<u>\$1,190,836</u>	<u>\$2,106,435</u>	<u>\$ -</u>	<u>\$ 3,297,271</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Due to Old Ranch Metropolitan District	\$ 13,293	\$ -	\$ -	\$ 13,293
Total Liabilities	13,293	-	-	13,293
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	1,177,543	1,766,337	-	2,943,880
Total Deferred Inflows of Resources	1,177,543	1,766,337	-	2,943,880
FUND BALANCES				
Restricted for:				
Debt Service	-	340,098	-	340,098
Total Fund Balances	<u>-</u>	<u>340,098</u>	<u>-</u>	<u>340,098</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$1,190,836</u>	<u>\$2,106,435</u>	<u>\$ -</u>	

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 on Bonds	(110,300)
Bonds Payable - Series 2019	(6,885,000)
Bonds Payable - Series 2021	(6,360,000)
Bonds Payable - Series 2022	(4,700,000)
Bonds Payable - Series 2023	(4,115,000)

Net Position of Governmental Activities	<u>\$(21,830,202)</u>
---	-----------------------

See accompanying Notes to Basic Financial Statements.

**UPPER COTTONWOOD CREEK 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	\$ 773,405	\$1,160,107	\$ -	\$1,933,512
Specific Ownership Taxes	81,073	121,609	-	202,682
Interest Income	580	63,761	-	64,341
Total Revenues	855,058	1,345,477	-	2,200,535
EXPENDITURES				
Current:				
County Treasurer's Fee	11,610	17,415	-	29,025
Intergovernmental Expenditures - Old Ranch MD	843,448	-	4,055,000	4,898,448
Debt Service:				
Bond Interest - Series 2019	-	419,700	-	419,700
Bond Interest - Series 2021	-	385,200	-	385,200
Bond Interest - Series 2022	-	282,600	-	282,600
Bond Interest - Series 2023	-	156,370	-	156,370
Bond Principal - Series 2019	-	110,000	-	110,000
Bond Principal - Series 2021	-	60,000	-	60,000
Bond Principal - Series 2022	-	10,000	-	10,000
Bond Issue Costs	-	-	60,000	60,000
Total Expenditures	855,058	1,441,285	4,115,000	6,411,343
EXCESS OF REVENUES UNDER EXPENDITURES	-	(95,808)	(4,115,000)	(4,210,808)
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds	-	-	4,115,000	4,115,000
Total Other Financing Sources	-	-	4,115,000	4,115,000
NET CHANGE IN FUND BALANCES	-	(95,808)	-	(95,808)
Fund Balances - Beginning of Year	-	435,906	-	435,906
FUND BALANCES - END OF YEAR	\$ -	\$ 340,098	\$ -	\$ 340,098

See accompanying Notes to Basic Financial Statements.

**UPPER COTTONWOOD CREEK 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 \$ (95,808)

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

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	(4,115,000)
Bond Principal Payment	180,000

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

Accrued Interest Payable - Change in Liability	<u>(19,675)</u>
--	-----------------

Changes in Net Position of Governmental Activities	<u><u>\$ (4,050,483)</u></u>
--	------------------------------

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 774,227	\$ 773,405	\$ 773,405	\$ -
Specific Ownership Taxes	77,423	81,073	81,073	-
Interest Income	350	580	580	-
Other Revenue	1,000	4,942	-	(4,942)
Total Revenues	<u>853,000</u>	<u>860,000</u>	<u>855,058</u>	<u>(4,942)</u>
EXPENDITURES				
Contingency	1,001	4,942	-	4,942
County Treasurer's Fee	11,613	11,610	11,610	-
Intergovernmental Expenditures - Old Ranch Md	840,386	843,448	843,448	-
Total Expenditures	<u>853,000</u>	<u>860,000</u>	<u>855,058</u>	<u>4,942</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Upper Cottonwood Creek 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 District Court of El Paso County on May 22, 2006, concurrently with Upper Cottonwood Creek Metropolitan District Nos. 2, 4 and 5, and the previously formed Old Ranch Metropolitan District and Upper Cottonwood Creek Metropolitan District (collectively, the Districts). The Districts were formed under a Joint Service Plan approved by the City of Colorado Springs (the City) on February 6, 2006, and are governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The Districts' service area is located entirely within the City. Old Ranch Metropolitan District (the Operating District) is responsible for managing the construction of certain public facilities and improvements and for operation and maintenance of the limited list of public improvements which are not conveyed to the City. The District, Upper Cottonwood Creek Metropolitan District and Upper Cottonwood Creek Metropolitan District Nos. 2, 4 and 5 (collectively, the Financing Districts) are responsible for providing the funding and tax base needed to support the financing plan for capital improvements and to fund limited ongoing operations. Under the Service Plan, the Districts provide the following services: parks and recreation, sanitary sewer, storm drainage, streets, traffic safety protection, water, and mosquito control.

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 financially accountable for any other organization, nor is the District 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.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

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

Pooled Cash and Investments

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

Property Taxes

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

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS 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.

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS 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	\$ 7,065
Cash and Investments - Restricted	330,756
Total Cash and Investments	<u>\$ 337,821</u>

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

Investments	<u>\$ 337,821</u>
Total Cash and Investments	<u>\$ 337,821</u>

Deposits with Financial Institutions

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

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

At December 31, 2023, the District had no deposits with financial institutions.

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.

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 337,821
Total		<u>\$ 337,821</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AA Af/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

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

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Bonds Payable:					
Limited Tax GO Bonds:					
Series 2019	\$ 6,995,000	\$ -	\$ 110,000	\$ 6,885,000	\$ 115,000
Series 2021	6,420,000	-	60,000	6,360,000	95,000
Series 2022	4,710,000	-	10,000	4,700,000	20,000
Series 2023	-	4,115,000	-	4,115,000	-
Total Bonds Payable	<u>\$ 18,125,000</u>	<u>\$ 4,115,000</u>	<u>\$ 180,000</u>	<u>\$ 22,060,000</u>	<u>\$ 230,000</u>

The details of the District's long-term obligations are as follows:

\$7,200,000 Limited Tax General Obligation Bond, Series 2019

On December 17, 2019, the District issued a \$7,200,000 in Limited Tax General Obligation Bonds (the 2019 Bonds) for public improvements. The 2019 Bonds bears interest at a rate of 6%, maturing on November 12, 2049. Bond interest and principal payments are payable annually on December 1. Any accrued and unpaid interest will compound on December 1 of each year. To the extent principal of the 2019 Bonds is not paid when due, such principal shall remain outstanding until paid.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$7,200,000 Limited Tax General Obligation Bond, Series 2019 (Continued)

The 2019 Bonds are secured by and payable from the Pledged Revenue, consisting of monies derived by the District from: 1) the Required Mill Levy, after costs of collection; 2) the portion of the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, allocable to the amount of the Required Mill Levy; and 3) any other legally available monies that the Board determines in its sole discretion to credit to the Debt Service Fund. The Required Mill Levy means an ad valorem property tax imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium, if any, and interest on the 2019 Bond as the same becomes due and payable. The Required Mill Levy is limited to a maximum of 30.000 mills, provided however, that such limitation shall be adjusted to compensate for changes in the rate of assessed valuation of the property within the District occurring after January 1, 2006, so that to the extent possible, the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. As of 2023, the adjusted maximum mill levy is 34.274 mills. So long as the District imposes the Required Mill Levy and applies the Pledged Revenue as required, the insufficiency of Pledged Revenue available to pay the principal and interest on the 2019 Bonds does not constitute an event of default.

The 2019 Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part, in integral multiples of \$1,000, on such dates and at such prices as set forth in the Sale Certificate, without redemption premium.

\$6,475,000 Limited Tax General Obligation Bond, Series 2021

On March 26, 2021, the District issued a \$6,475,000 in Limited Tax General Obligation Bonds (the 2021 Bonds) for public improvements. The 2021 Bonds bears interest at a rate of 6%, maturing on December 1, 2050. Bond interest and principal payments are payable annually on December 1. Any accrued and unpaid interest will compound on December 1 of each year. To the extent principal of the 2021 Bonds is not paid when due, such principal shall remain outstanding until paid.

The 2021 Bonds are secured by and payable from the Pledged Revenue, consisting of monies derived by the District from: 1) the Required Mill Levy, after costs of collection; 2) the portion of the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, allocable to the amount of the Required Mill Levy; and 3) any other legally available monies that the Board determines in its sole discretion to credit to the Debt Service Fund. The Required Mill Levy means an ad valorem property tax imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium, if any, and interest on the 2021 Bond as the same becomes due and payable. The Required Mill Levy is limited to a maximum of 30.000 mills, provided however, that such limitation shall be adjusted to compensate for changes in the rate of assessed valuation of the property within the District occurring after January 1, 2006, so that to the extent possible, the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. As of 2023, the adjusted maximum mill levy is 34.274 mills. So long as the District imposes the Required Mill Levy and applies the Pledged Revenue as required, the insufficiency of Pledged Revenue available to pay the principal and interest on the 2021 Bonds does not constitute an event of default.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$6,475,000 Limited Tax General Obligation Bond, Series 2021 (Continued)

The 2021 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, and without premium, on December 1, 2027, and on any date thereafter, upon payment of the redemption price (expressed as a percentage of the principal amount of the Bond being redeemed) of 100%, plus accrued interest to the redemption date.

\$4,710,000 Limited Tax General Obligation Bond, Series 2022

On January 4, 2022, the District issued a \$4,710,000 in Limited Tax General Obligation Bonds (the 2022 Bonds) for public improvements. The 2022 Bonds bears interest at a rate of 6%, maturing on December 1, 2051. Bond interest and principal payments are payable annually on December 1 each year, commencing on December 1, 2022. Any accrued and unpaid interest will compound on December 1 of each year. To the extent principal of the 2022 Bonds is not paid when due, such principal shall remain outstanding until paid.

The 2022 Bonds are secured by and payable from the Pledged Revenue, consisting of monies derived by the District from: 1) the Required Mill Levy, after costs of collection; 2) the portion of the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, allocable to the amount of the Required Mill Levy; and 3) any other legally available monies that the Board determines in its sole discretion to credit to the Debt Service Fund. The Required Mill Levy means an ad valorem property tax imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium, if any, and interest on the 2022 Bond as the same becomes due and payable. The Required Mill Levy is limited to a maximum of 30.000 mills, provided however, that such limitation shall be adjusted to compensate for changes in the rate of assessed valuation of the property within the District occurring after January 1, 2006, so that to the extent possible, the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. As of 2023, the adjusted maximum mill levy is 34.274 mills. So long as the District imposes the Required Mill Levy and applies the Pledged Revenue as required, the insufficiency of Pledged Revenue available to pay the principal and interest on the 2022 Bonds does not constitute an event of default.

The 2022 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, and without premium, on December 1, 2028, and on any date thereafter, upon payment of the redemption price (expressed as a percentage of the principal amount of the Bond being redeemed) of 100%, plus accrued interest to the redemption date.

\$4,115,000 Limited Tax General Obligation Bond, Series 2023

On April 13, 2023, the District issued a \$4,115,000 in Limited Tax General Obligation Bonds (the 2023 Bonds) for public improvements. The 2023 Bonds bears interest at a rate of 6%, maturing on December 1, 2052. Bond interest and principal payments are payable annually on December 1 each year, commencing on December 1, 2023. Any accrued and unpaid interest will compound on December 1 of each year. To the extent principal of the 2023 Bonds is not paid when due, such principal shall remain outstanding until paid.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$4,115,000 Limited Tax General Obligation Bond, Series 2023 (Continued)

The 2023 Bonds are secured by and payable from the Pledged Revenue, consisting of monies derived by the District from: 1) the Required Mill Levy, after costs of collection; 2) the portion of the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, allocable to the amount of the Required Mill Levy; and 3) any other legally available monies that the Board determines in its sole discretion to credit to the Debt Service Fund. The Required Mill Levy means an ad valorem property tax imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium, if any, and interest on the 2023 Bond as the same becomes due and payable. The Required Mill Levy is limited to a maximum of 30.000 mills, provided however, that such limitation shall be adjusted to compensate for changes in the rate of assessed valuation of the property within the District occurring after January 1, 2006, so that to the extent possible, the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. As of 2023, the adjusted maximum mill levy is 34.274 mills. So long as the District imposes the Required Mill Levy and applies the Pledged Revenue as required, the insufficiency of Pledged Revenue available to pay the principal and interest on the 2023 Bonds does not constitute an event of default.

The 2023 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, and without premium, on December 1, 2027, and on any date thereafter, upon payment of the redemption price (expressed as a percentage of the principal amount of the Bond being redeemed) of 100%, plus accrued interest to the redemption date.

Events of Default for the Bonds

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an event of default under the Indenture:

- i. The District fails or refuses to impose the required mill levy or to apply the pledged revenue as provided in the bond resolution.
- ii. The District defaults in the performance or observance of any other of the covenants in the bond resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owner.
- iii. The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds.

It is acknowledged that due to the limited nature of the pledged revenue, the failure to pay the principal of or interest on the bonds when due shall not, of itself, constitute an event of Default under the Indenture.

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Remedies on Occurrence of Event of Default for the Revenue Bonds

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- i. Mandamus or Other Suit: The Owner may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce its rights.

No Acceleration

Notwithstanding the foregoing or anything else herein to the contrary, acceleration shall not be an available remedy for an Event of Default.

As of December 31, 2023, the District was not in default.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 230,000	\$ 1,323,600	\$ 1,553,600
2025	240,000	1,309,800	1,549,800
2026	295,000	1,295,400	1,590,400
2027	315,000	1,277,700	1,592,700
2028	330,000	1,258,800	1,588,800
2029-2033	1,980,000	5,971,800	7,951,800
2034-2038	2,912,000	5,294,880	8,206,880
2039-2043	4,480,000	4,221,060	8,701,060
2044-2048	5,996,000	2,705,760	8,701,760
2049-2052	5,282,000	732,577	6,014,577
Total	<u>\$ 22,060,000</u>	<u>\$ 25,391,377</u>	<u>\$ 47,451,377</u>

Authorized Debt

On May 2, 2006, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$225,000,000 for infrastructure improvements and operations and maintenance at an interest rate not to exceed 15% and \$35,000,000 for refunding the District's debt or other obligations.

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

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

	Amount Authorized on May, 2006	Authorization Used				Authorized But Unused
		Series 2019	Series 2021	Series 2022	Series 2023	
		Bonds	Bonds	Bonds	Bonds	
Street Improvements	\$ 35,000,000	\$ 1,842,000	\$ 2,121,147	\$ 1,951,957	\$ 960,890	\$ 28,124,006
Water Supply	35,000,000	826,000	459,665	733,463	487,995	32,492,877
Sanitary Sewer	35,000,000	2,511,000	2,449,330	1,048,941	602,349	28,388,380
Park and Recreation	35,000,000	2,022,000	1,444,858	975,639	614,127	29,943,376
Traffic and Safety	35,000,000	-	-	-	-	35,000,000
Television Relay and Translation	35,000,000	-	-	-	-	35,000,000
Operations and Maintenance	15,000,000	-	-	-	-	15,000,000
Debt Refunding	35,000,000	-	-	-	-	35,000,000
Total	<u>\$ 260,000,000</u>	<u>\$ 7,201,000</u>	<u>\$ 6,475,000</u>	<u>\$ 4,710,000</u>	<u>\$ 2,665,361</u>	<u>\$ 238,948,639</u>

Pursuant to the Joint Service Plan as amended on March 22, 2016, the District can issue bond indebtedness of up to \$35,000,000. In addition, the maximum debt service mill levy for the District is 30.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2023, the calculated adjusted debt service mill levy was 30.000 mills of which the District levied 34.274 mills for collection in 2023.

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 support development as it occurs with the District's service area, within the limitations of the District's Service Plan.

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 for debt service of \$229,798 as of December 31, 2023.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

The District has a deficit in unrestricted net position. This deficit amount was a result of the District being responsible for the repayment of bonds issued and transferred to the Operating District for the purpose of financing public improvements.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023

NOTE 6 RELATED PARTY

The Developer of the property which constitutes the District is Nor'wood Development Group and their affiliated entities (see Note 7). The members of the Board of Directors are officers of, employees of, or associated with the Developer, and may have conflicts of interest in dealing with the District.

NOTE 7 INTERGOVERNMENTAL AGREEMENT

On June 1, 2006, the District entered into a District Facilities Construction and Service Agreement (IGA) with the Operating District, Upper Cottonwood Creek Metropolitan District, Upper Cottonwood Creek Metropolitan District Nos. 2, 4, and 5. The IGA provides that the Operating District is to construct, own, maintain, and operate the facilities benefiting the aforementioned Districts. The Financing Districts have agreed to finance such activities by either issuing bonds and/or pledging certain revenues collected within the boundaries of the Financing Districts.

Effective July 2006, the District entered into a Joint Financing and Reimbursement Agreement between the Developer, Old Ranch Metropolitan District, Upper Cottonwood Creek Metropolitan District, Upper Cottonwood Creek Metropolitan District Nos. 2, 4, and 5, Development Management Inc. (DMI), Villages at Wolf Ranch, LLC (Villages), and Westcreek at Wolf Ranch, LLC (Westcreek). In accordance with the agreement the aforementioned parties are to repay advances made by the Developer for operation and maintenance and capital improvement costs.

NOTE 8 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). 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.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIALS STATEMENTS
DECEMBER 31, 2023

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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. The District transfers its net operating revenue to the Operating District pursuant to an intergovernmental agreement. Therefore, the Emergency Reserve related to the District's revenues is reported in Old Ranch Metropolitan District.

On May 2, 2006, the District voters passed an election question allowing the District to increase property taxes up to \$10,000,000 annually, without limitation of rate, and without regard to any spending, revenue raising, or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-2-301, C.R.S., to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

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

SUPPLEMENTARY INFORMATION

**UPPER COTTONWOOD CREEK 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	\$ 1,161,356	\$ 1,160,107	\$ (1,249)
Specific Ownership Taxes	116,136	121,609	5,473
Interest Income	6,000	63,761	57,761
Total Revenues	<u>1,283,492</u>	<u>1,345,477</u>	<u>61,985</u>
EXPENDITURES			
County Treasurer's Fee	17,420	17,415	5
Bond Interest - Series 2019	419,700	419,700	-
Bond Interest - Series 2021	385,200	385,200	-
Bond Interest - Series 2022	282,600	282,600	-
Bond Interest - Series 2023	260,000	156,370	103,630
Bond Principal - Series 2019	110,000	110,000	-
Bond Principal - Series 2021	60,000	60,000	-
Bond Principal - Series 2022	10,000	10,000	-
Contingency	5,037	-	5,037
Total Expenditures	<u>1,549,957</u>	<u>1,441,285</u>	<u>108,672</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(266,465)</u>	<u>(95,808)</u>	<u>170,657</u>
NET CHANGE IN FUND BALANCE	(266,465)	(95,808)	170,657
Fund Balance - Beginning of Year	<u>415,968</u>	<u>435,906</u>	<u>19,938</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 149,503</u></u>	<u><u>\$ 340,098</u></u>	<u><u>\$ 190,595</u></u>

**UPPER COTTONWOOD CREEK 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	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Intergovernmental Expenditures - Old Ranch MD	4,962,500	4,055,000	907,500
Bond Issue Costs	37,500	60,000	(22,500)
Total Expenditures	5,000,000	4,115,000	885,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,000,000)	(4,115,000)	885,000
OTHER FINANCING SOURCES (USES)			
Bond Issuance Proceeds	5,000,000	4,115,000	(885,000)
Total Other Financing Sources (Uses)	5,000,000	4,115,000	(885,000)
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -

OTHER INFORMATION

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

Bonds and Interest Maturing in the Year Ending December 31,	\$7,200,000 General Obligation Limited Tax Interest Rate - 6.00% Series 2019 Dated December 17, 2019 Interest Payable December 1 Principal Payable December 1			\$6,475,000 General Obligation Limited Tax Interest Rate - 6.00% Series 2021 Dated March 26, 2021 Interest payable December 1 Principal payable December 1			
	Principal	Interest	Total	Principal	Interest	Total	
	2024	\$ 115,000	\$ 413,100	\$ 528,100	\$ 95,000	\$ 381,600	\$ 476,600
	2025	125,000	406,200	531,200	95,000	375,900	470,900
2026	130,000	398,700	528,700	105,000	370,200	475,200	
2027	140,000	390,900	530,900	105,000	363,900	468,900	
2028	145,000	382,500	527,500	115,000	357,600	472,600	
2029	155,000	373,800	528,800	125,000	350,700	475,700	
2030	165,000	364,500	529,500	130,000	343,200	473,200	
2031	175,000	354,600	529,600	135,000	335,400	470,400	
2032	185,000	344,100	529,100	145,000	327,300	472,300	
2033	195,000	333,000	528,000	155,000	318,600	473,600	
2034	210,000	321,300	531,300	160,000	309,300	469,300	
2035	220,000	308,700	528,700	175,000	299,700	474,700	
2036	235,000	295,500	530,500	185,000	289,200	474,200	
2037	250,000	281,400	531,400	195,000	278,100	473,100	
2038	265,000	266,400	531,400	205,000	266,400	471,400	
2039	280,000	250,500	530,500	220,000	254,100	474,100	
2040	295,000	233,700	528,700	235,000	240,900	475,900	
2041	315,000	216,000	531,000	245,000	226,800	471,800	
2042	330,000	197,100	527,100	265,000	212,100	477,100	
2043	350,000	177,300	527,300	280,000	196,200	476,200	
2044	375,000	156,300	531,300	290,000	179,400	469,400	
2045	395,000	133,800	528,800	310,000	162,000	472,000	
2046	420,000	110,100	530,100	330,000	143,400	473,400	
2047	445,000	84,900	529,900	350,000	123,600	473,600	
2048	470,000	58,200	528,200	370,000	102,600	472,600	
2049	500,000	28,417	528,417	395,000	80,400	475,400	
2050	-	-	-	945,000	56,700	1,001,700	
Total	<u>\$ 6,885,000</u>	<u>\$ 6,881,017</u>	<u>\$ 13,766,017</u>	<u>\$ 6,360,000</u>	<u>\$ 6,945,300</u>	<u>\$ 13,305,300</u>	

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2023**

Bonds/Loans and Interest Maturing in the Year Ending December 31,	\$4,710,000 General Obligation Limited Tax Interest Rate - 6.00% Series 2022 Dated January 4th, 2022 Interest Payable December 1			\$4,115,000 General Obligation Limited Tax Interest Rate - 6.00% Series 2023 Dated April 13, 2023 Interest Payable December 1		
	Principal Payable December 1			Principal Payable December 1		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 20,000	\$ 282,000	\$ 302,000	\$ -	\$ 246,900	\$ 246,900
2025	20,000	280,800	300,800	-	246,900	246,900
2026	60,000	279,600	339,600	-	246,900	246,900
2027	70,000	276,000	346,000	-	246,900	246,900
2028	70,000	271,800	341,800	-	246,900	246,900
2029	70,000	267,600	337,600	-	246,900	246,900
2030	75,000	263,400	338,400	-	246,900	246,900
2031	85,000	258,900	343,900	-	246,900	246,900
2032	90,000	253,800	343,800	-	246,900	246,900
2033	95,000	248,400	343,400	-	246,900	246,900
2034	100,000	242,700	342,700	-	246,900	246,900
2035	105,000	236,700	341,700	-	246,900	246,900
2036	110,000	230,400	340,400	-	246,900	246,900
2037	115,000	223,800	338,800	102,000	246,900	348,900
2038	125,000	216,900	341,900	155,000	240,780	395,780
2039	130,000	209,400	339,400	165,000	231,480	396,480
2040	140,000	201,600	341,600	172,000	221,580	393,580
2041	145,000	193,200	338,200	188,000	211,260	399,260
2042	155,000	184,500	339,500	197,000	199,980	396,980
2043	165,000	175,200	340,200	208,000	188,160	396,160
2044	180,000	165,300	345,300	219,000	175,680	394,680
2045	190,000	154,500	344,500	232,000	162,540	394,540
2046	195,000	143,100	338,100	250,000	148,620	398,620
2047	210,000	131,400	341,400	262,000	133,620	395,620
2048	225,000	118,800	343,800	278,000	117,900	395,900
2049	235,000	105,300	340,300	295,000	101,220	396,220
2050	250,000	91,200	341,200	314,000	83,520	397,520
2051	1,270,000	76,200	1,346,200	329,000	64,680	393,680
2052	-	-	-	749,000	44,940	793,940
Total	\$ 4,700,000	\$ 5,782,500	\$ 10,482,500	\$ 4,115,000	\$ 5,782,560	\$ 9,897,560

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2023**

Bonds/Loans and Interest Maturing in the Year Ending December 31,	Total Debt Service		
	Principal	Interest	Total
2024	\$ 230,000	\$ 1,323,600	\$ 1,553,600
2025	240,000	1,309,800	1,549,800
2026	295,000	1,295,400	1,590,400
2027	315,000	1,277,700	1,592,700
2028	330,000	1,258,800	1,588,800
2029	350,000	1,239,000	1,589,000
2030	370,000	1,218,000	1,588,000
2031	395,000	1,195,800	1,590,800
2032	420,000	1,172,100	1,592,100
2033	445,000	1,146,900	1,591,900
2034	470,000	1,120,200	1,590,200
2035	500,000	1,092,000	1,592,000
2036	530,000	1,062,000	1,592,000
2037	662,000	1,030,200	1,692,200
2038	750,000	990,480	1,740,480
2039	795,000	945,480	1,740,480
2040	842,000	897,780	1,739,780
2041	893,000	847,260	1,740,260
2042	947,000	793,680	1,740,680
2043	1,003,000	736,860	1,739,860
2044	1,064,000	676,680	1,740,680
2045	1,127,000	612,840	1,739,840
2046	1,195,000	545,220	1,740,220
2047	1,267,000	473,520	1,740,520
2048	1,343,000	397,500	1,740,500
2049	1,425,000	315,337	1,740,337
2050	1,509,000	231,420	1,740,420
2051	1,599,000	140,880	1,739,880
2052	749,000	44,940	793,940
Total	<u>\$ 22,060,000</u>	<u>\$ 25,391,377</u>	<u>\$ 47,451,377</u>

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

Year Ended December 31,	Assessed Valuation	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Levied	Collected	
2018/2019	\$ 7,898,080	22.111	33.166	\$ 436,541	\$ 436,541	100.00 %
2019/2020	15,458,520	22.265	33.397	860,452	860,348	99.99
2020/2021	21,290,370	22.265	33.397	1,185,065	1,184,144	99.92
2021/2022	29,582,580	22.265	33.397	1,646,625	1,644,496	99.87
2022/2023	33,884,470	22.849	34.274	1,935,583	1,933,512	99.89
Estimated for Year Ending December 31, 2024	\$ 45,706,740	25.763	38.645			

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: El Paso Assessor and Treasurer.