

ANNUAL INFORMATION REPORT
for the year 2022
SORREL RANCH METROPOLITAN DISTRICT

As required by Section 32-1-207(3)(c), C.R.S. and Section VIII of the Amended and Restated Service Plan for Sorrel Ranch Metropolitan District (the “**District**”), as approved by the City of Aurora, Colorado (the “**City**”) on August 30, 2004, as subsequently modified, the following report of the activities of the District from January 1, 2022 to December 31, 2022 is hereby submitted.

- (1) **Boundary changes made or proposed to the District’s boundary as of December 31 of the prior year.** No boundary changes were made or proposed during 2022.
- (2) **Intergovernmental Agreements with other governmental entities, entered into, proposed, or terminated as of December 31 of the prior year.** No intergovernmental agreements were entered into, proposed, or terminated during 2022.
- (3) **Copies of the District’s rules and regulations, if any as of December 31 of the prior year / Access information to obtain a copy of rules and regulations adopted.** The District has not adopted any rules and regulations as of December 31, 2022. In the event the District adopts such in the future, they may be accessed at the offices of Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228, or on the District’s website: <https://sorrelranchmd.colorado.gov>.
- (4) **A summary of any litigation which involved the District Public Improvements as of December 31 of the prior year.** The District was not involved in any litigation during 2022.
- (5) **Status of the District’s construction of the Public Improvements as of December 31 of the prior year.** There were no public improvements constructed by the District in 2022.
- (6) **A list of all facilities and improvements constructed by the District that have been conveyed or dedicated to and accepted by the City as of December 31 of the prior year.** No facilities or improvements constructed by the District have been conveyed or dedicated to and accepted by the City during 2022.
- (7) **The assessed valuation of the District for the current year.** \$23,435,223
- (8) **Current year budget including a description of the Public Improvements to be constructed in such year.** A copy of the 2023 Budget is attached hereto as **Exhibit A**. There are no public improvements planned to be constructed by the District in 2023.
- (9) **Audit of the District’s financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption; if applicable.** A copy of the 2022 Audit will be transmitted upon its completion.

- (10) **Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.** To our knowledge, there were no uncured events of default by the District which continued beyond a ninety (90) day period.
- (11) **Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.** To our knowledge, the District has been able to pay its obligations as they come due.

EXHIBIT A
2023 BUDGET

SORREL RANCH METROPOLITAN DISTRICT

2023 Budget Message

Introduction

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by the order and decree of the District Court for Arapahoe County on November 18, 2002, and recorded December 31, 2002. The District is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the Amended and Restated Service Plan as approved by the City of Aurora on August 30, 2004 and modified August 14, 2006. The District's service area is located entirely in Arapahoe County, Colorado in the City of Aurora. The District was established to provide financing for the design, acquisition, construction, installation and operation and maintenance of public improvements including streets and safety protection, water, sanitary sewer and storm drainage, park and recreation and mosquito control.

The 2023 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2023 fiscal year based on available revenues. This budget provides for the annual debt service on the District's outstanding debt as well as the general operation of the District and capital improvements.

The District's 2022 assessed value increased to \$23,435,223 from \$23,122,940 the prior year. The District's mill levy is 49.644 mills for taxes to be collected in the 2023 fiscal year, with 6.000 mills certified to the General Fund, 42.500 mills certified to the Debt Service Fund, and 1.144 mills certified to the South Aurora Regional Improvement Authority (SARIA). The SARIA mill levy is required pursuant to the South Aurora Regional Improvement Authority Establishment Agreement, as amended.

Budgetary Basis of Accounting

The District uses Funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the District's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within 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. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

General Fund is used to account for resources traditionally associated with government such as property taxes, specific ownership taxes and expenditures which include district administration, legal services, and other expenses related to statutory operations of a local government. The District's primary source of operating revenue for 2023 is from property taxes and specific ownership taxes.

Debt Service Fund is used to account for property taxes and other revenues dedicated to pay the fiscal year's debt expense which includes principal payments, interest payments, and administrative costs associated with debt issues. The primary source of revenue comes from property taxes and specific ownership taxes.

Limited Tax General Obligation Refunding Bonds, Series 2020. On October 8, 2020, the District issued Limited Tax General Obligation Refunding Bonds, Series 2020 (the "Series 2020 Bonds") in the principal amount of \$13,425,000. The proceeds from the sale of the Bonds were used for the purpose of: (i) paying the costs of the Refunding Project, (ii) purchasing the Insurance Policy and the Reserve Fund Insurance Policy, and (iii) paying the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds shall be secured by a Municipal Bond Insurance Policy and a Debt Service Reserve Fund Insurance Policy provided by Assured Guaranty Municipal Corp ("AGM") in accordance with the terms of Commitments relating to the Bonds dated September 22, 2020 between the District and AGM. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy (see below), Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available moneys of the District credited to the Bond Fund.

The Bonds are not secured by property lying within the District, but rather by, among other things, the District's obligation to annually determine, fix and certify a rate of levy, not to exceed the Required Mill Levy. The District has covenanted in the Bond Resolution to impose the Required Mill Levy on all of the taxable property of the District, in an amount sufficient to the pay the principal of, premium if any, and interest on the Bonds as they become due and payable, and to replenish the Reserve Fund in the amount of the Reserve Fund Requirement, but not in excess of 50.000 mills, as adjusted. The Reserve Fund Requirement is the least of: (i) 10% of the proceeds of the Bonds, (ii) the maximum annual principal and interest payable with respect to the Bonds, or (iii) 125% of the average annual principal and interest payable with respect to the Bonds. The Reserve Fund is funded with the issuance of the Debt Service Reserve Fund Insurance Policy, as mentioned above.

The Series 2020 Bonds were issued as serial bonds and term bonds bearing interest at 2.00% to 5.00%, payable semiannually on June 1 and December 1, beginning on December 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2021. The Serial Bonds maturing on and after December 1, 2031 are subject to redemption prior to maturity, at the option of the District, as a whole or in multiples of \$5,000, on December 1, 2030, with no redemption premium.

The principal and interest payments in 2023 are provided based on the debt amortization schedule from the Limited Tax General Obligation Refunding Bonds, Series 2020.

Series 2020 General Obligation Bonds

Year Ending December 31,	Principal	Interest	Total
2023	\$ 415,000	\$ 469,625	\$ 884,625
2024	420,000	461,325	881,325
2025	445,000	440,325	885,325
2026-2030	2,570,000	1,845,875	4,415,875
2031-2035	3,210,000	1,201,075	4,411,075
2036-2040	3,870,000	541,675	4,411,675
2041-2042	1,695,000	63,750	1,758,750
Totals	\$ 12,625,000	\$5,023,650	\$17,648,650

Capital Projects Fund is used to account for revenues and expenditures to complete capital projects such as new improvements and upgrades to existing infrastructure.

Emergency Reserve

As required under Section 20 of Article X of the Colorado Constitution (“TABOR”), the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.

SORREL RANCH METROPOLITAN DISTRICT
Assessed Value, Property Tax and Mill Levy Information

	2021 Actual	2022 Adopted Budget	2023 Adopted Budget
Assessed Valuation	\$ 20,240,887	\$ 23,122,940	\$ 23,435,223
Mill Levy			
General Fund	6.000	6.000	6.000
Debt Service Fund	42.500	42.500	42.500
SARIA	1.112	1.112	1.144
Total Mill Levy	49.612	49.612	49.644
Property Taxes			
General Fund	\$ 121,445	\$ 138,738	\$ 140,611
Debt Service Fund	860,238	982,725	995,997
SARIA	22,508	25,713	26,810
Actual/Budgeted Property Taxes	\$ 1,004,191	\$ 1,147,176	\$ 1,163,418

SORREL RANCH METROPOLITAN DISTRICT

GENERAL FUND

2023 Adopted Budget

with 2021 Actual, 2022 Adopted Budget and 2022 Estimated

	2021 Actual	2022 Adopted Budget	2022 Estimated	2023 Adopted Budget
BEGINNING FUND BALANCE	\$ 171,807	\$ 232,452	\$ 252,490	\$ 357,606
REVENUE				
Property Taxes	121,509	138,737	138,737	140,611
Specific ownership tax	8,562	9,712	9,712	8,437
Interest Income	142	1,000	4,000	10,000
Administrative Fee	4,600	15,000	15,000	15,000
Total Revenue	134,814	164,449	167,449	174,048
Total Funds Available	306,620	396,901	419,939	531,654
EXPENDITURES				
Accounting	21,945	24,200	12,000	13,000
Audit Fees	3,750	4,100	7,000	7,500
Election Expense	-	5,000	1,254	1,500
County Treasurer fees	1,823	2,081	2,081	2,109
Dues & Membership	323	450	350	350
Director's Fees	739	1,600	1,600	1,600
Payroll taxes	-	-	122	122
Insurance and Bonds	2,526	3,300	3,426	4,000
District Management	9,235	19,800	12,000	13,000
Legal Services	13,751	22,000	22,000	22,000
Miscellaneous	38	500	500	500
Contingency	-	20,069	-	20,000
Total Expenditures	54,130	103,100	62,333	85,681
Transfers and Other Sources (Uses)				
Emergency Reserve	-	(5,000)	-	(5,000)
Total Expenditures Requiring Appropriation	54,130	108,100	62,333	90,681
ENDING FUND BALANCE	\$ 252,490	\$ 288,801	\$ 357,606	\$ 440,972

SORREL RANCH METROPOLITAN DISTRICT

DEBT SERVICE FUND

2023 Adopted Budget

with 2021 Actual, 2022 Adopted Budget and 2022 Estimated

	2021 Actual	2022 Adopted Budget	2022 Estimated	2023 Adopted Budget
BEGINNING FUND BALANCE	\$ 46,001	\$ 63,939	\$ 73,128	\$ 228,678
REVENUE				
Prpoerty Taxes	860,206	982,725	982,725	995,997
Specific Ownership Tax	60,646	68,791	68,791	59,760
Interest Income	508	600	4,000	
Total Revenue	921,360	1,052,116	1,055,516	1,055,757
Total Funds Available	967,361	1,116,055	1,128,644	1,284,435
EXPENDITURES				
Bond Principal	395,000	405,000	405,000	415,000
Interest expense - bonds	485,625	477,725	477,725	469,625
County Treasurer's fee	12,909	14,741	14,741	14,940
Paying agent / trustee fees	700	2,500	2,500	2,500
Contingency	-	5,032	-	5,000
Total Expenditures	894,234	904,998	899,966	907,065
Total Expenditures Requiring Appropriation	894,233	904,998	899,966	907,065
ENDING FUND BALANCE	\$ 73,128	\$ 211,057	\$ 228,678	\$ 377,370

SORREL RANCH METROPOLITAN DISTRICT

CAPITAL PROJECTS FUND

2023 Adopted Budget

with 2021 Actual, 2022 Adopted Budget and 2022 Estimated

	2021 Actual	2022 Adopted Budget	2022 Estimated	2023 Adopted Budget
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ 1,100
REVENUE				
Property Taxes - SARIA	22,494	25,713	25,713	26,810
Specific Ownership Tax	-	-	1,000	1,609
Interest Income	-	-	100	100
Total Revenue	22,494	25,713	26,813	28,519
Total Funds Available	22,494	25,713	26,813	29,619
EXPENDITURES				
SARIA Payment	22,157	25,327	25,327	26,408
County Treasurer's Fee	338	386	386	402
Total Expenditures	22,494	25,713	25,713	26,810
Total Expenditures Requiring Appropriation	22,494	25,713	25,713	26,810
ENDING FUND BALANCE	\$ -	\$ -	\$ 1,100	\$ 2,809