

**STERLING RANCH
METROPOLITAN DISTRICT NO. 3
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

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YEAR ENDED DECEMBER 31, 2023**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Sterling Ranch Metropolitan District No. 3

El Paso County, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

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

BiggsKofford, P.C.

Colorado Springs, Colorado
September 9, 2024

BASIC FINANCIAL STATEMENTS

STERLING RANCH METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 121,007
Cash and Investments - Restricted	25,224
Due from SRMD No. 1	21
Due from SRMD No. 2	1,115
Open Space Fees Receivable	1,013
Street Light Fees Receivable	702
Receivable from County Treasurer	49
Property Tax Receivable	6,279
Prepaid Insurance	8,841
Capital Assets:	
Capital Assets Not Being Depreciated	29,754,179
Capital Assets Net of Depreciation	3,677,375
Total Assets	33,595,805
LIABILITIES	
Accounts Payable	33,787
Noncurrent Liabilities:	
Due in More Than One Year	737,839
Total Liabilities	771,626
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	6,279
Total Deferred Inflows of Resources	6,279
NET POSITION	
Net Investment in Capital Assets	3,622,081
Restricted for:	
Emergency Reserve	11,200
Debt Service	9,334
Unrestricted	29,175,285
Total Net Position	\$ 32,817,900

See accompanying Notes to Basic Financial Statements.

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

FUNCTIONS/PROGRAMS	Program Revenues		Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position
Primary Government: Governmental Activities:	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
General Government	\$ 701,155	\$ -	\$ 278,268	\$ (122,739)
Capital Assets Conveyed from:				
SRMD No. 1	-	-	1,659,594	1,659,594
SRMD No. 2	-	-	10,515,993	10,515,993
Transfer of Developer Advance Obligation from SRMD No. 1	258,886	-	-	(258,886)
Interest on Long-Term Debt and Related Costs	34,010	-	-	(34,010)
Total Governmental Activities	\$ 994,051	\$ -	\$ 278,268	11,759,952

GENERAL REVENUES

Property Taxes	5,799
Specific Ownership Taxes	619
Interest Income	2,742
Open Space Fees	22,596
Street Light Fees	16,005
Channel Improvement Fees	206,000
Other Revenue	4,029
Total General Revenues and Transfers	257,790

CHANGES IN NET POSITION

Net Position - Beginning of Year	12,017,742
NET POSITION - END OF YEAR	20,800,158

\$ 32,817,900

See accompanying Notes to Basic Financial Statements.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

ASSETS	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 121,007	\$ -	\$ -	\$ 121,007
Cash and Investments - Restricted	11,200	9,295	4,729	25,224
Due from SRMD No. 1	21	-	-	21
Due from SRMD No. 2	1,115	-	-	1,115
Open Space Fees Receivable	1,013	-	-	1,013
Street Light Fees Receivable	702	-	-	702
Receivable from County Treasurer	10	39	-	49
Property Tax Receivable	1,256	5,023	-	6,279
Prepaid Insurance	8,841	-	-	8,841
	<u>\$ 145,165</u>	<u>\$ 14,357</u>	<u>\$ 4,729</u>	<u>\$ 164,251</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 15,355	\$ -	\$ 18,432	\$ 33,787
Total Liabilities	15,355	-	18,432	33,787
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	1,256	5,023	-	6,279
Total Deferred Inflows of Resources	1,256	5,023	-	6,279
FUND BALANCES				
Nonspendable:				
Prepaid Expense	8,841	-	-	8,841
Restricted for:				
Emergency Reserves	11,200	-	-	11,200
Debt Service	-	9,334	-	9,334
Capital Projects	-	-	(13,703)	(13,703)
Unassigned	108,513	-	-	108,513
Total Fund Balances (Deficit)	<u>128,554</u>	<u>9,334</u>	<u>(13,703)</u>	<u>124,185</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 145,165</u>	<u>\$ 14,357</u>	<u>\$ 4,729</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets Not Being Depreciated	29,754,179
Capital Assets Net of Depreciation	3,677,375

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Developer Advance Payable	(672,640)
Accrued Developer Advance Interest	(65,199)

Net Position of Governmental Activities	<u>\$ 32,817,900</u>
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See accompanying Notes to Basic Financial Statements.

STERLING RANCH METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 1,160	\$ 4,639	\$ -	\$ 5,799
Specific Ownership Taxes	124	495	-	619
Interest Income	2,205	508	29	2,742
Open Space Fees	22,596	-	-	22,596
Street Light Fees	16,005	-	-	16,005
Channel Improvement Fees	206,000	-	-	206,000
Other Revenue	4,029	-	-	4,029
Intergovernmental revenues - SRMD No. 1	2,936	-	-	2,936
Intergovernmental revenues - SRMD No. 2	116,484	-	255,330	371,814
Total Revenues	<u>371,539</u>	<u>5,642</u>	<u>255,359</u>	<u>632,540</u>
EXPENDITURES				
Current:				
Accounting	81,085	-	14,773	95,858
Auditing	15,100	-	-	15,100
County Treasurer's Fee	17	70	-	87
District Management	46,808	-	-	46,808
Dues And Membership	1,062	-	-	1,062
Election	8,421	-	-	8,421
Insurance	8,502	-	-	8,502
Landscaping	271,662	-	301,691	573,353
Legal	51,559	-	-	51,559
Miscellaneous	45	-	-	45
Snow Removal	3,543	-	-	3,543
Utilities	16,941	-	-	16,941
Debt Service:				
Intergovernmental expenditures - SRMD No. 1	-	4,000	-	4,000
Capital Projects:				
Engineering	-	-	167,853	167,853
Fence And Sign Maintenance	-	-	46,560	46,560
Total Expenditures	<u>504,745</u>	<u>4,070</u>	<u>530,877</u>	<u>1,039,692</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(133,206)	1,572	(275,518)	(407,152)
OTHER FINANCING SOURCES (USES)				
Developer Advance - Classic SRJ	45,000	-	-	45,000
Developer Advance - Elite Properties	-	-	196,000	196,000
Developer Advance - SR Land	85,534	-	60,801	146,335
Developer contribution - SR Land	158,848	-	44,818	203,666
Total Other Financing Sources	<u>289,382</u>	<u>-</u>	<u>301,619</u>	<u>591,001</u>
NET CHANGE IN FUND BALANCES	156,176	1,572	26,101	183,849
Fund Balances (Deficit) - Beginning of Year	<u>(27,622)</u>	<u>7,762</u>	<u>(39,804)</u>	<u>(59,664)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 128,554</u>	<u>\$ 9,334</u>	<u>\$ (13,703)</u>	<u>\$ 124,185</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ 183,849

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

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Capital Assets Conveyed From Districts No. 1 and No. 2	12,175,587
Capital Outlay	214,413
CIP Completed - Landscaping	(3,557,321)
Landscaping	3,859,012
Depreciation Expense	(181,637)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Developer Advance - Classic SRJ	(45,000)
Developer Advance - Elite Properties	(196,000)
Developer Advance - SR Land	(371,165)

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

Accrued Interest Payable Developer Advance - Change in Liability	<u>(63,996)</u>
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Changes in Net Position of Governmental Activities \$ 12,017,742

**STERLING RANCH METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 1,160	\$ 1,160	\$ 1,160	\$ -
Specific Ownership Taxes	116	96	124	28
Interest Income	-	1,500	2,205	705
Open Space Fees	19,425	21,012	22,596	1,584
Street Light Fees	14,175	14,894	16,005	1,111
Channel Improvement Fees	-	283,000	206,000	(77,000)
Other Revenue	-	-	4,029	4,029
Intergovernmental revenues - SRMD No. 1	2,912	3,000	2,936	(64)
Intergovernmental revenues - SRMD No. 2	115,484	116,027	116,484	457
Total Revenues	<u>153,272</u>	<u>440,689</u>	<u>371,539</u>	<u>(69,150)</u>
EXPENDITURES				
Accounting	20,000	85,000	81,085	3,915
Auditing	9,800	15,100	15,100	-
Banking Fees	500	500	-	500
Contingency	4,978	5,783	-	5,783
County Treasurer's Fee	17	17	17	-
District Management	45,000	50,000	46,808	3,192
Dues And Membership	4,500	4,500	1,062	3,438
Election	5,000	9,000	8,421	579
Insurance	6,500	9,500	8,502	998
Landscaping	50,000	350,000	271,662	78,338
Legal	30,000	58,000	51,559	6,441
Miscellaneous	500	100	45	55
Snow Removal	-	6,000	3,543	2,457
Utilities	50,000	18,000	16,941	1,059
Website	2,500	2,500	-	2,500
Total Expenditures	<u>229,295</u>	<u>614,000</u>	<u>504,745</u>	<u>109,255</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(76,023)	(173,311)	(133,206)	40,105
OTHER FINANCING SOURCES (USES)				
Developer Advance	60,000	-	-	-
Developer Advance - Classic SRJ	-	45,000	45,000	-
Developer Advance - SR Land	-	85,533	85,534	1
Developer contribution - SR Land	-	158,847	158,848	1
Total Other Financing Sources	<u>60,000</u>	<u>289,380</u>	<u>289,382</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	(16,023)	116,069	156,176	40,107
Fund Balance (Deficit) - Beginning of Year	<u>21,507</u>	<u>(27,622)</u>	<u>(27,622)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,484</u>	<u>\$ 88,447</u>	<u>\$ 128,554</u>	<u>\$ 40,107</u>

See accompanying Notes to Basic Financial Statements.

STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DEFINITION OF REPORTING ENTITY

Sterling Ranch Metropolitan District No. 3 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for El Paso County, Colorado on February 1, 2011, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the City of Colorado Springs (City) in El Paso County, Colorado. The Consolidated Service Plan, approved by the City on March 7, 2011, formed Sterling Ranch Metropolitan District Nos. 1 – 3. The District was organized to provide planning, acquisition, construction, installation and financing of public improvements, including streets, water, wastewater, traffic and safety, park and recreation, mosquito control, television relay and transportation facilities, primarily for residential and commercial development.

The District was organized in conjunction with Sterling Ranch Metropolitan District No. 1 ("District No. 1") and Sterling Ranch Metropolitan District No. 2 ("District No. 2") to serve the needs of the Sterling Ranch development for the purpose of financing, construction and operation of improvements and infrastructure serving the three districts. The District is responsible for managing the construction, operation and maintenance of all improvements not transferred to the City of Colorado Springs. District No. 1 and District No. 2 are responsible for providing the funding and tax base needed to support the financing plan for capital improvements and to fund ongoing operations.

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

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Separate financial statements are provided for 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 collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

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

Pooled Cash and Investments

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

Property Taxes

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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 has been computed using the straight-line method over the following estimated economic useful lives:

Parks and Landscaping	20 years
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Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets component of the District's net position.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

Deficit

The Capital Projects Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit will be eliminated with the receipt of intergovernmental revenues from District No. 1 and District No. 2 in 2024.

Open Space and Street Light Fees

The District bills the residents for open space and street light charges.

Channel Improvement Fees

The District collects a Channel Improvement Fee of \$1,000 per lot from builders at closing.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 121,007
Cash and Investments - Restricted	25,224
Total Cash and Investments	\$ 146,231

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

Deposits with Financial Institutions	\$ 9,002
Investments	137,229
Total Cash and Investments	\$ 146,231

STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

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

At December 31, 2023, the District's cash deposits had a bank balance of \$9,002 and a carrying balance of \$9,002.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

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

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

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

**STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 137,229
		<u>\$ 137,229</u>

COLOTRUST

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

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

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under 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 PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Capital Assets, Not Being				
Depreciated:				
Construction in Progress:				
Streets	\$ 7,808,566	\$ 6,506,882	\$ -	\$ 14,315,448
Storm Drainage System	3,357,278	2,696,003	-	6,053,281
Water and Sewer System	5,959,281	1,520,644	-	7,479,925
Parks and Landscaping	3,557,321	1,664,021	3,557,321	1,664,021
Traffic and Safety Protection	239,054	2,450	-	241,504
Total Capital Assets, Not Being Depreciated	<u>20,921,500</u>	<u>12,390,000</u>	<u>3,557,321</u>	<u>29,754,179</u>
Capital Assets, Being				
Depreciated:				
Parks and Landscaping	-	3,859,012	-	3,859,012
Total Capital Assets, Being Depreciated	-	3,859,012	-	3,859,012
Less Accumulated				
Depreciation for:				
Parks and Landscaping	-	(181,637)	-	(181,637)
Total Accumulated Depreciation	<u>-</u>	<u>(181,637)</u>	<u>-</u>	<u>(181,637)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>3,677,375</u>	<u>-</u>	<u>3,677,375</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 20,921,500</u>	<u>\$ 16,067,375</u>	<u>\$ 3,557,321</u>	<u>\$ 33,431,554</u>

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

General Government	<u>\$ 181,637</u>
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STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023:

	Balance at December 31, 2022	Additions	Payments	Balance at December 31, 2023	Due Within One Year
Loans and Notes from Direct Borrowings and Direct Placements:					
Developer Advances:					
Classic SRJ - Operations	\$ 60,000	\$ 45,000	\$ -	\$ 105,000	\$ -
SR Land - Operations	475	85,534	-	86,009	-
Elite Properties - Capital	-	196,000	-	196,000	-
SR Land - Capital	-	285,631	-	285,631	-
Accrued Interest on Developer Advances:					
Classic SRJ - Operations	1,156	8,166	-	9,322	-
SR Land - Operations	47	3,381	-	3,428	-
Elite Properties - Capital	-	6,505	-	6,505	-
SR Land - Capital	-	45,944	-	45,944	-
Developer Advances Subtotal	<u>61,678</u>	<u>676,161</u>	<u>-</u>	<u>737,839</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 61,678</u>	<u>\$ 676,161</u>	<u>\$ -</u>	<u>\$ 737,839</u>	<u>\$ -</u>

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

Developer Advances

Funding and Reimbursement Agreement

The District entered into a Funding and Reimbursement Agreement (the Agreement) effective date of June 20, 2023, with Classic SRJ, LLC (Developer, see Note 7) whereby the Developer agrees to loan the Districts up to a total of \$1,000,000 (the Maximum Loan Amount), to provide funding for operation costs and for capital costs. The Districts agree to repay the Developer along with accrued interest at a rate of 8% from the date the of the advance.

As of December 31, 2023, outstanding Developer Advances under the agreement totaled \$105,000 and accrued interest totaled \$9,322.

Funding and Reimbursement Agreement

The District entered into a Funding and Reimbursement Agreement (the Agreement) effective date of June 20, 2023, with SR Land, LLC (Developer, see Note 7) whereby the Developer agrees to loan the Districts up to a total of \$1,000,000 (the Maximum Loan Amount), to provide funding for operation costs and for capital costs. The Districts agree to repay the Developer along with accrued interest at a rate of 8% from the date the of the advance. On June 20, 2023, the outstanding balance of \$224,830 in principal and \$34,056 in accrued interest owed to SR Land, LLC from District No. 1 was transferred to the District.

As of December 31, 2023, outstanding Developer Advances under the agreement totaled \$371,640 and accrued interest totaled \$49,372.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

Funding and Reimbursement Agreement

The District entered into a Funding and Reimbursement Agreement (the Agreement) effective date of June 20, 2023, with Elite Properties of America, Inc. (Developer, see Note 7) whereby the Developer agrees to loan the Districts up to a total of \$1,000,000 (the Maximum Loan Amount), to provide funding for operation costs and for capital costs. The Districts agree to repay the Developer along with accrued interest at a rate of 8% from the date the of the advance.

As of December 31, 2023, outstanding Developer Advances under the agreement totaled \$196,000 and accrued interest totaled \$6,505.

Authorized Debt

On November 2, 2010, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$410,000,000 at an interest rate not to exceed 18% per annum. At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 2, 2010	Authorized but Unused as of December 31, 2023
Streets	\$ 30,000,000	\$ 30,000,000
Water	25,000,000	25,000,000
Storm Drainage	25,000,000	25,000,000
Transportation	25,000,000	25,000,000
Park and Recreation	25,000,000	25,000,000
Mosquito Control	5,000,000	5,000,000
Safety	5,000,000	5,000,000
Fire Protection	5,000,000	5,000,000
Television Relay	5,000,000	5,000,000
Security	5,000,000	5,000,000
Operations and Maintenance	25,000,000	25,000,000
Refunding Debt	30,000,000	30,000,000
Intergovernmental Agreements	100,000,000	100,000,000
Contractual Agreements	100,000,000	100,000,000
Total	<u>\$ 410,000,000</u>	<u>\$ 410,000,000</u>

As stated in the Consolidated Service Plan, the District, Sterling Ranch Metropolitan District No. 1, and Sterling Ranch Metropolitan District No. 2 are authorized to issue Debt up to \$115,000,000 in total principal amount combined for all Districts. The maximum debt service mill levy is 50 mills subject to Gallagher Adjustment.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 3,677,375
Long-Term Obligations	(55,294)
Net Investment in Capital Assets	\$ 3,622,081

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. In 2023, SR Land, LLC made a contribution of \$203,666.

The District had a restricted net position as of December 31, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 11,200
Debt Service Reserve	9,334
Total Restricted Net Position	\$ 20,534

The District has a deficit in unrestricted net position as a result of the District being responsible for the repayment of general obligation bonds issued to fund public infrastructure.

NOTE 7 RELATED PARTIES

The Developers of the property which constitutes the District are SR Land, LLC, Classic SRJ, LLC, and Elite Properties of America, Inc. (Developer, or collectively, Developers). The members of the Board of Directors are officers of, employees of, or associated with the Developers and may have conflicts of interest in dealing with the District.

STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS AND COMMITMENTS

Infrastructure Acquisition and Reimbursement Agreement (Terminated June 2023)

On October 21, 2015, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with District No. 1 and District No. 3 (Districts) and SR Land, LLC (Developer, see Note 7) whereby the District agrees to reimburse the Developer for costs incurred on behalf of the District. The Districts agree to repay the Developer along with accrued interest at a rate of prime plus 2% from the date of the advance. On June 20, 2023, the agreement was terminated and the obligation transferred from District No. 1 to the District.

Funding and Reimbursement Agreement (Terminated June 2023)

On April 29, 2022, the District entered into a Funding and Reimbursement Agreement with District No. 1 and District No. 2 (Districts) and Classic SRJ, LLC (Developer, see Note 7) whereby the District agrees to reimburse the Developer for operations and maintenance costs incurred on behalf of the District. The Districts agree to repay the Developer along with accrued interest at market rate from the date of the advance. On June 20, 2023, the agreement was terminated.

Intergovernmental Agreement

On December 17, 2021, District Nos. 1 - 3, The Retreat Metropolitan District No. 1 (Retreat No. 1) and The Retreat Metropolitan District No. 2 ("Retreat No. 2" and together with Retreat No. 1, the "Retreat Districts," and together with the Sterling Ranch Districts, the "Members") entered into an Amended and Restated Intergovernmental Agreement for the Establishment of the Falcon Area Water and Wastewater Authority (the "Amended and Restated Establishment Agreement"). The Amended and Restated Establishment Agreement superseded and replaced the Original Establishment Agreement and, among other things, authorized the provision of wastewater improvements by the Falcon Area Water and Wastewater Authority and added the Retreat Districts as Members of the Authority.

Coordinating Services Agreement

On February 25, 2022, the District entered into a district coordinating services agreement (Agreement) with District No. 1 and District No. 2 (Financing Districts). The purpose of the Agreement is to set forth the rights and obligations of the District and the Financing Districts to fund the public improvements and continued operation and maintenance of public improvements, in addition to the rights and obligations of the District to operate and maintain the public improvements on behalf of the Financing Districts. The public improvements to be designed and constructed by the District will benefit all property owners and residents within the Districts.

Intergovernmental District Facilities Construction and Service Agreement

On January 29, 2024, the District entered into an agreement with District No. 4 and District No. 5 (Financing Districts). The purpose of the agreement is to set forth the rights and obligations of the District and the Financing Districts to fund the public improvements and continued operation and maintenance of public improvements, in addition to the rights and obligations of the District to construct, operate, and maintain the public improvements on behalf of the Financing Districts. The public improvements to be designed and constructed by the District will benefit all property owners and residents within the Districts.

STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS AND COMMITMENTS (CONTINUED)

Intergovernmental District Facilities Operation and Service Agreement

On April 23, 2024, the District entered into an agreement with District No. 4 and District No. 5 (Financing Districts). The purpose of the agreement is to set forth the rights and obligations of the District and the Financing Districts to fund the public improvements and continued operation and maintenance of public improvements, in addition to the rights and obligations of the District to operate and maintain the public improvements on behalf of the Financing Districts. The public improvements to be designed and constructed by the District will benefit all property owners and residents within the Districts.

NOTE 9 RISK MANAGEMENT

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

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

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

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.

STERLING RANCH METROPOLITAN DISTRICT NO. 3
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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

On November 2, 2010, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

SUPPLEMENTARY INFORMATION

**STERLING RANCH METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,639	\$ 4,639	\$ 4,639	\$ -
Specific Ownership Taxes	464	464	495	31
Interest Income	65	500	508	8
Other revenue	80	497	-	(497)
Total Revenues	<u>5,248</u>	<u>6,100</u>	<u>5,642</u>	<u>(458)</u>
EXPENDITURES				
County Treasurer's Fee	70	70	70	-
Intergovernmental expenditures - SRMD No. 1	-	4,000	4,000	-
Contingency	80	430	-	430
Total Expenditures	<u>150</u>	<u>4,500</u>	<u>4,070</u>	<u>430</u>
NET CHANGE IN FUND BALANCE	5,098	1,600	1,572	(28)
Fund Balance - Beginning of Year	<u>7,700</u>	<u>7,762</u>	<u>7,762</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,798</u>	<u>\$ 9,362</u>	<u>\$ 9,334</u>	<u>\$ (28)</u>

**STERLING RANCH METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 29	\$ 29
Intergovernmental revenues - SRMD No. 2	-	284,745	255,330	(29,415)
Total Revenues	-	284,745	255,359	(29,386)
EXPENDITURES				
Accounting	-	20,000	14,773	5,227
Engineering	-	180,660	167,853	12,807
Landscaping	-	350,000	301,691	48,309
Fence And Sign Maintenance	-	50,000	46,560	3,440
Capital Outlay	-	199,340	-	199,340
Total Expenditures	-	800,000	530,877	269,123
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	(515,255)	(275,518)	239,737
OTHER FINANCING SOURCES (USES)				
Developer Advance - Elite Properties	-	389,000	196,000	(193,000)
Developer Advance - SR Land	-	121,240	60,801	(60,439)
Developer contribution - SR Land	-	44,818	44,818	-
Total Other Financing Sources (Uses)	-	555,058	301,619	(253,439)
NET CHANGE IN FUND BALANCE				
	-	39,803	26,101	(13,702)
Fund Balance (Deficit) - Beginning of Year	-	(39,803)	(39,804)	(1)
FUND BALANCE (DEFICIT) - END OF YEAR				
	\$ -	\$ -	\$ (13,703)	\$ (13,703)

OTHER INFORMATION

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

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Levied	Collected	
2018/2019	\$ 23,770	34.5%	10.000	40.000	\$ 1,189	\$ 1,189	100.00 %
2019/2020	66,140	178.2%	10.000	40.000	3,307	3,307	100.00 %
2020/2021	64,700	-2.2%	10.000	40.000	3,235	3,235	100.00 %
2021/2022	176,600	173.0%	10.000	40.000	8,830	8,830	100.00 %
2022/2023	115,980	-34.3%	10.000	40.000	5,799	5,799	100.00 %
Estimated for Year Ending							
December 31, 2024	\$ 125,570	8.3%	10.000	40.000	\$ 6,279	\$ 6,279	

Note: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.
Source: El Paso County Assessor and Treasurer.