

LETTER OF BUDGET TRANSMITTAL

Date: January 31, 2024

To: Division of Local Government  
1313 Sherman Street, Room 521  
Denver, Colorado 80203

Attached are the 2024 budget and budget message for STERLING RANCH METROPOLITAN DISTRICT NO. 3 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 28, 2023. If there are any questions on the budget, please contact:

Josh Miller, District Manager  
c/o CliftonLarsonAllen LLP  
121 S. Tejon Street, Suite 1100  
Colorado Springs, CO 80903  
Telephone number: 303-779-5710

I, Josh Miller, District Manager of the Sterling Ranch Metropolitan District No. 3, hereby certify that the attached is a true and correct copy of the 2024 budget.

By:



\_\_\_\_\_  
Josh Miller, District Manager

**RESOLUTION**  
**ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES**  
**FOR THE CALENDAR YEAR 2024**

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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, via teleconference on November 28, 2023, 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.

*[Remainder of Page Intentionally Left Blank]*

NOTICE AS TO PROPOSED 2024 BUDGET



WHEREAS, the Board has designated its legal counsel 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 2024. 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 2024 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 2024 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 2024 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 2024 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.

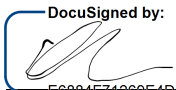
Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

*[Remainder of Page Intentionally Left Blank]*

ADOPTED NOVEMBER 28, 2023.

**DISTRICT:**

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


By:    
 Officer of the District

Attest:

By:    
 1A147143F6A74F1...

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

   
 4CDD94B6E70458...  
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 via teleconference on November 28, 2023, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 28<sup>th</sup> day of November, 2023.

DocuSigned by:  
   
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**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**



**STERLING RANCH METROPOLITAN DISTRICT NO. 3**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2024**

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
SUMMARY  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 900	\$ (59,665)	\$ 175,022
REVENUES			
Property taxes	8,830	5,799	6,279
Specific ownership taxes	948	482	628
Channel Improvement Fees	-	283,000	396,000
Open Space Fees	20,109	21,012	27,316
Street Light Fee	14,244	14,894	19,362
Interest income	75	1,500	1,500
Developer advance	60,000	437,333	560,434
Other revenue	7,109	-	1,490
Intergovernmental revenues	1,937,435	403,773	373,625
Developer contribution	-	203,665	-
Total revenues	<u>2,048,750</u>	<u>1,371,458</u>	<u>1,386,634</u>
TRANSFERS IN	<u>388</u>	<u>-</u>	<u>-</u>
Total funds available	<u>2,050,038</u>	<u>1,311,793</u>	<u>1,561,656</u>
EXPENDITURES			
General Fund	287,324	587,759	359,800
Debt Service Fund	106	4,070	6,000
Capital Projects Fund	1,821,885	544,942	812,052
Total expenditures	<u>2,109,315</u>	<u>1,136,771</u>	<u>1,177,852</u>
TRANSFERS OUT	<u>388</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>2,109,703</u>	<u>1,136,771</u>	<u>1,177,852</u>
ENDING FUND BALANCES	<u>\$ (59,665)</u>	<u>\$ 175,022</u>	<u>\$ 383,804</u>
EMERGENCY RESERVE	\$ 6,000	\$ 18,000	\$ 18,600
TOTAL RESERVE	<u>\$ 6,000</u>	<u>\$ 18,000</u>	<u>\$ 18,600</u>

No assurance provided. See summary of significant assumptions.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
PROPERTY TAX SUMMARY INFORMATION  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/25/24

ACTUAL	ESTIMATED	BUDGET
2022	2023	2024

**ASSESSED VALUATION**

Agricultural	\$ 9,570	\$ 400	\$ 410
State assessed	560	6,210	2,400
Vacant land	166,470	109,370	122,760
Certified Assessed Value	\$ 176,600	\$ 115,980	\$ 125,570

**MILL LEVY**

General	10.000	10.000	10.000
Debt Service	40.000	40.000	40.000
Total mill levy	50.000	50.000	50.000

**PROPERTY TAXES**

General	\$ 1,766	\$ 1,160	\$ 1,256
Debt Service	7,064	4,639	5,023
Levied property taxes	8,830	5,799	6,279
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	\$ 8,830	\$ 5,799	\$ 6,279

**BUDGETED PROPERTY TAXES**

<b>General</b>	<b>\$ 1,766</b>	<b>\$ 1,160</b>	<b>\$ 1,256</b>
<b>Debt Service</b>	<b>7,064</b>	<b>4,639</b>	<b>5,023</b>
	<b>\$ 8,830</b>	<b>\$ 5,799</b>	<b>\$ 6,279</b>

**STERLING RANCH METROPOLITAN DISTRICT NO. 3**  
**GENERAL FUND**  
**2024 BUDGET**  
**WITH 2022 ACTUAL AND 2023 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 900	\$ (27,622)	\$ 114,188
<b>REVENUES</b>			
Property taxes	1,766	1,160	1,256
Specific ownership taxes	190	96	126
Open Space Fees	20,109	21,012	27,316
Street Light Fee	14,244	14,894	19,362
Interest income	30	1,000	1,000
Developer advance	60,000	130,533	-
Channel Improvement Fees	-	283,000	396,000
Developer contribution	-	158,847	-
Other revenue	7,109	-	1,315
Intergovernmental revenues	155,742	119,027	173,625
Total revenues	<u>259,190</u>	<u>729,569</u>	<u>620,000</u>
Total funds available	<u>260,090</u>	<u>701,947</u>	<u>734,188</u>
<b>EXPENDITURES</b>			
General and administrative			
Accounting	39,293	62,756	70,000
Auditing	20,012	9,800	11,000
County Treasurer's fee	27	17	19
Dues and membership	4,433	4,500	5,000
Insurance	5,856	9,564	6,500
District management	47,204	50,892	56,000
Legal	87,022	58,130	65,000
Miscellaneous	3,557	18	-
Banking fees	336	-	-
Directors' fees	-	-	4,800
Election	11,712	9,000	-
Contingency	-	-	7,981
Website	4,180	2,500	-
Operations and maintenance			
Engineering	1,306	5,730	7,500
Landscaping	38,354	350,000	100,000
Snow removal	-	6,000	6,000
Utilities	24,032	18,852	20,000
Total expenditures	<u>287,324</u>	<u>587,759</u>	<u>359,800</u>
<b>TRANSFERS OUT</b>			
Transfer to other funds	<u>388</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>287,712</u>	<u>587,759</u>	<u>359,800</u>
ENDING FUND BALANCES	<u>\$ (27,622)</u>	<u>\$ 114,188</u>	<u>\$ 374,388</u>
EMERGENCY RESERVE	<u>\$ 6,000</u>	<u>\$ 18,000</u>	<u>\$ 18,600</u>
TOTAL RESERVE	<u>\$ 6,000</u>	<u>\$ 18,000</u>	<u>\$ 18,600</u>

No assurance provided. See summary of significant assumptions.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
DEBT SERVICE FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ 7,762	\$ 9,217
<b>REVENUES</b>			
Property taxes	7,064	4,639	5,023
Specific ownership taxes	758	386	502
Interest income	46	500	500
Other revenue	-	-	175
Total revenues	7,868	5,525	6,200
Total funds available	7,868	13,287	15,417
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fee	106	70	75
Paying agent fees	-	4,000	4,000
Contingency	-	-	1,925
Total expenditures	106	4,070	6,000
Total expenditures and transfers out requiring appropriation	106	4,070	6,000
ENDING FUND BALANCES	\$ 7,762	\$ 9,217	\$ 9,417

No assurance provided. See summary of significant assumptions.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
CAPITAL PROJECTS FUND  
2024 BUDGET  
WITH 2022 ACTUAL AND 2023 ESTIMATED  
For the Years Ended and Ending December 31,**

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ (39,804)	\$ 51,618
REVENUES			
Developer advance	-	306,800	560,434
Developer contribution	-	44,818	-
Intergovernmental revenues	1,781,693	284,746	200,000
Total revenues	<u>1,781,693</u>	<u>636,364</u>	<u>760,434</u>
TRANSFERS IN			
Transfers from other funds	<u>388</u>	<u>-</u>	<u>-</u>
Total funds available	<u>1,782,081</u>	<u>596,560</u>	<u>812,052</u>
EXPENDITURES			
General and Administrative			
Accounting	-	2,728	5,000
Capital Projects			
Landscaping	-	300,000	500,000
Engineering	178,258	180,660	145,000
Capital outlay	1,643,627	61,554	162,052
Total expenditures	<u>1,821,885</u>	<u>544,942</u>	<u>812,052</u>
Total expenditures and transfers out requiring appropriation	<u>1,821,885</u>	<u>544,942</u>	<u>812,052</u>
ENDING FUND BALANCES	<u>\$ (39,804)</u>	<u>\$ 51,618</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
2024 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  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

**Property Taxes – (continued)**

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

**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.

**Developer Advance**

Developer advances are expected to fund a portion of general fund and capital projects fund expenditures. Developer advances are to be recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to issue bonds to reimburse the Developer.

**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.



**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

**Channel Improvement Fees**

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

**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.

**Capital Outlay**

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

**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 of 8% 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.

**STERLING RANCH METROPOLITAN DISTRICT NO. 3  
2024 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (continued)**

	Balance - December 31, 2022	Additions	Retirements	Anticipated Balance - December 31, 2023*
Developer Advances - Operating	\$ 60,475	\$ 130,533	\$ -	\$ 191,008
Accrued Interest Developer Advances - Operating	1,203	10,059	-	11,262
Developer Advances - Capital	-	306,800	-	306,800
Accrued Interest Developer Advances - Capital	-	12,272	-	12,272
<b>Total</b>	<b>\$ 61,678</b>	<b>\$ 459,664</b>	<b>\$ -</b>	<b>\$ 521,342</b>

	Anticipated Balance - December 31, 2023*	Additions	Retirements	Anticipated Balance - December 31, 2024*
Developer Advances - Operating	\$ 191,008	\$ -	\$ -	\$ 191,008
Accrued Interest Developer Advances - Operating	11,262	15,281	-	26,543
Developer Advances - Capital	306,800	523,864	-	830,664
Accrued Interest Developer Advances - Capital	12,272	45,499	-	57,771
<b>Total</b>	<b>\$ 521,342</b>	<b>\$ 584,643</b>	<b>\$ -</b>	<b>\$ 1,105,986</b>

\* - Estimate

**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.**



**CERTIFICATION OF TAX LEVIES, continued**

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

**BONDS<sup>J</sup>:**

1.	Purpose of Issue:	Public Infrastructure Improvements
	Series:	Anticipated Bonds
	Date of Issue:	Unknown at this time
	Coupon Rate:	Unknown at this time
	Maturity Date:	Unknown at this time
	Levy:	40.000
	Revenue:	\$ 5,023

2.	Purpose of Issue:	_____
	Series:	_____
	Date of Issue:	_____
	Coupon Rate:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____

**CONTRACTS<sup>K</sup>:**

3.	Purpose of Contract:	_____
	Title:	_____
	Date:	_____
	Principal Amount:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____

4.	Purpose of Contract:	_____
	Title:	_____
	Date:	_____
	Principal Amount:	_____
	Maturity Date:	_____
	Levy:	_____
	Revenue:	_____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.