

STERLING HILLS WEST METROPOLITAN DISTRICT
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

**STERLING HILLS WEST METROPOLITAN DISTRICT
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DECEMBER 31, 2025**

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sterling Hills West Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of The Sterling Hills West Metropolitan District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise The Sterling Hills West Metropolitan 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 the major funds of The Sterling Hills West Metropolitan District as of December 31, 2025, and the respective changes in financial position 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 our report. We are required to be independent of Sterling Hills West Metropolitan 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 opinion.

Responsibilities of Management for the Financial Statements

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

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 Sterling Hills West Metropolitan 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 opinion. 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 generally accepted auditing standards 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, including omissions, 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.

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In performing an audit in accordance with generally accepted auditing standards, 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 of 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 Sterling Hills West Metropolitan 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 Sterling Hills West Metropolitan 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.

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sterling Hills West Metropolitan District's basic financial statements. The budgetary comparison schedule – Debt Service Fund, as listed 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. The 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 Budgetary Comparison Schedule – Debt Service Fund 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.

A handwritten signature in cursive script that reads "Gurn & Associates LLC".

Fort Collins, Colorado
September 24, 2026

BASIC FINANCIAL STATEMENTS

STERLING HILLS WEST METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
Assets	
Cash and investments	\$ 1,231,398
Cash and investments - restricted	410,948
Receivable county treasurer	7,142
Prepaid insurance	10,174
Property tax receivable	1,527,856
Capital assets, net	
Capital Assets Not Being Depreciated	1,592,981
Capital Assets, Net of Depreciation	1,634,045
Total Assets	<u>6,414,544</u>
Liabilities	
Accounts payable	74,174
Accrued interest on bonds payable	35,667
Noncurrent liabilities:	
Due within one year	517,513
Due in more than one year	8,726,429
Total Liabilities	<u>9,353,783</u>
Deferred Inflows of Resources	
Deferred property tax revenue	1,527,856
Total Deferred Inflows of Resources	<u>1,527,856</u>
Net Position	
Net Investment in Capital Assets	(6,016,916)
Restricted:	
Emergency reserves (TABOR)	23,900
Debt Service	390,889
Unrestricted	1,135,032
Total Net Position	<u><u>\$ (4,467,095)</u></u>

See the accompanying notes to the basic financial statements.

STERLING HILLS WEST METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Function/Program	Program Revenues				Net Revenue (Expense) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General Government	\$ 603,149	\$ -	\$ -	\$ -	\$ (603,149)
Interest and Related Costs on Long-Term Debt	377,089	-	-	-	(377,089)
Total Governmental Activities	\$ 980,238	\$ -	\$ -	\$ -	\$ (980,238)
General Revenues:					
					\$ 1,518,236
					82,549
					88,987
					30,021
				Total General Revenues	1,719,793
				Change in Net Position	739,555
				Net Position, Beginning of Year	(5,206,650)
				Net position, End of Year	\$ (4,467,095)

See the accompanying notes to the basic financial statements.

STERLING HILLS WEST METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Debt Service	Total Governmental Funds
Assets			
Cash and investments	\$ 1,231,398	\$ -	\$ 1,231,398
Cash and investments - restricted	23,900	387,048	410,948
Receivable county treasurer	3,301	3,841	7,142
Prepaid insurance	10,174	-	10,174
Property tax receivable	706,137	821,719	1,527,856
Total assets	<u>1,974,910</u>	<u>1,212,608</u>	<u>3,187,518</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	74,174	-	74,174
Total liabilities	<u>74,174</u>	<u>-</u>	<u>74,174</u>
Deferred inflows of resources			
Deferred property tax revenue	706,137	821,719	1,527,856
Total deferred inflows of resources	<u>706,137</u>	<u>821,719</u>	<u>1,527,856</u>
Fund Balances			
Nonspendable:			
Prepays	10,174	-	10,174
Restricted:			
Emergency reserves	23,900	-	23,900
Debt service	-	390,889	390,889
Unassigned:			
General government	1,160,525	-	1,160,525
Total fund balances	<u>1,194,599</u>	<u>390,889</u>	<u>1,585,488</u>
Total liabilities and fund balances	<u>\$ 1,974,910</u>	<u>\$ 1,212,608</u>	<u>\$ 3,187,518</u>

See the accompanying notes to the basic financial statements.

**STERLING HILLS WEST METROPOLITAN DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2025**

Total Governmental Fund Balances: \$ 1,585,488

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

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds. The cost of assets are capitalized and expensed over their estimated useful lives through depreciation expense.

Capital Assets, Net 3,227,026

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not recorded as liabilities in the governmental funds.

Accrued Interest	(35,667)
Bonds Payable	(8,560,000)
Bond Premium	<u>(683,942)</u>

Total Net Position of Governmental Activities \$ (4,467,095)

See the accompanying notes to the basic financial statements.

STERLING HILLS WEST METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
Revenues:			
Property taxes	\$ 701,691	\$ 816,545	\$ 1,518,236
Specific ownership taxes	34,528	48,021	82,549
Interest income	27,859	61,128	88,987
Other revenues	30,021	-	30,021
Total revenues	<u>794,099</u>	<u>925,694</u>	<u>1,719,793</u>
Expenditures:			
Current:			
Accounting	39,480	-	39,480
Audit	5,425	-	5,425
County treasurer's fee	10,533	12,257	22,790
Directors' fees and payroll taxes	2,583	-	2,583
Dues and memberships	975	-	975
Insurance	9,796	-	9,796
District management	34,823	-	34,823
Legal	31,712	-	31,712
Conference/seminars	1,245	-	1,245
Election	2,337	-	2,337
Website	1,582	-	1,582
Repairs and maintenance	87,245	-	87,245
Landscaping	103,472	-	103,472
Park and recreation	51,669	-	51,669
Drainage pond maintenance	12,891	-	12,891
Storage rental	1,764	-	1,764
Tree and shrub maintenance	15,045	-	15,045
Phone/website service	960	-	960
Snow removal	3,406	-	3,406
Utilities - irrigation	133,507	-	133,507
Utilities - electricity	587	-	587
Capital outlay	124,615	-	124,615
Debt service:			
Bond interest	-	448,750	448,750
Bond principal	-	415,000	415,000
Contingency	-	-	-
Paying agent fees	-	4,325	4,325
Total expenditures	<u>675,652</u>	<u>880,332</u>	<u>1,555,984</u>
Net Change in Fund Balances	<u>118,447</u>	<u>45,362</u>	<u>163,809</u>
Fund Balances, Beginning of Year	<u>1,076,152</u>	<u>345,527</u>	<u>1,421,679</u>
Fund Balances, End of Year	<u>\$ 1,194,599</u>	<u>\$ 390,889</u>	<u>\$ 1,585,488</u>

See the accompanying notes to the basic financial statements.

STERLING HILLS WEST METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Governmental Funds	\$ 163,809
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Governmental funds report capital outlay as expenditures. In the Statement of Activities the costs of those assets are allocated over the estimated useful lives of the assets and reported as depreciation expense. Therefore, this is the amount of capital outlay and depreciation for current period.

Capital Outlay	124,615
Depreciation	(52,112)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Bond Principal - Series 2017	415,000
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Certain expenditures in the statement of activities differs from the amount reported in governmental funds because some do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Amortization of Bond Premium	86,514
Accrued Interest on Bonds Payable - Change in Liability	1,729

Change in Net Position of Governmental Activities	\$ 739,555
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See the accompanying notes to the basic financial statements.

STERLING HILLS WEST METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025
BUDGETARY BASIS

	Budget			Variance
	Original	Final	Actual	Favorable
				(Unfavorable)
Revenues				
Property taxes	\$ 701,941	\$ 701,941	\$ 701,691	\$ (250)
Specific ownership taxes	42,116	42,116	34,528	(7,588)
Interest income	53,154	53,154	27,859	(25,295)
Other revenues	1,000	1,000	30,021	29,021
Total revenues	<u>798,211</u>	<u>798,211</u>	<u>794,099</u>	<u>(4,112)</u>
Expenditures				
Accounting	35,000	35,000	39,480	(4,480)
Audit	7,000	6,000	5,425	575
Capital outlay	130,000	132,500	124,615	7,885
County treasurer's fee	10,529	10,529	10,533	(4)
Directors' fees and payroll taxes	3,230	3,230	2,583	647
Dues and memberships	1,500	1,500	975	525
Insurance	7,000	10,000	9,796	204
District management	37,500	37,500	34,823	2,677
Legal	40,000	40,000	31,712	8,288
Conference/seminars	1,500	1,500	1,245	255
Election	4,000	2,500	2,337	163
Contingency	16,741	9,241	-	9,241
Website	7,500	2,500	1,582	918
Repairs and maintenance	40,000	90,000	87,245	2,755
Landscaping	83,000	85,000	103,472	(18,472)
Park and recreation	5,000	51,500	51,669	(169)
Drainage pond maintenance	10,000	15,000	12,891	2,109
Storage rental	1,750	1,750	1,764	(14)
Tree and shrub maintenance	25,000	10,000	15,045	(5,045)
Phone/website Service	2,000	2,000	960	1,040
Snow removal	15,750	15,750	3,406	12,344
Utilities - irrigation	75,000	121,000	133,507	(12,507)
Utilities - electricity	1,000	1,000	587	413
Total Expenditures	<u>560,000</u>	<u>685,000</u>	<u>675,652</u>	<u>9,348</u>
Net Change in Fund Balance	238,211	113,211	118,447	5,236
Fund Balance, Beginning of Year	<u>1,259,935</u>	<u>1,259,935</u>	<u>1,076,152</u>	<u>(183,783)</u>
Fund Balance, End of Year	<u>\$ 1,498,146</u>	<u>\$ 1,373,146</u>	<u>\$ 1,194,599</u>	<u>\$ (178,547)</u>

See the accompanying notes to the basic financial statements.

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Sterling Hills West Metropolitan District (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 Arapahoe County (the County) on December 3, 1999, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City of Aurora (the City) on September 27, 1999, which was amended in 2004 and 2007. The District's service area is located entirely within the County. The District was established to provide financing for the construction and installation of facilities for water, wastewater, streets, park and recreation, traffic and safety controls, and other improvements. As set forth in the First Amendment to the Service Plan approved on July 26, 2004, the District is limited to issue no more than \$11,600,000 in debt without prior approval of the City. With the Second Amendment to the Service Plan approved on August 27, 2007, the City approved the issuance of debt to pay the costs of additional public improvements not to exceed \$1,100,000, plus the amount necessary to fully refund the District's 2004 bonds.

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership 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.

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 has 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.

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.

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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.

In accordance with Senate Bill 23B-001, the state was required to reimburse local governments for a portion of reduced property taxes due to Senate Bill 22-238. The reimbursements were calculated based off local governments mill levy excluding bond or contractual mills. During 2025, the District recorded this reimbursement as other revenue net of related county treasurers fees to differentiate the reimbursement from regular levied property taxes.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., park and recreation facilities, vinyl park fencing, 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 process and are not included in the calculation of net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements, with the exception of landscaping improvements (e.g., trees, sod, and similar items) are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

Park Sidewalks, Vinyl Park Fencing/Monuments	10 to 20 Years
Irrigation Systems, Playground/Picnic Equipment	15 Years
Drainage Pond	30 Years

Amortization

Original Issue Discount/Premium

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Adoption of New Accounting Standard

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.

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard (Continued)

The District implemented 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.

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	\$ 1,231,398
Cash and Investments - Restricted	410,948
Total Cash and Investments	<u>\$ 1,642,346</u>

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

Deposits with Financial Institutions	\$ 41,234
Investments	1,601,112
Total Cash and Investments	<u>\$ 1,642,346</u>

Deposits with Financial Institutions

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

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

At December 31, 2025, the District's cash deposits had a bank balance and a carrying balance of \$41,234.

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 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 HILLS WEST METROPOLITAN DISTRICT
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>Balance</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	\$ 741
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 1,600,371
Total		<u>\$ 1,601,112</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper, any security allowed under Section 24-75-601.1, C.R.S.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by Section 24-75-601.1, C.R.S. including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and highest rated commercial paper.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals.

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

CSAFE

The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf and CSAFE CORE is rated AAaf/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

COLOTRUST

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

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

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

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 Fitch Ratings. 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 HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025 follows:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Governmental Activities:				
Capital assets, not being depreciated:				
Landscaping	\$ 1,592,981	\$ -	\$ -	\$ 1,592,981
Drainage Pond Renovations	438,155	84,650	(522,805)	-
Total capital assets, not being depreciated	2,031,136	84,650	(522,805)	1,592,981
Capital assets, being depreciated				
Drainage and Detention	1,150,946	522,805	-	1,673,751
Sidewalks	64,283	-	-	64,283
Cobble and River Rock	9,198	-	-	9,198
Fencing/Monuments	45,920	-	-	45,920
Park Lighting/Playgrounds	100,254	-	-	100,254
Park Facilities	104,285	-	-	104,285
Irrigation System	613,157	39,965	-	653,122
Total capital assets, being depreciated	2,088,043	562,770	-	2,650,813
Accumulated Depreciation for:				
Drainage and Detention	(115,624)	(38,894)	-	(154,518)
Sidewalks	(60,366)	(1,959)	-	(62,325)
Cobble and River Rock	(9,198)	-	-	(9,198)
Fencing/Monuments	(42,319)	(424)	-	(42,743)
Park Lighting/Playgrounds	(98,208)	(1,273)	-	(99,481)
Park Facilities	(44,998)	(5,998)	-	(50,996)
Irrigation System	(593,943)	(3,564)	-	(597,507)
Total Accumulated Depreciation	(964,656)	(52,112)	-	(1,016,768)
Capital Assets, Being Depreciated, Net	1,123,387	510,658	-	1,634,045
Capital Assets, Net	\$ 3,154,523	\$ 595,308	\$ (522,805)	\$ 3,227,026

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

Governmental Activities:

 General Government \$ 52,112

All infrastructure, with the exception of certain pocket parks, drainage facilities, and street landscaping improvements (which are expected to be owned and maintained by the District), has been accepted for warranty and maintenance by the City.

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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, 2025:

Bonds Payable:	Balance December 31, 2024	Additions	Retirements	Balance December 31, 2025	Due Within One Year
G.O Limited Tax Refunding					
Bonds - Series 2017	\$ 8,975,000	\$ -	\$ (415,000)	\$ 8,560,000	\$ 435,000
	8,975,000	-	(415,000)	8,560,000	435,000
Bond Premium - Series 2017	770,456	-	(86,514)	683,942	82,513
Total Long-Term Obligations	\$ 9,745,456	\$ -	\$ (501,514)	\$ 9,243,942	\$ 517,513

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

General Obligation Refunding Bonds

On September 8, 2017, the District refunded the outstanding amount of \$11,965,000 of General Obligation Refunding and Improvement Bonds (2007 Bonds) dated September 13, 2007, with interest rates from 4.0% to 5.0%, by the issuance of \$11,385,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds (2017 Bonds) pursuant to an Indenture of Trust by and between the District and UMB Bank, n.a. (Indenture). Certain capitalized terms used may not be defined herein. The reader should refer to the Indenture for such definitions. Funds from the issuance of the 2017 Bonds were deposited with a trustee and invested in U.S. government securities. The 2007 Bonds were repaid in full by the trustee on December 1, 2017. Proceeds of the 2017 Bonds were also used to pay amounts due to the Bond Insurer of the 2007 Bonds and the cost of issuance of the 2017 Bonds.

The 2017 Bonds bear interest at the rate of 5.0% per annum, with an effective interest rate of 3.86% due to the payment of a \$1,498,883 premium paid at the time of issuance. Interest is due June 1 and December 1. Principal is due on December 1. The 2017 Bonds mature on December 1, 2039. The 2017 Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2027, and on any date thereafter, upon payment of par and accrued interest thereon to the date of redemption.

The 2017 Bonds are secured by and payable from Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and (3) any other legally available monies which the District determines to be treated as Pledged Revenue. The Required Mill Levy prior to the Conversion Date, means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the 2017 Bonds as the same become due and payable but not in excess of 42.55 mills, provided however, that in the event the method of calculating assessed valuation is or was changed after 2000, the maximum mill levy will be increased or decreased to reflect such changes. Once the debt to assessed ratio is 40% or less, the Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the 2017 Bonds as the same become due and payable without limitation of rate. At December 31, 2025, the debt to assessed ratio was 24.10%. For budget year 2026 and 2025, the District levied 23.134 mills to meet the 2017 bonds debt service obligations.

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Refunding Bonds (Continued)

Events of default include failure to impose the Required Mill Levy or apply the Pledged Revenue as required, failure to pay principal or interest on the Bonds when due, default in performance of any other covenants, agreements, or conditions, and filing for bankruptcy. Upon the occurrence of an Event of Default, the Trustee has the right to receivership, initiate legal proceedings, and to enforce rights through mandamus or other suits.

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

Year Ending December 31,	Principal	Interest	Total
2026	\$ 435,000	\$ 428,000	\$ 863,000
2027	460,000	406,250	866,250
2028	480,000	383,250	863,250
2029	505,000	359,250	864,250
2030	530,000	334,000	864,000
2031-2035	3,085,000	1,244,000	4,329,000
2036-2039	3,065,000	392,750	3,457,750
Total	<u>\$ 8,560,000</u>	<u>\$ 3,547,500</u>	<u>\$ 12,107,500</u>

Authorized Debt

On November 2, 1999, a majority of the District's qualified electors authorized the incurrence of indebtedness in an amount not to exceed \$13,550,000 in principal, at an interest rate not to exceed 12.5%. On November 7, 2000, a majority of the District's qualified electors also authorized the incurrence of indebtedness in an amount not to exceed \$13,550,000 in principal at an interest rate not to exceed 12.5%. At December 31, 2025, the District has authorized but unissued indebtedness for the following purposes:

	Authorized November 2, 1999 Election	Authorized November 7, 2000 Election	Total Authorized Debt
Streets Improvements	\$ 3,600,000	\$ 3,600,000	\$ 7,200,000
Traffic Controls	500,000	500,000	1,000,000
Water System	1,000,000	1,000,000	2,000,000
Sanitary Sewer	1,500,000	1,500,000	3,000,000
Park and Recreation	6,200,000	6,200,000	12,400,000
Operations & Maintenance	750,000	750,000	1,500,000
Total	<u>\$ 13,550,000</u>	<u>\$ 13,550,000</u>	<u>\$ 27,100,000</u>

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

	Authorization Used				Remaining at December 31, 2025
	Series 2000	Series 2001	Series 2004	Series 2007	
Streets Improvements	\$ 1,185,000	\$ 2,129,400	\$ 640,255	\$ 1,681,326	\$ 1,564,019
Traffic Controls	-	-	-	-	1,000,000
Water System	485,000	59,150	16,909	546,302	892,639
Sanitary Sewer	555,000	295,750	31,561	224,847	1,892,842
Park and Recreation	980,000	3,430,700	1,511,275	1,508,400	4,969,625
Operations & Maintenance	115,000	-	-	29,125	1,355,875
Total	\$ 3,320,000	\$ 5,915,000	\$ 2,200,000	\$ 3,990,000	\$ 11,675,000

The issuance of the Series 2017 Bonds refunded the Series 2007 Bonds and did not use any debt authorization.

Per its amended Service Plan, the District is not authorized to issue additional debt without authorization from the City. However, the District is authorized to issue refunding debt that would not reduce the District's service plan debt limitation, with forty-five day notice provided to the City.

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 balance of bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net of Related Debt	\$ (6,016,916)
Net Investment in Capital Assets	<u>\$ (6,016,916)</u>

The restricted component of net position consists of assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2025, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies (TABOR)	\$ 23,900
Debt Service Reserve	<u>390,889</u>
Total Restricted Net Position	<u>\$ 414,789</u>

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 NET POSITION (CONTINUED)

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

The District has a deficit in unrestricted net position. This deficit amount is the result of the District being responsible for the repayment of debt issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 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, public officials' liability, auto liability, comprehensive crime, and workers' compensation 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 8 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.

On November 2, 1999, the voters within the District authorized an increase in property taxes generated from an operations and maintenance mill levy of up to \$500,000, as well as authorizing \$500,000 for revenues other than ad valorem property taxes. On November 7, 2000, the voters within the District reauthorized an additional increase in property taxes generated from an operations and maintenance mill levy of up to \$500,000, for a total of \$1,000,000.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District'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.

STERLING HILLS WEST METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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. 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 HILLS WEST METROPOLITAN DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025
BUDGETARY BASIS

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 816,836	\$ 816,545	\$ (291)
Specific ownership taxes	49,010	48,021	(989)
Interest income	14,267	61,128	46,861
Total revenues	<u>880,113</u>	<u>925,694</u>	<u>45,581</u>
Expenditures			
County treasurer's fees	12,253	12,257	(4)
Contingency	5,497	-	5,497
Paying agent fees	3,500	4,325	(825)
Bond interest	448,750	448,750	-
Bond principal	415,000	415,000	-
Total expenditures	<u>885,000</u>	<u>880,332</u>	<u>4,668</u>
Net Change in Fund Balance	<u>(4,887)</u>	<u>45,362</u>	<u>50,245</u>
Fund Balance, Beginning of Year	<u>336,573</u>	<u>345,527</u>	<u>8,954</u>
Fund Balance, End of Year	<u>\$ 331,686</u>	<u>\$ 390,889</u>	<u>\$ 59,199</u>

See the accompanying notes to the basic financial statements.

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION -
UNAUDITED**

STERLING HILLS WEST METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

\$11,385,000 General Obligation Limited Tax Convertible to Unlimited Tax Refunding Bonds, Series 2017 Dated September 8, 2017 Interest Rates: 5.00% Payable June 1 st and December 1 st Principal Due December 1 st			
Year Ending December 31st,	Principal	Interest	Total
2026	\$ 435,000	\$ 428,000	\$ 863,000
2027	460,000	406,250	866,250
2028	480,000	383,250	863,250
2029	505,000	359,250	864,250
2030	530,000	334,000	864,000
2031	560,000	307,500	867,500
2032	585,000	279,500	864,500
2033	615,000	250,250	865,250
2034	645,000	219,500	864,500
2035	680,000	187,250	867,250
2036	710,000	153,250	863,250
2037	745,000	117,750	862,750
2038	785,000	80,500	865,500
2039	825,000	41,250	866,250
Total	\$ 8,560,000	\$ 3,547,500	\$ 12,107,500

**STERLING HILLS WEST METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND
PROPERTY TAXES COLLECTED
DECEMBER 31, 2025**

Year Ended December 31 st ,		Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2021	\$ 28,613,653	25.000	28.000	\$ 1,516,523	\$ 1,599,886	105.50%
2022	30,193,572	25.000	28.000	1,600,259	1,599,886	99.98%
2023	29,416,245	23.000	28.000	1,500,228	1,500,229	100.00%
2024	35,212,606	19.880	25.134	1,585,061	1,585,082	100.00%
2025	35,308,908	19.880	23.134	1,518,777	1,518,236	99.96%
Estimated for the Year Ending December 31, 2026	<u>\$ 35,519,992</u>	<u>19.880</u>	<u>23.134</u>	<u>\$ 1,527,857</u>		

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

Source: Arapahoe County Assessor and Treasurer.

STERLING HILLS WEST METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
(UNAUDITED)
DECEMBER 31, 2025

STERLING HILLS WEST METROPOLITAN DISTRICT

Ten Largest Owners of Taxable Property in the District ⁽¹⁾

<u>Taxpayer Name</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Public Service Company of Colorado (Xcel Energy)	\$ 810,750	2.28%
RB Sterling LLX	621,000	1.75%
AMH Development LLC	551,003	1.55%
Individual Property Owner	45,863	0.13%
Individual Property Owner	45,025	0.13%
Individual Property Owner	44,675	0.13%
Individual Property Owner	44,313	0.12%
Individual Property Owner	43,994	0.12%
Individual Property Owner	43,750	0.12%
Individual Property Owner	43,375	0.12%
All Others	33,226,244	93.54%
Total	<u>\$ 35,519,992</u>	<u>100%</u>

⁽¹⁾ Based upon information furnished by the Arapahoe County Assessor's Office