

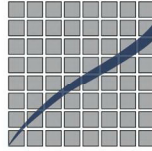
**UPPER COTTONWOOD CREEK
METROPOLITAN DISTRICT NO. 3
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

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YEAR ENDED DECEMBER 31, 2022**

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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, 2022, 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, 2022, 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 one year after the date that the financial statements are available to be issued.

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 25, 2023

BASIC FINANCIAL STATEMENTS

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 5,238
Cash and Investments - Restricted	427,506
Receivable from County Treasurer	14,000
Property Taxes Receivable	1,935,583
Total Assets	2,382,327
LIABILITIES	
Accounts Payable - Intergovernmental	10,838
Accrued Interest Payable	90,625
Noncurrent Liabilities:	
Due Within One Year	180,000
Due in More Than One Year	17,945,000
Total Liabilities	18,226,463
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,935,583
Total Deferred Inflows of Resources	1,935,583
NET POSITION	
Restricted For:	
Debt Service	345,281
Unrestricted	(18,125,000)
Total Net Position	\$ (17,779,719)

See accompanying Notes to Basic Financial Statements.

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Government Activities:					
General Government	\$ 726,875	\$ -	\$ -	\$ -	
Intergovernmental Expense - Old Ranch MD	4,672,500	-	-	-	
Interest and Related Costs on Long-Term Debt	1,146,259	-	-	-	
Total Governmental Activities	\$ 6,545,634	\$ -	\$ -	\$ -	
GENERAL REVENUES					
Property Taxes				1,644,496	
Specific Ownership Taxes				171,212	
Net Investment Income				24,297	
Total General Revenues				1,840,005	
CHANGE IN NET POSITION				(4,705,629)	
Net Position - Beginning of Year				(13,074,090)	
NET POSITION - END OF YEAR				\$ (17,779,719)	

See accompanying Notes to Basic Financial Statements.

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 5,238	\$ -	\$ -	\$ 5,238
Cash and Investments - Restricted	-	427,506	-	427,506
Receivable from County Treasurer	5,600	8,400	-	14,000
Property Taxes Receivable	774,227	1,161,356	-	1,935,583
 Total Assets	 \$ 785,065	 \$ 1,597,262	 \$ -	 \$ 2,382,327
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable - Intergovernmental	\$ 10,838	\$ -	\$ -	\$ 10,838
Total Liabilities	10,838	-	-	10,838
 DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	774,227	1,161,356	-	1,935,583
Total Deferred Inflows of Resources	774,227	1,161,356	-	1,935,583
 FUND BALANCES				
Restricted For:				
Debt Service	-	435,906	-	435,906
Total Fund Balances	-	435,906	-	435,906
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 785,065	 \$ 1,597,262	 \$ -	

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.

Bonds Payable	(18,125,000)
Accrued Interest on Bonds Payable	(90,625)

Net Position of Governmental Activities	\$ (17,779,719)
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**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 657,798	\$ 986,698	\$ -	\$ 1,644,496
Specific Ownership Taxes	68,485	102,727	-	171,212
Net Investment Income	592	23,705	-	24,297
Total Revenues	<u>726,875</u>	<u>1,113,130</u>	<u>-</u>	<u>1,840,005</u>
EXPENDITURES				
Current:				
County Treasurer's Fees	9,876	14,814	-	24,690
Intergovernmental Expenditure	716,999	-	-	716,999
Debt Service:				
Bond Interest - Series 2019	-	426,000	-	426,000
Bond Interest - Series 2021	-	388,500	-	388,500
Bond Interest - Series 2022	-	256,695	-	256,695
Bond Principal - Series 2019	-	105,000	-	105,000
Bond Principal - Series 2021	-	55,000	-	55,000
Capital Projects Fund:				
Intergovernmental Expenditure	-	-	4,672,500	4,672,500
Bond Issue Costs	-	-	37,500	37,500
Total Expenditures	<u>726,875</u>	<u>1,246,009</u>	<u>4,710,000</u>	<u>6,682,884</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(132,879)	(4,710,000)	(4,842,879)
OTHER FINANCING SOURCES (USES)				
Bond Issuance	-	-	4,710,000	4,710,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,710,000</u>	<u>4,710,000</u>
NET CHANGE IN FUND BALANCES	-	(132,879)	-	(132,879)
Fund Balances - Beginning of Year	<u>-</u>	<u>568,785</u>	<u>-</u>	<u>568,785</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 435,906</u>	<u>\$ -</u>	<u>\$ 435,906</u>

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, 2022**

Net Changes in Fund Balances - Governmental Funds \$ (132,879)

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 governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences is the treatment of long-term debt and related items as follows:

Bond Issuance	(4,710,000)
Bond Principal Payment	160,000

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 on Bonds - Change in Liability	<u>(22,750)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (4,705,629)</u></u>
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**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 658,656	\$ 657,798	\$ (858)
Specific Ownership Taxes	65,866	68,485	2,619
Net Investment Income	80	592	512
Other Revenue	2,579	-	(2,579)
Total Revenues	<u>727,181</u>	<u>726,875</u>	<u>(306)</u>
EXPENDITURES			
Contingency	1,771	-	1,771
County Treasurer's Fees	9,880	9,876	4
Intergovernmental Expenditure	715,530	716,999	(1,469)
Total Expenditures	<u>727,181</u>	<u>726,875</u>	<u>306</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<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 FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

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 FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 FINANCIAL STATEMENTS
 DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 5,238
Cash and Investments - Restricted	<u>427,506</u>
Total Cash and Investments	<u><u>\$ 432,744</u></u>

Cash and investments as of December 31, 2022, consist of the following:

Investments	<u><u>\$ 432,744</u></u>
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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, 2022, 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 FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, 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	\$ <u>432,744</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 FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 AAaf/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, 2022:

	Balance - December 31, 2021	Additions	Retirements	Balance - December 31, 2022	Due Within One Year
Limited Tax G.O. Bonds -					
Series 2019	\$ 7,100,000	\$ -	\$ 105,000	\$ 6,995,000	\$ 110,000
Series 2021	6,475,000	-	55,000	6,420,000	60,000
Series 2022	-	4,710,000	-	4,710,000	10,000
Total Bonds Payable	<u>\$ 13,575,000</u>	<u>\$ 4,710,000</u>	<u>\$ 160,000</u>	<u>\$ 18,125,000</u>	<u>\$ 180,000</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 FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 moneys 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 2022, the adjusted maximum mill levy is 33.397 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.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

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 moneys 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 2022, the adjusted maximum mill levy is 33.397 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.

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.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

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 moneys 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 2022, the adjusted maximum mill levy is 33.397 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.

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.

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 FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, the District was not in default.

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 180,000	\$ 1,087,500	\$ 1,267,500
2024	230,000	1,076,700	1,306,700
2025	240,000	1,062,900	1,302,900
2026	295,000	1,048,500	1,343,500
2027	315,000	1,030,800	1,345,800
2028-2032	1,865,000	4,849,200	6,714,200
2033-2037	2,505,000	4,216,800	6,721,800
2038-2042	3,350,000	3,369,600	6,719,600
2043-2047	4,485,000	2,236,500	6,721,500
2048-2051	4,660,000	717,817	5,377,817
Total	<u>\$ 18,125,000</u>	<u>\$ 20,696,317</u>	<u>\$ 38,821,317</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. At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

	Amount Authorized on May 2, 2006	Authorization Used for Series 2019 Bonds	Authorization Used for Series 2021 Bonds	Authorization Used for Series 2022 Bonds	Authorized But Unissued
Streets	\$ 35,000,000	\$ 1,842,000	\$ 2,121,147	\$ 1,951,957	\$ 29,084,896
Water	35,000,000	826,000	459,665	733,463	32,980,872
Sanitary Sewer	35,000,000	2,511,000	2,449,330	1,048,941	28,990,729
Parks and Recreation	35,000,000	2,022,000	1,444,858	975,639	30,557,503
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
Intergovernmental Contracts	35,000,000	-	-	-	35,000,000
Debt Refunding	35,000,000	-	-	-	35,000,000
Total	<u>\$ 295,000,000</u>	<u>\$ 7,201,000</u>	<u>\$ 6,475,000</u>	<u>\$ 4,710,000</u>	<u>\$ 276,614,000</u>

Pursuant to the Joint Service Plan as amended on February 6, 2006, 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, 2022, the calculated adjusted debt service mill levy was 30.000 mills of which the District levied 33.397 mills for collection in 2022.

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 \$345,281 as of December 31, 2022.

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 FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 RELATED PARTY

The Developer of the property which constitutes the District is Nor'wood Development Group. 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, and 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.

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.

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.

UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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, 2022**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 987,970	\$ 986,698	\$ (1,272)
Specific Ownership Taxes	98,797	102,727	3,930
Net Investment Income	600	23,705	23,105
Total Revenues	<u>1,087,367</u>	<u>1,113,130</u>	<u>25,763</u>
EXPENDITURES			
County Treasurer's Fee	14,820	14,814	6
Bond Interest - Series 2019	426,000	426,000	-
Bond Interest - Series 2021	388,500	388,500	-
Bond Interest - Series 2022	307,000	256,695	50,305
Bond Principal - Series 2019	105,000	105,000	-
Bond Principal - Series 2021	55,000	55,000	-
Contingency	7,759	-	7,759
Total Expenditures	<u>1,304,079</u>	<u>1,246,009</u>	<u>58,070</u>
NET CHANGE IN FUND BALANCE	(216,712)	(132,879)	83,833
Fund Balance - Beginning of Year	<u>825,781</u>	<u>568,785</u>	<u>(256,996)</u>
FUND BALANCE - END OF YEAR	<u>\$ 609,069</u>	<u>\$ 435,906</u>	<u>\$ (173,163)</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, 2022**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Intergovernmental Expenditure - Old Ranch	4,672,500	4,672,500	-
Bond Issue Costs	37,500	37,500	-
Total Expenditures	<u>4,710,000</u>	<u>4,710,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,710,000)	(4,710,000)	-
OTHER FINANCING SOURCES (USES)			
Bond Issuance	4,710,000	4,710,000	-
Total Other Financing Sources (Uses)	<u>4,710,000</u>	<u>4,710,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

OTHER INFORMATION

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

\$7,200,000 Limited Tax General Obligation Bonds
Series 2019
Dated December 17, 2019
Interest Rate 6%

Year Ending December 31,	Principal and Interest Due December 1		
	Principal	Interest	Total
2023	\$ 110,000	\$ 419,700	\$ 529,700
2024	115,000	413,100	528,100
2025	125,000	406,200	531,200
2026	130,000	398,700	528,700
2027	140,000	390,900	530,900
2028	145,000	382,500	527,500
2029	155,000	373,800	528,800
2030	165,000	364,500	529,500
2031	175,000	354,600	529,600
2032	185,000	344,100	529,100
2033	195,000	333,000	528,000
2034	210,000	321,300	531,300
2035	220,000	308,700	528,700
2036	235,000	295,500	530,500
2037	250,000	281,400	531,400
2038	265,000	266,400	531,400
2039	280,000	250,500	530,500
2040	295,000	233,700	528,700
2041	315,000	216,000	531,000
2042	330,000	197,100	527,100
2043	350,000	177,300	527,300
2044	375,000	156,300	531,300
2045	395,000	133,800	528,800
2046	420,000	110,100	530,100
2047	445,000	84,900	529,900
2048	470,000	58,200	528,200
2049	500,000	28,417	528,417
Total	\$ 6,995,000	\$ 7,300,717	\$ 14,295,717

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2022**

\$6,475,000 Limited Tax General Obligation Bonds
Series 2021
Dated March 26, 2021
Interest Rate 6%

<u>Year Ending December 31,</u>	<u>Principal and Interest Due December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 60,000	\$ 385,200	\$ 445,200
2024	95,000	381,600	476,600
2025	95,000	375,900	470,900
2026	105,000	370,200	475,200
2027	105,000	363,900	468,900
2028	115,000	357,600	472,600
2029	125,000	350,700	475,700
2030	130,000	343,200	473,200
2031	135,000	335,400	470,400
2032	145,000	327,300	472,300
2033	155,000	318,600	473,600
2034	160,000	309,300	469,300
2035	175,000	299,700	474,700
2036	185,000	289,200	474,200
2037	195,000	278,100	473,100
2038	205,000	266,400	471,400
2039	220,000	254,100	474,100
2040	235,000	240,900	475,900
2041	245,000	226,800	471,800
2042	265,000	212,100	477,100
2043	280,000	196,200	476,200
2044	290,000	179,400	469,400
2045	310,000	162,000	472,000
2046	330,000	143,400	473,400
2047	350,000	123,600	473,600
2048	370,000	102,600	472,600
2049	395,000	80,400	475,400
2050	945,000	56,700	1,001,700
Total	<u>\$ 6,420,000</u>	<u>\$ 7,330,500</u>	<u>\$ 13,750,500</u>

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2022**

\$4,710,000 Limited Tax General Obligation Bonds
Series 2022
Dated January 4, 2022
Interest Rate 6%

<u>Year Ending December 31,</u>	<u>Principal and Interest Due December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,000	\$ 282,600	\$ 292,600
2024	20,000	282,000	302,000
2025	20,000	280,800	300,800
2026	60,000	279,600	339,600
2027	70,000	276,000	346,000
2028	70,000	271,800	341,800
2029	70,000	267,600	337,600
2030	75,000	263,400	338,400
2031	85,000	258,900	343,900
2032	90,000	253,800	343,800
2033	95,000	248,400	343,400
2034	100,000	242,700	342,700
2035	105,000	236,700	341,700
2036	110,000	230,400	340,400
2037	115,000	223,800	338,800
2038	125,000	216,900	341,900
2039	130,000	209,400	339,400
2040	140,000	201,600	341,600
2041	145,000	193,200	338,200
2042	155,000	184,500	339,500
2043	165,000	175,200	340,200
2044	180,000	165,300	345,300
2045	190,000	154,500	344,500
2046	195,000	143,100	338,100
2047	210,000	131,400	341,400
2048	225,000	118,800	343,800
2049	235,000	105,300	340,300
2050	250,000	91,200	341,200
2051	1,270,000	76,200	1,346,200
Total	\$ 4,710,000	\$ 6,065,100	\$ 10,775,100

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2022**

<u>Year Ending December 31,</u>	<u>Total Debt Service</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 180,000	\$ 1,087,500	\$ 1,267,500
2024	230,000	1,076,700	1,306,700
2025	240,000	1,062,900	1,302,900
2026	295,000	1,048,500	1,343,500
2027	315,000	1,030,800	1,345,800
2028	330,000	1,011,900	1,341,900
2029	350,000	992,100	1,342,100
2030	370,000	971,100	1,341,100
2031	395,000	948,900	1,343,900
2032	420,000	925,200	1,345,200
2033	445,000	900,000	1,345,000
2034	470,000	873,300	1,343,300
2035	500,000	845,100	1,345,100
2036	530,000	815,100	1,345,100
2037	560,000	783,300	1,343,300
2038	595,000	749,700	1,344,700
2039	630,000	714,000	1,344,000
2040	670,000	676,200	1,346,200
2041	705,000	636,000	1,341,000
2042	750,000	593,700	1,343,700
2043	795,000	548,700	1,343,700
2044	845,000	501,000	1,346,000
2045	895,000	450,300	1,345,300
2046	945,000	396,600	1,341,600
2047	1,005,000	339,900	1,344,900
2048	1,065,000	279,600	1,344,600
2049	1,130,000	214,117	1,344,117
2050	1,195,000	147,900	1,342,900
2051	1,270,000	76,200	1,346,200
Total	<u>\$ 18,125,000</u>	<u>\$ 20,696,317</u>	<u>\$ 38,821,317</u>

**UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 3
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
2018	\$ 3,123,260	22.111	33.166	\$ 172,644	\$ 172,645	100.00 %
2019	7,898,080	22.111	33.166	436,582	436,541	99.99
2020	15,458,520	22.265	33.397	860,452	860,348	99.99
2021	21,290,370	22.265	33.397	1,185,065	1,184,144	99.92
2022	29,582,580	22.265	33.397	1,646,625	1,644,496	99.87
Estimated for the Year Ending December 31, 2023	\$ 33,884,470	22.849	34.274	\$ 1,935,583		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.