

SORREL RANCH METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
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NOTICE OF SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Mark Selden	President	2022/May 2022
David Bourne	Treasurer	2023/May 2023
Ryan C. Jones	Assistant Secretary	2022/May 2022
Rebecca Stricker	Assistant Secretary	2023/May 2022
VACANT		2022/May 2022
David Solin	Secretary	

DATE: **June 1, 2021 (Tuesday)**

TIME: **6:30 P.M.**

PLACE: DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD BY CONFERENCE CALL WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE CALL IN TO THE CONFERENCE BRIDGE AT 1-877-250-3814 AND WHEN PROMPTED, DIAL IN THE PASSCODE OF 5592663.

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda, confirm location/manner of the meeting and posting of meeting notices and designate 24-hour posting location.

C. Review and approve Minutes of the November 9, 2020 Special Meeting (enclosure).

D. Discuss vacancy on the Board.

- E. Consider Appointment of Officers.

President: _____
 Secretary: _____
 Treasurer: _____
 Assistant Secretary: _____
 Assistant Secretary: _____

- F. Consider appointment of new alternate to the South Aurora Regional Improvement Authority Board.
-

II. PUBLIC COMMENTS

- A. _____

III. FINANCIAL MATTERS

- A. Consider approval of 2020 Audit and authorize execution of the Audit Representations Letter (enclosure).
-

- B. Review and ratify the approval of the payment of claims as follows (enclosures):

Fund	Period Ending Nov. 12, 2020	Period Ending Dec. 16, 2020	Period Ending Jan. 31, 2021	Period Ending Feb. 4, 2021
General	\$ 11,556.59	\$ 10,872.62	\$ 2,797.14	\$ 3,444.44
Debt Service	\$ -0-	\$ -0-	\$ 43,700.00	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 11,556.59	\$ 10,872.62	\$ 46,497.14	\$ 3,444.44

Fund	Period Ending March 19, 2021	Period Ending April, 14, 2021	Period Ending May 31, 2021
General	\$ 4,610.76	\$ 2,321.07	\$ 1,032.57
Debt Service	\$ -0-	\$ 39,900.00	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 4,610.76	\$ 42,221.07	\$ 1,032.57

- C. Review and accept the unaudited financial statements through March 31, 2021 (enclosure).
-

- D. Consider adoption of Resolution No. 2021-06-01; Resolution Authorizing Adjustment of the District Mill Levy in Accordance with Colorado Constitution, Article X, Section 3 (enclosure).
-

IV. LEGAL MATTERS

- A. Review and consider Second Amendment to Resolution No. 2013-11-04 Regarding Colorado Open Records Act Requests (enclosure).
-

V. OTHER MATTERS

- A. _____
-

- VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 2, 2021 AT 6:30 P.M.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT HELD NOVEMBER 9, 2020

A Special Meeting of the Board of Directors (referred to hereafter as “Board”) of the Sorrel Ranch Metropolitan District (referred to hereafter as “District”) was convened on Monday, the 9th day of November, 2020, at 6:00 p.m. Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the virus by limiting in-person contact, this District Board meeting was held via conference call. The meeting was open to the public via conference call.

ATTENDANCE

Directors In Attendance Were:

Mark Selden
David Bourne

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the absence of Ryan C. Jones was excused.

Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Megan Becher, Esq.; McGeady Becher P.C.

Vy Nguyen; CliftonLarsonAllen LLP

Rebecca “Becky” Stricker; Board Candidate

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. There were no potential conflicts disclosed and it was noted that all members of the Board are residents of the District.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: Mr. Solin distributed for the Board's review and approval a proposed Agenda for the District's Special Meeting.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Agenda was approved, as amended.

Meeting Location/Posting of Notice: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board determined that due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, this District Board meeting was held by conference call at the above-stated time and date. The Board further noted that notice of the time, date and manner was duly posted and that they have not received any objections to the manner or any requests that the meeting manner be changed by taxpaying electors within the District's boundaries.

Board Appointment: The Board entered into discussion regarding the appointment of qualified individual Rebecca Stricker to the Board of Directors.

Following discussion, and upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board appointed Rebecca Stricker to the Board of Directors to fill a current vacancy.

Appointment of Officers: Upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the following slate of officers was appointed:

President	Mark Selden
Treasurer	David Bourne
Secretary	David Solin
Assistant Secretary	Ryan C. Jones
Assistant Secretary	Rebecca Stricker

Alternate Representative to the South Aurora Regional Improvement Authority: The Board deferred discussion.

RECORD OF PROCEEDINGS

Minutes: The Board reviewed the Minutes of the May 29, 2020 Special Meeting, June 25, 2020 Special Meeting, July 16, 2020 Special Meeting, September 17, 2020 Special Meeting and October 7, 2020 Special Meeting.

Following review, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board approved the Minutes of the May 29, 2020 Special Meeting, June 25, 2020 Special Meeting, July 16, 2020 Special Meeting, September 17, 2020 Special Meeting and October 7, 2020 Special Meeting, as presented.

Resolution No. 2020-11-01; Establishing 2021 Regular Meeting Dates, Times and Location, Establishing District Website and Designating Location for Posting of 24-Hour Notices: The Board discussed Resolution No. 2020-11-01; Establishing 2021 Regular Meeting Dates, Time and Location, Establishing District Website and Designating Locations for Posting of 24-Hour Notices.

The Board determined to schedule 2021 regular meeting dates on June 7, 2021 and November 8, 2021 at 6:30 P.M. at the Tollgate Crossing Community Center, 24625 E. Bellewood Drive, Aurora, Colorado.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-11-01; Establishing 2021 Regular Meeting Dates, Time and Location, Establishing District Website and Designating Location for Posting of 24-Hour Notices.

Transparency Notice Under §32-1-809, C.R.S.: The Board entered into discussion regarding §32-1-809, C.R.S Transparency Notice reporting requirements and mode of eligible elector notification.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board determined to post the required information on the Special District Association (“SDA”) website.

**PUBLIC
COMMENT**

There were no public comments.

**FINANCIAL
MATTERS**

Limited Tax General Obligation Refunding Bonds, Series 2020: Mr. Solin discussed with the Board. No action was taken.

Claims: The Board considered ratifying the approval of the payment of claims as follows:

RECORD OF PROCEEDINGS

Fund	Period Ending June 19, 2020	Period Ending July 9, 2020	Period Ending Aug. 10, 2020	Period Ending Sept. 14, 2020
General	\$ 8,706.62	\$ 1,864.40	\$ 8,117.17	\$ 6,757.51
Debt Service	\$ -0-	\$ 24,700.00	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ 1,250.00
Total Claims	\$ 8,706.62	\$ 26,564.40	\$ 8,117.17	\$ 8,007.51

Fund	Period Ending Oct. 7, 2020
General	\$ 5,210.43
Debt Service	\$ -0-
Capital Projects	\$ -0-
Total Claims	\$ 5,210.43

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board ratified approval of the payment of claims, as presented.

Financial Statements: Ms. Nguyen reviewed with the Board the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending September 30, 2020.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board accepted the unaudited financial statements through September 30, 2020, as presented.

2020 Audit: The Board entered into discussion regarding engaging Wipfli LLP to perform the 2020 Audit.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board approved the engagement of Wipfli LLP to perform the 2020 Audit, for an amount not to exceed \$3,750.

2020 Budget Amendment Hearing: Director Selden opened the Public Hearing to consider an Amendment to the 2020 Budget and to discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2020 Budget and the date, time and location of the Public Hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this Public Hearing. No public comments were received and the Public Hearing was closed.

Following review and discussion, the Board determined that an Amendment to the 2020 Budget was not necessary.

RECORD OF PROCEEDINGS

2021 Budget Hearing: Director Selden opened the Public Hearing to consider the proposed 2021 Budget and to discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2021 Budget and the date, time and location of the Public Hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this Public Hearing. No public comments were received and the Public Hearing was closed.

Ms. Nguyen reviewed the estimated 2020 expenditures and the proposed 2021 expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2020-11-02; Resolution to Adopt the 2021 Budget and Appropriate Sums of Money, and Resolution No. 2020-11-03; Resolution to Set Mill Levies (for the General Fund at 6.000 mills, for the Debt Service Fund at 42.500 mills, and for Other Fund(s) at 1.112 mills, for a total mill levy of 49.612 mills). Upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2020. Mr. Solin was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Arapahoe County not later than December 15, 2020. Mr. Solin was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2021. Copies of the adopted Resolutions are attached hereto and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Preparation of the 2022 Budget: The Board discussed preparation of the 2022 Budget.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne, and upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2022 Budget and set the Budget Hearing to consider adoption of the 2022 Budget for November 8, 2021.

Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3: The Board determined that the Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3, was not needed.

LEGAL MATTERS

Amended and Restated Resolution Regarding Continuing Disclosure Policies and Procedures: Attorney Becher discussed with the Board Resolution No. 2020-11-04; Amended and Restated Resolution Regarding Continuing Disclosure Policies and Procedures.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board approved Resolution No. 2020-11-04; Amended and Restated Resolution Regarding Continuing Disclosure Policies and Procedures.

McGeady Becher P.C. District Records Retention Policy: Attorney Becher presented to the Board the update to the McGeady Becher Records Retention Policy.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board acknowledged the update and directed a copy of the approved the McGeady Becher Records Retention Policy be attached to the Minutes for this meeting. Accordingly, a copy of the updated Document Retention Policy is attached hereto and incorporated herein by this reference.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By _____
Secretary for the Meeting

**SORREL RANCH METROPOLITAN DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**SORREL RANCH METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2020**

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INSERT INDEPENDENT AUDITOR'S REPORT

BASIC FINANCIAL STATEMENTS

**SORREL RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 221,533
Cash and Investments - Restricted	44,514
Accounts Receivable - Other	2,000
Receivable - County Treasurer	5,968
Property Taxes Receivable	1,004,191
Prepaid Expenses	2,976
Total Assets	1,281,182
LIABILITIES	
Accounts Payable	15,131
Payroll Taxes Payable	352
Due to TOUSA	43,700
Accrued Interest Payable	40,469
Noncurrent Liabilities:	
Due Within One Year	880,625
Due in More Than One Year	16,586,714
Total Liabilities	17,566,991
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	1,004,191
Total Deferred Inflows of Resources	1,004,191
NET POSITION	
Restricted for:	
Emergency Reserves	3,900
Unrestricted	(17,293,900)
Total Net Position	\$ (17,290,000)

See accompanying Notes to Basic Financial Statements.

**SORREL RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 98,065	\$ -	\$ -	\$ -	\$ (98,065)
Interest and Related Costs on Long-Term Debt	1,392,334	-	-	-	(1,392,334)
Total Governmental Activities	\$ 1,490,399	\$ -	\$ -	\$ -	(1,490,399)
 GENERAL REVENUES					
Property Taxes					1,198,130
Specific Ownership Taxes					86,439
Interest Income					2,857
Administration Fee					3,600
ARI Revenue					21,607
Total General Revenues					1,312,633
 CHANGE IN NET POSITION					
					(177,766)
Net Position - Beginning of Year					(17,112,234)
 NET POSITION - END OF YEAR					
					\$ (17,290,000)

See accompanying Notes to Basic Financial Statements.

(2)

DRAFT. NO ASSURANCE PROVIDED ON THESE FINANCIALS.

**SORREL RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 221,533	\$ -	\$ -	\$ 221,533
Cash and Investments - Restricted	3,900	40,614	-	44,514
Receivable - County Treasurer	581	5,387	-	5,968
Accounts Receivable	2,000	-	-	2,000
Property Taxes Receivable	121,445	860,238	22,508	1,004,191
Prepaid Expenses	2,976	-	-	2,976
Total Assets	\$ 352,435	\$ 906,239	\$ 22,508	\$ 1,281,182
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	15,131	-	-	15,131
Payroll Taxes Payable	352	-	-	352
Due to TOUSA	43,700	-	-	43,700
Total Liabilities	59,183	-	-	59,183
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenues	121,445	860,238	22,508	1,004,191
Total Deferred Inflows of Resources	121,445	860,238	22,508	1,004,191
FUND BALANCES				
Nonspendable:				
Prepaid Expense	2,976	-	-	2,976
Restricted for:				
Emergency Reserves	3,900	-	-	3,900
Debt Service	-	46,001	-	46,001
Unassigned	164,931	-	-	164,931
Total Fund Balances	171,807	46,001	-	217,808
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 352,435	\$ 906,239	\$ 22,508	

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

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(13,425,000)
Bond Premium	(1,654,298)
Accrued Bond Interest	(40,469)
Developer Advance Payable	(1,290,861)
Accrued Interest on Developer Advance	(1,097,180)
	(17,290,000)

Net Position of Governmental Activities

\$ (17,290,000)

See accompanying Notes to Basic Financial Statements.

**SORREL RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 116,584	\$ 1,081,546	\$ -	\$ 1,198,130
Specific Ownership Taxes	8,411	78,028	-	86,439
Interest Income	1,271	1,586	-	2,857
Administration Fee	3,600	-	-	3,600
Bond Proceeds	-	13,425,000	-	13,425,000
Bond Premium	-	1,674,053	-	1,674,053
ARI Revenue from Property Taxes	-	-	21,607	21,607
Total Revenues	<u>129,866</u>	<u>16,260,213</u>	<u>21,607</u>	<u>16,411,686</u>
EXPENDITURES				
Accounting	21,242	-	-	21,242
Audit	3,650	-	-	3,650
County Treasurer's Fees	1,750	16,230	324	18,304
Director Fees	2,100	-	-	2,100
District Management	18,296	-	-	18,296
Dues and Membership	320	-	-	320
Election	893	-	-	893
Insurance and Bonds	2,910	-	-	2,910
Legal	24,572	-	-	24,572
Miscellaneous	725	-	-	725
SARIA Contribution	-	-	-	-
Bond Interest - Series 2006 - Senior	-	290,806	-	290,806
Bond Interest - Series 2020	-	71,495	-	71,495
Bond Issue Costs	-	485,372	-	485,372
Paying Agent/Trustee Fees	-	2,021	-	2,021
Refunding Payment	-	15,361,846	-	15,361,846
SARIA Payment	-	-	21,283	21,283
Total Expenditures	<u>76,458</u>	<u>16,227,770</u>	<u>21,607</u>	<u>16,325,835</u>
NET CHANGE IN FUND BALANCES	53,408	32,443	-	85,851
Fund Balances - Beginning of Year	<u>118,399</u>	<u>13,558</u>	<u>-</u>	<u>131,957</u>
FUND BALANCES - END OF YEAR	<u>\$ 171,807</u>	<u>\$ 46,001</u>	<u>\$ -</u>	<u>\$ 217,808</u>

See accompanying Notes to Basic Financial Statements.

**SORREL RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 85,851

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

The issuance of long-term debt (e.g., bonds, Developer advances) 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. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Bond Issuance	(13,425,000)
Bond Premium	(1,674,053)
Principal Repayment - Series 2006 Senior	10,115,000
Principal Repayment - Series 2006 Subordinate	2,720,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of Bond Premium	19,755	
Accrued Interest on Developer Advances - Change in Liability	(63,201)	
Accrued Interest on Bonds - Change in Liability	2,043,882	2,000,436

Change in Net Position of Governmental Activities \$ (177,766)

**SORREL RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 116,584	\$ 116,584	\$ 116,584	\$ -
Specific Ownership Taxes	6,995	6,995	8,411	1,416
Interest Income	3,000	3,000	1,271	(1,729)
Administration Fee	1,500	1,500	3,600	2,100
Total Revenues	<u>128,079</u>	<u>128,079</u>	<u>129,866</u>	<u>1,787</u>
EXPENDITURES				
Accounting	20,000	22,000	21,242	(1,242)
Audit	3,500	3,500	3,650	(150)
County Treasurer's Fees	1,749	1,749	1,750	(1)
Director Fees	1,600	2,100	2,100	(500)
District Management	18,000	18,000	18,296	(296)
Dues and Membership	450	450	320	130
Election	1,000	1,000	893	107
Insurance and Bonds	3,300	3,300	2,910	390
Legal Services	18,000	25,000	24,572	(6,572)
Miscellaneous	500	500	725	(225)
Contingency	2,901	2,401	-	2,901
Total Expenditures	<u>71,000</u>	<u>80,000</u>	<u>76,458</u>	<u>(5,458)</u>
NET CHANGE IN FUND BALANCES	57,079	48,079	53,408	5,329
Fund Balances - Beginning of Year	<u>118,399</u>	<u>98,914</u>	<u>118,399</u>	<u>19,485</u>
FUND BALANCES - END OF YEAR	<u>\$ 175,478</u>	<u>\$ 146,993</u>	<u>\$ 171,807</u>	<u>\$ 24,814</u>

See accompanying Notes to Basic Financial Statements.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

Sorrel Ranch Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, located entirely in the City of Aurora, Arapahoe County, Colorado, was organized on December 31, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide for the design, construction, acquisition, and financing of certain public improvements including street, safety protection, water, sanitation, storm drainage, mosquito control, and park and recreation facilities and improvements. The District operates pursuant to a Modified Amended and Restated Service Plan, as approved on August 4, 2004 and modified on August 14, 2006 by the City Council of the City of Aurora.

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 has no employees and all operations and administrative functions are contracted.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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.

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 taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation 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.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2020.

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. Delinquent taxpayers are notified in August and generally sale 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 unearned property tax revenues are recorded as revenue in the year they are available or collected.

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.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 221,533
Cash and Investments - Restricted	44,514
Total Cash and Investments	\$ 266,047

Cash and investments as of December 31, 2020, consist of the following:

Deposits with Financial Institutions	\$ 48,483
Investments	217,564
Total Cash and Investments	\$ 266,047

Cash Deposits

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, 2020, the District's cash deposits had a bank balance of \$49,255 and a carrying balance of \$48,483.

Investments

The District's formal investment policy is to follow state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 of the World Bank
- . Certain international agency securities
- . 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 collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	\$ 217,564

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 is 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. 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. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Reductions	Balance - December 31, 2020	Due Within One Year
Governmental Activities:					
G.O. Limited Tax Bonds:					
Series 2006 - Senior	\$ 10,115,000	\$ -	\$ 10,115,000	\$ -	\$ -
Series 2006 - Subordinate	2,720,000	-	2,720,000	-	-
Series 2020	-	13,425,000	-	13,425,000	395,000
Bond premium	-	1,674,053	19,755	1,654,298	485,625
Developer Advances					
Operating	289,574	-	-	289,574	-
Capital	1,001,287	-	-	1,001,287	-
Accrued Interest on					
Developer Advances					
Operating	232,967	14,178	-	247,145	-
Capital	801,012	49,023	-	850,035	-
Total	<u>\$ 15,159,840</u>	<u>\$ 15,162,254</u>	<u>\$ 12,854,755</u>	<u>\$ 17,467,339</u>	<u>\$ 880,625</u>

\$11,675,000 Senior General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2006, dated September 22, 2006, with interest of 5.75% (Senior 2006 Bonds). The District issued the Senior 2006 Bonds to pay project costs and costs of issuance. Interest is payable semiannually on June 1 and December 1. The bonds are term bonds due December 1, 2036, with mandatory sinking fund redemptions beginning December 1, 2010, and on every December 1 thereafter. All of the bonds are subject to redemption prior to maturity at the option of the District on December 1, 2016, and on any date thereafter without call premium.

\$2,735,000 Subordinate General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2006, dated September 22, 2006, with interest of 6.75% (Subordinate 2006 Bonds). The District issued the Subordinate 2006 Bonds to pay project costs and costs of issuance. Interest is payable annually on December 15. The bonds are term bonds due December 15, 2036, with mandatory sinking fund redemptions beginning December 15, 2010, and on every December 15 thereafter. All of the bonds are subject to redemption prior to maturity at the option of the District on December 15, 2016, and on any date thereafter without call premium.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The Senior 2006 Bonds and Subordinate 2006 Bonds (collectively the 2006 Bonds) are secured by the Pledged Revenues and all monies and earnings thereon held in the Funds or accounts created under the terms of separate Indenture of Trusts, each dated September 1, 2006, between the District and American National Bank (ANB), as trustee. The Senior 2006 Bonds Pledged Revenue consist of revenues derived from the imposition of the Required Mill Levy remitted to the District, Capital Fees including Facility Fees, Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available monies of the District credited to the Bond Fund (Senior Pledged Revenue). The Subordinate 2006 Bonds pledged revenue consists of the Required Mill levy, Capital Fees including Facility Fees, Specific Ownership Taxes attributable to the Required Mill Levy, any monies credited to the Senior 2006 Surplus Fund on the date the Senior 2006 Surplus Fund is terminated pursuant to the terms of the Series 2006 Senior Indenture; and any other legally available funds which the District determines to credit to the Subordinate 2006 Bond Fund.

The District is required to impose a mill levy up to a limit of 50.000 mills (as adjusted, based upon any changes to the method of calculating assessed valuation), on all taxable property of the District, in an amount sufficient to pay when due the principal and interest and to build up the Surplus Fund of each of the Senior 2006 Bonds and Subordinate 2006 Bonds to their Maximum Surplus Amount, which must be maintained once reached until the Debt to Assessed Ratio is 50% or less. The Maximum Surplus amount is \$1,167,500 for the Senior 2006 Bonds and \$273,500 for the Subordinate 2006 Bonds. As of December 31, 2019, the Surplus Fund related to the Senior 2006 Bonds and Subordinate 2006 Bonds totaled \$-0-. During 2020, the District paid in full the \$270,000 principal due on the Senior 2006 Bonds as well as \$120,000 of shortfall from prior years. Additionally, the District did not have sufficient funds to pay the principal or compounded interest due on the Subordinate 2006 Bonds. The District does not anticipate making its principal and interest payments on its Subordinate 2006 Bonds in 2020. The balance of compounded and accrued interest on the Subordinate 2006 Bonds at December 31, 2020, is \$2,028,233. At this time, the schedule of repayments on the Subordinate 2006 Bonds is unknown and will be made when cash flow is available.

The Series 2006 Senior and Subordinate Bonds were repaid in their entirety with the issuance of the Series 2020 Refunding Bonds.

Limited Tax General Obligation Refunding Bonds, Series 2020. On October 8, 2020, the District issued General Obligation Limited Tax Refunding Bonds, Series 2020 (the "Series 2020 Bonds"). 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 Bonds. The 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.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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 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 District's long-term obligations relating to the Senior 2020 Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 395,000	\$ 485,625	\$ 880,625
2022	405,000	477,725	882,725
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
Total	<u>\$ 13,425,000</u>	<u>\$ 5,987,000</u>	<u>\$ 19,412,000</u>

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 5, 2002, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$34,644,000 at an interest rate not to exceed 18% per annum. In the November 2, 2004 election, a majority of the qualified electors of the District voted for a phased tax increase up to \$35,000,000 and to authorize the District to enter into one or more multiple fiscal year obligations evidenced by an intergovernmental agreement for the provisions of regional improvements. Remaining authorized but unissued debt at December 31, 2020, is as follows:

	Authorized November 5, 2002 Election	Authorization Used	Remaining at December 31, 2020
Streets	\$ 5,161,000	\$ 4,655,870	\$ 505,130
Safety Protection	711,000	708,972	2,028
Park and Recreation	6,278,000	4,413,783	1,864,217
Water	619,000	534,611	84,389
Sanitation	4,453,000	4,096,764	356,236
Operations	200,000	-	200,000
Refunding	17,222,000	-	17,222,000
Total	<u>\$ 34,644,000</u>	<u>\$ 14,410,000</u>	<u>\$ 20,234,000</u>

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$35,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

Operation Funding Agreements

The District entered into various Operation Funding Agreements with Engle Homes Colorado, a division of TOUSA Homes, Inc. (Developer), whereby the Developer agreed to fund any shortfall in operating costs from 2003 to 2007. In accordance with the Operation Funding Agreements, payments made to repay these operating advances are subject to annual budget and appropriation with interest rates at 3% above the 20-year AAA Municipal Market Data rate. The interest rate is set each January 1 for the upcoming year. The interest rate for 2020 was 5.840%. The term of the Agreement extends until December 31, 2027 unless terminated earlier by mutual agreement of the parties. The balance owed to the Developer pursuant to the Operation Funding Agreements was \$289,574 for principal and \$247,145 for accrued interest as of December 31, 2020. All budgeted repayments shall be made on December 1st of each year.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Facilities Funding and Acquisition Agreement

Effective January 1, 2007, the District entered into the Facilities Funding and Acquisition Agreement - 2007 (2007 FFAA) with the Developer, whereby the Developer agreed to design and construct public improvements within the District. The District agreed to purchase these improvements from the Developer for the costs incurred to construct them. The 2007 FFAA includes interest of 3.98% for 2007 and adjusted each January 1 to be 300 basis points above the 20-year AAA Municipal Market Data rate to be paid to the Developer for the acquisition of these improvements. The balance owed to the Developer for advances as of December 31, 2020, was \$1,001,287 for principal and \$801,012 for accrued interest. No payment is required under the 2007 FFAA unless and until such time the District issues bonds for this purpose and in an amount sufficient to acquire a part or all of such improvements, or to reimburse Developer for part or all of the Developer advances

NOTE 5 NET POSITION

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

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2020, as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserves	<u>\$ 3,900</u>
Total Restricted Net Position	<u><u>\$ 3,900</u></u>

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

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 AGREEMENTS

Intergovernmental Agreement with the City of Aurora

In November 2004, the District entered into the Amended and Restated Intergovernmental Agreement (IGA) between the City of Aurora (the City) and the District (the Amended City IGA). The Amended City IGA completely replaces the original Intergovernmental Agreement entered into by the District and the City on October 10, 2003. The IGA defines and clarifies the services which the District may provide, as well as those services which the District is prohibited from providing. Pursuant to the Service Plan, the District is required to impose the Aurora Regional Improvement (ARI) Mill Levy upon the District's residents. This mill levy is 1.000 mill for 20 years, which for this purpose begins the first year that the District certifies a debt service mill levy. The levy increases to 5.000 mills for years 21 through 40 or the date of repayment of the debt incurred for public improvements, other than regional improvements, whichever occurs first. For the 10 years subsequent to the period where the 5.000 mills is imposed, the ARI mill levy is the average of the debt service mill levy for the previous 10 years.

Aurora Regional Transportation Authority

In 2006, the District, along with other metropolitan districts within Aurora, entered into the Aurora Regional Transportation Authority (ARTA) Establishment Agreement (ARTA Agreement). The ARTA Agreement was amended on August 14, 2007, February 20, 2008, July 21, 2008, and June 11, 2009, to add additional metropolitan district members. ARTA will plan, design, acquire, construct, relocate, redevelop, and finance regional improvements within the boundaries of the metropolitan districts which are a party to the ARTA Agreement using the ARI revenue from each of the districts. In accordance with the IGA, the City has the right to appoint no less than 30% and no more than 49% of the ARTA Board. On August 1, 2017, the District resigned from ARTA, in order to join the South Aurora Regional Improvement Authority.

South Aurora Regional Improvement Authority

On December 8, 2017, the District along with other metropolitan districts within Aurora, entered into the South Aurora Regional Improvement Authority (SARIA) Establishment Agreement (SARIA Agreement) with the City. The Authority was formed to provide functions and services necessary to acquire, construct, finance, maintain, and manage certain regional improvements that are identified and agreed upon by the City and the member districts.

The SARIA Agreement provides that the Authority may adopt an ARI master plan, pursuant to the Code and Service Plans of the districts. SARIA will prioritize and support the completion of the regional improvements as identified in the ARI Master Plan. In order to fund these projects, SARIA may issue revenue bonds or other multi-fiscal year financial obligations, subject to its sole discretion, secured by the pledged revenues of the ARI Mill Levies by each of the districts and other funds legally available to SARIA.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 AGREEMENTS (CONTINUED)

South Aurora Regional Improvement Authority (Continued)

On October 2, 2018, the SARIA Agreement was amended by the First Amendment to the South Aurora Regional Improvement Authority Establishment Agreement (First Amendment) in conjunction with the issuance of SARIA's Special Revenue Bonds, Series 2018 (SARIA Bonds). SARIA issued its SARIA Bonds in the amount of \$11,265,000 on December 19, 2018. The District is obligated to pledge its ARI Mill Levy Revenues to the repayment of the SARIA Bonds pursuant to the terms of the SARIA Agreement and the First Amendment.

Facilities Fees Agreement

The District adopted a Resolution regarding the imposition of facilities fees recorded on August 19, 2003 in the real property records of Arapahoe County (Fee Resolution). The Fee Resolution imposes a Facilities Fee of \$2,000 on each single-family residential unit and a Facilities Fee of \$500 on each multi-family residential unit. The fees are payable by homebuilders at the time of issuance of building permits. The revenue from the fees is pledged for payment of bonds or any other indebtedness of the District.

In order to guarantee timely payment of the 2006 Bonds, TOUSA and the District entered into a Facilities Fee Agreement dated September 20, 2006, to which TOUSA Homes, Inc. (TOUSA) guaranteed the payment of Facility Fees on a semi-annual schedule through May 15, 2011. Pursuant to this Facilities Fee Agreement, TOUSA has guaranteed the payment of a total \$897,000 in Facilities Fees. The guaranty requires payment each May 15 and November 15 for any shortfall of the scheduled Facilities Fees for that period. As of December 31, 2019, the obligation was fulfilled and no outstanding amount remained.

Facilities Fees will be collected by the District for each residential unit that was not platted at the time TOUSA guaranteed the payment of fees. In 2020, the District did not collect any fees outside the Agreement.

Reimbursement Agreements (Facility Fees)

On November 15, 2010, the District entered into the Reimbursement Agreement (Facilities Fees) with TOUSA Recovery Acquisition, LLC (TRA). The Agreement acknowledges that all prepayments under the Facilities Fee Agreement have been made and that in conjunction with TRA's purchase of property within the District, TRA is entitled to reimbursement as a result of such prepayments. The Agreement provides that, as additional Facilities Fees are collected, the District will reimburse TRA quarterly for the prepaid fees, less a \$100 administration fee and any escrow expenses, to cover the District's costs. In 2020, the District collected \$3,600 of Administration Fees.

Harvest Road IGA

On September 28, 2018, the District and SARIA entered into South Aurora Regional Improvement Project Participation Agreement – Harvest Road Improvements Projects (Harvest Road IGA), whereby the District agreed to contribute \$100,000 to SARIA for a portion of the costs associated with the construction, extension and completion of South Harvest Road. The District had transferred the \$100,000 contribution to SARIA in 2018.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

NOTE 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.

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.

On November 5, 2002, the District's voters passed an election question to increase property taxes \$200,000, annually, without limitation of rate, to pay the District's operational and maintenance costs.

On November 2, 2004, a majority of the qualified electors of the District voted for a phased tax increase up to \$35,000,000.

**SORREL RANCH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

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.

SUPPLEMENTARY INFORMATION

**SORREL RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,081,571	\$ 1,081,571	\$ 1,081,546	\$ (25)
Specific Ownership Taxes	64,894	64,894	78,028	13,134
Interest Income	4,000	4,000	1,586	(2,414)
Bond Proceeds	-	13,425,000	13,425,000	13,425,000
Bond Premium	-	1,674,053	1,674,053	1,674,053
Total Revenues	<u>1,150,465</u>	<u>16,249,518</u>	<u>16,260,213</u>	<u>15,109,748</u>
EXPENDITURES				
County Treasurer's Fees	16,224	16,224	16,230	(6)
Bond Interest - Series 2006 - Senior	581,612	290,806	290,806	290,806
Bond Principal - Senior Bonds	465,000			
Bond Issue Costs	-	490,000	485,372	(485,372)
Bond Interest - Series 2020	-	71,495	71,495	(71,495)
Refunding Payment	-	15,361,850	15,361,846	(15,361,846)
Paying Agent/Trustee Fees	2,500	2,500	2,021	479
Contingency	2,664	17,125	-	2,664
Total Expenditures	<u>1,068,000</u>	<u>16,250,000</u>	<u>16,227,770</u>	<u>(15,624,770)</u>
NET CHANGE IN FUND BALANCE	82,465	(482)	32,443	(515,022)
Fund Balance - Beginning of Year	<u>13,548</u>	<u>13,558</u>	<u>13,558</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 96,013</u>	<u>\$ 13,076</u>	<u>\$ 46,001</u>	<u>\$ (515,022)</u>

**SORREL RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
ARI Revenues from Property Taxes	\$ 21,607	\$ 21,607	\$ -
Total Revenues	<u>21,607</u>	<u>21,607</u>	<u>-</u>
EXPENDITURES			
County Treasurer's Fees	324	324	-
SARIA Payment	21,283	21,283	-
Total Expenditures	<u>21,607</u>	<u>21,607</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

OTHER INFORMATION

**SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020**

Bonds and Interest Maturing in the Year Ending December 31,	\$13,425,000 General Obligation Limited Tax Bonds Dated October 8, 2020 Principal Payable December 1 2.00% - 5.00% Interest Payable June 1 and December 1		
	Principal	Interest	Total
2021	\$ 395,000	\$ 485,625	\$ 880,625
2022	405,000	477,725	882,725
2023	415,000	469,625	884,625
2024	420,000	461,325	881,325
2025	445,000	440,325	885,325
2026	465,000	418,075	883,075
2027	490,000	394,825	884,825
2028	510,000	370,325	880,325
2029	540,000	344,825	884,825
2030	565,000	317,825	882,825
2031	595,000	289,575	884,575
2032	615,000	265,775	880,775
2033	640,000	241,175	881,175
2034	665,000	215,575	880,575
2035	695,000	188,975	883,975
2036	720,000	161,175	881,175
2037	750,000	132,375	882,375
2038	780,000	102,375	882,375
2039	800,000	82,875	882,875
2040	820,000	62,875	882,875
2041	840,000	42,375	882,375
2042	855,000	21,375	876,375
Total	\$ 13,425,000	\$ 5,987,000	\$ 19,412,000

**SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for			Total Property Taxes		Percent Collected to Levied
		General (1)	Debt Service	ARI	Levied	Collected	
2016	14,068,670	6.146	50.000	1.000	803,968	789,900	98.25
2017	14,095,777	6.000	50.000	1.000	803,460	803,460	100.00
2018	15,455,005	6.000	55.277	1.105	964,114	964,114	100.00
2019	15,502,230	6.000	55.277	1.105	967,060	967,060	100.00
2020	19,430,691	6.000	55.663	1.112	1,219,762	1,219,737	100.00
Estimated for the Year Ending December 31, 2021	\$ 20,240,887	6.000	42.500	1.112	\$ 1,004,191		

(1) 2016 General Fund mill levy includes .146 mills related to refunds and abatements.

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
11/12/2020	9087	Bourne, David	92.35
11/12/2020	9088	Jones, Ryan C	92.35
Grand Totals:			
	<u>2</u>		<u>184.70</u>

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
2907						
11/12/2020	Aurora Media Group	99409	Miscellaneous	1-7480	35.85	35.85
11/12/2020	Aurora Media Group	99533	Miscellaneous	1-7480	37.55	37.55
Total 2907:						73.40
2908						
11/12/2020	CliftonLarsonAllen LLP	2642157	Accounting	1-7000	1,750.35	1,750.35
Total 2908:						1,750.35
2909						
11/12/2020	Colorado Special District P&L	POL-0004654	Insurance and Bonds	1-7360	2,031.00	2,031.00
Total 2909:						2,031.00
2910						
11/12/2020	DP Media Network LLC	0000246338	Miscellaneous	1-7480	460.00	460.00
Total 2910:						460.00
2911						
11/12/2020	McGeady Becher P.C.	659B 09/2020	Legal Services	1-7460	1,045.00	1,045.00
Total 2911:						1,045.00
2912						
11/12/2020	Special Dist Mgmt Services	10/2020	District Management	1-7440	1,853.14	1,853.14
11/12/2020	Special Dist Mgmt Services	10/2020	Audit Fees	1-7020	14.00	14.00
Total 2912:						1,867.14
2913						
11/12/2020	T Charles Wilson Insurance	9213	Insurance and Bonds	1-7360	495.00	495.00
Total 2913:						495.00
2914						
11/12/2020	Wipfli LLP	1658144	Audit Fees	1-7020	3,650.00	3,650.00
Total 2914:						3,650.00
Grand Totals:						11,371.89

Sorrel Ranch Metropolitan District
November-20

	General	Debt	Capital	Totals
Disbursements	\$ 11,371.89			\$ 11,371.89
Payroll	\$ 184.70			\$ 184.70
Total Disbursements from Checking	\$ 11,556.59	\$ -	\$ -	\$ 11,556.59

<u>Check Issue Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
12/16/2020	9089	Selden, Mark A	92.35
12/16/2020	9090	Bourne, David	92.35
12/16/2020	9091	Rebecca Stricker	92.35
Grand Totals:			
	<u>3</u>		<u>277.05</u>

Sorrel Ranch Metropolitan District

Dec-20

Vendor	Invoice #	Date	Due Date	Amount	Account Number
Clifton Larson Allen, LLP	2672650	10/31/2020	10/31/2020	\$ 1,750.35	107000
Clifton Larson Allen, LLP	2693297	11/30/2020	11/30/2020	\$ 1,750.35	107000
McGeady Becher PC	659B 11/2020	11/30/2020	11/30/2020	\$ 1,159.00	107460
McGeady Becher PC	659B 10/2020	10/31/2020	10/31/2020	\$ 4,758.50	107460
Special District Management Services, Inc	Nov-20	11/30/2020	11/30/2020	\$ 1,177.37	107440
				\$ 10,595.57	

Sorrel Ranch Metropolitan District
December-20

	General	Debt	Capital	Totals
Disbursements	\$ 10,595.57			\$ 10,595.57
Payroll	\$ 277.05			\$ 277.05
<u>Total Disbursements from Checking</u>	<u>\$ 10,872.62</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,872.62</u>

Sorrel Ranch Metropolitan District

Jan-21

Vendor	Invoice #	Date	Due Date	Amount	Account Number
Clifton Larson Allen, LLP	2717455	12/31/2020	12/31/2020	\$ 1,750.35	107000
Special District Management Services, Inc	Dec-20	12/31/2020	12/31/2020	\$ 1,046.79	107440
Tousa Recovery Acquisition LLC	2020 Q3/04	12/31/2020	12/31/2020	\$ 43,700.00	207890
				\$ 46,497.14	

Sorrel Ranch Metropolitan District
January-21

	General	Debt	Capital	Totals
Disbursements	\$ 2,797.14	\$ 43,700.00		\$ 46,497.14
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 2,797.14</u>	<u>\$ 43,700.00</u>	<u>\$ -</u>	<u>\$ 46,497.14</u>

Sorrel Ranch Metropolitan District

Feb-21

Vendor	Invoice #	Date	Due Date	Amount	Account Number
McGeady Becher PC	659B 12/2020	12/31/2020	12/31/2020	\$ 1,738.00	107460
Special District Association of Colorado	107350	2/4/2021	2/28/2021	\$ 323.44	107350
Special District Management Services, Inc	Jan-21	1/31/2021	1/31/2021	\$ 1,383.00	107440
				\$ 3,444.44	

Sorrel Ranch Metropolitan District
February-21

	General	Debt	Capital	Totals
Disbursements	\$ 3,444.44			\$ 3,444.44
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 3,444.44</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,444.44</u>

Sorrel Ranch Metropolitan District
March-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
Clifton Larson Allen, LLP	2743930	1/31/2021	3/19/2021	\$ 1,828.75	Accounting	107000
Clifton Larson Allen, LLP	2769539	2/28/2021	3/19/2021	\$ 1,828.75	Accounting	107000
McGeady Becher PC	659B 01/2021	1/31/2021	3/19/2021	\$ 577.00	Legal	107460
Special District Management Services, Inc	Feb-21	2/28/2021	3/19/2021	\$ 376.26	District management	107440
				\$ 4,610.76		

Sorrel Ranch Metropolitan District
March-21

	General	Debt	Capital	Totals
Disbursements	\$ 4,610.76			\$ 4,610.76
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 4,610.76</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,610.76</u>

Sorrel Ranch Metropolitan District
April-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
Clifton Larson Allen, LLP	2814047	3/31/2021	3/31/2021	\$ 1,828.75	Accounting	107000
McGeady Becher PC	659B 02/21	2/28/2021	2/28/2021	\$ 12.50	Legal	107460
Special District Management Services, Inc	Mar-21	3/31/2021	3/31/2021	\$ 479.82	District management	107440
Tousa Recovery Acquisition LLC	1st & 2nd Quarter 2021	4/14/2021	4/14/2021	\$ 39,900.00	Contingency	207890
				\$ 42,221.07		

Sorrel Ranch Metropolitan District
April-21

	General	Debt	Capital	Totals
Disbursements	\$ 2,321.07	\$ 39,900.00		\$ 42,221.07
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 2,321.07</u>	<u>\$ 39,900.00</u>	<u>\$ -</u>	<u>\$ 42,221.07</u>

Sorrel Ranch Metropolitan District
May-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	count Number
McGeady Becher PC	659B 03/2021	3/31/2021	3/31/2021	\$ 203.50	Legal	107460
McGeady Becher PC	659B 04/2021	4/30/2021	4/1/3021	\$ 175.00	Legal	107460
Special District Management Services, Inc	Apr-21	4/30/2021	4/30/2021	\$ 654.07	District management	107440
				\$1,032.57		

Sorrel Ranch Metropolitan District
May-21

	General	Debt	Capital	Totals
Disbursements	\$ 1,032.57			\$ 1,032.57
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 1,032.57</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032.57</u>

SORREL RANCH METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

MARCH 31, 2021

**SORREL RANCH METROPOLITAN DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2021**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS				
Cash - 1st Bank Checking	\$ 34,594	\$ -	\$ -	\$ 34,594
C - Safe	224,533	413,863	-	638,396
Accounts receivable	2,000	-	-	2,000
Receivable from County Treasurer	5,248	37,152	818	43,218
TOTAL ASSETS	\$ 266,375	\$ 451,015	\$ 818	\$ 718,208
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	\$ 7,135	\$ -	\$ -	\$ 7,135
Due to SARIA	-	-	818	818
Due to TOUSA	39,900	-	-	39,900
Total Liabilities	47,035	-	818	47,853
FUND BALANCES				
Total Fund Balances	219,340	451,015	-	670,355
TOTAL LIABILITIES AND FUND BALANCES	\$ 266,375	\$ 451,015	\$ 818	\$ 718,208

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**SORREL RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

GENERAL FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 121,445	\$ 55,849	\$ (65,596)
Specific ownership taxes	8,500	2,196	(6,304)
Interest income	1,000	44	(956)
Administration fee	1,500	2,100	600
TOTAL REVENUES	<u>132,445</u>	<u>60,189</u>	<u>(72,256)</u>
EXPENDITURES			
Accounting	22,000	5,486	16,514
Audit	3,750	-	3,750
County Treasurer's fee	1,822	838	984
Directors' fees	1,600	-	1,600
Dues and membership	450	323	127
Insurance and bonds	3,300	2,976	324
District management	18,000	2,239	15,761
Legal	20,000	793	19,207
Miscellaneous	500	-	500
Contingency	3,578	-	3,578
TOTAL EXPENDITURES	<u>75,000</u>	<u>12,655</u>	<u>62,345</u>
NET CHANGE IN FUND BALANCES	57,445	47,534	(9,911)
FUND BALANCES - BEGINNING	<u>171,111</u>	<u>171,807</u>	<u>696</u>
FUND BALANCES - ENDING	<u>\$ 228,556</u>	<u>\$ 219,341</u>	<u>\$ (9,215)</u>

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SUPPLEMENTARY INFORMATION

**SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

DEBT SERVICE FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 860,238	\$ 395,371	\$ (464,867)
Specific ownership taxes	60,200	15,554	(44,646)
Interest income	500	19	(481)
TOTAL REVENUES	<u>920,938</u>	<u>410,944</u>	<u>(509,994)</u>
EXPENDITURES			
County Treasurer's fee	12,904	5,931	6,973
Paying agent fees	2,500	-	2,500
Bond interest - Series 2020	485,625	-	485,625
Bond principal - Series 2020	395,000	-	395,000
Contingency	6,971	-	6,971
TOTAL EXPENDITURES	<u>903,000</u>	<u>5,931</u>	<u>897,069</u>
NET CHANGE IN FUND BALANCES	17,938	405,013	387,075
FUND BALANCES - BEGINNING	<u>40,807</u>	<u>46,001</u>	<u>5,194</u>
FUND BALANCES - ENDING	<u>\$ 58,745</u>	<u>\$ 451,014</u>	<u>\$ 392,269</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

**SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

CAPITAL PROJECTS FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes - SARIA	\$ 22,508	\$ 10,339	\$ (12,169)
TOTAL REVENUES	<u>22,508</u>	<u>10,339</u>	<u>(12,169)</u>
EXPENDITURES			
County Treasurer's fee	338	155	183
SARIA payment	22,170	10,184	11,986
TOTAL EXPENDITURES	<u>22,508</u>	<u>10,339</u>	<u>12,169</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**SORREL RANCH METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

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 the City of Aurora on November 18, 2002, and 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. 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 District held its formation election on November 5, 2002. The electorate authorized general obligation debt of \$17,422,000 and refunding debt of \$17,222,000. The election also allows the District to retain all revenues other than ad valorem taxes without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law and a \$200,000 annual property tax increase for operations.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the 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 on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

The change in assessment ratio from 7.96% to 7.15% allows the District to adjust its mill levy to offset the decrease in revenues. The District has elected to not impose an adjusted mill levy for operations. Such adjusted mill levy would be 6.679. The district has also elected to not impose the maximum adjusted mill levy for debt service of 55.663.

**SORREL RANCH METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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 budget assumes that the District's share will be equal to approximately 7% of the property taxes collected by both the General Fund and the Debt Service Fund.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.5%.

Expenditures

General and Administrative Expenditures

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

Capital Outlay

Anticipated expenditures for capital outlay in 2021 are displayed on page 6 of the Budget.

Debt Service

The principal and interest payments in 2021 are provided based on the debt amortization schedule from the General Obligation Refunding Bonds Series 2020 (discussed under Debt and Leases).

Debt and Leases

Limited Tax Convertible to Unlimited Tax General Obligation Bonds, Series 2006. On September 22, 2006, the District issued \$11,675,000 in General Obligation Bonds (Limited Tax Convertible to Unlimited Tax) dated September 22, 2006, and \$2,735,000 in General Obligation Subordinate Bonds (Limited Tax Convertible to Unlimited Tax) dated September 22, 2006, both for infrastructure improvements. The senior bonds are term bonds due December 1, 2036, with an interest rate of 5.75%, paid semiannually on June 1 and December 1. The subordinate bonds are term bonds due December 15, 2036, with an interest rate of 6.75%, paid annually on December 15. The senior bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2016, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The subordinate bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2016, and on any date thereafter, upon payment of par and accrued interest, without redemption premium. The senior bonds are subject to mandatory sinking fund redemption on December 1, 2010, and on each December 1 thereafter in increasing amounts annually through maturity. The subordinate bonds are subject to mandatory sinking fund redemption on December 15, 2010, and on each December 15 thereafter in varying amounts annually through maturity.

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

**SORREL RANCH METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The Bonds are secured by the Pledged Revenues and all moneys and earnings thereon held in the Funds or accounts created under the terms of the Indenture of Trust dated September 1, 2006 between the District and United Missouri Bank (UMB), as trustee. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy (see below) remitted to the District, Facility Fees, Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available moneys of the District credited to the Bond Fund.

The District is required to impose a mill levy without limitation, up to a limit of 50.000 mills, on the assessed valuation of the District, in an amount sufficient to pay when due the principal and interest and to build up the Surplus Fund of each of the 2006A and 2006B series to their Maximum Surplus Amount, which must be maintained once reached until the Debt to Assessed Ratio is 50% or less. The Maximum Surplus Amount is \$1,167,500 for the Series 2006 Senior Bonds and \$273,500 for the Series 2006 Subordinate Bonds. The Series 2006 Senior and Subordinate Bonds were repaid in their entirety with the issuance of the Series 2020 Refunding Bonds.

Limited Tax General Obligation Refunding Bonds, Series 2020. On October 8, 2020, the District issued General Obligation Limited Tax Refunding Bonds, Series 2020 (the "Series 2020 Bonds"). 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 Bonds. The 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 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.

**SORREL RANCH METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Operating Funding Agreements. The District entered into various Operation Funding Agreements with Engle homes Colorado, a division of TOUSA Homes, Inc. (Developer), whereby the Developer agreed to fund any shortfall in operating costs from 2003 to 2007. In accordance with the Operation Funding Agreements, payments made to repay these operating advances are subject to annual budget and appropriation with interest rates at 3% above the 20-year AAA Municipal Market Data rate. The interest rate is set each January 1 for the upcoming year. The interest rate was 5.840% for 2019 and 4.880 for 2020. The term of the Agreement extends until December 31, 2027 unless terminated earlier by mutual agreement of the parties. All budgeted repayments shall be made on December 1st of each year.

Facilities Funding and Acquisition Agreement. Effective January 1, 2007, the District entered into the Facilities Funding and Acquisition Agreement – 2007 (2007 FFAA) with the Developer, where by the Developer agreed to design and construct public improvements within the District. The District agreed to purchase these improvements from the Developer for the costs incurred to construct them. The 2007 FFAA includes interest of 3.980% for 2007 and adjusted each January 1st to be 300 basis points above the 20-year AAA Municipal Market Data rate to be paid to the Developer for the acquisition of these improvements. No payment is required under the 2007 FFAA unless and until such time the District issues bonds for this purpose and in an amount sufficient to acquire a part of all of such improvements, or to reimburse the Developer for part or all of the Developer advances.

The following is an analysis of anticipated changes in the District’s long-term obligations, subordinate to the Senior Bonds, for the years ending in December 31, 2020 and 2021.

	December 31,			December 31,
	2019	Additions	Reductions	2020
G.O. Limited Tax Bonds:				
Series 2006 - Subordinate	\$ 2,720,000	-	2,720,000	\$ -
Developer Advances				
Operating	289,574	-	-	289,574
Capital	1,001,287	-	-	1,001,287
Accrued Interest on				
General Obligation Bonds	2,028,233	272,430	2,300,663	-
Series 2006 - Subordinate				
Developer Advances				
Operating	232,967	14,178	-	247,145
Capital	801,012	49,023	-	850,035
Total	<u>\$ 7,073,073</u>	<u>\$ 335,631</u>	<u>\$ 5,020,663</u>	<u>\$ 2,388,041</u>

**SORREL RANCH METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

	December 31,			December 31,
	2020	Additions	Reductions	2021
Developer Advances				
Operating	\$ 289,574	-	-	\$ 289,574
Capital	1,001,287	-	-	1,001,287
Accrued Interest on				
Developer Advances				
Operating	247,145	14,131	-	261,276
Capital	850,035	48,863	-	898,898
Total	<u>\$ 2,388,041</u>	<u>\$ 62,994</u>	<u>\$ -</u>	<u>\$ 2,451,035</u>

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2021, as defined under TABOR.

**SORREL RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2020**

Bonds and Interest Maturing in the Year Ending December 31,	\$13,425,000 Limited Tax General Obligation Bonds Series 2020 Dated October 8, 2020 Principal Due December 1, Interest Rates - 2.00% - 5.00% Payable June 1 and December 1		
	Principal	Interest	Total
2021	\$ 395,000	\$ 485,625	\$ 880,625
2022	405,000	477,725	882,725
2023	415,000	469,625	884,625
2024	420,000	461,325	881,325
2025	445,000	440,325	885,325
2026	465,000	418,075	883,075
2027	490,000	394,825	884,825
2028	510,000	370,325	880,325
2029	540,000	344,825	884,825
2030	565,000	317,825	882,825
2031	595,000	289,575	884,575
2032	615,000	265,775	880,775
2033	640,000	241,175	881,175
2034	665,000	215,575	880,575
2035	695,000	188,975	883,975
2036	720,000	161,175	881,175
2037	750,000	132,375	882,375
2038	780,000	102,375	882,375
2039	800,000	82,875	882,875
2040	820,000	62,875	882,875
2041	840,000	42,375	882,375
2042	855,000	21,375	876,375
	\$ 13,425,000	\$ 5,987,000	\$ 19,412,000

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

SORREL RANCH METROPOLITAN DISTRICT
Schedule of Cash Position
March 31, 2021
Updated as of May 20, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total
<u>1st Bank - Checking Account</u>				
Balance as of 03/31/21	\$ 34,593.86	\$ -	\$ -	\$ 34,593.86
Subsequent activities:				
04/02/21 - Bill.com Payables	(4,610.76)	-	-	(4,610.76)
04/09/21 - Richmond Homes Deposit	2,000.00	-	-	2,000.00
04/16/21 - Richmond Homes Deposit	8,000.00	-	-	8,000.00
05/03/21 - Transfer from CSAFE	39,900.00	-	-	39,900.00
05/05/21 - Bill.com Payables	(42,221.07)	-	-	(42,221.07)
05/06/21 - Transfer from CSAFE	-	-	817.69	817.69
05/06/21 - Transfer to SARIA	-	-	(817.69)	(817.69)
<i>Anticipated transfer from CSAFE</i>	-	-	702.26	702.26
<i>Anticipated transfer to SARIA</i>	-	-	(702.26)	(702.26)
<i>Anticipated vouchers payable</i>	(857.57)	-	-	(857.57)
Anticipated Balance	<u>36,804.46</u>	<u>-</u>	<u>-</u>	<u>36,804.46</u>
<u>CSAFE</u>				
Balance as of 03/31/21	\$ 224,533.44	\$ 413,862.54	\$ -	\$ 638,395.98
Subsequent activities:				
04/10/21 - Arapahoe County Treasurer	5,247.58	37,151.91	817.69	43,217.18
04/30/21 - Interest Income	7.78	14.34	-	22.12
05/03/21 - Transfer to Checking	(39,900.00)	-	-	(39,900.00)
05/06/21 - Transfer to Checking	-	-	(817.69)	(817.69)
05/10/21 - Arapahoe County Treasurer	4,493.05	31,809.87	702.26	37,005.18
<i>Anticipated transfer to Checking</i>	-	-	(702.26)	(702.26)
<i>Anticipated transfer to UMB for DS Payment</i>	-	(242,812.50)	-	(242,812.50)
Anticipated Balance	<u>194,381.85</u>	<u>240,026.16</u>	<u>-</u>	<u>434,408.01</u>
Anticipated Balances	<u>\$ 231,186.31</u>	<u>\$ 240,026.16</u>	<u>\$ -</u>	<u>\$ 471,212.47</u>

Yield information as of April 30, 2021
CSAFE - 0.05%

SORREL RANCH METROPOLITAN DISTRICT
Property Taxes Reconciliation
2021

	Current Year						Prior Year				
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 7,575.07		\$ 6,335.96	-	\$ (113.63)	\$ 13,797.40	0.75%	0.75%	\$ 12,342.06	0.42%	0.42%
February	416,922.62	-	4,710.40	-	(6,253.84)	415,379.18	41.52%	42.27%	497,663.80	40.79%	41.21%
March	37,060.48	-	6,704.18	8.56	(556.04)	43,217.18	3.69%	45.96%	65,452.95	4.89%	46.10%
April						-	0.00%	45.96%	49,436.11	3.75%	49.85%
May						-	0.00%	45.96%	93,658.12	7.29%	57.14%
June						-	0.00%	45.96%	510,992.59	41.87%	99.01%
July						-	0.00%	45.96%	15,375.59	0.49%	99.49%
August						-	0.00%	45.96%	9,321.03	0.17%	99.67%
September						-	0.00%	45.96%	8,371.91	0.00%	99.67%
October						-	0.00%	45.96%	13,094.79	0.33%	100.00%
November						-	0.00%	45.96%	6,700.54	0.00%	100.00%
December						-	0.00%	45.96%	5,967.53	0.00%	100.00%
	\$ 461,558.17	\$ -	\$ 17,750.54	\$ 8.56	\$ (6,923.51)	\$ 472,393.76	45.96%	45.96%	\$ 1,288,377.02	100.00%	100.00%

Assessed Valuation	Mills Levied	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	
Property Tax						
General Fund	\$ 20,240,887.00	6.000	\$ 121,445.00	12.10%	\$ 55,848.55	45.99%
Debt Service Fund		42.500	860,238.00	85.66%	395,370.73	45.96%
SARIA		1.112	22,508.00	2.24%	10,338.90	45.93%
		<u>49.612</u>	<u>\$ 1,004,191.00</u>	<u>100.00%</u>	<u>\$ 461,558.17</u>	

Specific Ownership Tax

General Fund	\$ 8,500.00	12.37%	\$ 2,196.21	25.84%
Debt Service Fund	60,200.00	87.63%	15,554.33	25.84%
	<u>\$ 68,700.00</u>	<u>100.00%</u>	<u>\$ 17,750.54</u>	

Treasurer's Fees

General Fund	\$ 1,822.00	12.10%	\$ 837.74	45.98%
Debt Service Fund	12,904.00	85.66%	5,930.68	45.96%
SARIA	338.00	2.24%	155.09	45.88%
	<u>\$ 15,064.00</u>	<u>100.00%</u>	<u>\$ 6,923.51</u>	

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

RESOLUTION NO. 2021-06-_____

**RESOLUTION OF THE BOARD OF DIRECTORS OF SORREL RANCH
METROPOLITAN DISTRICT AUTHORIZING ADJUSTMENT OF THE DISTRICT
MILL LEVY IN ACCORDANCE WITH THE COLORADO CONSTITUTION,
ARTICLE X, SECTION 3**

- A. Sorrel Ranch Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to Title 32, Colorado Revised Statutes.
- B. The District operates pursuant to its Amended and Restated Service Plan approved by the City Council for the City of Aurora on August 30, 2004, as modified on August 14, 2006 (the “**Service Plan**”), which provides the District with the authority to impose mill levies on taxable property. Such mill levies will be the primary source of revenue for repayment of debt service, public improvements, and operations and maintenance costs of the District.
- C. The Service Plan authorizes a maximum mill levy of fifty (50) mills for the payment of Debt (as defined in the Service Plan) (the “**Maximum Debt Mill Levy**”) and requires the District to impose the ARI Mill Levy (as defined in the Service Plan) upon the taxable property within the District pursuant to the provisions of the Service Plan (the ARI Mill Levy with the Maximum Debt Mill Levy are collectively referred to herein as the “**Maximum Mill Levies**”).
- D. The Service Plan and Article X, Section 3 of the Colorado Constitution (the “**Gallagher Amendment**”) authorize adjustment of the Maximum Mill Levies if, on or after January 1, 2004, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement. The Maximum Mill Levies may be increased or decreased to reflect such changes. Such increases or decreases shall be determined by the Board in good faith (such determination to be binding and final) so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.
- E. The Service Plan and Gallagher Amendment provide that, for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.
- F. The Colorado General Assembly (the “**General Assembly**”) passed House Bill 17-1349, signed by the Governor of Colorado on June 15, 2017, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property tax years commencing on and after January 1, 2017, until the next property tax year that the General Assembly determined to adjust the ratio of valuation for assessment for residential real property.
- G. In 2019, the General Assembly passed Senate Bill 19-255, signed by the Governor of Colorado on June 3, 2019, further amending Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.2%)

for property tax years commencing on or after January 1, 2019, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property.

H. On October 8, 2020, the District issued its Limited Tax General Obligation Refunding Bonds, Series 2020 (the “**Series 2020 Bonds**”) in the principal amount of \$13,425,000 pursuant to a resolution adopted by the Board of Directors (the “**Board**”) on September 17, 2020 (the “**Bond Resolution**”).

I. Pursuant to the terms of the Bond Resolution, the District is required to impose a debt service mill levy in an amount not in excess of fifty (50) mills, as adjusted pursuant to the Gallagher Amendment, subject to the specific provisions of the Bond Resolution.

J. The Bond Resolution and the Gallagher Amendment allow for a maximum mill levy imposition of 55.664 mills for the payment of the Series 2020 Bonds (the “**Maximum Adjusted Debt Mill Levy**”).

K. However, the Bond Resolution does not require the District to impose the Maximum Adjusted Debt Mill Levy for collection year 2021 as the District is able to make all debt service payments due and payable in 2021 with the imposition of a debt service mill levy of 42.50 mills.

L. The Board, as required by the Service Plan and authorized by the Gallagher Amendment, determines it to be in the best interest of the District, its residents, users, property owners, and the public to adjust the ARI Mill Levy for collection year 2021 to mitigate the effect of the 2019 statutory change in the ratio of valuation for assessment to 7.15%, so that actual tax revenues are neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment for residential real property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sorrel Ranch Metropolitan District, Arapahoe County, Colorado:

1. The Board of the District hereby authorizes the adjustment of the ARI Mill Levy for collection year 2021 to reflect the 2019 statutory change in the ratio of valuation for assessment for residential real property to 7.15%.

2. The Gallagher Amendment allows for a mill levy imposition of 1.112 mills for the ARI Mill Levy (the “**Adjusted ARI Mill Levy**”) so that District revenues shall be neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment to 7.15% as required by the Service Plan and authorized by the Gallagher Amendment.

3. The Adjusted ARI Mill Levy shall be reflected in the District’s Certification of Tax Levies to be submitted to the Arapahoe Board of County Commissioners on or before December 15, 2020, for collection in 2021.

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING ADJUSTMENT OF THE
DISTRICT MILL LEVY IN ACCORDANCE WITH THE COLORADO
CONSTITUTION, ARTICLE X, SECTION 3]**

RESOLUTION APPROVED AND ADOPTED ON June 1, 2021.

**SORREL RANCH METROPOLITAN
DISTRICT**

President

Attest:

Secretary

**SECOND AMENDMENT TO RESOLUTION NO. 2013-11-04
SORREL RANCH METROPOLITAN DISTRICT
REGARDING COLORADO OPEN RECORDS ACT REQUESTS**

A. On November 11, 2013, Sorrel Ranch Metropolitan District (the “**District**”) adopted Resolution No. 2013-11-04 Regarding Colorado Open Records Act Requests (the “**Resolution**”).

B. The District desires to amend the Resolution due to a change in the District’s Official Custodian.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Sorrel Ranch Metropolitan District of the City of Aurora, Arapahoe County, Colorado:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Resolution.

2. Amendment to Section 1 of Resolution. Section 1 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“1. Special District Management Service, Inc., the Manager for the District, is hereby designated as the “**Official Custodian**” of the public records of the District, as such term is defined in Section 24-72-202(2), C.R.S. Contact information for the Official Custodian is: Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228; (303) 987-0835.”

3. Except as expressly set forth herein, the Resolution continues to be effective without modification.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO SECOND AMENDMENT TO RESOLUTION REGARDING
COLORADO OPEN RECORDS ACT REQUESTS]**

RESOLUTION APPROVED AND ADOPTED ON June 1, 2021.

**SORREL RANCH METROPOLITAN
DISTRICT**

By: _____
President

Attest:

Secretary