

**RESOLUTION**  
**ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES**  
**FOR THE CALENDAR YEAR 2023**

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The Board of Directors of Sterling Ranch Metropolitan District No. 3 (the “**Board**”), El Paso County, Colorado (the “**District**”), held a regular meeting at 2138 Flying Horse Club Dr., Colorado Springs, CO 80921 and via teleconference on November 15, 2022, at the hour of 11:45 AM.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2023 BUDGET

# AFFIDAVIT OF PUBLICATION

STATE OF COLORADO  
COUNTY OF EL PASO

I, Lorre Cosgrove, being first duly sworn, deposes and says that she is the Legal Sales Representative of The Colorado Springs Gazette, LLC., a corporation, the publishers of a daily/weekly public newspapers, which is printed and published daily/weekly in whole in the County of El Paso, and the State of Colorado, and which is called Colorado Springs Gazette; that a notice of which the annexed is an exact copy, cut from said newspaper, was published in the regular and entire editions of said newspaper **1 time(s) to wit 11/01/2022**

That said newspaper has been published continuously and uninterruptedly in said County of El Paso for a period of at least six consecutive months next prior to the first issue thereof containing this notice; that said newspaper has a general circulation and that it has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879 and any amendment thereof, and is a newspaper duly qualified for the printing of legal notices and advertisement within the meaning of the laws of the State of Colorado.

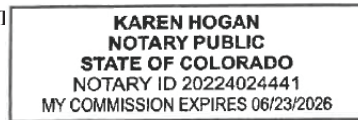


Lorre Cosgrove  
Sales Center Agent

Subscribed and sworn to me this 11/03/2022, at said City of Colorado Springs, El Paso County, Colorado.  
My commission expires June 23, 2026.



Karen Hogan  
Notary Public



**PUBLIC NOTICE**  
**NOTICE OF HEARING ON PROPOSED 2023 BUDGET AND 2022 BUDGET AMENDMENT**

NOTICE IS HEREBY GIVEN that the proposed budget for the ensuing year of 2023 has been submitted to the Sterling Ranch Metropolitan District No. 3 ("District"). Such proposed budget will be considered at a meeting and public hearing of the Board of Directors of the District to be held at 11:45 a.m. on November 15, 2022 at 2138 Flying Horse Club Drive, Colorado Springs, Colorado 80921 and via telephone and videoconference. To attend and participate by telephone, dial 720-547-5281 and enter passcode 324 389 3658. Information regarding public participation by videoconference will be available at least 24 hours prior to the meeting and public hearing online at [www.sterlingranchmetro.org](http://www.sterlingranchmetro.org) or by contacting Chelsea Falks by email at [Chelsea.falks@ciacconnect.com](mailto:Chelsea.falks@ciacconnect.com) or by telephone at 719-635-0330.

NOTICE IS FURTHER GIVEN that an amendment to the 2022 budget of the District may also be considered at the above-referenced meeting and public hearing of the Board of Directors of the District. A copy of the proposed 2023 budget and the amended 2022 budget, if required, are available for public inspection at the offices of CliftonLarsonAllen, LLP, 121 South Tejon Street, Suite 1100, Colorado Springs, Colorado 80903. Any interested elector within the District may, at any time prior to final adoption of the 2023 budget and the amended 2022 budget, if required, file or register any objections thereto.

STERLING RANCH METROPOLITAN DISTRICT NO. 3  
By: /s/ Doug Stimple, President  
Published in The Gazette November 1, 2022.

WHEREAS, the Board has designated its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 10.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2023 budget year, there is hereby levied a tax of 40.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2023 budget year, there is hereby levied a tax of

0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of El Paso County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

ADOPTED THIS NOVEMBER 15TH, 2022.

**DISTRICT:**

**STERLING RANCH METROPOLITAN DISTRICT NO. 3**, a quasi-municipal corporation and political subdivision of the State of Colorado

By: *James F Morley*  
James F Morley (Jan 26, 2023 15:09 PST)  
Officer of the District

Attest:

By: *Charles Collins*  
Charles Collins (Jan 19, 2023 10:37 MST)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law



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General Counsel to the District

STATE OF COLORADO  
COUNTY OF EL PASO  
STERLING RANCH METROPOLITAN DISTRICT NO. 3

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held at 2138 Flying Horse Club Dr., Colorado Springs, CO 80921 and via Teleconference on November 15, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 15th day of November, 2022.

*Charles Collins*  
Charles Collins (Jan 19, 2023 10:37 MST)

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**

**STERLING RANCH METROPLITAN DISTRICT NO. 3**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2023**



**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
SUMMARY  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 9,100	\$ 900	\$ 29,207
<b>REVENUES</b>			
Property Taxes	3,300	8,830	5,799
Specific Ownership Taxes	285	883	580
Interest Income	30	48,198	65
Open Space Fees	-	18,500	19,425
Street Light Fees	-	13,500	14,175
Intergovernmental Revenue - SRMD 1	-	340,607	2,912
Intergovernmental Revenue - SRMD 2	-	103,959	115,484
Developer advance	-	60,000	60,000
Other Income	-	-	80
Total revenues	<u>3,615</u>	<u>594,477</u>	<u>218,520</u>
Total funds available	<u>12,715</u>	<u>595,377</u>	<u>247,726</u>
<b>EXPENDITURES</b>			
General Fund	11,815	211,234	229,295
Debt Service Fund	-	106	150
Capital Projects Fund	-	354,830	-
Total expenditures	<u>11,815</u>	<u>566,170</u>	<u>229,445</u>
Total expenditures and transfers out requiring appropriation	<u>11,815</u>	<u>566,170</u>	<u>229,445</u>
ENDING FUND BALANCES	<u>\$ 900</u>	<u>\$ 29,207</u>	<u>\$ 18,281</u>

No assurance provided. See summary of significant assumptions.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2023 BUDGET**  
**WITH 2021 ACTUAL AND 2022 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/2/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
<b>ASSESSED VALUATION</b>			
Agricultural	\$ 340	\$ 9,570	\$ 400
State assessed	2,430	560	6,210
Vacant land	61,930	166,470	109,370
Certified Assessed Value	<u>\$ 64,700</u>	<u>\$ 176,600</u>	<u>\$ 115,980</u>
<b>MILL LEVY</b>			
General	10.000	10.000	10.000
Debt Service	40.000	40.000	40.000
Total mill levy	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>
<b>PROPERTY TAXES</b>			
General	\$ 647	\$ 1,766	\$ 1,160
Debt Service	2,588	7,064	4,639
Levied property taxes	3,235	8,830	5,799
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	<u>\$ 3,235</u>	<u>\$ 8,830</u>	<u>\$ 5,799</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	<b>\$ 647</b>	<b>\$ 1,766</b>	<b>\$ 1,160</b>
Debt Service	<b>\$ 2,588</b>	<b>\$ 7,064</b>	<b>\$ 4,639</b>
	<b><u>\$ 3,235</u></b>	<b><u>\$ 8,830</u></b>	<b><u>\$ 5,799</u></b>

No assurance provided. See summary of significant assumptions.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
GENERAL FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 9,100	\$ 900	\$ 21,507
<b>REVENUES</b>			
Property Taxes	3,300	1,766	1,160
Specific Ownership Taxes	285	177	116
Interest Income	30	12	-
Open Space Fees	-	18,500	19,425
Street Light Fees	-	13,500	14,175
Intergovernmental Revenue - SRMD 1	-	33,927	2,912
Intergovernmental Revenue - SRMD 2	-	103,959	115,484
Developer advance	-	60,000	60,000
Total revenues	3,615	231,841	213,272
Total funds available	12,715	232,741	234,779
<b>EXPENDITURES</b>			
General and Administrative			
Accounting	4,547	12,000	20,000
Audit	-	20,012	9,800
Banking Fees	-	550	500
County Treasurer's fee	-	26	17
Dues and Subscriptions	-	4,433	4,500
Engineering	-	1,125	-
Insurance	2,017	6,352	6,500
District Management	-	40,000	45,000
Legal	4,547	70,000	30,000
Miscellaneous	704	600	500
Landscaping and Maintenance	-	25,000	50,000
Utilities	-	20,000	50,000
Webiste Development	-	4,180	2,500
Election Expense	-	6,956	5,000
Contingency	-	-	4,978
Total expenditures	11,815	211,234	229,295
Total expenditures and transfers out requiring appropriation	11,815	211,234	229,295
ENDING FUND BALANCE	\$ 900	\$ 21,507	\$ 5,483
EMERGENCY RESERVE	\$ 200	\$ 5,200	\$ 4,700
AVAILABLE FOR OPERATIONS	700	16,307	783
TOTAL RESERVE	\$ 900	\$ 21,507	\$ 5,483

No assurance provided. See summary of significant assumptions.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3**  
**DEBT SERVICE FUND**  
**2023 BUDGET**  
**WITH 2021 ACTUAL AND 2022 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/2/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 7,700
<b>REVENUES</b>			
Property Taxes	-	7,064	4,639
Specific Ownership Taxes	-	706	464
Interest Income	-	36	65
Other Income	-	-	80
Total revenues	-	7,806	5,248
Total funds available	-	7,806	12,948
<b>EXPENDITURES</b>			
County Treasurer's fee	-	106	70
Contingency	-	-	80
Total expenditures	-	106	150
Total expenditures and transfers out requiring appropriation	-	106	150
ENDING FUND BALANCE	\$ -	\$ 7,700	\$ 12,798

No assurance provided. See summary of significant assumptions.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
CAPITAL PROJECTS FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

12/2/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Intergovernmental Revenues - SRMD 1	-	306,680	-
Reimbursed expenditures	-	48,150	-
Total revenues	-	354,830	-
TRANSFERS IN			
Transfers from other funds	-	-	-
Total funds available	-	354,830	-
EXPENDITURES			
Capital Outlay	-	350	-
Intergovernmental Expenditures - SRMD 1	-	306,330	-
Engineering	-	48,150	-
Total expenditures	-	354,830	-
Total expenditures and transfers out requiring appropriation	-	354,830	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The Sterling Ranch Metropolitan District No. 3 (“the District”), a quasi-municipal corporation and a 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 Consolidated Service Plan, approved by the City of Colorado Springs on March 7, 2011, formed the Sterling Ranch Metropolitan Districts Nos. 1 – 3 (“The Districts”) The District's service area is located in El Paso County, Colorado.

The District was organized to provide planning, acquisition, construction, installation and financing of public improvements, including streets, water, wastewater, traffic and safety, park and recreation, mosquito control, television relay and transportation facilities, primarily for residential and commercial development. The District was organized in conjunction with Sterling Ranch Metropolitan District No. 1 ("District No. 1") and Sterling Ranch Metropolitan District No. 2 ("District No. 2") to serve the needs of the Sterling Ranch development for the purpose of financing, construction and operation of improvements and infrastructure serving the three districts.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**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.

The calculation of the taxes levied is displayed on the Property Tax Summary Information page of the budget.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

**Property Taxes – (continued)**

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 10% of the property taxes collected.

**Open Space and Street Light Fees**

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

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on historical interest earnings.

**Intergovernmental Revenue**

The District anticipates the collection of taxes in Districts Nos. 1 and 2, which will be transferred to fund administrative and operating and capital infrastructure expenditures.

**Expenditures**

**Administrative and Operating Expenditures**

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense.

**County Treasurer's Fees**

County Treasurer's Fees have been computed at 1.5% of property tax collections.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

**Developer Advances**

The District entered into a Reimbursement Agreement (Agreement) with the Developer. The District agrees to repay the Developer along with accrued interest, at the Prime Rate plus 2 points beginning on the date the advance were made to the date of repayment. The Agreement does not constitute a multiple-fiscal year obligation.

The District has no operating or capital leases.

**Schedule of Long Term Obligations**

	Balance - December 31, 2021	Additions	Retirements	Anticipated Balance - December 31, 2022
Developer Advances - Operating	\$ 475	\$ 60,000	\$ -	\$ 60,475
Accrued Interest - Developer Advances: Operating	-	4,950	-	4,950
<b>Total</b>	<b>\$ 475</b>	<b>\$ 64,950</b>	<b>\$ -</b>	<b>\$ 65,425</b>
	Anticipated Balance - December 31, 2022	Additions	Retirements	Anticipated Balance - December 31, 2023
Developer Advances - Operating	\$ 60,475	\$ 60,000	\$ -	\$ 120,475
Accrued Interest - Developer Advances: Operating	4,950	10,348	-	15,298
<b>Total</b>	<b>\$ 65,425</b>	<b>\$ 70,348</b>	<b>\$ -</b>	<b>\$ 135,773</b>

**Reserves**

**Emergency Reserve**

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR

**This information is an integral part of the accompanying budget.**