

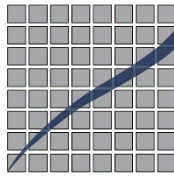
**STERLING RANCH
METROPOLITAN DISTRICT NO. 2
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

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BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sterling Ranch Metropolitan District No. 2
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. 2 ("District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Colorado Springs, Colorado
August 24, 2026

BASIC FINANCIAL STATEMENTS

STERLING RANCH METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 9,256
Cash and Investments - Restricted	4,378,454
Receivable from County Treasurer	8,097
Property Tax Receivable	<u>1,473,405</u>
Total Assets	5,869,212
DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding, Net	<u>289,938</u>
Total Deferred Outflows of Resources	289,938
LIABILITIES	
Due to Sterling Ranch MD No. 3	10,875
Accrued Bond Interest	176,097
Noncurrent Liabilities:	
Due in More Than One Year	<u>37,475,000</u>
Total Liabilities	37,661,972
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>1,473,405</u>
Total Deferred Inflows of Resources	1,473,405
NET POSITION	
Restricted for:	
Debt Service	952,085
Unrestricted	<u>(33,928,312)</u>
Total Net Position	<u><u>\$ (32,976,227)</u></u>

See accompanying Notes to Basic Financial Statements.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 232,918	\$ -	\$ -	\$ 487,200
Interest on Long-Term Debt and Related Costs	2,147,071	-	-	-
	<u>\$ 2,379,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 487,200</u>
Total Governmental Activities				(1,892,789)
GENERAL REVENUES				
Property Taxes				1,059,541
Specific Ownership Taxes				101,617
Interest Income				221,062
Total General Revenues				<u>1,382,220</u>
CHANGES IN NET POSITION				
				(510,569)
Net Position - Beginning of Year				<u>(32,465,658)</u>
NET POSITION - END OF YEAR				<u>\$ (32,976,227)</u>

See accompanying Notes to Basic Financial Statements.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 9,256	\$ -	\$ 9,256
Cash and Investments - Restricted	-	4,378,454	4,378,454
Receivable from County Treasurer	1,619	6,478	8,097
Property Tax Receivable	<u>272,963</u>	<u>1,200,442</u>	<u>1,473,405</u>
Total Assets	<u><u>\$ 283,838</u></u>	<u><u>\$ 5,585,374</u></u>	<u><u>\$ 5,869,212</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to Sterling Ranch MD No. 3	\$ 10,875	\$ -	\$ 10,875
Total Liabilities	<u>10,875</u>	<u>-</u>	<u>10,875</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	<u>272,963</u>	<u>1,200,442</u>	<u>1,473,405</u>
Total Deferred Inflows of Resources	<u>272,963</u>	<u>1,200,442</u>	<u>1,473,405</u>
FUND BALANCES			
Restricted for:			
Debt Service	<u>-</u>	<u>4,384,932</u>	<u>4,384,932</u>
Total Fund Balances	<u>-</u>	<u>4,384,932</u>	<u>4,384,932</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 283,838</u></u>	<u><u>\$ 5,585,374</u></u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
Cost of Refunding, Net			289,938
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds Payable			(37,475,000)
Accrued Bond Interest			<u>(176,097)</u>
Net Position of Governmental Activities			<u><u>\$ (32,976,227)</u></u>

See accompanying Notes to Basic Financial Statements.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 211,908	\$ 847,633	\$ 1,059,541
Specific Ownership Taxes	20,323	81,294	101,617
Interest Income	687	220,375	221,062
District Impact Fees	-	487,200	487,200
Total Revenues	<u>232,918</u>	<u>1,636,502</u>	<u>1,869,420</u>
EXPENDITURES			
Current:			
County Treasurer's Fee	3,181	12,724	15,905
Intergovernmental Expenditures - SRMD No. 3	229,737	-	229,737
Debt Service:			
Bond Interest	-	2,113,163	2,113,163
Paying Agent Fees	-	4,000	4,000
Total Expenditures	<u>232,918</u>	<u>2,129,887</u>	<u>2,362,805</u>
NET CHANGE IN FUND BALANCES	-	(493,385)	(493,385)
Fund Balances - Beginning of Year	<u>-</u>	<u>4,878,317</u>	<u>4,878,317</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 4,384,932</u></u>	<u><u>\$ 4,384,932</u></u>

See accompanying Notes to Basic Financial Statements.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ (493,385)
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Amounts reported for governmental activities in the statement of activities are different because:

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

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.

Amortization of Cost of Bond Refunding	<u>(17,184)</u>
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Changes in Net Position of Governmental Activities	<u><u>\$ (510,569)</u></u>
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**STERLING RANCH METROPOLITAN DISTRICT NO. 2
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 200,698	\$ 211,918	\$ 211,908	\$ (10)
Specific Ownership Taxes	21,203	21,203	20,323	(880)
Interest Income	1,500	1,500	687	(813)
Other Revenue	5,599	5,379	-	(5,379)
Total Revenues	229,000	240,000	232,918	(7,082)
EXPENDITURES				
Contingency	5,599	5,379	-	5,379
County Treasurer's Fee	3,180	3,180	3,181	(1)
Intergovernmental Expenditures - SRMD No. 3	220,221	231,441	229,737	1,704
Total Expenditures	229,000	240,000	232,918	7,082
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Sterling Ranch Metropolitan District No. 2 (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. 3 (District No. 3) 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. District No. 3 is responsible for managing the construction, operation and maintenance of all improvements not transferred to the City of Colorado Springs. District No. 1 and the District 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, 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. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for 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 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 on 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.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds 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, 2025.

Pooled Cash and Investments

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

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows 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.

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.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cost of Bond Refunding

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the bonds. The amortization amount is a component of interest expense, and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Outflows of Resources

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

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 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.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

District Impact Fees

The District assesses a one-time district impact fee of \$2,800 per lot intended for servicing the long-term obligations.

Adoption of New Accounting Standards

Certain Risk Disclosures

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

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

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and Investments	\$ 9,256
Cash and Investments - Restricted	4,378,454
Total Cash and Investments	<u>\$ 4,387,710</u>

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

Deposits with Financial Institutions	\$ 1
Investments	4,387,709
Total Cash and Investments	<u>\$ 4,387,710</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposits 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.

On December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of \$1.

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.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2025, 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	\$ 4,387,709
Total		<u>\$ 4,387,709</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.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
General Obligation Bonds:					
Series 2022	\$ 37,475,000	\$ -	\$ -	\$ 37,475,000	\$ -
Total Long-Term Obligations	<u>\$ 37,475,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,475,000</u>	<u>\$ -</u>

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

\$37,475,000 Series 2022 General Obligation Limited Tax Refunding and Improvement Bonds

On May 11, 2022, the District issued Series 2022 General Obligation Limited Tax Refunding and Improvement Bonds (Series 2022 Bonds) for the purposes of (a) funding a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development; (b) refunding the Series 2015 Bonds; (c) paying a portion of the interest to accrue on the Series 2022 Bonds; (d) funding a deposit to the Reserve Fund in the amount of the Required Reserve; and (e) paying the costs of issuing the Bonds. The Series 2022 Bonds were issued in the amount of \$37,475,000.

The Series 2022 Bonds bear interest at rates ranging from 5.25% to 5.75%, payable semi-annually on June 1 and December 1, beginning on June 1, 2022. The Series 2022 Bonds were issued as three term bonds that have mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2028. The Series 2022 Bonds mature on December 1, 2032, 2042, and 2051, respectively.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$37,475,000 Series 2022 General Obligation Limited Tax Refunding and Improvement Bonds (Continued)

To the extent principal of any Bond is not paid when due, principal shall remain Outstanding until the earlier of its payment or the Termination Date and shall continue to bear interest at the rate then borne by the Bond. To the extent interest on any Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Bond.

The Series 2022 Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on December 2, 2062 (the "Termination Date"), regardless of the amount of principal and interest paid prior to the Termination Date.

Optional Redemption

The Series 2022 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on June 1, 2030, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2030, to May 31, 2031	2.00%
June 1, 2031, to May 31, 2032	1.00%
June 1, 2032, and Thereafter	0.00%

Pledged Revenue

The Series 2022 Bonds are secured by and payable solely from and to the extent of Pledged Revenue, net of the cost of collection, derived by the District from the following sources:

- (a) the Required Mill Levy;
- (b) the Capital Fees;
- (c) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and
- (d) any other legally available money which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$37,475,000 Series 2022 General Obligation Limited Tax Refunding and Improvement Bonds (Continued)

Required Mill Levy

The Required Mill Levy has the following meaning, net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County:

An ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 50 mills (as adjusted for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after January 1, 2010), and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 40 mills, as adjusted, or such lesser mill levy which will pay the Series 2022 Bonds as they come due, will replenish the Reserve Fund to the amount of the Required Reserve, and will fund the Surplus Fund up to the Maximum Surplus Amount.

Reserve Fund

The Series 2022 Bonds are additionally secured by the Reserve Fund, which will initially be funded with proceeds of the Series 2022 Bonds in the amount of \$3,256,750 (the "Required Reserve"). Amounts on deposit in the Reserve Fund on the final maturity date of the Bonds are to be applied to the payment of the Bonds on such date.

Moneys in the Reserve Fund shall be used by the Trustee, if necessary, only to prevent a default in the payment of the principal of, premium if any, or interest on the Series 2022 Bonds, and the Reserve Fund is pledged to the payment of the Bonds.

Surplus Fund

Pledged Revenue that is not needed to pay debt service on the Series 2022 Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$3,747,500. The Surplus Fund is to be maintained for so long as any Bond is outstanding.

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions constitutes an event of default under the indenture:

- (a) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture;
- (b) The District defaults in the performance of observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution, other than as described above, and fails to remedy the same after notice thereof pursuant to the Indenture, or

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$37,475,000 Series 2022 General Obligation Limited Tax Refunding and Improvement Bonds (Continued)

Events of Default (Continued)

- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2022 Bonds.

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

Upon the occurrence and continuance of an event of default, the trustee has the following rights and remedies which may be pursued:

- (a) Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the trustee and of the owners, the trustee is entitled to as a matter of right to the appointment of a receiver or receivers of the trust estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to the constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the trustee is to be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the indenture to the trustee.
- (b) Suit for judgment: The trustee may proceed to protect and enforce its rights and the rights of the owners by suit, action, or special proceedings as the trustee, being advised by counsel, deems appropriate.
- (c) Mandamus or other suit: The trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the owners.

The District's long-term obligations on the Series 2022 Bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 2,113,163	\$ 2,113,163
2027	-	2,113,163	2,113,163
2028	260,000	2,113,163	2,373,163
2029	490,000	2,099,513	2,589,513
2030	595,000	2,073,788	2,668,788
2031-2035	3,830,000	9,839,913	13,669,913
2036-2040	5,800,000	8,587,200	14,387,200
2041-2045	8,380,000	6,713,201	15,093,201
2046-2050	11,965,000	3,928,401	15,893,401
2051	6,155,000	353,913	6,508,913
Total	<u>\$ 37,475,000</u>	<u>\$ 39,935,418</u>	<u>\$ 77,410,418</u>

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

\$37,475,000 Series 2022 General Obligation Limited Tax Refunding and Improvement Bonds (Continued)

Refunding

On May 11, 2022, the District refunded and paid \$13,365,000 of the Series 2015 Bonds dated December 18, 2015, with an average interest rate of 8% by the issuance of the Series 2022 Bonds with interest rates ranging from 5.25% to 5.75%. As of December 31, 2022, the Series 2015 Bonds were fully redeemed.

In the government-wide statements, the District incurred a cost on bond refunding in the amount of \$351,039, which has been deferred and is being amortized over the life of the old debt. As of December 31, 2025, the cost of refunding net of amortization was \$289,938.

Developer Advances

Infrastructure Acquisition and Reimbursement Agreement

On April 29, 2022, the District entered into an Infrastructure Acquisition and Reimbursement Agreement (the Agreement) with SR Land, LLC (Developer, see Note 7) whereby the District agrees to reimburse the Developer for costs incurred on behalf of the District related to the acquisition, financing, planning design, construction, and installation of public infrastructure. The District agrees to repay the Developer along with accrued interest at a rate of MMD AAA General Obligation Yield Curve, 30-Year constant maturity + 30bps per annum, but not to exceed the interest rate permitted by the Service Plan from the date of the advance resolution.

As of December 31, 2025, outstanding Developer Advances under the agreement totaled \$-0- and accrued interest totaled \$-0-.

Authorized Debt

Pursuant to the Consolidated Service Plan, the District, Sterling Ranch Metropolitan District No. 1, and Sterling Ranch Metropolitan District No. 3 are authorized to issue Debt up to \$115,000,000 (Consolidated Service Plan Debt Issuance Limit) in total principal amount combined for all Districts. In no event is the District authorized to issue debt in excess of the Consolidated Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refundings of the debt authorized to be issued under the Consolidated Service Plan. The maximum debt service mill levy is 50 mills subject to Gallagher Adjustment.

The District has voter authorization in excess of the Consolidated Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Consolidated Service Plan Debt Issuance Limit by power (such as water, sewer or streets). Therefore, the Consolidated Service Plan Debt Issuance Limit was voted in every power relative to debt for public improvements. With that understanding, 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, 2025, the District had authorized but unissued indebtedness of \$359,160,000.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

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.

The District had a restricted net position as of December 31, 2025, as follows:

	Governmental Activities
Restricted Net Position:	
Debt Service Reserve	\$ 952,085
Total Restricted Net Position	<u>\$ 952,085</u>

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 6 RELATED PARTIES

The Developers of the property which constitutes the District are SR Land, LLC; Elite Properties of America, Inc.; and Classic SRJ, LLC (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.

NOTE 7 AGREEMENTS AND COMMITMENTS

Coordinating Services Agreement

On February 25, 2022, the District entered into a District Coordinating Services Agreement (Agreement) between the District and District No. 1 (Financing Districts) and District No. 3 (Operating District). The purpose of the Agreement is to set forth the rights and obligations of the Operating 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 Operating District to operate and maintain the public improvements on behalf of the Financing Districts. The public improvements to be designed and constructed by the Operating District will benefit all property owners and residents within the Districts.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7 AGREEMENTS AND COMMITMENTS (CONTINUED)

Amended and Restated Establishment Agreement of FAWWA

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. This agreement was amended on August 12, 2022.

Effective on March 26, 2024, the District and the other members of the Falcon Area Water and Wastewater Authority approved a resolution to approve adding Sterling Ranch Metropolitan District No. 4 and Sterling Ranch Metropolitan District No. 5 as Small Members of the Authority and admit as parties to the Amended and Restated Establishment Agreement.

Effective on December 19, 2025, the District and the other members of the Falcon Area Water and Wastewater Authority approved a Resolution to Approve Adding Prairie Ridge Metropolitan District Nos. 1-3 as Small Members of the Authority. Prairie Ridge Metropolitan District Nos. 1-3 were admitted as Small Members and admitted as parties to the Amended and Restated Establishment Agreement.

Infrastructure Acquisition and Reimbursement Agreement

On April 29, 2022, the District entered into an Infrastructure Acquisition and Reimbursement Agreement (the Agreement) with Classic SRJ, LLC (Developer, see Note 7) whereby the District agrees to reimburse the Developer for costs incurred on behalf of the District related to the acquisition, financing, planning design, construction, and installation of public infrastructure. The District agrees to repay the Developer along with accrued interest at a rate of MMD AAA General Obligation Yield Curve, 30-Year constant maturity + 30bps per annum, but not to exceed the interest rate permitted by the Service Plan from the date of the advance resolution.

NOTE 8 RISK MANAGEMENT

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

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

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 RISK MANAGEMENT (CONTINUED)

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

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, 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. The Emergency Reserve is held by District No. 3. The District transfers its net operating revenue to District No. 3 pursuant to a Coordinating Services Agreement (Note 7). Therefore, the Emergency Reserves related to the District's revenues are reported in District No. 3.

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.

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

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

Annual operating revenue is limited to a 5.25% increase; such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues. As of December 31, 2025, the District was unable to impose the maximum General Fund mill levy as allowed in the Service Plan, due to the constraints contained within the provisions of Section 29-1-1702.

STERLING RANCH METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

SUPPLEMENTARY INFORMATION

STERLING RANCH METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 802,794	\$ 847,633	\$ 44,839
Specific Ownership Taxes	84,813	81,294	(3,519)
Interest Income	220,000	220,375	375
District Impact Fees	1,237,600	487,200	(750,400)
Other Revenue	10,379	-	(10,379)
Total Revenues	<u>2,355,586</u>	<u>1,636,502</u>	<u>(719,084)</u>
EXPENDITURES			
County Treasurer's Fee	12,722	12,724	(2)
Paying Agent Fees	4,000	4,000	-
Bond Interest	2,113,163	2,113,163	-
Contingency	10,115	-	10,115
Total Expenditures	<u>2,140,000</u>	<u>2,129,887</u>	<u>10,113</u>
NET CHANGE IN FUND BALANCE	215,586	(493,385)	(708,971)
Fund Balance - Beginning of Year	<u>4,904,414</u>	<u>4,878,317</u>	<u>(26,097)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 5,120,000</u></u>	<u><u>\$ 4,384,932</u></u>	<u><u>\$ (735,068)</u></u>

OTHER INFORMATION

STERLING RANCH METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

\$37,475,000 Limited Tax General Obligation Bonds

Dated May 11, 2022

Interest Rate 5.25% - 5.75%

Interest Payable June 1 and December 1

Principal Payable December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 2,113,163	\$ 2,113,163
2027	-	2,113,163	2,113,163
2028	260,000	2,113,163	2,373,163
2029	490,000	2,099,513	2,589,513
2030	595,000	2,073,788	2,668,788
2031	625,000	2,042,550	2,667,550
2032	715,000	2,009,738	2,724,738
2033	750,000	1,972,200	2,722,200
2034	845,000	1,930,950	2,775,950
2035	895,000	1,884,475	2,779,475
2036	1,000,000	1,835,250	2,835,250
2037	1,050,000	1,780,250	2,830,250
2038	1,165,000	1,722,500	2,887,500
2039	1,230,000	1,658,425	2,888,425
2040	1,355,000	1,590,775	2,945,775
2041	1,430,000	1,516,250	2,946,250
2042	1,570,000	1,437,600	3,007,600
2043	1,655,000	1,351,250	3,006,250
2044	1,810,000	1,256,088	3,066,088
2045	1,915,000	1,152,013	3,067,013
2046	2,085,000	1,041,900	3,126,900
2047	2,205,000	922,013	3,127,013
2048	2,395,000	795,225	3,190,225
2049	2,535,000	657,513	3,192,513
2050	2,745,000	511,750	3,256,750
2051	6,155,000	353,913	6,508,913
Total	<u>\$ 37,475,000</u>	<u>\$ 39,935,418</u>	<u>\$ 77,410,418</u>

STERLING RANCH METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation	Percent Change	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Levied	Collected	
2020/2021	\$ 3,064,300	126.0%	11.132	55.663	\$ 204,680	\$ 205,231	100.27 %
2021/2022	7,481,500	144.2%	11.132	55.664	499,734	499,570	99.97 %
2022/2023	9,561,330	27.8%	11.132	44.531	532,212	532,226	100.00 %
2023/2024	13,823,900	44.6%	11.549	46.196	798,261	749,997	93.95 %
2024/2025	18,466,510	33.6%	11.482	45.928	1,060,162	1,059,541	99.94 %
Estimated for Year Ending December 31, 2026	\$ 24,402,200	32.1%	11.186	49.194	\$ 1,473,405		

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.