STERLING RANCH COMMUNITY AUTHORITY BOARD
Douglas County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2018

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Haynie & Company
Certified Public Accountants (a professional corporation)
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Independent Auditor's Report

To the Board of Directors
Sterling Ranch Community Authority Board

We have audited the accompanying financial statements of the governmental activities and the major funds of Sterling Ranch Community Authority Board as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Sterling Ranch Community Authority Board, as of December 31, 2018 and the respective changes in financial position and the budgetary comparison for the General Fund and Special Revenue – Water and Wastewater Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sterling Ranch Community Authority Board's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Haynie & Co

Littleton, Colorado
July 18, 2019

BASIC FINANCIAL STATEMENTS

STERLING RANCH COMMUNITY AUTHORITY BOARD
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities
ASSETS	
Cash and Investments	$ 104,864
Cash and Investments - Restricted	73,958,662
Prepaid Expenses	25,518
Receivables, Net	510,043
Interest Receivable	259,805
Deposit - SIA/Douglas County	1,231,639
Capital Assets, Not Being Depreciated	99,417,057
Capital Assets, Net of Accumulated Depreciation	369,903
Total Assets	175,877,491
LIABILITIES	
Accounts Payable	2,731,226
Retainage Payable	1,927,007
Payable - Tap Fees Credits	141,450
Hydrant Meter Deposit	19,700
Accrued Interest Payable - Bonds	2,049,991
Long-Term Liabilities	
Due Within One Year	123,899
Due in More Than One Year	153,839,244
Total Liabilities	160,832,517
NET POSITION	
Restricted For:	
Emergency Reserves	15,600
Debt Service	3,415,495
Unrestricted	11,613,879
Total Net Position	$ 15,044,974

See accompanying Notes to Basic Financial Statements.

STERLING RANCH COMMUNITY AUTHORITY BOARD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 3,933,888	$ 987,656	$ -	$ -	$ (2,946,232)
Public Works	-	-	-	6,707,000	6,707,000
Finished Lots/Builders Improvements	8,083,395	-	-	7,446,366	(637,029)
Interest and Related Costs on Long-Term Debt	8,856,960	-	452,007	1,591,000	(6,813,953)
Total Governmental Activities	$ 20,874,243	$ 987,656	$ 452,007	$ 15,744,366	(3,690,214)
GENERAL REVENUES					
Transfer from Sterling Ranch District No. 2					271,197
Transfer from Sterling Ranch District No. 7					13,040
Reimbursed Expenditures					3,613,976
Net Investment Income					1,487,753
Total General Revenues					5,385,966
CHANGE IN NET POSITION					1,695,752
Net Position - Beginning of Year					13,349,222
NET POSITION - END OF YEAR					$ 15,044,974

See accompanying Notes to Basic Financial Statements.

STERLING RANCH COMMUNITY AUTHORITY BOARD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Special Revenue - Water and Wastewater Services	Debt Service - 2015 Bonds	Debt Service - 2017 Bonds	Debt Service - O&M Note	Debt Service - Revenue Note	Capital Projects - General and Preconstruction	Capital Projects - Filing 1 Trunk Improvements	Capital Projects - Filing 1 Finished Lots	Capital Projects - Filing 2-6 Trunk Improvements	Capital Projects - Filing 2-6 Finished Lots	Total Governmental Funds
ASSETS												
Cash and Investments	$ 5,862	$ 99,002	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 104,864
Cash and Investments - Restricted	15,600	-	4,329,144	54,153,213	-	-	138	323,687	443,902	13,922,478	770,500	73,958,662
Prepaid Expenses	25,518	-	-	-	-	-	-	-	-	-	-	25,518
Receivables, Net	34,611	166,098	4,193	-	-	-	-	17,216	-	-	305,141	527,259
Interest Receivable	-	-	-	259,805	-	-	-	-	-	-	-	259,805
Due from Other Funds	-	-	-	-	-	-	-	-	-	11,557	-	11,557
Deposits - SIA/Douglas County	-	-	-	-	-	-	-	-	-	1,231,639	-	1,231,639
Total Assets	$ 81,591	$ 265,100	$ 4,333,337	$ 54,413,018	$ -	$ -	$ 138	$ 340,903	$ 443,902	$ 15,165,674	$ 1,075,641	$ 76,119,304
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
LIABILITIES												
Accounts Payable	$ 194,689	$ 51,910	$ -	$ -	$ -	$ -	$ 308,172	$ 160,188	$ -	$ 1,345,474	$ 670,793	$ 2,731,226
Retainage Payable	-	-	-	-	-	-	-	1,154,712	24,917	455,872	291,506	1,927,007
Due to Other Funds	-	-	-	-	-	-	-	11,557	-	-	-	11,557
Payable - Tap Fees Credits	-	-	-	-	-	-	-	-	-	141,450	-	141,450
Hydrant Meter Deposits	-	19,700	-	-	-	-	-	-	-	-	-	19,700
Allowance for Uncollectible	-	-	-	-	-	-	-	17,216	-	-	-	17,216
Total Liabilities	194,689	71,610	-	-	-	-	308,172	1,343,673	24,917	1,942,796	962,299	4,848,156
FUND BALANCES												
Nonspendable:												
Prepaid Expenses	25,518	-	-	-	-	-	-	-	-	-	-	25,518
Restricted For:												
Emergency Reserve	15,600	-	-	-	-	-	-	-	-	-	-	15,600
Debt Service	-	-	4,333,337	54,413,018	-	-	-	-	-	-	-	58,746,355
Capital Projects	-	-	-	-	-	-	-	-	418,985	13,222,878	113,342	13,755,205
Unassigned:												
General Government	(154,216)	193,490	-	-	-	-	-	-	-	-	-	39,274
Capital Projects	-	-	-	-	-	-	(308,034)	(1,002,770)	-	-	-	(1,310,804)
Total Fund Balances	(113,098)	193,490	4,333,337	54,413,018	-	-	(308,034)	(1,002,770)	418,985	13,222,878	113,342	71,271,148
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 81,591	$ 265,100	$ 4,333,337	$ 54,413,018	$ -	$ -	$ 138	$ 340,903	$ 443,902	$ 15,165,674	$ 1,075,641	
Amounts reported for governmental activities in the statement of net position are different because:												
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.												99,786,960
Long-term liabilities are not due and payable in the current period; therefore, are not recorded as liabilities in the funds.												
Bonds Payable												(112,016,457)
Accrued Interest Payable - Bonds												(2,049,991)
Promissory Notes												(7,025,071)
Accrued Interest Payable - Promissory Notes												(123,899)
Advances Payable to SR Entities												(28,283,515)
Accrued Interest Payable - Advances from SR Entities												(6,514,201)
Net Position of Governmental Activities												$ 15,044,974

See accompanying Notes to Basic Financial Statements.

STERLING RANCH COMMUNITY AUTHORITY BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	General	Special Revenue - Water and Wastewater Services	Debt Service - 2015 Bonds	Debt Service - 2017 Bonds	Debt Service - O&M Note	Debt Service - Revenue Note	Capital Projects - General and Preconstruction	Capital Projects - Filing 1 Trunk Improvements	Capital Projects - Filing 1 Finished Lots	Capital Projects - Filing 2-6 Trunk Improvements	Capital Projects - Filing 2-6 Finished Lots	Total Governmental Funds
REVENUES												
Design and Landscape Review Fees	$ 202,993	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 202,993
Reimbursed Expenditures	-	-	-	-	-	-	-	1,012,429	-	1,280,607	1,320,940	3,613,976
Street Lighting Charges	13,870	-	-	-	-	-	-	-	-	-	-	13,870
Transfer from Sterling Ranch District No. 2	271,197	-	452,007	-	-	-	-	-	-	-	-	723,204
Transfer from Sterling Ranch District No. 7	13,040	-	-	-	-	-	-	-	-	-	-	13,040
Trash Collection Charges	17,486	-	-	-	-	-	-	-	-	-	-	17,486
Account Setup/Administration Fees	-	21,246	-	-	-	-	-	-	-	-	-	21,246
Storm Drainage Service Fees	-	29,489	-	-	-	-	-	-	-	-	-	29,489
Water Service Fees - Construction	-	323,155	-	-	-	-	-	-	-	-	-	323,155
Water Service Fees - Residential	-	273,016	-	-	-	-	-	-	-	-	-	273,016
Wastewater Service Fees	-	50,691	-	-	-	-	-	-	-	-	-	50,691
Water and Sewer Permit Connection Fees	-	55,500	-	-	-	-	-	-	-	-	-	55,500
Facilities Fees	-	-	227,500	-	-	-	-	455,000	-	1,818,000	-	2,500,500
Pledged Facilities Fees	-	-	-	757,500	-	-	-	-	-	-	-	757,500
Tap Fees	-	-	-	-	-	-	-	2,957,500	-	1,452,500	-	4,410,000
Pledged Tap Fees	-	-	-	606,000	-	-	-	-	-	-	-	606,000
Builder Funds	-	-	-	-	-	-	-	-	2,604,895	-	4,595,567	7,200,462
Sidewalk Funds	-	-	-	-	-	-	-	-	245,904	-	-	245,904
Builders Damage Deposits	-	-	-	-	-	-	-	-	-	24,000	-	24,000
Park Passes	210	-	-	-	-	-	-	-	-	-	-	210
Net Investment Income	1,175	-	77,094	1,374,223	-	-	-	5,059	7,900	11,673	10,629	1,487,753
Total Revenues	519,971	753,097	756,601	2,737,723	-	-	-	4,429,988	2,858,699	4,586,780	5,927,136	22,569,995
EXPENDITURES												
General, Administrative, Operations and Maintenance:												
Accounting	59,320	-	-	-	-	-	177,955	-	-	-	-	237,275
Audit	2,200	-	-	-	-	-	6,600	-	-	-	-	8,800
Banking Fees	-	-	-	-	-	-	-	10	80	10	-	100
Recruiting	67,000	-	-	-	-	-	-	-	-	-	-	67,000
Construction Disbursement Agent Fees	-	-	-	-	-	-	-	37,134	-	5,095	-	42,229
LOC Fees	-	-	-	-	-	-	-	8,105	-	-	-	8,105
Costs Verification/Certification	-	-	-	-	-	-	12,425	3,726	-	2,337	-	18,488
Market Study	-	-	-	-	-	-	10,025	-	-	-	-	10,025
Project Management Fee	-	-	-	-	-	-	-	-	-	97,500	97,500	195,000
Dues and Membership	2,317	-	-	-	-	-	-	-	-	-	-	2,317
Insurance and Bonds	34,997	-	-	-	-	-	-	75,000	-	-	-	109,997
CAB Management	59,394	-	-	-	-	-	178,183	-	-	-	-	237,577
Legal	205,588	-	-	-	-	-	313,640	161,844	-	109,964	-	791,036
Miscellaneous	24,899	-	-	-	-	-	-	-	-	-	-	24,899
IT Equipment and Software	17,142	-	-	-	-	-	-	-	-	-	-	17,142
Salaries and Benefits	471,476	-	-	-	-	-	220,594	-	-	-	-	692,070
Payroll Taxes	56,204	-	-	-	-	-	20,994	-	-	-	-	77,198
IT Support	39,904	-	-	-	-	-	-	-	-	-	-	39,904
Office Supplies	4,827	-	-	-	-	-	-	-	-	-	-	4,827
Vehicle Maintenance	1,465	-	-	-	-	-	-	-	-	-	-	1,465
Investment Advisory Fees	72,732	-	-	-	-	-	-	-	-	-	-	72,732
Lifestyle Events	248	-	-	-	-	-	-	-	-	-	-	248
Janitorial	4,523	-	-	-	-	-	-	-	-	-	-	4,523
Parks/Landscape/Streets Maintenance	282,164	-	-	-	-	-	-	-	-	-	-	282,164
Snow Removal	6,051	-	-	-	-	-	-	-	-	-	-	6,051
Rent	39,500	-	-	-	-	-	-	-	-	-	-	39,500
Design and Landscape Review	42,319	-	-	-	-	-	-	-	-	-	-	42,319
Information Trailer	13,983	-	-	-	-	-	-	-	-	-	-	13,983

See accompanying Notes to Basic Financial Statements.

STERLING RANCH COMMUNITY AUTHORITY BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	General	Special Revenue - Water and Wastewater Services	Debt Service - 2015 Bonds	Debt Service - 2017 Bonds	Debt Service - O&M Note	Debt Service - Revenue Note	Capital Projects - General and Preconstruction	Capital Projects - Filing 1 Trunk Improvements	Capital Projects - Filing 1 Finished Lots	Capital Projects - Filing 2-6 Trunk Improvements	Capital Projects - Filing 2-6 Finished Lots	Total Governmental Funds
EXPENDITURES (CONTINUED)												
General, Administrative, Operations and Maintenance (Continued):												
Furniture and Equipment	1,424	-	-	-	-	-	-	-	-	-	-	1,424
GIS Licensing	29,538	-	-	-	-	-	-	-	-	-	-	29,538
Community Support Services	83,103	-	-	-	-	-	-	-	-	-	-	83,103
Fencing Materials	85,860	-	-	-	-	-	-	-	-	-	-	85,860
Park Passes	14,000	-	-	-	-	-	-	-	-	-	-	14,000
Utilities	47,694	-	-	-	-	-	-	-	-	-	-	47,694
Electricity - Street Lights	18,483	-	-	-	-	-	-	-	-	-	-	18,483
Waste Management Collection Services	18,063	-	-	-	-	-	-	-	-	-	-	18,063
Billing and Administration	-	44,960	-	-	-	-	-	-	-	-	-	44,960
Billing System	-	43,705	-	-	-	-	-	-	-	-	-	43,705
Other O&M	-	7,439	-	-	-	-	-	-	-	-	-	7,439
Dominion - Residential/Commercial/Irrigation Water	-	190,250	-	-	-	-	-	-	-	-	-	190,250
Dominion - Construction Water	-	329,150	-	-	-	-	-	-	-	-	-	329,150
Dominion - Residential Wastewater	-	38,050	-	-	-	-	-	-	-	-	-	38,050
Debt Service:												
Bond Interest	-	-	1,217,775	3,616,029	-	-	-	-	-	-	-	4,833,804
Trustee/Paying Agent Fees	-	-	5,250	-	-	-	-	-	-	-	-	5,250
Promissory Note Interest	-	-	-	-	191,624	44,915	-	-	-	-	-	236,539
Promissory Note Principal	-	-	-	-	870,984	665,479	-	-	-	-	-	1,536,463
Capital Outlay:												
Public Improvements	-	-	-	-	-	-	-	346,592	-	19,979,723	6,616,506	26,942,821
Other Engineering	-	-	-	-	-	-	715,642	-	-	2,015,524	812,975	3,544,141
Finished Lots/Builders Improvements	-	-	-	-	-	-	-	-	556,334	-	-	556,334
Total Expenditures	1,806,418	653,554	1,223,025	3,616,029	1,062,608	710,394	1,656,058	632,411	556,414	22,210,153	7,526,981	41,654,045
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,286,447)	99,543	(466,424)	(878,306)	(1,062,608)	(710,394)	(1,656,058)	3,797,577	2,302,285	(17,623,373)	(1,599,845)	(19,084,050)
OTHER FINANCING SOURCES (USES)												
SR Entities Advances:												
Cash Advances	-	-	-	-	-	-	-	400,000	-	-	-	400,000
Installment Gap Funds	-	-	-	-	-	-	-	1,665,865	-	-	-	1,665,865
O&M Note Proceeds	1,707,858	607,951	-	-	-	-	715,817	257,411	-	102,636	-	3,391,673
Revenue Note Proceeds	-	-	-	-	-	-	303,590	290,829	-	535,679	-	1,130,098
Transfers from Other Funds	-	-	1,007	-	1,062,608	710,394	402,578	-	-	30,386,138	-	32,562,725
Transfers to Other Funds	(503,888)	(548,973)	-	(30,522,339)	-	-	(49,539)	(572,791)	-	(365,195)	-	(32,562,725)
Total Other Financing Sources (Uses)	1,203,970	58,978	1,007	(30,522,339)	1,062,608	710,394	1,372,446	2,041,314	-	30,659,258	-	6,587,636
NET CHANGE IN FUND BALANCES	(82,477)	158,521	(465,417)	(31,400,645)	-	-	(283,612)	5,838,891	2,302,285	13,035,885	(1,599,845)	(12,496,414)
Fund Balances - Beginning of Year	(30,621)	34,969	4,798,754	85,813,663	-	-	(24,422)	(6,841,661)	(1,883,300)	186,993	1,713,187	83,767,562
FUND BALANCES - END OF YEAR	$ (113,098)	$ 193,490	$ 4,333,337	$ 54,413,018	$ -	$ -	$ (308,034)	$ (1,002,770)	$ 418,985	$ 13,222,878	$ 113,342	$ 71,271,148

See accompanying Notes to Basic Financial Statements.

STERLING RANCH COMMUNITY AUTHORITY BOARD
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balances - Governmental Funds	$ (12,496,414)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset.	
Capital Outlay - Current Year	23,071,466
Current Year Depreciation	(46,760)
The issuance of long-term debt (e.g., bonds) 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 in the treatment of long-term debt and related items is as follows:	
Amortization of Bond Discounts	(32,295)
Advances from SR Entities	(2,065,865)
Promissory Note Proceeds	(4,521,771)
Promissory Note Payments	1,536,463
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 Advances from SR Entities - Change in Liability	(2,194,884)
Accrued Interest on Promissory Notes - Change in Liability	(117,449)
Accrued Interest on Bonds - Change in Liability	(1,436,739)
Change in Net Position of Governmental Activities	$ 1,695,752

See accompanying Notes to Basic Financial Statements.

STERLING RANCH COMMUNITY AUTHORITY BOARD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	$ -	$ 1,175	$ 1,175
Design and Landscape Review Fees	72,000	202,993	130,993
Park Passes	-	210	210
Fencing Materials	300,000	-	(300,000)
Street Lighting Charges	16,000	13,870	(2,130)
Transfer from Sterling Ranch District No. 2	269,767	271,197	1,430
Transfer from Sterling Ranch District No. 7	12,976	13,040	64
Trash Collection Charges	39,000	17,486	(21,514)
Total Revenues	709,743	519,971	(189,772)
EXPENDITURES			
General and Administration:			
Accounting	36,000	59,320	(23,320)
Audit	2,375	2,200	175
Recruiting	-	67,000	(67,000)
Dues and Membership	4,800	2,317	2,483
Insurance and Bonds	24,000	34,997	(10,997)
CAB Management	36,000	59,394	(23,394)
Legal	180,000	205,588	(25,588)
Miscellaneous	15,000	24,899	(9,899)
IT Equipment and Software	24,000	17,142	6,858
Salaries and Benefits	652,000	471,476	180,524
Payroll Taxes	39,000	56,204	(17,204)
IT Support	12,000	39,904	(27,904)
Office Supplies	-	4,827	(4,827)
Investment Advisory Fees	-	72,732	(72,732)
Operations and Maintenance:			
Janitorial	24,000	4,523	19,477
Parks/Landscape/Streets Maintenance	192,000	282,164	(90,164)
Snow Removal	24,000	6,051	17,949
Rent	138,000	39,500	98,500
Design and Landscape Review	72,000	42,319	29,681
Information Trailer	50,000	13,983	36,017
Furniture and Equipment	20,000	1,424	18,576
Vehicle Maintenance	-	1,465	(1,465)
Lifestyle Events	-	248	(248)
GIS Licensing	132,000	29,538	102,462
Miscellaneous/Contingency	150,000	-	150,000
Community Support Services	-	83,103	(83,103)
Fencing Materials	300,000	85,860	214,140
Park Passes	26,000	14,000	12,000
Recreation Center Operations	89,000	-	89,000
Utilities	50,000	47,694	2,306
Electricity - Street Lights	30,000	18,483	11,517
Waste Management Collection Services	26,000	18,063	7,937
Total Expenditures	2,348,175	1,806,418	541,757
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,638,432)	(1,286,447)	351,985
OTHER FINANCING SOURCES (USES)			
O&M Note Proceeds	2,330,465	1,707,858	(622,607)
Transfers to Other Funds	(674,000)	(503,888)	170,112
Total Other Financing Sources (Uses)	1,656,465	1,203,970	(452,495)
NET CHANGE IN FUND BALANCE	18,033	(82,477)	(100,510)
Fund Balance - Beginning of Year	3,600	(30,621)	(34,221)
FUND BALANCE - END OF YEAR	$ 21,633	$ (113,098)	$ (134,731)

See accompanying Notes to Basic Financial Statements.

STERLING RANCH COMMUNITY AUTHORITY BOARD
SPECIAL REVENUE FUND – WATER AND WASTEWATER SERVICES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Water Service Fees - Residential	$ 366,000	$ 273,016	$ (92,984)
Water Service Fees - Commercial	18,000	-	(18,000)
Wastewater Service Fees	170,000	50,691	(119,309)
Storm Drainage Service Fees	40,000	29,489	(10,511)
Water Service Fees - Construction	744,000	323,155	(420,845)
Account Setup/Administration Fees	-	21,246	21,246
Water and Sewer Permit Connection Fees	50,000	55,500	5,500
Total Revenues	1,388,000	753,097	(634,903)
EXPENDITURES			
General and Administration:			
Billing and Administration	60,000	44,960	15,040
Billing System	-	43,705	(43,705)
Facilities Operation:			
Utilities - Water	28,000	-	28,000
Utilities - Wastewater	16,000	-	16,000
Utilities - Storm	84,000	-	84,000
Other O&M	50,000	7,439	42,561
Water Costs/Purchase:			
Dominion - Residential/Commercial/Irrigation Water	324,000	190,250	133,750
Dominion - Construction Water	744,000	329,150	414,850
Dominion - Residential Wastewater	102,000	38,050	63,950
Dominion - Irrigation Taps	184,000	-	184,000
Total Expenditures	1,592,000	653,554	938,446
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(204,000)	99,543	303,543
OTHER FINANCING SOURCES (USES)			
O&M Note Proceeds	1,523,000	607,951	(915,049)
Transfers to Other Funds	(1,319,000)	(548,973)	770,027
Total Other Financing Sources (Uses)	204,000	58,978	(145,022)
NET CHANGE IN FUND BALANCE	-	158,521	158,521
Fund Balance - Beginning of Year	1,870	34,969	33,099
FUND BALANCE - END OF YEAR	$ 1,870	$ 193,490	$ 191,620

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Sterling Ranch Community Authority Board (CAB) was organized in January 2014 to own, operate and maintain all public improvements within the boundaries of the Sterling Ranch Colorado Metropolitan District Nos. 1 through 7 (collectively, the Districts), under the Sterling Ranch Community Authority Board Establishment Agreement (the CABEA) entered into by the Districts. See Note 10 - Agreements for additional information on the CABEA.

The CAB 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 members of the Board of Directors for the CAB are appointed by the Districts, and the CAB is financially accountable for the Districts but the CAB is not considered a component unit of any other primary governmental entity, including the Districts, nor are any of the Districts considered a component unit of the CAB.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the CAB 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. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the CAB. The difference between the assets and liabilities of the CAB 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Other revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for 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 CAB considers revenues to be measureable and available (hence recognized at year-end) if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are service fees and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the CAB. The CAB has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The CAB reports the following major governmental funds:

The General Fund is the CAB'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 Special Revenue Fund is used to account for revenues earned and expenditures incurred in connection with the water, wastewater, and stormwater drainage services of the CAB.

The Debt Service Fund - 2015 Bonds and the Debt Service Fund - 2017 Bonds are used to account for the resources accumulated and payments made for principal and interest on bonds issued by the CAB.

The Debt Service Fund - O&M Note and the Debt Service Fund - Facilities Note are used to account for the resources accumulated and payments made for principal and interest on the 2016 Promissory Notes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Capital Projects Fund - General and Preconstruction is used to account for financial resources to be used for the acquisition and construction of public improvements related to all filings within the Districts.

The Capital Projects Fund - Filing 1 - Trunk Improvements and the Capital Projects Fund - Filing 2-6 - Trunk Improvements are used to account for financial resources to be used for the acquisition and construction of public improvements within Filings 1 and 2 through 6.

The Capital Projects Fund - Filing 1 - Finished Lots Improvements and the Capital Projects Fund - Filing 2-6 - Finished Lots Improvements are used to account for financial resources to be used for the acquisition and construction of finished lots or builder improvements within Filing 1 and 2 through 6, which are being accounted for and administered by the CAB.

Budgets

In accordance with the State Budget Law, the CAB'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 financing uses level and lapses at year-end. The CAB'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 CAB has amended its annual budget for the year ended December 31, 2018.

The CAB incurred expenditures in excess of appropriation for the year ended December 31, 2018 in the Debt Service Fund – 2017 Bonds due to a transfer of cash to the Capital Projects Fund – Filing 2-6 Trunk Improvements in the amount of $11,473,000, in October 2018, to cover future construction costs within Filing 4A and 4B. Project Fund monies intended for public improvements within Filing 4A and 4B are held in the Debt Service Fund – 2017 Bonds, while the costs of such public improvements are being recorded and accounted for in the Capital Project Funds – Filing 2-6 – Trunk Improvements.

Pooled Cash and Investments

The CAB 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 total cash.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Discount/Premium

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

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the CAB as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense is computed using the straight-line method over the estimated useful lives as follows:

Vehicles	5 years
Furniture & Fixtures/Equipment	6-7 years
Information Trailer	10 years

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the CAB's practice to use restricted resources first, then unrestricted resources as they are needed (see Note 6).

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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 CAB's practice to use the most restrictive classification first.

Deficits

The General Fund, the Capital Projects – General and Preconstruction Fund, and the Capital Projects - Filing 1 -Trunk Improvements Fund each reported a deficit in the fund financial statements as of December 31, 2018. The deficits will be eliminated by the receipt of O&M Note and Revenue Note proceeds, Facilities Fees, Tap Fees, and Builder Funds in 2019.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	$ 104,864
Cash and Investments - Restricted	73,958,662
Total Cash and Investments	$ 74,063,526

Cash and investments as of December 31, 2018, consist of the following:

Deposits with Financial Institutions	$ 15,739,361
Investments	58,324,165
Total Cash and Investments	$ 74,063,526

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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. The 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. $250,000 is insured through the FDIC and the balance is collateralized in single institution pools pursuant to PDPA.

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, 2018, the District's cash deposits had a bank balance of $17,371,823 and a carrying balance of $15,739,361.

Investments

The CAB has adopted a formal investment policy by which it follows state statutes regarding investments.

The CAB 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 CAB is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2018, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 days	$ 4,310,451
Morgan Stanley Treasury	Weighted Average under 60 days	888,825
US Treasury/Government-Sponsored Enterprises (GSEs)	Average 1.57 years	46,313,005
Corporate Bonds	Average 0.83 years	508,066
Municipal Bonds	Average 1.51 years	6,303,818
Total		$ 58,324,165

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 operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. 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 is rated AAAm by Standard & Poor's. 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, and there is no redemption notice period.

U.S. Treasury/Government-Sponsored Enterprises, Corporate and Municipal Bonds, and Morgan Stanley Treasury

Debt service monies held in trust by UMB Bank in the Senior Capitalized Interest Fund, Senior Project Fund, Subordinate Project Fund, Senior Reserve Fund and Senior Surplus Reserve Fund were invested in US Treasury/Government-Sponsored Enterprise Bonds (AA+ ratings), Corporate Bonds (AA- to AA+ ratings), Municipal Bonds (AA- to AAA ratings) and Morgan Stanley Treasury (AAA ratings). Average maturities by fund are as follows: Senior Capitalized Interest Fund – 1.17 years, Senior Project Fund – 1.00 year, Subordinate Project Fund – 0.89 year, Senior Reserve Fund – 1.75 years, and Senior Surplus Reserve Fund – 1.91 years. The District has engaged the services of a registered Investment Advisor (providing financial advisory and asset management services) to receive financial advice and to assist in the management of these funds, including the buying and selling of securities held in such portfolio.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

U.S. Treasury/Government-Sponsored Enterprises, Corporate and Municipal Bonds, and Morgan Stanley Treasury (Continued)

The funds' December 31, 2018 statements indicated that, (i) the major source for security ratings is a composite rating provided by Bloomberg Information Services, which a blend of ratings from the major rating agencies, (ii) when only one agency rating is available, that rating will be used, (iii) when no rating is available, the security will be classified as non-rated (NR), (iv) securities that hold ratings below investment grade (lower than BBB) will be referenced as BIG, (v) regardless of a security's rating, if it is pre-funded, it is shown as PREF, (vi) short-term Federal Agency Obligations are obligations of US Government-sponsored enterprises (GSEs), which are typically rated AAA, (vii) GSEs have a long-term AAA rating by the major rating agencies, and (viii) short-term obligation of GSEs that are not explicitly rated are regarded as AAA quality.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance - December 31, 2017	Increases	Decreases	Balance - December 31, 2018
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress:				
Streets	$ 25,622,761	$ 12,946,454	$ -	$ 38,569,215
Sanitation	15,161,458	856,449	-	16,017,907
Storm Sewer	11,269,054	5,882,117	-	17,151,171
Water	13,819,421	258,480	-	14,077,901
Traffic and Safety	4,860,537	1,182,035	-	6,042,572
Parks and Recreation (Landscaping)	5,626,343	1,931,949	-	7,558,292
Other				
Furniture and Fixtures/ Equipment	19,059	-	19,059	-
Vehicle	40,387	-	40,387	-
Information Trailer	343,234	13,983	357,217	-
Total Capital Assets, Not Being Depreciated	76,762,254	23,071,466	416,663	99,417,057
Capital Assets, Being Depreciated:				
Furniture & Fixtures/Equipment	-	19,059	-	19,059
Vehicle	-	40,387	-	40,387
Information Trailer	-	357,217	-	357,217
Less Accumulated Depreciation For:				
Furniture & Fixtures/Equipment	-	-	2,961	(2,961)
Vehicle	-	-	8,077	(8,077)
Information Trailer	-	-	35,722	(35,722)
Total Capital Assets, Being Depreciated, Net	-	416,663	46,760	369,903
Governmental Activities Capital Assets, Net	$ 76,762,254	$ 23,488,129	$ 463,423	$ 99,786,960

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2018:

	Balance - December 31, 2017	Additions	Reductions	Balance - December 31, 2018	Due Within One Year
Limited Tax Supported					
Revenue Bonds:					
Senior - Series 2015A	$ 21,500,000	$ -	$ -	$ 21,500,000	$ -
Senior - Bond Issue Discount	(226,971)	-	(11,052)	(215,919)	-
Subordinate - Series 2015B	2,090,000	-	-	2,090,000	-
Limited Tax Supported &					
Special Revenue Bonds:					
Senior - Series 2017A	75,030,000	-	-	75,030,000	-
Senior - Bond Issue Discount	(498,867)	-	(21,243)	(477,624)	-
Subordinate - Series 2017B	14,090,000	-	-	14,090,000	-
Total Bonds Payable	111,984,162	-	(32,295)	112,016,457	-
Promissory Notes:					
O&M Note	1,924,009	3,391,673	870,984	4,444,698	-
Revenue Note	2,115,754	1,130,098	665,479	2,580,373	-
Accrued Interest	6,450	353,988	236,539	123,899	123,899
Total Promissory Notes Payable	4,046,213	4,875,759	1,773,002	7,148,970	123,899
Advances Payable to					
SR Entities:					
Operations	910,518	-	-	910,518	-
Capital - General	3,611,626	-	-	3,611,626	-
Capital - Trunk	14,379,152	2,065,865	-	16,445,017	-
Operations - Paid by SR Entities	97,180	-	-	97,180	-
Capital - General - Paid by SR Entities	66,311	-	-	66,311	-
Capital - Trunk - Paid by SR Entities	2,356,762	-	-	2,356,762	-
Capital - General - Certified and Acquired	4,544,709	-	-	4,544,709	-
Capital - Trunk - Certified and Acquired	251,392	-	-	251,392	-
Accrued Interest	4,319,317	2,194,884	-	6,514,201	-
Total Advances Payable to SR Entities	30,536,967	4,260,749	-	34,797,716	-
Total	$ 146,567,342	$ 9,136,508	$ 1,740,707	$ 153,963,143	$ 123,899

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

$21,500,000 Limited Tax Supported Revenue Senior Bonds, Series 2015A

On December 30, 2015, the District issued Limited Tax Supported Revenue Senior Bonds, Series 2015A (the 2015 Senior Bonds), which bear interest at annual rates ranging from 5.50% and 5.75%, with interest payable semi-annually on June 1 and December 1, beginning on June 1, 2016. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2020. The 2015 Senior Bonds mature on December 1, 2035, and December 1, 2045, and are subject to optional redemption as described in the 2015 Senior Indenture.

The proceeds from the sale of the 2015 Senior and 2015 Subordinate Bonds (as defined below and collectively with the 2015 Senior Bonds, the Series 2015 Bonds) were used for the purposes of: (i) funding and reimbursing a portion of the costs of acquiring, constructing, and installing certain public infrastructure improvements; (ii) funding a restricted project account with respect to the 2015 Senior Bonds; (iii) providing capitalized interest for the 2015 Senior Bonds; (iv) funding a Reserve Fund securing the 2015 Senior Bonds; and (v) paying costs of issuance of the 2015 Senior Bonds and the 2015 Subordinated Bonds.

The 2015 Senior Bonds are secured by and payable from Senior Pledged Revenues consisting of moneys derived from the following sources, net of any costs of collection: (i) the Sterling Ranch Colorado Metropolitan District No. 2 Senior Required Mill Levy Revenue and all other Required Mill Levy Revenues (but excluding the District No. 2 Subordinate Required Mill Levy Revenue pledged to the Series 2015B Subordinate Bonds and any other Subordinate Bonds); (ii) the portion of the Specific Ownership Taxes attributable to the imposition by District No. 2 of the District No. 2 Senior Required Mill Levy; (iii) Pledged Facilities Fee Revenues; (iv) any other legally available amounts that the Issuer may designate by resolution of the Board, to be paid to the Trustee for deposit into the Senior Revenue Fund; or otherwise held under the Senior Indenture; and (v) all income or other gain, if any, from investment of the foregoing. The 2015 Senior Bonds are also secured by amounts held in the Senior Reserve Fund, which was funded upon issuance of the 2015 Senior Bonds in the amount of the Required Reserve equal to $1,798,863, and amounts accumulated in the Surplus Fund, if any.

The CAB as Issuer covenants in the Senior Indenture to require District No. 2 to impose (under the Pledge Agreement) the District No. 2 Senior Required Mill Levy upon all taxable property of District No. 2 in accordance with the Pledge Agreement. The Senior Indenture requires that a Senior Required Mill Levy be imposed in an amount sufficient (net of collection costs and taking into account amounts then on deposit in the Surplus Fund and Senior Bond Fund) to pay the principal of, premium if any, and interest on the 2015 Senior Bonds and any other Senior Bonds, as the same become due and payable, and to replenish the Senior Reserve Fund to the Senior Reserve Fund Requirement, but not in excess of 50 mills, subject to adjustment for changes occurring after August 27, 2013, in the method of calculating assessed valuation and, for so long as the Surplus Fund is less than the Maximum Surplus Amount (or if any portion of the Surplus Fund is taken into account in setting the District No. 2 Senior Required Mill Levy), not less than 45 mills (subject to adjustment).

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The District's long-term 2015 Senior Bonds will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2019	$ -	$ 1,217,775	$ 1,217,775
2020	55,000	1,217,775	1,272,775
2021	230,000	1,214,750	1,444,750
2022	270,000	1,202,100	1,472,100
2023	285,000	1,187,250	1,472,250
2024-2028	1,980,000	5,659,325	7,639,325
2029-2033	3,000,000	5,010,050	8,010,050
2034-2038	4,410,000	4,031,713	8,441,713
2039-2043	6,285,000	2,567,376	8,852,376
2044-2046	4,985,000	484,149	5,469,149
	$ 21,500,000	$ 23,792,263	$ 45,292,263

$2,090,000 Limited Tax Supported Revenue Subordinate Bonds, Series 2015B

On December 30, 2015, the District issued Limited Tax Supported Revenue Subordinate Bonds, Series 2015B (the 2015 Subordinate Bonds), which bear interest at an annual rate of 7.75%, with interest payable annually from Subordinate Pledged Revenues on December 15, beginning on December 15, 2016. The 2015 Subordinate Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of interest or principal prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The 2015 Subordinate Bonds are also subject to optional and mandatory redemption prior to maturity as described in the 2015 Subordinate Indenture.

The 2015 Subordinate Bonds are secured by and payable solely from Subordinate Pledged Revenue, consisting of monies derived from the following sources, net of any costs of collection: (i) the District No. 2 Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership Taxes attributable to the imposition by District No. 2 of the District No. 2 Subordinate Required Mill Levy; and (iii) any other legally available monies (other than Pledged Facilities Fees Revenues) which the Issuer determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

The Issuer covenants to require District No. 2 to impose (under the Pledge Agreement) the District No. 2 Subordinate Required Mill Levy. The Subordinate Indenture requires that a Subordinate Required Mill Levy be imposed in an amount equal to 45 mills (subject to adjustment) less the amount of the Senior Bond Mill Levy or such lesser mill levy which, when combined with other Subordinate Pledged Revenue legally available in the Subordinate Bond Fund, will permit the 2015 Subordinate Bonds to be fully funded for the next Bond Year and pay all of the principal and interest due on the 2015 Subordinate Bonds in full. As a result, the Subordinate Required Mill Levy will be zero until such time as the Senior Required Mill Levy and any other mill levy imposed to pay the 2015 Senior Bonds are less than 45 mills.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

$75,030,000 Limited Tax Supported and Special Revenue Senior Bonds, Series 2017A

On December 14, 2017, the District issued Limited Tax Supported and Special Revenue Senior Bonds, Series 2017A (the 2017 Senior Bonds), which bear interest at an annual rate of 5.00%, with interest payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. Unpaid interest on the 2017 Senior Bonds compounds semi-annually on each June 1 and December 1. The 2017 Senior Bonds mature on December 1, 2030, December 1, 2038 and December 1, 2047, and are subject to optional redemption as described in the 2017 Senior Indenture.

The proceeds from the sale of the 2017 Senior and 2017 Subordinate Bonds (as defined below and collectively with the 2017 Senior Bonds, the Series 2017 Bonds) were used for the purposes of (i) funding and reimbursing a portion of the costs of designing, acquiring, constructing, and installing certain public infrastructure improvements and paying certain other related costs, including the payment of certain impact fees charged by the County in connection with the Sterling Ranch Development, (ii) paying the costs of issuance of the 2017 Senior Bonds and the 2017 Subordinate Bonds, and (iii) with respect to the 2017 Senior Bonds only: (a) funding the 2017 Senior Reserve Fund, and (b) and funding capitalized interest on the 2017 Senior Bonds to come due through December 1, 2020.

The 2017 Senior Bonds are secured by and payable solely from Senior Pledged Revenues, which includes property taxes generated by the imposition of the District No. 3 Senior Required Mill Levy (in accordance with the Pledge Agreement) net of the cost of collection, all other Required Mill Levy Revenue (pursuant to the Pledge Agreement), Specific Ownership Taxes attributable to the District No. 3 Senior Required Mill Levy, Pledged Facilities Fees, Pledged Storm Water Tap Fees, and any other legally available amounts that the Issuer may designate by resolution of the Board to be deposited with the Trustee for deposit into the 2017 Senior Revenue Fund. The 2017 Senior Bonds are also secured by amounts held in the 2017 Senior Reserve Fund, in the amount of the Required Reserve equal to $6,237,000, and amounts accumulated in the 2017 Surplus Fund, if any.

The District's long-term 2017 Senior Bonds will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2019	$ -	$ 3,751,500	$ 3,751,500
2020	-	3,751,500	3,751,500
2021	435,000	3,751,500	4,186,500
2022	310,000	3,729,750	4,039,750
2023	100,000	3,714,250	3,814,250
2024-2028	5,800,000	18,137,250	23,937,250
2029-2033	10,615,000	16,112,250	26,727,250
2034-2038	15,100,000	13,033,250	28,133,250
2039-2043	20,785,000	8,718,500	29,503,500
2044-2047	21,885,000	2,814,250	24,699,250
	$ 75,030,000	$ 77,514,000	$ 152,544,000

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

$14,090,000 Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2017B

On December 14, 2017, the District issued Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2017B (the 2017 Subordinate Bonds), which bear interest at an annual rate of 7.50%, with interest payable annually from available Subordinate Pledged Revenue on December 15, beginning on December 15, 2018. The 2017 Subordinate Bonds are structured as cash flow bonds, meaning that there are no scheduled payments of interest or principal prior to the final maturity date. Unpaid interest on the 2017 Subordinate Bonds compounds annually on each December 15. The 2017 Subordinate Bonds are subject to optional and mandatory redemption prior to maturity as described in the 2017 Subordinate Indenture.

The 2017 Subordinate Bonds are secured by and payable from Subordinate Pledged Revenues derived by the Issuer from the following sources, net of any cost of collection: a) the District No. 3 Subordinate Required Mill Levy Revenues; b) Specific Ownership Tax Revenues, attributable to the Subordinate Required Mill Levy; c) Subordinate Pledged Facilities Fee Revenues and Subordinate Pledged Storm Water Tap Fee Revenues; and d) any other legally available moneys which the Issuer determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Sterling Ranch Community Authority Board Taxable Subordinate Limited Service Fee Revenue Promissory Note, Series 2016

On December 29, 2016, the CAB issued the Sterling Ranch Community Authority Board Taxable Subordinate Limited Service Fee Revenue Promissory Note, Series 2016 (the 2016 O&M Note) to Sterling Ranch LLC (SR LLC) in the maximum principal amount of $21,000,000. The 2016 O&M Note is a fill-up note, has a maturity date of December 1, 2018, subject to two one year extensions, and interest on the outstanding principal amount accrues at a rate of 6.5% per annum. Interest payments are due on the fifteenth day of each calendar month. Principal and interest payments on the 2016 O&M Note are made on the 15th day of each calendar month primarily from 95% of the Service Fees collected by the CAB. On November 17, 2018, the maturity date of the 2016 O&M Note was extended from December 1, 2018 to December 1, 2019.

At December 31, 2018, the balance outstanding on the 2016 O&M Note totaled $4,457,789, consisting of $4,444,698 in principal and $13,091 of accrued interest.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Sterling Ranch Community Authority Board Taxable Limited Revenue Promissory Note, Series 2016

On December 29, 2016, the CAB issued the Taxable Subordinate Limited Revenue Promissory Note, Series 2016 (the 2016 Revenue Note) to SR LLC in the maximum principal amount of $84,000,000. In December 2017, the CAB's Board of Directors approved a resolution amending the maximum principal amount to $7,000,000, which may be increased upon the satisfaction of certain conditions. The 2016 Revenue Note is a fill-up note, has a maturity date of December 1, 2018, subject to two one year extensions, and interest on the outstanding principal amount accrues at a rate of 6.5% per annum. Interest payments are due on the fifteenth day of each calendar month. Principal and interest payments on the 2016 Revenue Note are made on the 15th day of each calendar month primarily from 95% of the Tap Fees and Facilities Fees collected by the CAB from within the boundaries of the Districts, excluding District No. 3. On November 17, 2018, the maturity date of the 2016 Revenue Note was extended from December 1, 2018 to December 1, 2019.

At December 31, 2018, the balance outstanding on the 2016 Revenue Note totaled $2,691,181, consisting of $2,580,373 in principal and $110,808 of accrued interest.

Funding and Reimbursement Agreements

See Note 10 for a summary of various funding and reimbursement agreements.

Authorized Debt

On November 5, 2013, the electors for the Districts authorized the issuance of indebtedness in an amount not to exceed $19,800,000,000 per District for public improvements and refunding. On November 4, 2014, the electors of each District authorized an additional $1,800,000,000 for security services and improvements.

At December 31, 2018, with the issuance of the Series 2015 Bonds, District No. 2 had authorized but unissued indebtedness remaining in the amount of $21,576,410,000 for public improvements and refunding.

At December 31, 2018, with the issuance of the Series 2017 Bonds, District No. 3 had authorized but unissued indebtedness remaining in the amount of $21,510,880,000 for public improvements and refunding.

In the future, the CAB may issue a portion or all of the remaining authorized but unissued general obligation debt on behalf of the Districts for purposes of providing public improvements to support development as it occurs within the Districts' service areas. The Service Plans for the Districts limit the aggregate amount of debt that they may issue together with any debt issued by the CAB to $1,800,000,000.

NOTE 6 NET POSITION

As of December 31, 2018, the CAB had net position consisting of two components - restricted and unrestricted.

The restricted component of net position consists of assets that are restricted for use as imposed either by external parties (i.e., creditors, grantors or contributors) or laws and regulations of other governments or laws through constitutional provisions or enabling legislation. The CAB had restricted net position as of December 31, 2018, as follows:

Restricted Net Position:		
Emergencies	$	15,600
Debt Service		3,415,495
Total Restricted Net Position	$	3,431,095

The CAB's unrestricted net position as of December 31, 2018 is $11,613,879.

NOTE 7 COMMITMENTS

Major Construction Commitment

As of December 31, 2018, the CAB had unexpended commitments from contracts with various contractors.

NOTE 8 RELATED PARTIES

SR LLC and Sterling Ranch Development Company (Developer) are the owners of or hold options to acquire a significant portion of the properties comprising the service areas of the Districts. SR LLC, the Developer and Hobbs Investments LLC (Hobbs), a single member LLC for which the Developer is the manager and sole member (collectively with SR LLC and the Developer, the SR Entities) have each advanced funds to the CAB (See Note 5 and Note 10). Certain members of the Board of Directors of the CAB and the Districts hold direct or indirect ownership interests in the SR Entities or are otherwise associated with the SR Entities and may have conflicts of interest in dealing with the CAB and the Districts.

NOTE 9 ECONOMIC DEPENDENCY

The CAB has not yet established a revenue base sufficient to pay for most of its operational and certain capital expenditures. Until an independent revenue base is established, continuation of the CAB's operation and financing of certain capital improvements are dependent upon funding from the SR Entities.

NOTE 10 AGREEMENTS

Sterling Ranch Community Authority Board Establishment Agreement (CABEA)

The Districts exist for the purposes of designing, acquiring, constructing, installing, financing, operating, and maintaining certain streets, traffic and safety controls, water, sanitation, stormwater, parks and recreation, TV relay and translation, mosquito control, limited fire protection and security, all in accordance with their Service Plans.

Their Service Plans contemplated that the Districts, with the approval of their electors would enter into the CABEA. On November 5, 2013, the Districts' qualified electors voted in favor of the Districts entering into the CABEA pursuant to which the Districts established the CAB. The CABEA was amended and restated on June 29, 2015, pursuant to the First Amended and Restated Sterling Ranch Community Authority Board Establishment Agreement, as the same may be amended from time to time. Pursuant to the CABEA, the CAB will furnish, operate, and plan for certain Public Improvements and each District shall transfer certain revenues received by it in order to fund the operation and maintenance costs and capital costs of the Public Improvements. Each District has agreed, and their Service Plans provide, that the CAB will own, operate, maintain, finance, and construct Public Improvements benefiting the Districts, and that the Districts will contribute to the costs of construction, operation and maintenance of such Public Improvements. It is the intent of the Districts that either the CAB or any of the Districts may, from time to time, issue its own debt and use proceeds to finance the Public Improvements and that the CAB will enter into contracts to construct the Public Improvements.

Operation Funding Agreement with Hobbs Investments LLC

On December 17, 2015, with an effective date of January 1, 2016, the CAB entered into the 2016-2019 Operation Funding Agreement with Hobbs, as amended and restated in its entirety by that certain 2016-2025 Amended and Restated Operation Funding Agreement, entered into on November 15, 2016, with an effective date of January 1, 2016 (collectively, the Hobbs OFA), pursuant to which Hobbs agrees to advance funds to the CAB for certain operation and maintenance expenses on a periodic basis as needed for fiscal years 2016 through 2025. The maximum amount to be advanced for Operations and Maintenance Expenses pursuant to this agreement is Six Million Eight Hundred Fifty Thousand Dollars ($6,850,000). The CAB agrees to repay these advances, pursuant to the priority established in the agreement, together with accrued interest at the rate of 8% per annum accruing from the date of deposit into the CAB's bank account or from the date of direct payment by Hobbs.

NOTE 10 AGREEMENTS (CONTINUED)

2017-2019 Operation Funding Agreement with Sterling Ranch, LLC

On November 15, 2016, with an effective date of January 1, 2017, the CAB entered into the 2017-2019 Operation Funding Agreement with SR LLC (the 2017-2019 OFA), pursuant to which SR LLC agrees to advance funds to the CAB or pay consultants directly on CAB's behalf for operation and maintenance expenses on a periodic basis as incurred from January 1, 2017 through December 31, 2019. The CAB agrees to repay these advances together with accrued interest at the rate of 6.5% per annum accruing from the date the funds were advanced directly to the CAB by SR LLC and annotated on the 2016 O&M Note. For amounts advanced to a third party on behalf of the CAB, the amount due for repayment by the CAB shall be annotated on the 2016 O&M Note upon verification by the CAB's accountant or the CAB's engineer, as appropriate, that the amount expended was paid on a cost that would be eligible for funding by the CAB, and in an amount that is customary for such product or service. Interest shall accrue on amounts advanced to a third party on behalf of the CAB from the date of verification. The maximum amount to be advanced for operation and maintenance expenses pursuant to the 2017-2019 OFA is Twenty-One Million Dollars ($21,000,000).

Facilities Funding and Acquisition Agreement with Sterling Ranch Development Company

On September 17, 2014, with an effective date of January 6, 2014, the CAB entered into a Facilities Funding and Acquisition Agreement with the Developer, as amended and restated by that certain Amended and Restated Facilities Funding and Acquisition Agreement entered into on June 29, 2015, as further amended and restated by that certain Second Amended and Restated Facilities Funding and Acquisition Agreement entered into on August 11, 2015, and as amended by that certain First Amendment to Second Amended and Restated Facilities Funding and Acquisition Agreement entered into on December 17, 2015 (collectively, the Developer FFAA), pursuant to which the Developer agrees to make advances not to exceed $30,000,000 to the CAB for the following purposes: organizational expenses and public improvements. Interest on funds advanced or to pay for improvements (from the date of verification) accrue at 8% per annum. The Developer FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances.

Facilities Funding and Acquisition Agreement with Hobbs Investments LLC

On June 29, 2015, with an effective date of June 29, 2015, the CAB entered into the Facilities Funding and Acquisition Agreement with Hobbs, as amended and restated in its entirety by that certain Amended and Restated Facilities Funding and Acquisition Agreement entered into on August 11, 2015, with an effective date of July 31, 2015 (collectively, the Hobbs FFAA) pursuant to which Hobbs agrees to make advances not to exceed $30,000,000 to the CAB for the purpose of funding the construction and/or acquisition of public improvements. Hobbs agrees to make such advances on a periodic basis as needed beginning July 31, 2015, through December 31, 2019. The Hobbs FFAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances.

NOTE 10 AGREEMENTS (CONTINUED)

Facilities Funding Agreement with Sterling Ranch, LLC

On November 15, 2016, the CAB entered into a Facilities Funding Agreement with SR LLC (the 2016 – 2019 SR LLC FFA), pursuant to which SR LLC agrees to make advances not to exceed $84,000,000 to the CAB for the following purposes: organizational expenses and public improvements. In December 2017, the CAB's Board of Directors approved a resolution amending the maximum principal amount to $7,000,000, which may be increased upon satisfaction of certain conditions. Interest on funds advanced or to pay for improvements (from the date of verification) accrue at 6.5% per annum. The CAB agrees that its obligation to repay the advances to SR LLC shall be as set forth in the 2016 Revenue Note. The SR LLC FAA does not constitute debt, but is an annual appropriations agreement intended to be repaid through future bond issuances.

Facilities Funding Agreement (Filing No. 1 Completion)

On November 20, 2018, the CAB entered into a Facilities Funding Agreement (Fling No. 1 Completion) with SR LLC (Filing 1 Completion FFA), under which SR LLC agreed to deposit additional sums as needed by the CAB, up to the shortfall amount of $1,750,000, to complete the public improvements necessary to serve Sterling Ranch Filing No. 1 (Filing 1 Improvements) in the construction account established pursuant to that certain Construction Disbursement Agreement between Sterling Ranch Development Company, Hobbs Investments, LLC, the CAB, First American Title Insurance Company and CliftonLarsonAllen LLP, dated November 5, 2015 (Filing 1 CDA, discussed below).

The CAB and SR LLC agreed that advances under the Filing 1 Completion FFA would not be considered advances under the 2016-2019 SR LLC FFA, and that the CAB would reimburse SR LLC for any advances made under the Filing 1 Completion FFA. Advances made by SR LLC to the CAB under the Filing 1 Completion FFA accrue simple at 8% per annum.

Any reimbursements made by the CAB to SR LLC under the Filing 1 Completion FFA shall be made after payments owed under the 2016-2019 SR LLC FFA, and prior to any payments under the Hobbs FFAA and the Developer FFAA.

Water and Wastewater Service Agreement for Sterling Ranch

The CAB entered into an agreement, dated January 6, 2014, with Dominion Water & Sanitation District, a quasi-municipal corporation and political subdivision of the state of Colorado, acting by and through its Sterling Ranch Water Activity Enterprise and its Sterling Ranch Wastewater Activity Enterprise (Dominion), pursuant to which Dominion will provide wholesale water, wastewater, and stormwater services to the CAB. The CAB will serve as the retail provider of water and wastewater to customers located in the Sterling Ranch development. The agreement sets forth the terms and conditions regarding the provision of the services, the financing of construction and operation of the facilities, and establishing rates, fees, charges and reimbursements.

NOTE 10 AGREEMENTS (CONTINUED)

Water, Wastewater, and Stormwater Operations Intergovernmental Agreement (for Service to Sterling Ranch)

On December 7, 2016, with an effective date of November 15, 2016 the CAB entered into a Water, Wastewater, and Stormwater Operations Intergovernmental Agreement (for Service to Sterling Ranch) (Operations IGA) with Dominion, which sets forth the terms for the administration, operation, maintenance, repair and replacement of the water and wastewater facilities prior to the provision of water and wastewater service to a water and/or wastewater retail customer of the CAB within Sterling Ranch.

On October 17, 2017, the Operations IGA was amended and restated pursuant to the First Amended and Restated Water, Wastewater, and Stormwater Operations Intergovernmental Agreement (for Service to Sterling Ranch) (Amended Operations IGA). The Amended Operations IGA clarified and implemented the terms for water and wastewater operations as development progresses in Sterling Ranch by describing a process by which water usage and demand can be quantified.

Intergovernmental Agreement Regarding Financial Payment for Sterling Gulch Design

On August 14, 2018, the CAB and the Board of County Commissioners (County Commissioners) of Douglas County, Colorado (the County), entered into an Intergovernmental Agreement Regarding Financial Payment for Sterling Gulch Design (Sterling Gulch Design IGA). Pursuant to the Sterling Gulch Design IGA, the County agreed to manage the design of Sterling Gulch, and the CAB agreed to contribute $260,906 to assist in funding the design. The Sterling Gulch Design IGA expires 12 months after the completion of the design and any unused sums contributed by the CAB shall be returned to the CAB within six months of completion of the design.

Intergovernmental Agreement for Financing, Design and Construction of the Castle Rock Pipeline Project

On October 4, 2018, the CAB and Dominion entered into an Intergovernmental Agreement for the Financing, Design and Construction of the Castle Rock Pipeline Project (CRPP IGA). Under the CRPP IGA, Dominion agreed to design and construct the Castle Rock Pipeline (also referred to as the Eastern Regional Pipeline Project) using Dominion funds, and in accordance with applicable law. The funds to pay for the Castle Rock Pipeline were deposited in an escrow account in accordance with the CRPP IGA and the Construction Disbursement Agreement Castle Rock Pipeline Project (discussed below). In the event Dominion defaults under the CRPP IGA, the CAB is entitled assume Dominion's obligations under the CRPP IGA.

NOTE 10 AGREEMENTS (CONTINUED)

Intergovernmental Agreement Regarding the Design, Construction, and Maintenance of Titan Road (Intersection Improvements at Roxborough Park Road) Improvement Project

On June 12, 2018, the CAB and County entered into an Intergovernmental Agreement Regarding the Design, Construction and Maintenance of Titan Road (Intersection Improvements at Roxborough Park Road) Improvement Project (the Titan Road Improvements IGA), which addressed the design, construction, and maintenance of certain road improvements at the Titan Road and Roxborough Park Road intersection in Douglas County, including without limitation, a traffic signal and other improvements. The CAB agreed to construct the improvements between June 1, 2018 and June 1, 2019, and to appropriate funds for the construction in an amount equal to 115% of the cost estimate and to maintain the improvements between initial acceptance and final acceptance. The CAB also agreed to provide a 2-year warranty period. Once completed, the County will accept the improvements.

Intergovernmental Agreement between the Sterling Ranch Community Authority Board and the Doulas County Commissioners of the County of Douglas, State of Colorado, Regarding Financial Payment for Design of Willow Creek Improvements

On October 9, 2018, the CAB and County entered into an Intergovernmental Agreement between the Sterling Ranch Community Authority Board and the Douglas County Commissioners of the County of Douglas, state of Colorado, Regarding Financial Payment for Design of Willow Creek Improvements (the Willow Creek Design Payment IGA), under which the CAB agreed to contribute $297,019 toward the design of certain drainage improvements in Willow Creek. The County will manage the design through an engineer reasonably acceptable to the CAB.

Mortenson Master Agreement

Effective as of March 3, 2014, the CAB entered into the First Amended Sterling Ranch Community Authority Board (CAB) Infrastructure Master Agreement for Construction Contracting – Specified Public Infrastructure Projects for the Sterling Ranch Development Awarded Through December 31, 2024, with M.A. Mortenson Company, d/b/a Mortenson Construction (Mortenson). The Master Agreement sets forth the terms and conditions to govern the contractual relationship and work to be performed under several forms of sub-agreements and project-specific work orders.

The CAB and Mortenson, the master contractor for the construction of public infrastructure within Filing 1, settled their dispute in 2019 concerning the development of lots and change orders associated with the infrastructure improvements in Filing 1. The Master Agreement has been terminated, but work continues in 2019 pursuant to Mortenson's existing warranty obligations in Filing 1.

Letter of Intent to Serve

By a letter dated September 4, 2014, to SR LLC, the CAB committed to providing retail water and wastewater services to the real property contained within the Sterling Ranch Planned Development, which services will be in compliance with the CABEA.

NOTE 10 AGREEMENTS (CONTINUED)

Sterling Ranch Filing No. 1 Construction Administration, Financing, and Allotment Agreement

The CAB and Dominion entered into the Sterling Ranch Filing No. 1 Construction Administration, Financing and Allotment Agreement, dated June 17, 2015, pursuant to which the CAB will provide the financing and administration of the construction of certain water and wastewater facilities on behalf of Dominion; in exchange, Dominion will provide the CAB dedicated wholesale water and wastewater service in perpetuity. This agreement sets forth the terms and conditions regarding the CAB's obligation to design, construct, finance, and complete those certain water and wastewater facilities and the obligations of Dominion upon CAB's dedication of the same to Dominion.

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 1

On January 27, 2015, the CAB entered into a Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 1 with the Developer, Dominion, Roxborough Water and Sanitation District (Roxborough) and County to provide for the construction of public improvements, landscape and park improvements, wholesale water and wastewater improvements, and water treatment improvements that are associated with Sterling Ranch Filing No. 1 in Douglas County, Colorado. This agreement was subsequently amended. The Fourth Amendment to Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 1 is dated October 10, 2017 (the Fourth Amendment). Among other amendments, the Fourth Amendment reflects the final design for certain improvements, includes additional improvements, and updates the construction phasing map for Filing No. 1. Additionally, the Fourth Amendment requires the CAB to deposit a bond with the County to secure completion of these improvements (see Warranty Security IGA, Subdivision Bond, and General Indemnity Agreement, below).

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 2

On October 10, 2017, the CAB entered into a Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 2 with the Developer and the County to provide for the construction of the following public improvements associated with Sterling Ranch Filing No. 2 in Douglas County, Colorado: (i) all on and off-site grading, and streets and traffic facilities; (ii) the detached sidewalks adjacent to the streets; (iii) all on-site facilities for storm water drainage, water and water quality, and sanitary sewer; and (iv) landscape and park improvements.

NOTE 10 AGREEMENTS (CONTINUED)

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4A

On August 14, 2018, the CAB, Dominion, the Developer, and the County entered into the Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4A (Filing 4A SIA) to provide for the construction of public improvements, landscape and park improvements and wholesale water improvements associated with Sterling Ranch Filing No. 4A, in Douglas County, Colorado. Under the Filing 4A SIA, the CAB is responsible for the construction of Improvements (including, without limitation: on- and off-site grading; streets and traffic facilities; on-site storm drainage; on-site water, water quality and sewer facilities; and off-site streets) and Landscape and Park Improvements (including, without limitation: landscape and hardscape improvements) at its sole expense. If the CAB is in default of its obligations to construct the Improvements and Landscape and Park Improvements, the Filing 4A SIA requires the Developer to assume the CAB's obligations under the Filing 4A SIA.

Contract Administration Services (Sterling Ranch Filing No. 4A/Castle Rock Pipeline Project)

On October 23, 2018, the CAB entered into the Contract Administration Agreement (Sterling Ranch Filing No. 4A/Castle Rock Pipeline Project) with Richmond American Homes of Colorado, Inc. (Richmond), Developer, and Dominion, whereby if certain Events of Default (as defined in the agreement) occur, Richmond, at its option, has the right to assume the obligation of the CAB to assume Dominion's obligation to construct the Castle Rock Pipeline Project established in the Filing 4A SIA and the Castle Rock Pipeline IGA. In such instance, Richmond will have the right to draw upon the funds in the Castle Rock Pipeline Project Construction Account.

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4B

On October 23, 2018, the CAB, Dominion, the Developer, and the County entered into the Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4B (Filing 4B SIA) to provide for the public improvements, landscape and park improvements, and wholesale water Improvements associated with Sterling Ranch Filing No. 4B in Douglas County, Colorado. Under the Filing 4B SIA, the CAB is responsible for the construction of Improvements (including, without limitation: on-and off-site grading; streets and traffic facilities; on-site storm drainage; on-site water, water quality and sewer facilities; and off-site streets) and Landscape and Park Improvements (including, without limitation: landscape and hardscape improvements) at its sole expense. If the CAB is in default of its obligations to construct the Improvements and Landscape and Park Improvements, the Filing 4B SIA requires the Developer to assume the CAB's obligations under the Filing 4B SIA.

NOTE 10 AGREEMENTS (CONTINUED)

Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4C

On November 20, 2018, the CAB, Dominion, the Developer, and the County entered into the Subdivision Improvements Agreement and Intergovernmental Agreement for Sterling Ranch Filing No. 4C (Filing 4C SIA) to provide for the construction of public improvements, landscape and park improvements and wholesale water improvements associated with Sterling Ranch Filing No. 4C, in Douglas County, Colorado. Under the Filing 4C SIA, the CAB is responsible for the construction of Improvements (including, without limitation: on- and off-site grading; streets and traffic facilities; attached and detached sidewalks; on-site storm drainage; and on-site water, water quality, and sewer facilities) and Landscape and Park Improvements (including, without limitation: landscape and hardscape improvements) at its sole expense. If the CAB is in default of its obligations to construct the Improvements and Landscape and Park Improvements, the Filing 4C SIA requires the Developer to assume the CAB's obligations under the Filing 4C SIA.

Intergovernmental Agreement between Douglas County and Sterling Ranch Community Authority Board, Concerning Subdivision Warranty Security for Obligations under Subdivision Improvements Agreements/Intergovernmental Agreements

On June 13, 2017, the CAB entered into an intergovernmental agreement with the County regarding the security the CAB is required to post with the County for warranty performance obligations related to subdivision improvements for Filing No. 1 and future subdivision improvement agreements (the Warranty Security IGA). As of the date of execution of the Warranty Security IGA, the CAB was required to post a letter of credit in the amount of $500,000 to secure performance of warranty obligations. However, as additional improvements are completed and accepted by the County, the CAB is required to post security in an amount equal to 15% of the total cost of improvements for each subdivision to secure warranty obligations (see Subdivision Bond, below).

General Indemnity Agreement

On July 21, 2017, the CAB entered into a General Indemnity Agreement with Atlantic Specialty Insurance Company, under which the CAB agreed to indemnify and hold harmless the surety from and against liability related to any bonds issued by the surety to secure the CAB's performance of certain obligation, including, for example, the CAB's warranty obligations under the Warranty Security IGA and the subdivision improvement agreements.

Subdivision Bond

On July 31, 2017, the CAB obtained a Subdivision Bond from Atlantic Specialty Insurance Company in the amount of $5,000,000 to secure the CAB's warranty obligations under the Warranty Security IGA and subdivision improvement agreements. The Subdivision Bond is subject to the terms of the General Indemnity Agreement, discussed above.

NOTE 10 AGREEMENTS (CONTINUED)

Letter of Credit and Reimbursement Agreement with FirstBank

On July 27, 2018, FirstBank granted the CAB an irrevocable letter of credit in the amount of $45,844.58 (FirstBank LOC). The FirstBank LOC expired on December 31, 2018, and amounts owed under the FirstBank LOC accrue interest at 7%. The FirstBank LOC was subject to the terms of a Reimbursement Agreement between the CAB and FirstBank, dated July 27, 2018. The Board of County Commissioners of Douglas County, Colorado was entitled to draw on the FirstBank LOC pursuant to the terms of the Warranty Security IGA (discussed below).

The FirstBank LOC was secured by a Deed of Trust by Sterling Ranch Too, LLC, as grantor on certain parcels of land, and a Promissory Note, No. 8894676 in the amount of $45,844.58, dated July 27, 2018, from the CAB to FirstBank.

Development and Cost-Sharing Agreement – Filing 1

On November 5, 2015, the CAB entered into an agreement with Developer, Hobbs and those entities listed and defined as Builders in Filing 1 (as defined below) in the agreement, pursuant to which the CAB is responsible for the financing and construction of certain improvements and the Builders and Developer are responsible for their pro rata share of the CAB's cost for the improvements associated with the lots acquired by each Builder, and/or retained by the Developer.

Development and Cost-Sharing Agreement – Filing No. 2

On December 27, 2017, the CAB entered into an agreement with the Developer, American Title Insurance Company, and CalAtlantic Group, Inc. (CalAtlantic), pursuant to which the CAB is responsible for certain finished lot improvements, trunk improvements, and shared roadway improvements, and CalAtlantic is responsible for construction of foundation drain systems and over-excavation of lots.

Joint Development Agreement (Sterling Ranch Filing No. 4A)

On October 30, 3018, the CAB entered into a Joint Development Agreement (Sterling Ranch Filing No. 4A) with Richmond, Taylor Morrison of Colorado, Inc., Tri Pointe Homes, Inc. (collectively, the Filing 4A Builders), the Developer and First American Title Insurance Company (First American), under which Richmond serves as the developer of the lots within Filing 4A (Lot Improvements), the CAB will cause construction of certain main trunk roads, utility mains, certain site grading and other major public infrastructure work serving the property within Filing 4A (Trunk Improvements), and First American serves as escrow agent.

The Filing 4A Builders have step-in rights in the event the CAB defaults with respect to its obligations to cause construction of the Trunk Improvements, and each respective builder has step-in rights in the event Richmond defaults with respect to the Lot Improvements. Each respective Filing 4A Builder contributes a pro-rata share of the cost of the Lot Improvements.

NOTE 10 AGREEMENTS (CONTINUED)

Joint Development Agreement (Sterling Ranch Filing No. 4B)

On November 30, 2018, the CAB entered into a Joint Development Agreement (Sterling Ranch Filing No. 4B) with Richmond, Taylor Morrison of Colorado, Inc., Tri Pointe Homes, Inc. (collectively, the Filing 4B Builders), the Developer, and First American, under which Richmond serves as the contract administrator concerning the development of the lots within Filing 4B (Filing 4B Lot Finish Work), the CAB will cause the construction of certain main trunk roads, utility mains, site grading, and other major public infrastructure work serving the property with in Filing 4B (Filing 4B Trunk Improvements), and First American serves as the escrow agent.

The Filing 4B Builders have step-in rights in the event that the CAB defaults with respect to its obligations concerning causing the construction of the Filing 4B Trunk Improvements, and each respective builder has step-in rights in the event that Richmond defaults with respect to the Filing 4B Lot Finish Work. Each Filing 4B Builder contributes a pro-rata share of the cost of the Filing 4B Lot Finish Work.

Development and Cost-Sharing Agreement (Sterling Ranch – Filing 4C)

On December 27, 2018, the CAB, Lennar Colorado, LLC (Lennar), the Developer and First American entered into a Development and Cost-Sharing Agreement (Sterling Ranch – Filing 4C) which sets forth the terms and conditions for the construction of the Finished Lot Improvements and Trunk Improvements (as those terms are defined therein) within Sterling Ranch Filing No. 4C by the CAB. Pursuant to the agreement, the CAB is responsible for the costs associated with the Trunk Improvements and Lennar is responsible for the costs associated with the Finished Lot Improvements, up to the Builder's Cost Cap (as defined therein). In order to secure Lennar's obligation, Lennar issued a letter of credit in the amount of the Builder's Cost Cap and named the CAB as the beneficiary. Further, the CAB established a construction account and deposited $7,093,138 into the same to cover the costs associated with the Trunk Improvements. Lennar deposited an amount equal to the Builder's Cost Cap into the construction account. To the extent that the CAB does not have sufficient funds to pay for the Trunk Improvements or for any additional costs associated with the Finished Lot Improvements over the Builder's Cost Cap, the Developer will cause SR LLC to fund such costs pursuant to the 2016 – 2019 SR LLC FFA.

Shared Improvements Agreement Filing 4C

On December 27, 2018, the CAB and Lennar entered into the Shared Improvements Agreement which sets forth the terms and conditions relative to the construction, conveyance, warranty, operation and maintenance of certain shared improvements within Sterling Ranch Filing No. 4C, including the Shared Driveway Improvements, the Shared Landscape Improvements and the Garage Aprons, as those terms are defined in the Shared Improvements Agreement.

NOTE 10 AGREEMENTS (CONTINUED)

Tap and Facilities Fee Purchase Agreement with Filing 1 Builders

On November 5, 2015 the CAB entered into agreements with each Builder (as defined below) whereby the Builders will pay certain tap fees and facilities fees (as specifically defined in the agreement) to the CAB as a partial funding source for certain on-site and off-site water and sewer improvements in Filing No. 1. Specifically, the CAB has an agreement with the Developer and each of the following Builders: CalAtlantic Group, Inc.; Brookfield Residential (Colorado), LLC; Richmond; Meritage Homes of Colorado, Inc.; and Lennar Colorado, LLC (two separate agreements).

A portion of the facilities fees are pledged for debt service on the 2015 Bonds. The tap fees are to be used for the construction of: (i) certain wholesale water and sewer facilities and improvements which the CAB will construct on behalf of Dominion; and (ii) certain retail water and sewer improvements. When the water and sewer facilities and improvements are completed, the capital assets related to the wholesale water and sewer improvements will be conveyed, and the remaining tap fees, if any, will be transferred or otherwise owed, to Dominion.

Tap and Facilities Fee Agreement (Sterling Ranch Filing 2 – Single Family Detached and Attached Lots)

On December 27, 2017, the CAB entered into an agreement with CalAtlantic (CalAtlantic Tap Fee Agreement), under which CalAtlantic will pay certain tap fees and facilities fees (as specifically defined in the agreement) to the CAB as a partial funding source for those certain trunk improvements, including but not limited to on and off-site water and sewer improvements.

On June 20, 2018, the CAB and CalAtlantic amended the CalAtlantic Tap Fee Agreement to clarify the fee payment schedule.

During 2018, the CAB received $558,000 in facilities fees and $423,500 in water and sewer tap fees under this agreement. A portion of the facilities fees and tap fees are pledged for debt service on the 2017 Bonds.

Tap and Facilities Fee Purchase Agreements with Filing 4A Builders

On October 30, 2018, the CAB entered into agreements with each Filing 4A Builder whereby the Filing 4A Builders will pay certain tap fees and facilities fees (as specifically defined in each agreement) to the CAB as a partial funding source for certain Trunk Improvements within Filing 4A and other public infrastructure necessary for the development of Filing 4A. A portion of the tap fees and facilities fees are pledged for debt service on the 2017 Bonds.

During 2018, the CAB received $744,000 in facilities fees and $607,600 in water and sewer tap fees under these agreements.

NOTE 10 AGREEMENTS (CONTINUED)

Tap and Facilities Fee Purchase Agreements with Filing 4B Builders

On November 30, 2018, the CAB entered into agreements with each Filing 4B Builder whereby the Filing 4B Builders will pay certain tap fees and facilities fees (as specifically defined in each agreement) to the CAB as a partial funding source for certain Trunk Improvements within Filing 4B and other public infrastructure necessary for the development of Filing 4B. A portion of the tap fees and facilities fees are pledged for debt service on the 2017 Bonds.

During 2018, the CAB received $372,000 in facilities fees and $303,800 in water and sewer tap fees under these agreements.

Tap and Facilities Fee Purchase Agreement (Lennar – Sterling Ranch Filing No. 4C)

On December 27, 2018, the CAB, Lennar and First American entered into a Tap and Facilities Fee Purchase Agreement under which Lennar will pay certain Tap Fees and Facilities Fees (as defined in the agreement) to the CAB as a partial funding source for those certain trunk improvements, including but not limited to on and off-site water and sewer improvements. A portion of the tap fees and facilities fees are pledged for debt service on the 2017 Bonds.

During 2018, the CAB received $144,000 in Facilities Fees and $117,600 in Tap Fees under this agreement.

Tap Pre-Purchase Agreement (Sterling Ranch Filing Nos. 4A, 4B and 4C)

On September 24, 2018, the CAB and the Developer entered into a Tap Pre-Purchase Agreement (Sterling Ranch Filing Nos. 4A, 4B and 4C), under which the Developer agreed to pre-pay to the CAB the amount of $7,490,750 for Wholesale Water Fees and Wholesale Sewer Tap Fees for Filing Nos. 4A, 4B and 4C. The prepayment of these fees ensured the CAB had sufficient funds to remit to Dominion for the construction or installation certain wholesale water and sewer facilities in Filing Nos. 4A, 4B and 4C.

Construction Disbursement Agreement

On November 5, 2015, the CAB entered into an agreement with the Developer and Hobbs (Filing 1 CDA) whereby the CAB established a segregated account with a nationally or regionally recognized FDIC insured financial institution to be used to: (i) deposit Gap Funds (as defined in the agreement), water and sewer tap fees, facilities fees and builder funds associated with the finished lot improvements; and (ii) pay the costs of certain finished lot improvements, certain on-site and off-site infrastructure improvements and certain water treatment improvements that are being constructed by Roxborough pursuant to an Intergovernmental Agreement for Water Supply between Dominion and Roxborough. The agreement describes and confirms the Builder's and Developer's obligations (as defined in the Development and Cost-Sharing Agreement) to fund such improvements and the procedures that will be utilized to disburse the funds from the segregated account.

NOTE 10 AGREEMENTS (CONTINUED)

Construction Disbursement Agreement – Castle Rock Pipeline Project

On October 4, 2018, the CAB, Dominion, UMB Bank, n.a., and CliftonLarsonAllen, LLP entered into the Construction Disbursement Agreement Castle Rock Pipeline Project, under which UMB created a segregated bank account into which the funds necessary to design and construct the Castle Rock Pipeline pursuant to the CRPP IGA and that certain Water and Wastewater Service Agreement for Sterling Ranch, dated January 6, 2014, were deposited. CliftonLarsonAllen, LLP acts as the disbursing agent under the Construction Disbursement Agreement Castle Rock Pipeline Project, and pays various contractors or vendors providing work or services to the Castle Rock Pipeline Project upon receipt of a disbursement request approved by the CAB and Dominion.

On October 23, 2018, the parties entered into that First Amendment to Construction Disbursement Agreement – Castle Rock Pipeline Project, which provides Richmond, as the Contract Administrator, with the authority to submit disbursement requests under the terms set forth in the agreement.

Waterton Boulevard Infrastructure Development Agreement

On November 13, 2018, the CAB, the Developer and the County entered into the Waterton Boulevard Infrastructure Development Agreement whereby the County agreed to provide partial funding in the amount of $5,000,000 to the CAB to accelerate the construction of the extension of Waterton Boulevard as the same will alleviate demands on other roads leading out of the Chatfield Urban Area. In exchange, the CAB agrees to contribute $5,775,000 to the County pursuant to the terms of the agreement for use towards transportation projects within the County.

NOTE 11 INTERFUND TRANSFERS

	TRANSFER FROM						
TRANSFER TO	General	Water and Wastewater Services	Debt Service Fund-2017 Bonds	CPF - General & Preconst	CPF-Filing 1-Trunk Improvements	CPF-Filing 2-6 Trunk Improvements	Total
Debt Service Fund-2015 Bonds	-	-	-	-	1,007 [2]	-	1,007
Debt service Fund-O&M Note	503,888 [1]	548,973 [1]	-	9,747 [1]	-	-	1,062,608
Debt Service Fund-Facilities Note	-	-	-	39,792 [4]	571,784 [4]	98,818 [4]	710,394
CPF - General & Preconst.	-	-	136,201 [3]	-	-	266,377 [5]	402,578
CPF-Filing 2-6 Trunk Improvements	-	-	30,386,138 [3]	-	-	-	30,386,138
Total	503,888	548,973	30,522,339	49,539	572,791	365,195	32,562,725

(1) Revenues required to be transferred for repayment of O&M Note
(2) Transfer remaining funds from 2015 Project Fund to 2015 Bond Fund, account closure
(3) Transfer bond proceeds to fund eligible capital costs in other Funds
(4) Revenues required to be transferred for repayment of Revenue Note
(5) Transfer of tap/facilities fees for capital expenditures

NOTE 12 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the CAB may be 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 CAB 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 CAB 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 13 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.

On November 5, 2013, the Districts' voters passed an election question allowing the Districts to increase property taxes up to $50,000,000 annually, without limitation of rate, in order for the CAB to pay the Districts' operations, maintenance, and other expenses.

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 CAB'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

STERLING RANCH COMMUNITY AUTHORITY BOARD
DEBT SERVICE FUND – 2015 BONDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	$ 25,000	$ 77,094	$ 52,094
Facilities Fees	125,000	227,500	102,500
Transfer from Sterling Ranch District No. 2	449,622	452,007	2,385
Total Revenues	599,622	756,601	156,979
EXPENDITURES			
Trustee/Paying Agent Fees	5,500	5,250	250
Bond Interest	1,217,775	1,217,775	-
Total Expenditures	1,223,275	1,223,025	250
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(623,653)	(466,424)	157,229
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	1,007	1,007
Total Other Financing Sources (Uses)	-	1,007	1,007
NET CHANGES IN FUND BALANCE	(623,653)	(465,417)	158,236
Fund Balance - Beginning of Year	4,902,165	4,798,754	(103,411)
FUND BALANCE - END OF YEAR	$ 4,278,512	$ 4,333,337	$ 54,825

STERLING RANCH COMMUNITY AUTHORITY BOARD
DEBT SERVICE FUND – 2017 BONDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	$ 150,000	$ 1,374,223	$ 1,224,223
Filing 2 Pledged Facilities Fees	842,500	757,500	(85,000)
Filing 2 Pledged Tap Fees	674,000	606,000	(68,000)
Total Revenues	1,666,500	2,737,723	1,071,223
EXPENDITURES			
Trustee/Paying Agent Fees	6,000	-	6,000
Bond Interest	3,616,029	3,616,029	-
Total Expenditures	3,622,029	3,616,029	6,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,955,529)	(878,306)	1,077,223
OTHER FINANCING SOURCES (USES)			
Transfer to Other Funds	(23,390,000)	(30,522,339)	(7,132,339)
Total Other Financing Sources (Uses)	(23,390,000)	(30,522,339)	(7,132,339)
NET CHANGES IN FUND BALANCE	(25,345,529)	(31,400,645)	(6,055,116)
Fund Balance - Beginning of Year	85,799,018	85,813,663	14,645
FUND BALANCE - END OF YEAR	$ 60,453,489	$ 54,413,018	$ (6,040,471)

STERLING RANCH COMMUNITY AUTHORITY BOARD
DEBT SERVICE FUND – O&M NOTE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	$ -	$ -	$ -
EXPENDITURES			
Interest	157,000	191,624	(34,624)
Principal	1,836,000	870,984	965,016
Total Expenditures	1,993,000	1,062,608	930,392
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,993,000)	(1,062,608)	930,392
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	1,993,000	1,062,608	(930,392)
Total Other Financing Sources (Uses)	1,993,000	1,062,608	(930,392)
NET CHANGES IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -

STERLING RANCH COMMUNITY AUTHORITY BOARD
DEBT SERVICE FUND – REVENUE NOTE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Total Revenues	$ -	$ -	$ -	$ -
EXPENDITURES				
Interest	81,000	44,915	44,915	-
Principal	-	665,479	665,479	-
Total Expenditures	81,000	710,394	710,394	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(81,000)	(710,394)	(710,394)	-
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	81,000	710,394	710,394	-
Total Other Financing Sources (Uses)	81,000	710,394	710,394	-
NET CHANGES IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -

STERLING RANCH COMMUNITY AUTHORITY BOARD
CAPITAL PROJECTS FUND – GENERAL AND PRECONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Facilities Fees	$ 45,000	$ -	$ (45,000)
Sewer Tap Fees	4,000	-	(4,000)
Storm Tap Fees	27,000	-	(27,000)
Water Tap Fees	9,000	-	(9,000)
Total Revenues	85,000	-	(85,000)
EXPENDITURES			
General and Administration:			
Accounting	108,000	177,955	(69,955)
Audit	7,125	6,600	525
CAB Management	108,000	178,183	(70,183)
Legal	220,000	313,640	(93,640)
Market Study	-	10,025	(10,025)
Cost Verifications/Certifications	-	12,425	(12,425)
Salaries and Benefits	261,000	220,594	40,406
Payroll Taxes	17,000	20,994	(3,994)
Capital Outlay:			
Civic Center Improvements	-	25,784	(25,784)
Engineering and Management	1,100,000	689,858	410,142
Other Construction Costs	1,200,000	-	1,200,000
Total Expenditures	3,021,125	1,656,058	1,365,067
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,936,125)	(1,656,058)	1,280,067
OTHER FINANCING SOURCES (USES)			
O&M Note Proceeds	717,125	715,817	(1,308)
Revenue Note Proceeds	-	303,590	303,590
Transfers from Other Funds	2,300,000	402,578	(1,897,422)
Transfers to Other Funds	(81,000)	(49,539)	31,461
Total Other Financing Sources (Uses)	2,936,125	1,372,446	(1,563,679)
NET CHANGES IN FUND BALANCE	-	(283,612)	(283,612)
Fund Balance - Beginning of Year	2,720	(24,422)	(27,142)
FUND BALANCE - END OF YEAR	$ 2,720	$ (308,034)	$ (310,754)

STERLING RANCH COMMUNITY AUTHORITY BOARD
CAPITAL PROJECTS FUND – FILING 1 – TRUNK IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Facilities Fees	$ 225,000	$ 455,000	$ 230,000
Net Investment Income	1,000	5,059	4,059
Reimbursed Expenditures	-	1,012,429	1,012,429
Tap Fees	1,462,500	2,957,500	1,495,000
Installment Gap Funds	900,000	1,665,865	765,865
Total Revenues	2,588,500	6,095,853	3,507,353
EXPENDITURES			
General and Administration:			
Accounting	18,000	37,134	(19,134)
Insurance and Bonds	-	75,000	(75,000)
Legal	-	161,844	(161,844)
Banking Fees	200	10	190
LOC Fees	-	8,105	(8,105)
Cost Verifications/Certifications	50,000	3,726	46,274
Capital Outlay:			
Parks and Recreation (Landscaping)	1,085,000	1,215,481	(130,481)
Park and Recreation - Other Engineering/Consulting	-	60,790	(60,790)
Traffic and Safety	131,000	770,582	(639,582)
Streets	74,000	(72,211)	146,211
Streets - Other Fees	40,000	-	40,000
Streets - Other Engineering/Consulting	50,000	209,537	(159,537)
Streets - Grading and Erosion Control	15,000	(527,138)	542,138
Storm Sewer	54,000	(418,563)	472,563
Storm Sewer - Other Fees	-	2,800	(2,800)
Sanitation	14,000	(500,317)	514,317
Sanitation - Other Engineering/Consulting	5,000	33,428	(28,428)
Water	122,000	(428,834)	550,834
Water - Other Engineering/Consulting	-	1,037	(1,037)
Total Expenditures	1,658,200	632,411	1,025,789
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	930,300	5,463,442	4,533,142
OTHER FINANCING SOURCES (USES)			
SR Entities Advances and Repayments:			
Sterling Ranch Entities Cash Advances	-	400,000	400,000
Release of Gap Funds	(880,000)	-	880,000
Transfers to Other Funds	-	(572,791)	(572,791)
O&M Note Proceeds	68,200	257,411	189,211
Revenue Note Proceeds	-	290,829	290,829
Total Other Financing Sources (Uses)	(811,800)	375,449	1,187,249
NET CHANGES IN FUND BALANCE	118,500	5,838,891	5,720,391
Fund Balance - Beginning of Year	2,000	(6,841,661)	(6,843,661)
FUND BALANCE - END OF YEAR	$ 120,500	$ (1,002,770)	$ (1,123,270)

STERLING RANCH COMMUNITY AUTHORITY BOARD
CAPITAL PROJECTS FUND – FILING 1 – FINISHED LOTS IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	$ 700	$ 7,900	$ 7,200
Builder Funds	1,173,000	2,604,895	1,431,895
Sidewalk Funds	446,000	245,904	(200,096)
Total Revenues	1,619,700	2,858,699	1,238,999
EXPENDITURES			
General and Administration:			
Banking Fees	250	80	170
Capital Outlay:			
Streets - Grading and Erosion Control	27,000	(51,635)	78,635
Parks and Recreation (Landscaping)	435,000	481,205	(46,205)
Sanitation	18,000	(30,595)	48,595
Storm Sewer	3,000	(24,494)	27,494
Streets	448,000	28,211	419,789
Traffic and Safety	272,000	180,207	91,793
Water	26,000	(26,565)	52,565
Total Expenditures	1,229,250	556,414	672,836
NET CHANGES IN FUND BALANCE	390,450	2,302,285	1,911,835
Fund Balance - Beginning of Year	8,564	(1,883,300)	(1,891,864)
FUND BALANCE - END OF YEAR	$ 399,014	$ 418,985	$ 19,971

STERLING RANCH COMMUNITY AUTHORITY BOARD
CAPITAL PROJECTS FUND – FILING 2-6 – TRUNK IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	$ -	$ 11,673	$ 11,673
Facilities Fees	2,288,400	1,818,000	(470,400)
Reimbursed Expenditures	-	1,280,607	1,280,607
Tap Fees	1,799,700	1,452,500	(347,200)
Builder Damage Deposit	-	24,000	24,000
Total Revenues	4,088,100	4,586,780	498,680
EXPENDITURES			
General and Administration:			
Accounting	-	5,095	(5,095)
Legal	-	109,964	(109,964)
Banking Fees	-	10	(10)
CDOT Fees	2,318,000	-	2,318,000
Cost Verifications/Certifications	-	2,337	(2,337)
Project Management Fee	-	97,500	(97,500)
Capital Outlay:			
Parks and Recreation (Landscaping)	889,000	454,667	434,333
Parks and Recreation - Other Engineering/Consulting	-	5,683	(5,683)
Traffic and Safety Control	-	260,429	(260,429)
Miscellaneous/Contingency	3,134,000	25,495	3,108,505
Streets	9,804,000	7,531,905	2,272,095
Streets - Other Engineering/Consulting	-	784,813	(784,813)
Street - Grading and Erosion Control	2,412,000	2,333,632	78,368
Storm Sewer	2,396,000	5,487,581	(3,091,581)
Sanitation	334,000	977,971	(643,971)
Sanitaion - Other Engineering/Consulting	-	124,964	(124,964)
Water	618,000	540,000	78,000
Highway Fees	-	1,452,583	(1,452,583)
Engineering and Management	1,000,000	2,015,524	(1,015,524)
Total Expenditures	22,905,000	22,210,153	694,847
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,816,900)	(17,623,373)	1,193,527
OTHER FINANCING SOURCES (USES)			
O&M Note Proceeds	-	102,636	102,636
Revenue Note Proceeds	-	535,679	535,679
Transfers from Other Funds	21,090,000	30,386,138	9,296,138
Transfers to Other Funds	-	(365,195)	(365,195)
Total Other Financing Sources (Uses)	21,090,000	30,659,258	9,569,258
NET CHANGES IN FUND BALANCE	2,273,100	13,035,885	10,762,785
Fund Balance - Beginning of Year	327,450	186,993	(140,457)
FUND BALANCE - END OF YEAR	$ 2,600,550	$ 13,222,878	$ 10,622,328

STERLING RANCH COMMUNITY AUTHORITY BOARD
CAPITAL PROJECTS FUND – FILING 2-6 – FINISHED LOTS IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	$ -	$ 10,629	$ 10,629
Reimbursed expenditures	-	1,320,940	1,320,940
Builder Funds	63,169,000	4,595,567	(58,573,433)
Total Revenues	63,169,000	5,927,136	(57,241,864)
EXPENDITURES			
General and Administration			
Project Management Fee	-	97,500	(97,500)
Capital Outlay			
Parks and Recreation (Landscaping)	606,000	-	606,000
Other Construction Costs	2,878,000	-	2,878,000
Miscellaneous/Contingency	6,395,000	-	6,395,000
Streets	23,407,000	2,516,037	20,890,963
Streets - Other Engineering/Consulting	-	658,927	(658,927)
Streets - Grading and Erosion Control	8,214,000	891,442	7,322,558
Storm Sewer	2,781,000	1,237,538	1,543,462
Sanitation	3,924,000	944,758	2,979,242
Water	3,341,000	310,368	3,030,632
Dry Utilities	7,230,000	57,436	7,172,564
Engineering and Management	4,393,000	812,975	3,580,025
Total Expenditures	63,169,000	7,526,981	55,642,019
NET CHANGES IN FUND BALANCE	-	(1,599,845)	(1,599,845)
Fund Balance - Beginning of Year	-	1,713,187	1,713,187
FUND BALANCE - END OF YEAR	$ -	$ 113,342	$ 113,342

OTHER INFORMATION

STERLING RANCH COMMUNITY AUTHORITY BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2018

Bonds and Interest Maturing in the Year Ending December 31,	$21,500,000 Limited Tax Supported Revenue Senior Bonds Series 2015A Dated December 30, 2015 Principal due December 1, Interest Rate of 5.50% through December 1, 2035 and 5.750% through December 1, 2045, Payable June 1 and December 1		
	Principal	Interest	Total
2019	$ -	$ 1,217,775	$ 1,217,775
2020	55,000	1,217,775	1,272,775
2021	230,000	1,214,750	1,444,750
2022	270,000	1,202,100	1,472,100
2023	285,000	1,187,250	1,472,250
2024	335,000	1,171,575	1,506,575
2025	350,000	1,153,150	1,503,150
2026	400,000	1,133,900	1,533,900
2027	420,000	1,111,900	1,531,900
2028	475,000	1,088,800	1,563,800
2029	500,000	1,062,675	1,562,675
2030	560,000	1,035,175	1,595,175
2031	590,000	1,004,375	1,594,375
2032	655,000	971,925	1,626,925
2033	695,000	935,900	1,630,900
2034	765,000	897,675	1,662,675
2035	805,000	855,600	1,660,600
2036	885,000	811,325	1,696,325
2037	935,000	760,438	1,695,438
2038	1,020,000	706,675	1,726,675
2039	1,080,000	648,025	1,728,025
2040	1,180,000	585,925	1,765,925
2041	1,245,000	518,075	1,763,075
2042	1,350,000	446,488	1,796,488
2043	1,430,000	368,863	1,798,863
2144	1,550,000	286,637	1,836,637
2045	3,435,000	197,512	3,632,512
2046	-	-	-
	$ 21,500,000	$ 23,792,263	$ 45,292,263

STERLING RANCH COMMUNITY AUTHORITY BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2018

Bonds and Interest Maturing in the Year Ending December 31,	$75,030,000 Limited Tax Supported and Special Revenue Senior Bonds Series 2017A Dated December 14, 2017 Principal due December 1, Interest Rate of 5.00% Payable June 1 and December 1		
	Principal	Interest	Total
2019	$ -	$ 3,751,500	$ 3,751,500
2020	-	3,751,500	3,751,500
2021	435,000	3,751,500	4,186,500
2022	310,000	3,729,750	4,039,750
2023	100,000	3,714,250	3,814,250
2024	345,000	3,709,250	4,054,250
2025	855,000	3,692,000	4,547,000
2026	1,350,000	3,649,250	4,999,250
2027	1,535,000	3,581,750	5,116,750
2028	1,715,000	3,505,000	5,220,000
2029	1,800,000	3,419,250	5,219,250
2030	1,995,000	3,329,250	5,324,250
2031	2,095,000	3,229,500	5,324,500
2032	2,305,000	3,124,750	5,429,750
2033	2,420,000	3,009,500	5,429,500
2034	2,650,000	2,888,500	5,538,500
2035	2,780,000	2,756,000	5,536,000
2036	3,030,000	2,617,000	5,647,000
2037	3,185,000	2,465,500	5,650,500
2038	3,455,000	2,306,250	5,761,250
2039	3,630,000	2,133,500	5,763,500
2040	3,925,000	1,952,000	5,877,000
2041	4,120,000	1,755,750	5,875,750
2042	4,445,000	1,549,750	5,994,750
2043	4,665,000	1,327,500	5,992,500
2144	5,020,000	1,094,250	6,114,250
2045	5,270,000	843,250	6,113,250
2046	5,655,000	579,750	6,234,750
2047	5,940,000	297,000	6,237,000
	$ 75,030,000	$ 77,514,000	$ 152,544,000

STERLING RANCH COMMUNITY AUTHORITY BOARD
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2018

Bonds and Interest Maturing in the Year Ending	Totals		
December 31,	Principal	Interest	Total
2019	$ -	$ 4,969,275	$ 4,969,275
2020	55,000	4,969,275	5,024,275
2021	665,000	4,966,250	5,631,250
2022	580,000	4,931,850	5,511,850
2023	385,000	4,901,500	5,286,500
2024	680,000	4,880,825	5,560,825
2025	1,205,000	4,845,150	6,050,150
2026	1,750,000	4,783,150	6,533,150
2027	1,955,000	4,693,650	6,648,650
2028	2,190,000	4,593,800	6,783,800
2029	2,300,000	4,481,925	6,781,925
2030	2,555,000	4,364,425	6,919,425
2031	2,685,000	4,233,875	6,918,875
2032	2,960,000	4,096,675	7,056,675
2033	3,115,000	3,945,400	7,060,400
2034	3,415,000	3,786,175	7,201,175
2035	3,585,000	3,611,600	7,196,600
2036	3,915,000	3,428,325	7,343,325
2037	4,120,000	3,225,938	7,345,938
2038	4,475,000	3,012,925	7,487,925
2039	4,710,000	2,781,525	7,491,525
2040	5,105,000	2,537,925	7,642,925
2041	5,365,000	2,273,825	7,638,825
2042	5,795,000	1,996,238	7,791,238
2043	6,095,000	1,696,363	7,791,363
2144	6,570,000	1,380,887	7,950,887
2045	8,705,000	1,040,762	9,745,762
2046	5,655,000	579,750	6,234,750
2047	5,940,000	297,000	6,237,000
	$ 96,530,000	$ 101,306,263	$ 197,836,263