

SORREL RANCH METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032

NOTICE OF SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Mark Selden	President	2025/May 2025
David Bourne	Treasurer	2023/May 2023
Rebecca Stricker	Assistant Secretary	2023/May 2023
<i>VACANT</i>		2025/May 2023
<i>VACANT</i>		2025/May 2023

DATE: November 1, 2022

TIME: 6:30 P.M.

PLACE: **THIS MEETING WILL BE HELD BY VIDEO/TELEPHONIC MEANS.**

Join Zoom Meeting

<https://us02web.zoom.us/j/84973097188?pwd=bnhEZW5taUk2KzdDVTBIS0xGNUxYUT09>

Meeting ID: 849 7309 7188

Passcode: 973827

Dial: 1-719-359-4580

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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

C. Review and approve Minutes of the November 2, 2021 Special Meeting (enclosure).

D. Discuss results of May 3, 2022 Regular Election (enclosure).

E. Discuss vacancies on the Board and consider the appointment of eligible electors to the Board of Directors. Administer Oaths of Office.

F. Consider Appointment of Officers.

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

G. Discuss business to be conducted in 2023 and location (**virtual and/or physical**) of meetings. Schedule regular meeting dates and consider adoption of Resolution No. 2022-11-__ Establishing Regular Meeting Dates, Time, and Location, and Designating Location for Posting of 24-Hour Notices (enclosure).

H. Discuss requirement of Section 32-1-809, C.R.S. and direct staff regarding compliance for 2023 (District Transparency Notice).

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

J. Discuss status of District website.

II. PUBLIC COMMENTS

A. _____

III. FINANCIAL MATTERS

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

Fund	Period Ending Nov. 30, 2021	Period Ending Dec. 31, 2021	Period Ending Jan. 31, 2022	Period Ending Feb. 28, 2022
General	\$	\$	\$	\$
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$	\$	\$	\$

Fund	Period Ending March __, 2022	Period Ending April __, 2022	Period Ending May __, 2022	Period Ending June __, 2022
General	\$			
Debt Service	\$ -0-	-0-	-0-	-0-
Capital Projects	\$ -0-	-0-	-0-	-0-
Total Claims	\$			

Fund	Period Ending July __, 2022	Period Ending Aug. __, 2022	Period Ending Sept __, 2022	Period Ending Oct. __, 2022
General	\$			
Debt Service	\$ -0-	-0-	-0-	-0-
Capital Projects	\$ -0-	-0-	-0-	-0-
Total Claims	\$			

-
- B. Review and accept the unaudited financial statements through September 30, 2022 (enclosure).
-
- C. Ratify approval and filing of the 2021 Audit and authorization of execution of the Representations Letter (enclosure).
-
- D. Discuss statutory requirements for and Audit. Consider engagement of Haynie & Company to perform the 2022 Audit, in an amount not to exceed \$_____ (to be distributed).
-
- E. Conduct Public Hearing to consider Amendment to the 2022 Budget and (if necessary) consider adoption of Resolution to Amend the 2022 Budget and Appropriate Expenditures.
-
- F. Conduct Public Hearing on the proposed 2023 Budget and consider adoption of Resolution No. 2022-11-__ to Adopt the 2023 Budget and Appropriate Sums of Money and Resolution No. 2022-11-__ to Set Mill Levies (for General Fund _____, Debt Service Fund _____, and Other Fund(s) _____ for a total mill levy of _____) (enclosures – preliminary assessed valuation, draft 2023 Budget and Resolutions).
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- G. Authorize District Accountant to prepare and sign the DLG-70 Certification of Tax Levies form for certification to the Board of County Commissioners and other interested parties.
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- H. Consider adoption of Resolution No. 2022-11-___; Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Service Plan (enclosure).
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- I. Consider appointment of District Accountant to prepare the 2024 Budget and set date for public hearing to adopt the 2024 Budget (_____, 2023).
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IV. LEGAL MATTERS

- A. Review and consider adoption of Resolution Calling May 2, 2023 Election for Directors, appointing Designated Election Official (“DEO”) and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. Self-Nomination Forms are due by February 24, 2023 (enclosure). Discuss the need for ballot issues and/or questions.
-

V. OTHER MATTERS

- A. _____
-

VI. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2022.**

Informational Enclosure:

- Memo regarding New Rate Structure from Special District Management Services, Inc.
- Memo regarding New Rate Structure from McGeady Becher PC.

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT HELD NOVEMBER 2, 2021

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 Tuesday, the 2nd day of November, 2021, at 6:30 p.m. via conference call. The meeting was open to the public via conference call.

ATTENDANCE

Directors In Attendance Were:

Mark Selden
David Bourne
Ryan C. Jones
Rebecca “Becky” Stricker

Also In Attendance Were:

David Solin; Special District Management Services, Inc.

Emily Murphy, Esq.; McGeady Becher P.C.

Carrie Bartow; CliftonLarsonAllen LLP

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.

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 Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Agenda was approved, as amended.

RECORD OF PROCEEDINGS

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 Seldon, seconded by Director Bourne and, upon vote, unanimously carried, the Board determined that 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.

Minutes: The Board reviewed the Minutes of the June 1, 2021 Special Meeting.

Following review, upon motion duly made by Director Jones, seconded by Director Stricker and, upon vote, unanimously carried, the Board approved the Minutes of the June 1, 2021 Special Meeting.

Board Vacancy: Mr. Solin discussed with the Board the vacancy on the Board of Directors. There were no interested candidates at this time.

Resolution No. 2021-11-01; Establishing 2022 Regular Meeting Dates, Times and Location, Establishing District Website and Designating Location for Posting of 24-Hour Notices: The Board discussed Resolution No. 2021-11-01; Establishing 2022 Regular Meeting Dates, Time and Location, Establishing District Website and Designating Locations for Posting of 24-Hour Notices.

The Board determined to schedule 2022 regular meeting dates on June 7, 2021 and November 1, 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 Stricker and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-11-01; Establishing 2022 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 Selden, seconded by Director Stricker and, upon vote, unanimously carried, the Board determined to

RECORD OF PROCEEDINGS

post the required information on the Special District Association (“SDA”) website and the District website.

Status of District Website: Mr. Solin updated the Board on the status of the District’s website.

**PUBLIC
COMMENT**

There were no public comments.

**FINANCIAL
MATTERS**

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

Fund	Period Ending June 14, 2021	Period Ending July 31, 2021	Period Ending Aug. 31, 2021	Period Ending Sept. 30, 2021
General	\$ 7,438.62	\$ 7,548.67	\$ 609.69	\$ 2,443.86
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 7,438.62	\$ 7,548.67	\$ 609.69	\$ 2,443.86

Fund	Period Ending October 31, 2021
General	\$ 3,103.88
Debt Service	\$ -0-
Capital Projects	\$ -0-
Total Claims	\$ 3,103.88

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

Financial Statements: Ms. Bartow 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, 2021.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Stricker and, upon vote, unanimously carried, the Board accepted the unaudited financial statements through September 30, 2021.

2021 Audit: The Board entered into discussion regarding engaging Wipfli LLP to perform the 2021 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 2021 Audit, for an amount not to exceed \$4,100.

RECORD OF PROCEEDINGS

2021 Budget Amendment Hearing: Director Selden opened the Public Hearing to consider an Amendment to the 2021 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 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.

Following review and discussion, the Board determined that an Amendment to the 2021 Budget was not necessary.

2022 Budget Hearing: Director Selden opened the Public Hearing to consider the proposed 2022 Budget and to discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2022 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. Bartow reviewed the estimated 2021 expenditures and the proposed 2022 expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2021-11-02; Resolution to Adopt the 2022 Budget and Appropriate Sums of Money, and Resolution No. 2021-11-03; 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, 2021. 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, 2021. Mr. Solin was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2022. 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.

RECORD OF PROCEEDINGS

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.

Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the District's Service Plan: The Board reviewed Resolution No. 2021-11-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the District's Service Plan.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-11-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the District's Service Plan. A copy of the adopted Resolution is attached to these minutes and incorporated herein by this reference.

Special District Management Services, Inc. ("SDMS") for Accounting Services: The Board discussed the engagement of SDMS for Accounting Services.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Jones and, upon vote, unanimously carried, the Board approved the engagement of SDMS for Accounting Services.

Master Service Agreement with CliftonLarsonAllen LLP for Accounting Services: The discussion of the Master Service Agreement with CliftonLarsonAllen LLP for Accounting Services was not needed.

Preparation of the 2023 Budget: The Board discussed preparation of the 2023 Budget.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Stricker, and upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2023 Budget and set the Budget Hearing to consider adoption of the 2023 Budget for November 1, 2022.

LEGAL MATTERS

New Legislative Requirements Regarding May 3, 2022 Regular Director Election: Attorney Murphy discussed with the Board the new legislative requirements regarding May 3, 2022 Regular Director Election.

Resolution No. 2021-11-05 Calling a May 3, 2022 Regular Director Election: The Board discussed Resolution No. 2021-11-05 Calling a May 3, 2022 Regular Director Election.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-11-05 Calling a May 3, 2022 Regular Director Election.

OTHER MATTERS

TOUSA Payments from Lokal Homes: Mr. Solin provided the Board an update on TOUSA payments from Lokal Homes.

Redevelopment of the Former Cherry Creek School District Property: Mr. Solin provided the Board an update on the 41-lot redevelopment of the former Cherry Creek School District property.

SARIA Gun Club Road Project: Director Bourne provided the Board an update on the SARIA Gun Club Road project.

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

NOTICE OF CANCELLATION
and
CERTIFIED STATEMENT OF RESULTS
§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

NOTICE IS HEREBY GIVEN by the Sorrel Ranch Metropolitan District, Arapahoe County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 3, 2022 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

<u>Name</u>	<u>Term</u>
Rebecca Stricker	Next Regular Election, May 2023
Mark Selden	Second Regular Election, May 2025
VACANT	Second Regular Election, May 2025
VACANT	Second Regular Election, May 2025

/s/David Solin
(Designated Election Official)

Contact Person for the District:	David Solin
Telephone Number of the District:	303-987-0835
Address of the District:	141 Union Boulevard, Suite 150, Lakewood, CO 80228
District Facsimile Number:	303-987-2032
District Email:	dsolin@sdmsi.com

RESOLUTION NO. 2022-11-_____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SORREL RANCH METROPOLITAN DISTRICT
ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION,
ESTABLISHING DISTRICT WEBSITE AND
DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903(1.5), C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 32-1-903(5), C.R.S., “location” means the physical, telephonic, electronic, or virtual place, or a combination of such means where a meeting can be attended. “Meeting” has the same meaning as set forth in Section 24-6-402(1)(b), C.R.S., and means any kind of gathering, convened to discuss public business, in person, by telephone, electronically, or by other means of communication.

C. Pursuant to Section 24-6-402(2)(c)(I), C.R.S., special districts are required to designate annually at the board of directors of the district’s first regular meeting of each calendar year, the public place at which notice of the date, time and location of regular and special meetings (“**Notice of Meeting**”) will be physically posted at least 24 hours prior to each meeting (“**Designated Public Place**”). A special district is deemed to have given full and timely notice of a regular or special meeting if it posts its Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

D. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., special districts are relieved of the requirement to post the Notice of Meeting at the Designated Public Place, and are deemed to have given full and timely notice of a public meeting, if a special district posts the Notice of Meeting online at a public website of the special district (“**District Website**”) at least 24 hours prior to each regular and special meeting.

E. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., if a special district is unable to post a Notice of Meeting on the District Website at least 24 hours prior to the meeting due to exigent or emergency circumstances, then it must physically post the Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

F. Pursuant to Section 32-1-903(1.5), C.R.S., all meetings of the board that are held solely at physical locations must be held at physical locations that are within the boundaries of the district or that are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the physical location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

G. The provisions of Section 32-1-903(1.5), C.R.S., may be waived if: (1) the proposed change of the physical location of a meeting of the board appears on the agenda of a meeting; and (2) a resolution is adopted by the board stating the reason for which meetings of the board are to be held in a physical location other than under Section 32-1-903(1.5), C.R.S., and further stating the date, time and physical location of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sorrel Ranch Metropolitan District (the “**District**”), Arapahoe County, Colorado:

1. That the provisions of Section 32-1-903(1.5), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the “**District Board**”) has determined that conducting meetings at a physical location pursuant to Section 32-1-903(1.5), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District Board for the year 2023 shall be held on _____ at _____, at _____ [indicate physical location and/or virtual location (telephonically, electronically, or by other means)].

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each director.

5. That, until circumstances change, and a future resolution of the District Board so designates, the physical location and/or method or procedure for attending meetings of the District Board virtually (including the conference number or link) shall appear on the agenda(s) of said meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s) physical location(s), and any such objections shall be considered by the District Board in setting future meetings.

7. That the District Board authorizes establishment of a District Website, if such District Website does not already exist, in order to provide full and timely notice of meetings of the District Board online pursuant to the provisions of Section 24-6-402(2)(c)(III), C.R.S.

8. That, if the District has established a District Website, the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to each meeting pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

9. That, if the District has not yet established a District Website or is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

(a) Corner of Aurora Parkway and Buchanan Street

10. Special District Management Services, Inc., or his/her designee, is hereby appointed to post the above-referenced notices.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, ESTABLISHING DISTRICT WEBSITE AND DESIGNATING LOCATION FOR 24-HOUR NOTICES]

RESOLUTION APPROVED AND ADOPTED on November 1, 2022.

SORREL RANCH METROPOLITAN DISTRICT

By: _____
President

Attest:

Secretary

Sorrel Ranch Metropolitan District
November-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
Aurora Media Group	101485	10/29/2021	11/28/2021	\$ 36.70	Miscellaneous	107480
Clifton Larson Allen, LLP	3066737	11/4/2021	11/4/2021	\$ 1,828.75	Accounting	107000
Clifton Larson Allen, LLP	3050934	10/27/2021	10/27/2021	\$ 1,828.75	Accounting	107000
McGeady Becher PC	659B 10-2021	10/31/2021	10/31/2021	\$ 1,635.00	Legal	107460
McGeady Becher PC	659B 9-2021	9/30/2021	9/30/2021	\$ 1,961.50	Legal	107460
Special District Management Services, Inc	Oct-21	10/31/2021	10/31/2021	\$ 632.00	District management	107440
UMB Bank N.A.	892979	10/12/2021	10/12/2021	\$ 700.00	Paying agent fees	207591
WIPFLI LLP	1911413	10/19/2021	11/18/2021	\$ 3,750.00	Audit	107020
				\$ 12,372.70		

Sorrel Ranch Metropolitan District
November-21

	General	Debt	Capital	Totals
Disbursements	\$ 11,672.70	\$ 700.00		\$ 12,372.70
Payroll				\$ -
Total Disbursements from Checking	\$ 11,672.70	\$ 700.00	\$ -	\$ 12,372.70

Sorrel Ranch Metropolitan District
December-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
Colorado Special District P&L Pool	POL-0008242	9/26/2021	9/26/2021	\$ 2,031.00	Insurance and bonds	107360
Special District Management Services, Inc	Nov-21	11/30/2021	11/30/2021	\$ 1,380.53	District management	107440
T Charles Wilson Insurance Service	10389	10/26/2021	1/1/2022	\$ 495.00	Insurance and bonds	107360
				\$ 3,906.53		

Sorrel Ranch Metropolitan District
December-21

	General	Debt	Capital	Totals
Disbursements	\$ 3,906.53			\$ 3,906.53
Payroll				\$ -
Total Disbursements from Checking	\$ 3,906.53	\$ -	\$ -	\$ 3,906.53

Sorrel Ranch Metropolitan District

January-22

Vendor	Invoice #	Date	Due Date	Amount in l	Expense Account	Account Number
Clifton Larson Allen, LLP	3096591	11/30/2021	11/30/2021	\$ 1,828.75	Accounting	107000
McGeady Becher PC	659B 112021	11/30/2021	11/30/2021	\$ 1,195.00	Legal	107460
Special District Management Services, Inc	Dec-21	12/31/2021	12/31/2021	\$ 569.76	District management	107440
				\$ 3,593.51		

Check Issue Date	Check Number	Payee	Amount
01/20/2022	9092	Selden, Mark A	184.70
01/20/2022	9093	Bourne, David	184.70
01/20/2022	9094	Jones, Ryan C	184.70
01/20/2022	9095	Stricker, Rebecca	184.70
Grand Totals:			
	<u>4</u>		<u>738.80</u>

Sorrel Ranch Metropolitan District
January-22

	General	Debt	Capital	Totals
Disbursements	\$ 3,593.51			\$ 3,593.51
Payroll	\$ 738.80			\$ 738.80
Total Disbursements from Checking	\$ 4,332.31	\$ -	\$ -	\$ 4,332.31

Sorrel Ranch Metropolitan District
February-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Aurora Media Group	102163	2/3/2022	3/5/2022	\$ 49.45	Miscellaneous	107480
Clifton Larson Allen, LLP	3123748	12/31/2021	12/31/2021	\$ 1,828.75	Accounting	107000
McGeady Becher PC	659B 12-2021	12/31/2021	12/31/2021	\$ 199.50	Legal	107460
Special District Management Services, Inc	Jan-22	1/31/2022	1/31/2022	\$ 876.52	District management	107440
				\$ 2,954.22		

Sorrel Ranch Metropolitan District
February-22

	General	Debt	Capital	Totals
Disbursements	\$ 2,954.22			\$ 2,954.22
Payroll				\$ -
Total Disbursements from Checking	\$ 2,954.22	\$ -	\$ -	\$ 2,954.22

Sorrel Ranch Metropolitan District
March-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Clifton Larson Allen, LLP	3145029	1/31/2022	1/31/2022	\$ 1,483.13	Accounting	17000
McGeady Becher PC	659B 1-2022	1/31/2022	1/31/2022	\$ 1,005.00	Legal Services	17460
Special District Association of Colorado	2022 SDA	2/28/2022	2/28/2022	\$ 349.78	Dues & Membership	17250
Special District Management Services, Inc	Feb-22	2/28/2022	2/28/2022	\$ 843.60	Election Expense	17430
Special District Management Services, Inc	Feb-22	2/28/2022	2/28/2022	\$ 3,848.54	District Management	17440
				\$ 7,530.05		

Sorrel Ranch Metropolitan District
March-22

	General	Debt	Capital	Totals
Disbursements	\$ 7,530.05			\$ 7,530.05
Payroll				\$ -
Total Disbursements from Checking	\$ 7,530.05	\$ -	\$ -	\$ 7,530.05

Sorrel Ranch Metropolitan District
April-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Aurora Media Group	102573	3/28/2022	4/27/2022	\$ 40.10	-	-
Clifton Larson Allen, LLP	3177677	2/28/2022	2/28/2022	\$ 635.96	Accounting	17000
McGeady Becher PC	659B 2-2022	2/28/2022	2/28/2022	\$ 597.50	Legal Services	17460
McGeady Becher PC	659B 3-2022	3/31/2022	3/31/2022	\$ 942.50	Legal Services	17460
South Aurora Regional Improvement Authority	2022 Property Tax Collection	4/6/2022	4/6/2022	\$ 10,844.44	SARIA Payment	37505
Special District Management Services, Inc	Mar-22	3/31/2022	3/31/2022	\$ 902.80	Accounting	17000
Special District Management Services, Inc	Mar-22	3/31/2022	3/31/2022	\$ 177.60	Election Expense	17430
Special District Management Services, Inc	Mar-22	3/31/2022	3/31/2022	\$ 482.40	District Management	17440
Tousa Recovery Acquisition LLC	4112022 Reimb. Fac.Fees 3rd QTR	4/11/2022	4/11/2022	\$ 87,200.00	Contingency	27890
				\$ 101,823.30		

Sorrel Ranch Metropolitan District
April-22

	General	Debt	Capital	Totals
Disbursements	\$ 3,778.86	\$ 87,200.00	\$ 10,844.44	\$ 101,823.30
Payroll				\$ -
Total Disbursements from Checking	\$ 3,778.86	\$ 87,200.00	\$ 10,844.44	\$ 101,823.30

Sorrel Ranch Metropolitan District
May-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 4-2022	4/30/2022	4/30/2022	\$ 315.00	Legal Services	17460
Special District Management Services, Inc	Apr-22	4/30/2022	4/30/2022	\$ 1,850.00	Accounting	17000
Special District Management Services, Inc	Apr-22	4/30/2022	4/30/2022	\$ 74.00	Election Expense	17430
Special District Management Services, Inc	Apr-22	4/30/2022	4/30/2022	\$ 552.60	District Management	17440
				\$ 2,791.60		

Sorrel Ranch Metropolitan District
May-22

	General	Debt	Capital	Totals
Disbursements	\$ 2,791.60			\$ 2,791.60
Payroll				\$ -
Total Disbursements from Checking	\$ 2,791.60	\$ -	\$ -	\$ 2,791.60

Sorrel Ranch Metropolitan District
June-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Special District Management Services, Inc	May-22	5/31/2022	5/31/2022	\$ 1,272.80	Accounting	17000
Special District Management Services, Inc	May-22	5/31/2022	5/31/2022	\$ 103.60	Election Expense	17430
Special District Management Services, Inc	May-22	5/31/2022	5/31/2022	\$ 284.76	District Management	17440
				\$ 1,661.16		

Sorrel Ranch Metropolitan District
June-22

	General	Debt	Capital	Totals
Disbursements	\$ 1,661.16			\$ 1,661.16
Payroll				\$ -
Total Disbursements from Checking	\$ 1,661.16	\$ -	\$ -	\$ 1,661.16

Sorrel Ranch Metropolitan District
July-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 5-2022	5/31/2022	5/31/2022	\$ 362.00	Legal Services	17460
Special District Management Services, Inc	Jun-22	6/30/2022	6/30/2022	\$ 458.80	Accounting	17000
Special District Management Services, Inc	Jun-22	6/30/2022	6/30/2022	\$ 14.80	Election Expense	17430
Special District Management Services, Inc	Jun-22	6/30/2022	6/30/2022	\$ 91.20	District Management	17440
				\$ 926.80		

Report Criteria:

Includes the following check types:
Manual, Payroll, Supplemental, Termination, Void
Includes unprinted checks

Pay Period Date	Journal Code	Check Issue Date	Check Number	Payee	Payee ID	Description	GL Account	Amount	D	
07/14/2022	PC	07/14/2022	9096	Selden, Mark A	4		1-1010	92.35-		
07/14/2022	PC	07/14/2022	9097	Bourne, David	7		1-1010	92.35-		
07/14/2022	PC	07/14/2022	9098	Stricker, Rebecca	10		1-1010	92.35-		
Grand Totals:								277.05-		
			3							

Sorrel Ranch Metropolitan District
July-22

	General	Debt	Capital	Totals
Disbursements	\$ 926.80			\$ 926.80
Payroll	\$ 277.05			\$ 277.05
Total Disbursements from Checking	\$ 1,203.85	\$ -	\$ -	\$ 1,203.85

Sorrel Ranch Metropolitan District
August-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 6-2022	6/30/2022	6/30/2022	\$ 81.50	Legal Services	17460
South Aurora Regional Improvement Authority	8-2022 Treasurer Fees	8/3/2022	8/3/2022	\$ 3,852.15	SARIA Payment	37505
Special District Management Services, Inc	Jul-22	7/31/2022	7/31/2022	\$ 799.20	Accounting	17000
Special District Management Services, Inc	Jul-22	7/31/2022	7/31/2022	\$ 29.60	Election Expense	17430
Special District Management Services, Inc	Jul-22	7/31/2022	7/31/2022	\$ 304.04	District Management	17440
				\$ 5,066.49		

Sorrel Ranch Metropolitan District
August-22

	General	Debt	Capital	Totals
Disbursements	\$ 1,214.34		\$ 3,852.15	\$ 5,066.49
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 1,214.34</u>	<u>\$ -</u>	<u>\$ 3,852.15</u>	<u>\$ 5,066.49</u>

Sorrel Ranch Metropolitan District
September-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 7-2022	7/31/2022	7/31/2022	\$ 685.00	Legal Services	17460
Special District Management Services, Inc	Aug-22	8/31/2022	8/31/2022	\$ 1,169.20	Accounting	17000
Special District Management Services, Inc	Aug-22	8/31/2022	8/31/2022	\$ 345.00	District Management	17440
				\$ 2,199.20		

Sorrel Ranch Metropolitan District
September-22

	General	Debt	Capital	Totals
Disbursements	\$ 2,199.20			\$ 2,199.20
Payroll				\$ -
Total Disbursements from Checking	\$ 2,199.20	\$ -	\$ -	\$ 2,199.20

Sorrel Ranch Metropolitan District
October-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Colorado Special District P&L Pool	23WC-60396-0694	8/26/2022	8/26/2022	\$ 450.00	Prepaid Insurance	11240
Haynie Company	D66434	8/31/2022	8/31/2022	\$ 5,200.00	Audit Fees	17020
McGeady Becher PC	6598 8-2022	8/31/2022	8/31/2022	\$ 180.00	Legal Services	17460
RLI	LSM0936341	9/27/2022	9/28/2022	\$ 250.00	Prepaid Insurance	11240
South Aurora Regional Improvement Authority	7-22 to 9-22	10/3/2022	10/4/2022	\$ 10,508.03	SARIA Payment	37505
Special District Management Services, Inc	Sep-22	9/30/2022	9/30/2022	\$ 1,198.80	Accounting	17000
Special District Management Services, Inc	Sep-22	9/30/2022	9/30/2022	\$ 150.80	District Management	17440
				\$ 17,937.63		

Sorrel Ranch Metropolitan District
October-22

	General	Debt	Capital	Totals
Disbursements	\$ 7,429.60		\$ 10,508.03	\$ 17,937.63
Payroll				\$ -
Total Disbursements from Checking	\$ 7,429.60	\$ -	\$ 10,508.03	\$ 17,937.63

SORREL RANCH METROPOLITAN DISTRICT
Schedule of Cash Position
September 30, 2022

	<u>Rate</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Checking:					
FirstBank - Checking		\$ 24,401.81	\$ -	\$ -	\$ 24,401.81
Investments:					
Csafe	2.6200%	395,309.37	845,434.05	11,507.39	1,252,250.81
TOTAL FUNDS:		<u>\$ 419,711.18</u>	<u>\$ 845,434.05</u>	<u>\$ 11,507.39</u>	<u>\$ 1,276,652.62</u>

2022 Mill Levy Information

General Fund	6.000
Debt Service Fund	42.500
SARIA	1.112
Total	<u>49.612</u>

Board of Directors
* Mark Selden
* David Bourne

Rebecca Stricker

Jim Ruthven

*authorized signer on checking account

SORREL RANCH METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

September 30, 2022

SORREL RANCH METROPOLITAN DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 2022

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>LONG-TERM DEBT</u>	<u>TOTAL MEMO ONLY</u>
Assets					
FirstBank - Checking	\$ 24,402	\$ -	\$ -	\$ -	\$ 24,402
Csafe	395,309	845,434	11,507	-	1,252,251
Property Taxes Receivable	669	4,733	124	-	5,526
Total Current Assets	<u>420,380</u>	<u>850,167</u>	<u>11,631</u>	<u>-</u>	<u>1,282,179</u>
Other Debits					
Amount in Debt Service Fund	-	-	-	845,433	845,433
Amount to be Provided for Debt	-	-	-	12,579,567	12,579,567
Total Other Debits	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,425,000</u>	<u>13,425,000</u>
Total Assets	<u>\$ 420,380</u>	<u>\$ 850,167</u>	<u>\$ 11,631</u>	<u>\$ 13,425,000</u>	<u>\$ 14,707,179</u>
Liabilities					
Payroll Payable	\$ 80	\$ -	\$ -	\$ -	\$ 80
Due to TOUSA	47,300	-	-	-	47,300
Series 2020 Bonds	-	-	-	13,425,000	13,425,000
Total Liabilities	<u>47,380</u>	<u>-</u>	<u>-</u>	<u>13,425,000</u>	<u>13,472,380</u>
Deferred Inflows of Resources					
Deferred Property Taxes	669	4,733	124	-	5,526
Total Deferred Inflows of Resources	<u>669</u>	<u>4,733</u>	<u>124</u>	<u>-</u>	<u>5,526</u>
Fund Balance					
Fund Balance	252,490	73,126	-	-	325,616
Current Year Earnings	119,842	772,308	11,507	-	903,656
Total Fund Balances	<u>372,331</u>	<u>845,433</u>	<u>11,507</u>	<u>-</u>	<u>1,229,273</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 420,380</u>	<u>\$ 850,167</u>	<u>\$ 11,631</u>	<u>\$ 13,425,000</u>	<u>\$ 14,707,179</u>

SORREL RANCH METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 9 Months Ending
September 30, 2022
General Fund

<u>Account Description</u>	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Property Taxes	\$ 57,562	\$ 138,069	\$ 138,737	\$ (668)	99.5%
Specific ownership tax	2,267	5,877	9,712	(3,835)	60.5%
Interest Income	2,460	3,261	1,000	2,261	326.1%
Administrative Fee	-	-	15,000	(15,000)	0.0%
Total Revenues	<u>62,289</u>	<u>147,208</u>	<u>164,449</u>	<u>(17,241)</u>	<u>89.5%</u>
Expenditures					
Accounting	2,427	8,572	24,200	15,628	35.4%
Audit Fees	-	-	4,100	4,100	0.0%
County Treasurer fees	865	2,073	2,081	8	99.6%
Director's Fees	(462)	277	1,600	1,323	17.3%
Dues & Membership	-	350	450	100	77.7%
Election Expense	44	1,283	5,000	3,717	25.7%
Insurance and Bonds	-	3,426	3,300	(126)	103.8%
District Management	740	6,785	19,800	13,015	34.3%
Legal Services	1,129	3,989	22,000	18,012	18.1%
Payroll taxes	22	80	-	(80)	-
Miscellaneous	217	532	500	(32)	106.4%
Contingency	-	-	20,069	20,069	0.0%
Total Expenditures	<u>4,982</u>	<u>27,366</u>	<u>103,100</u>	<u>75,734</u>	<u>26.5%</u>
Excess (Deficiency) of Revenues Over Expenditures	57,306	119,842	61,349	58,494	
Beginning Fund Balance	315,025	252,490	232,452	20,038	
Ending Fund Balance	<u>\$ 372,331</u>	<u>\$ 372,331</u>	<u>\$ 293,801</u>	<u>\$ 78,531</u>	

SORREL RANCH METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 9 Months Ending
September 30, 2022
Debt Service Fund

<u>Account Description</u>	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Prpoerty Taxes	\$ 407,731	\$ 977,992	\$ 982,725	\$ (4,733)	99.5%
Specific Ownership Tax	16,055	41,639	68,791	(27,152)	60.5%
Interest Income	5,228	6,225	600	5,625	1037.5%
Total Revenues	<u>429,014</u>	<u>1,025,856</u>	<u>1,052,116</u>	<u>(26,260)</u>	<u>97.5%</u>
Expenditures					
County Treasurer's fee	6,130	14,686	14,741	55	99.6%
Paying agent / trustee fees	-	-	2,500	2,500	0.0%
Interest expense - bonds	-	238,863	477,725	238,863	50.0%
Bond Principal	-	-	405,000	405,000	0.0%
Contingency	-	-	5,032	5,032	0.0%
Total Expenditures	<u>6,130</u>	<u>253,548</u>	<u>904,998</u>	<u>651,450</u>	<u>28.0%</u>
Excess (Deficiency) of Revenues Over Expenditures	422,884	772,308	147,118	625,190	
Beginning Fund Balance	422,550	73,126	63,939	9,187	
Ending Fund Balance	<u>\$ 845,434</u>	<u>\$ 845,434</u>	<u>\$ 211,057</u>	<u>\$ 634,377</u>	

SORREL RANCH METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 9 Months Ending
September 30, 2022
Capital Projects Fund

<u>Account Description</u>	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Property Taxes - SARIA	\$ 10,668	\$ 25,589	\$ 25,713	\$ (124)	99.5%
Specific Ownership Tax	420	810	-	810	-
Interest Income	162	190	-	190	-
Total Revenues	<u>11,251</u>	<u>26,588</u>	<u>25,713</u>	<u>875</u>	<u>103.4%</u>
Expenditures					
County Treasurer's Fee	160	384	386	2	99.5%
SARIA Payment	3,852	14,697	25,327	10,630	58.0%
Total Expenditures	<u>4,013</u>	<u>15,081</u>	<u>25,713</u>	<u>10,632</u>	<u>58.7%</u>
Excess (Deficiency) of Revenues Over Expenditures	7,238	11,507	-	11,507	
Beginning Fund Balance	4,269	-	-	-	
Ending Fund Balance	<u>\$ 11,507</u>	<u>\$ 11,507</u>	<u>\$ -</u>	<u>\$ 11,507</u>	

Sorrel Ranch Metropolitan District

Annual Financial Report

December 31, 2021





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Independent Auditor's Report

To the Board of Directors
Sorrel Ranch Metropolitan District
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Sorrel Ranch Metropolitan District (the "District") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the District, as of December 31, 2021 and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if



there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report, as listed in the table of contents. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Haynie & Company

Littleton, Colorado

September 29, 2022

Basic Financial Statements

Sorrel Ranch Metropolitan District
Statement of Net Position
December 31, 2021

Assets	Governmental Activities
Cash and investments	\$ 331,132
Cash and investments - restricted	68,177
Receivable - County Treasurer	5,649
Property taxes receivable	1,147,176
Prepaid expense	900
Total assets	\$ 1,553,034
Liabilities	
Accounts payable	7,002
Payroll payable	739
Due to TOUSA	72,500
Accrued interest payable	39,810
Noncurrent liabilities:	
Due within one year	539,185
Due in more than one year	16,452,281
Total liabilities	\$ 17,111,517
Deferred Inflows of Resources	
Property tax revenue	1,147,175
Total deferred inflows of resources	1,147,175
Net Position	
Restricted for:	
Emergency reserves	4,044
Unrestricted	(16,709,702)
Total Net Position	(16,705,658)
Total Liabilities, Net Position and Deferred Inflows of Resources	\$ 1,553,034

The accompanying notes are an integral part of these financial statements.

Sorrel Ranch Metropolitan District
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and other fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 90,232	\$ -	\$ -	\$ -	\$ (90,232)
Interest and related costs on long term debt	404,093	-	-	-	(404,093)
	<u>494,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(494,325)</u>
General revenues:					
Property taxes					1,004,209
Specific ownership taxes					69,208
Interest income					650
Administration fee					4,600
Total general revenues					<u>1,078,667</u>
Change in net position					584,342
Net position - beginning of year					<u>(17,290,000)</u>
Net position - end of year					<u>\$ (16,705,658)</u>

The accompanying notes are an integral part of these financial statements.

Sorrel Ranch Metropolitan District
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ 331,132	\$ -	\$ -	\$ 331,132
Cash and investments - restricted	-	68,177	-	68,177
Property taxes receivable	138,738	982,725	25,713	1,147,176
Receivable - County Treasurer	699	4,950	-	5,649
Prepaid expenses	<u>900</u>	<u>-</u>	<u>-</u>	<u>900</u>
Total assets	<u>\$ 471,469</u>	<u>\$ 1,055,852</u>	<u>\$ 25,713</u>	<u>\$ 1,553,034</u>
Liabilities				
Accounts payable	\$ 7,002	\$ -	\$ -	\$ 7,002
Payroll payable	739	-	-	739
Due to TOUSA	<u>72,500</u>	<u>-</u>	<u>-</u>	<u>72,500</u>
Total liabilities	<u>80,241</u>	<u>-</u>	<u>-</u>	<u>80,241</u>
Deferred Inflows of Resources				
Deferred property tax revenue	<u>138,737</u>	<u>982,725</u>	<u>25,713</u>	<u>1,147,175</u>
Total deferred inflows of resources	<u>138,737</u>	<u>982,725</u>	<u>25,713</u>	<u>1,147,175</u>
Fund Balances				
Nonspendable:				
Prepaid expense	900	-	-	900
Restricted:				
Emergency reserves	4,044	-	-	4,044
Debt service	-	885,325	-	885,325
Unassigned	<u>247,547</u>	<u>(812,198)</u>	<u>-</u>	<u>(564,651)</u>
Total Fund Balances	<u>252,491</u>	<u>73,127</u>	<u>-</u>	<u>325,618</u>
Total Liabilities, Fund Balance and Deferred Inflows of Resources	<u>\$ 471,469</u>	<u>\$ 1,055,852</u>	<u>\$ 25,713</u>	<u>\$ 1,553,034</u>
 Total governmental fund balance per above				 \$ 325,618
Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:				
Bonds not payable in the current year are excluded as liabilities in the governmental funds. Interest on bonds payable is recognized as an expenditure in governmental funds when due. These liabilities consist of:				
Bonds payable				(13,030,000)
Bond premium				(1,520,113)
Accrued interest on bonds				(39,810)
Developer advance payable				(1,290,861)
Accrued interest on developer advance				<u>(1,150,492)</u>
Net position of governmental activities				<u>\$ (16,705,658)</u>

The accompanying notes are an integral part of these financial statements.

Sorrel Ranch Metropolitan District
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 121,509	\$ 860,206	\$ 22,494	\$ 1,004,209
Specific ownership taxes	8,562	60,646	-	69,208
Interest income	142	508	-	650
Administration fee	4,600	-	-	4,600
Total General Revenues	<u>134,813</u>	<u>921,360</u>	<u>22,494</u>	<u>1,078,667</u>
Expenditures				
Current				
Accounting	21,945	-	-	21,945
Audit	3,750	-	-	3,750
County Treasurer's fees	1,823	12,909	338	15,070
Director's Fee	1,062	-	-	1,062
District Management	9,235	-	-	9,235
Insurance and bonds	2,526	-	-	2,526
Legal	13,751	-	-	13,751
Miscellaneous	37	-	-	37
Paying agent/trustee fees	-	700	-	700
SARIA payment	-	-	22,157	22,157
Debt service				
Bond Principal payment	-	395,000	-	395,000
Bond interest	-	485,625	-	485,625
Total Expenditures	<u>54,129</u>	<u>894,234</u>	<u>22,494</u>	<u>970,857</u>
Excess of revenues over (under) expenditures	80,684	27,126	-	107,810
Net change in fund balances	80,684	27,126	-	107,810
Fund balances:				
Beginning of the year	<u>171,807</u>	<u>46,001</u>	<u>-</u>	<u>217,808</u>
End of the year	<u>\$ 252,491</u>	<u>\$ 73,127</u>	<u>\$ -</u>	<u>\$ 325,618</u>

The accompanying notes are an integral part of these financial statements.

Sorrel Ranch Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balance—total governmental funds \$ 107,810

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

Long-term debt 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 payment	395,000
Bond premium	134,185

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.

Accrued interest on developer advances - change in liability	(53,312)	
Accrued interest on bonds - change in liability	659	(52,653)

Change in net position of governmental activities \$ 584,342

The accompanying notes are an integral part of these financial statements.

Sorrel Ranch Metropolitan District
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 121,445	\$ 121,509	\$ 64
Specific ownership taxes	8,500	8,562	62
Interest income	1,000	142	(858)
Administration fee	<u>1,500</u>	<u>4,600</u>	<u>3,100</u>
Total Revenues	<u>132,445</u>	<u>134,813</u>	<u>2,368</u>
Expenditures			
Accounting	22,000	21,945	55
Audit	3,750	3,750	-
County Treasurer's fees	1,822	1,823	(1)
Director's fees	1,600	1,062	538
District management	18,000	9,235	8,765
Dues and membership	450	-	450
Insurance and bonds	3,300	2,526	774
Legal services	20,000	13,751	6,249
Miscellaneous	500	37	463
Contingency	<u>3,578</u>	<u>-</u>	<u>3,578</u>
Total Expenditures	<u>75,000</u>	<u>54,129</u>	<u>20,871</u>
Net change in fund balances	57,445	80,684	23,239
Fund Balance—Beginning of year	<u>171,111</u>	<u>171,807</u>	<u>696</u>
Fund Balance—End of Year	<u>\$ 228,556</u>	<u>\$ 252,491</u>	<u>\$ 23,935</u>

The accompanying notes are an integral part of these financial statements.

Sorrel Ranch Metropolitan District

Notes to Financial Statements

December 31, 2021

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 an Amended and Restated Service Plan, as approved on August 30, 2004, and modified on August 14, 2006 by the City Council of the City of Aurora (the “Service Plan”).

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.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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 of the District is reported as net position.

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2021

2. Summary of Significant Accounting Policies (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 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 government 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 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 is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

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

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 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 presented on the modified accrual basis of accounting unless otherwise indicated.

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. Investments are carried at fair value.

Property Taxes

Property taxes are levied by the District 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 for 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.

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue is recorded as revenue in the year it is 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.

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Equity

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.

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

- *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 policy to use the most restrictive classification first.

3. Cash and Investments

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 331,132
Cash and investments—Restricted	<u>68,177</u>
Total cash and investments	<u>\$ 399,309</u>

Cash and investments as of December 31, 2021 consist of the following:

Deposits with financial institutions	\$ 70,812
Investments	<u>328,497</u>
Total cash and investments	<u>\$ 399,309</u>

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 equal to 102% of the aggregate uninsured deposits.

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

3. Cash and Investments (continued)

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.

As of December 31, 2021, the District’s cash deposits had a carrying balance of \$70,812 and bank balance of \$70,812.

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.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities,
- bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- * local government investment pools.

As of December 31, 2021, 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	<u>\$ 328,497</u>

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

3. Cash and Investments (continued)

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.

4. Long-Term Obligations

The following is an analysis of changes in the District's long-term debt for the year ended December 31, 2021:

	<u>Balance December 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2021</u>	<u>Due Within One year</u>
Bonded debt obligations:					
G.O. Limited Tax Bonds:					
Series 2020	\$ 13,425,000	\$ -	\$ 395,000	\$ 13,030,000	\$ 405,000
Bond premium	<u>1,654,298</u>	<u>-</u>	<u>134,185</u>	<u>1,520,113</u>	<u>134,185</u>
Total bonded debt	<u>15,079,298</u>	<u>-</u>	<u>529,185</u>	<u>14,550,113</u>	<u>539,185</u>
Other obligations					
Developer Advances:					
Operating	289,574	-	-	289,574	-
Capital	1,001,287	-	-	1,001,287	-
Accrued Interest on Developer Advances:					
Operating	247,145	11,959	-	259,104	-
Capital	<u>850,035</u>	<u>41,353</u>	<u>-</u>	<u>891,388</u>	<u>-</u>
Total other obligations	<u>2,388,041</u>	<u>53,312</u>	<u>-</u>	<u>2,441,353</u>	<u>-</u>
Total long-term debt	<u>\$ 17,467,339</u>	<u>\$ 53,312</u>	<u>\$ 529,185</u>	<u>\$ 16,991,466</u>	<u>\$ 539,185</u>

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

4. Long-Term Obligations (continued)

Limited Tax General Obligation Refunding Bonds, Series 2020 On October 8, 2020, the District issued its Limited Tax General Obligation Refunding Bonds, Series 2020 (the Series 2020 Bonds) for the purpose of paying the costs to refund the Senior 2006 Bonds and the Subordinate 2006 Bonds, purchasing the Insurance Policy and the Reserve Fund Insurance Policy (as such terms are defined below), and paying the costs of issuance of the Series 2020 Bonds.

The Series 2020 Bonds are secured and payable from the Pledged Revenue consisting of the moneys derived from the following sources, net of any costs of collection: (i) the Required Mill Levy; (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (iii) any other legally available moneys which the Board determines to credit to the Bond Fund. The District has covenanted to impose the Required Mill Levy on all taxable property of the District (but not beyond the Maximum Debt Mill Levy Imposition Term to the extent required by the Service Plan), in an amount sufficient to pay the principal of, premium if any, and interest on the Series 2020 Bonds as they become due and payable, and to replenish the Reserve Fund in the amount of the Reserve Fund Requirement (as discussed below), but not in excess of 50.000 mills, as adjusted.

The scheduled payment of principal of and interest on the Series 2020 Bonds when due are guaranteed under an insurance policy issued concurrently with the delivery of the Series 2020 Bonds by Assured Guaranty Municipal Corp (the Insurance Policy). The Series 2020 Bonds are also secured by amounts on deposit in the Reserve Fund which is funded by a Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Fund Insurance Policy") in the amount of the Reserve Fund Requirement. The Reserve Fund Requirement is the lesser of (i) 10% of the proceeds of the Series 2020 Bonds, (ii) the maximum annual principal and interest payable with respect to the Series 2020 Bonds, or (iii) 125% of the average annual principal and interest payable with respect to the Series 2020 Bonds.

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 occurrence or existence of any one or more of the following events shall be an Event of Default under the Bond Resolution: (a) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Bond Resolution; (b) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Bond Resolution, and fails to remedy the same within thirty (30) days after notice thereof; or (c) The District files a petition under the federal

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

4. Long-Term Obligations (continued)

bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds. Due to the limited nature of the Pledged Revenue, the Bond Resolution acknowledges that the failure to pay the principal of or interest on the Series 2020 Bonds when due does not, in and of itself, constitute an Event of Default under the Bond Resolution.

So long as the Insurance Policy is in effect and the Bond Insurer is not in default thereunder, upon the occurrence and continuance of a default or an event of default, the Bond Insurer shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds or the Trustee for the benefit of the Bondholders. In addition, the Bondholder may proceed to protect and enforce its rights under the Bond Resolution by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction; provided, however, that acceleration shall not be an available remedy.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2027-2031	2,700,000	1,717,375	4,417,375
2032-2036	3,335,000	1,072,675	4,407,675
2037-2041	3,990,000	422,875	4,412,875
2042	855,000	21,375	876,375
Total	<u>\$ 13,030,000</u>	<u>\$ 5,501,375</u>	<u>\$ 18,531,375</u>

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.

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

4. Long-Term Obligations (continued)

At December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 5, 2002 Election	Authorization Used	Remaining at December 31, 2021
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	<u>17,222,000</u>	<u>13,425,000</u>	<u>3,797,000</u>
Total	<u>\$ 34,644,000</u>	<u>\$ 27,835,000</u>	<u>\$ 6,809,000</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. (the 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 2021 was 4.13%. 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 \$259,104 for accrued interest as of December 31, 2021. 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, 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

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2021

4. Long-Term Obligations (continued)

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 \$891,388 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.

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. As of December 31, 2021, the District had a restricted net position as follows:

	Governmental
	Activities
Emergency reserves	\$ 4,044

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.

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

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2021

6. Agreements (continued)

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 the City, 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. SARIA 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 SARIA 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.

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.

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2021

6. Agreements (continued)

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, 2021, 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 2021, 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 2021, the District collected \$4,600 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 transferred the \$100,000 contribution to SARIA in 2018.

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2021

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.

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 Financial Statements (continued)
December 31, 2021

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
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2021

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Property taxes	\$ 860,238	\$ 860,206	\$ (32)
Specific ownership taxes	60,200	60,646	446
Interest income	500	508	8
Total Revenue	920,938	921,360	422
Expenditures:			
County Treasurer's Fees	12,904	12,909	(5)
Bond interest - Series 2020	485,625	485,625	-
Bond principal - Series 2020	395,000	395,000	-
Paying agent/trustee fees	2,500	700	1,800
Contingency	6,971	-	6,971
Total Expenditures	903,000	894,234	8,771
Excess Revenue Over (Under) Expenditures	17,938	27,126	27,126
 Net change in fund balances	 17,938	 27,126	 27,126
 Fund Balance—Beginning of year	 40,807	 46,001	 46,001
Fund Balance—End of Year	\$ 58,745	\$ 73,127	\$ 73,127

Sorrel Ranch Metropolitan District
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2021

	<u>Original & Final Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
ARI revenues from property taxes	\$ 22,508	\$ 22,508	\$ 22,494	\$ (14)
Total Revenues	<u>22,508</u>	<u>22,508</u>	<u>22,494</u>	<u>(14)</u>
Expenditures:				
County treasurer's fees	338	338	338	0
SARIA payment	<u>22,170</u>	<u>22,170</u>	<u>22,157</u>	<u>13</u>
Total Expenditures	<u>22,508</u>	<u>22,508</u>	<u>22,494</u>	<u>14</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Other Information

Sorrel Ranch Metropolitan District
Schedule of Debt Service Requirements to Maturity
For the Year Ended December 31, 2021

\$13,425,000
Limited Tax General Obligation Refunding Bonds
Dated October 8, 2020
Interest Rate 2.00% to 5.00%
Principal Payable December 1
Interest Payable June 1 and December 1

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ended December 31,			
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
	<u>\$13,030,000</u>	<u>\$ 5,501,375</u>	<u>\$ 18,531,375</u>

Sorrel Ranch Metropolitan District
Summary of Assessed Valuation,
Mill Levy and Property Taxes Collected
December 31, 2021

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	Debt Service	ARI	Levied	Collected	
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%
2021	\$ 20,240,887	6.000	42.500	1.112	\$1,004,191	\$ 1,004,209	100.00%
Estimated for the year ending 12/31/2022	\$ 23,122,940	6.000	42.500	1.112	\$1,147,175		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the county treasurer does not permit identification of specific year or levy.

Sorrel Ranch Metropolitan District
Continuing Disclosures
of Annual Financial Information
December 31, 2021

History of District's Assessed Valuation and Mill Levies

Levy/Collection Year	Assessed Valuation	Percent Change	Mills Levied for			Total Levy
			General	Debt Service	ARI	
2016/2017	\$ 14,095,777	0.19%	6.000	50.000	1.000	57.000
2017/2018	15,455,005	8.79%	6.000	55.277	1.105	62.382
2018/2019	15,502,230	0.30%	6.000	55.277	1.105	62.382
2019/2020	19,430,691	20.22%	6.000	55.663	1.112	62.775
2020/2021	20,240,887	4.00%	6.000	42.500	1.112	49.612
Estimated for the year ending 12/31/2022	\$ 23,122,940		6.000	42.500	1.112	49.612

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the county treasurer does not permit identification of specific year or levy.

Property Tax Collections from the District

Levy/Collection Year	Taxes Levied	Current Tax Collections	Percent of Levy Collected
2016/2017	\$ 803,460	\$ 803,460	100.00%
2017/2018	964,114	964,114	100.00%
2018/2019	967,060	967,060	100.00%
2019/2020	1,219,762	1,219,737	100.00%
2020/2021	1,004,191	1,004,209	100.00%
2021/2022	1,148,175		

Ten Largest Taxpayers in the District for 2021

Taxpayer Name	Assessed Valuation	Percentage of Total Assessed Valuation
Public SVC CO	\$ 440,760	2.18%
TOUSA Recovery Acquisition LLC	313,200	1.55%
Colorado 510 LLC	208,800	1.03%
Private Homeowner #1	45,103	0.22%
Private Homeowner #2	44,681	0.22%
Private Homeowner #3	43,673	0.19%
Private Homeowner #4	41,084	0.20%
Private Homeowner #5	40,663	0.20%
Private Homeowner #6	40,434	0.20%
Private Homeowner #7	40,169	0.20%
	<u>\$ 1,258,567</u>	



PK Kaiser, MBA, MS

Assessor

AUG 29 2022

OFFICE OF THE ASSESSOR
5334 S. Prince Street
Littleton, CO 80120-1136
Phone: 303-795-4650
TDD: Relay-711
Fax:303-738-7863

<http://co-arapahoe-ptoc.publicaccessnow.com>
arapahoep@arapahoegov.com

August 24, 2022

AUTH 4587 SORREL RANCH METRO DIST
SPECIAL DISTRICT MANAGEMENT
SERVICES INC
C/O DAVID SOLIN
141 UNION BLVD SUITE 150
LAKEWOOD CO 80228-1898

Code # 4587

CERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2022 of:

\$23,388,031

The breakdown of the taxable valuation of your property is enclosed.

As further required by CRS 39-5-128(1), you are hereby notified to officially certify your levy to the Board of County Commissioners no later than December 15.

CRS 39-1-111(5) requires that this office transmit a notification by December 10 of any changes to valuation made after the original certification.

PK Kaiser, MBA, MS
Arapahoe County Assessor

enc

CERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity YES NO

Date: August 24, 2022

NAME OF TAX ENTITY: SORREL RANCH METRO DIST

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	23,122,940
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	23,388,031
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	23,388,031
5. NEW CONSTRUCTION: *	5.	\$	2,342,985
6. INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	\$	0
7. ANNEXATIONS/INCLUSIONS:	7.	\$	0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	\$	0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): Φ	9.	\$	0
10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A), C.R.S.). Includes all revenue collected on valuation not previously certified:	10.	\$	0
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(1)(B), C.R.S.):	11.	\$	0

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec 20(8)(b), Colo. Constitution

* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.

Φ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART X, SEC 20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	325,328,204
--	----	----	-------------

ADDITIONS TO TAXABLE REAL PROPERTY

2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$	33,711,994
3. ANNEXATIONS/INCLUSIONS:	3.	\$	0
4. INCREASED MINING PRODUCTION: §	4.	\$	0
5. PREVIOUSLY EXEMPT PROPERTY:	5.	\$	0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$	0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.):	7.	\$	0

DELETIONS FROM TAXABLE REAL PROPERTY

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	\$	0
9. DISCONNECTIONS/EXCLUSIONS:	9.	\$	0
10. PREVIOUSLY TAXABLE PROPERTY:	10.	\$	0

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

* Construction is defined as newly constructed taxable real property structures.

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY	1.	\$	0
---	----	----	---

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **		\$	0
--	--	----	---

** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of _____, Colorado.

On behalf of the _____,
(taxing entity)^A
 the _____,
(governing body)^B
 of the _____,
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ _____ assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ _____ (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: _____ for budget/fiscal year _____
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

<u>PURPOSE</u> (see end notes for definitions and examples)	<u>LEVY²</u>	<u>REVENUE²</u>
1. General Operating Expenses ^H	_____ mills	\$ _____
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< _____ > mills	\$ < _____ >
SUBTOTAL FOR GENERAL OPERATING:	<div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> mills	<div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> \$
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: <small>[Sum of General Operating Subtotal and Lines 3 to 7]</small>	<div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> mills	<div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> \$

Contact person: _____ Daytime phone: () _____
 (print)
 Signed: _____ Title: _____

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

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

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

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

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

CONTRACTS^K:

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

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

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

Notes:

^A **Taxing Entity**—A jurisdiction authorized by law to impose ad valorem property taxes on taxable property located within its territorial limits (please see notes B, C, and H below). For purposes of the DLG 70 only, a *taxing entity* is also a geographic area formerly located within a *taxing entity's* boundaries for which the county assessor certifies a valuation for assessment and which is responsible for payment of its share until retirement of financial obligations incurred by the *taxing entity* when the area was part of the *taxing entity*. For example: an area of excluded property formerly within a special district with outstanding general obligation debt at the time of the exclusion or the area located within the former boundaries of a dissolved district whose outstanding general obligation debt service is administered by another local government^C.

^B **Governing Body**—The board of county commissioners, the city council, the board of trustees, the board of directors, or the board of any other entity that is responsible for the certification of the *taxing entity's* mill levy. For example: the board of county commissioners is the governing board ex officio of a county public improvement district (PID); the board of a water and sanitation district constitutes ex officio the board of directors of the water subdistrict.

^C **Local Government** - For purposes of this line on Page 1 of the DLG 70, the *local government* is the political subdivision under whose authority and within whose boundaries the *taxing entity* was created. The *local government* is authorized to levy property taxes on behalf of the *taxing entity*. For example, for the purposes of this form:

1. a municipality is both the *local government* and the *taxing entity* when levying its own levy for its entire jurisdiction;
2. a city is the *local government* when levying a tax on behalf of a business improvement district (BID) *taxing entity* which it created and whose city council is the BID board;
3. a fire district is the *local government* if it created a subdistrict, the *taxing entity*, on whose behalf the fire district levies property taxes.
4. a town is the *local government* when it provides the service for a dissolved water district and the town board serves as the board of a dissolved water district, the *taxing entity*, for the purpose of certifying a levy for the annual debt service on outstanding obligations.

^D **GROSS Assessed Value** - There will be a difference between gross assessed valuation and net assessed valuation reported by the county assessor only if there is a “tax increment financing” entity (see below), such as a downtown development authority or an urban renewal authority, within the boundaries of the *taxing entity*. The board of county commissioners certifies each *taxing entity's* total mills upon the *taxing entity's* *Gross Assessed Value* found on Line 2 of Form DLG 57.

^E **Certification of Valuation by County Assessor, Form DLG 57** - The county assessor(s) uses this form (or one similar) to provide valuation for assessment information to a *taxing entity*. The county assessor must provide this certification no later than August 25th each year and may amend it, one time, prior to December 10th. Each entity must use the **FINAL** valuation provided by assessor when certifying a tax levy.

^F **TIF Area**—A downtown development authority (DDA) or urban renewal authority (URA), may form plan areas that use “tax increment financing” to derive revenue from increases in assessed valuation (gross minus net, Form DLG 57 Line 3) attributed to the activities/improvements within the plan area. The DDA or URA receives the differential revenue of each overlapping *taxing entity's* mill levy applied against the *taxing entity's* gross assessed value after subtracting the *taxing entity's* revenues derived from its mill levy applied against the net assessed value.

^G **NET Assessed Value**—The total taxable assessed valuation from which the *taxing entity* will derive revenues for its uses. It is found on Line 4 of Form DLG 57. **Please Note:** A downtown development authority (DDA) may be both a *taxing entity* and have also created its own *TIF area* and/or have a URA *TIF Area* within the DDA's boundaries. As a result DDAs may both receive operating revenue from their levy applied to their certified *NET assessed value* and also receive TIF revenue generated by any *tax entity* levies overlapping the DDA's *TIF Area*, including the DDA's own operating levy.

^H **General Operating Expenses (DLG 70 Page 1 Line 1)**—The levy and accompanying revenue reported on Line 1 is for general operations and includes, in aggregate, all levies for and revenues raised by a *taxing entity* for purposes not lawfully exempted and detailed in Lines 3 through 7 on Page 1 of the DLG 70. For example: a fire pension levy is included in general operating expenses, unless the pension is voter-approved, if voter-approved, use Line 7 (Other).

^I **Temporary Tax Credit for Operations (DLG 70 Page 1 Line 2)**—The Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction of 39-1-111.5, C.R.S. may be applied to the *taxing entity*'s levy for general operations to effect refunds. Temporary Tax Credits (TTCs) are not applicable to other types of levies (non-general operations) certified on this form because these levies are adjusted from year to year as specified by the provisions of any contract or schedule of payments established for the payment of any obligation incurred by the *taxing entity* per 29-1-301(1.7), C.R.S., or they are certified as authorized at election per 29-1-302(2)(b), C.R.S.

^J **General Obligation Bonds and Interest (DLG 70 Page 1 Line 3)**—Enter on this line the total levy required to pay the annual debt service of all general obligation bonds. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments. Title 32, Article 1 Special districts and subdistricts must complete Page 2 of the DLG 70.

^K **Contractual Obligation (DLG 70 Page 1 Line 4)**—If repayment of a contractual obligation with property tax has been approved at election and it is not a general obligation bond (shown on Line 3), the mill levy is entered on this line. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments.

^L **Capital Expenditures (DLG 70 Page 1 Line 5)**—These revenues are not subject to the statutory property tax revenue limit if they are approved by counties and municipalities through public hearings pursuant to 29-1-301(1.2) C.R.S. and for special districts through approval from the Division of Local Government pursuant to 29-1-302(1.5) C.R.S. or for any *taxing entity* if approved at election. Only levies approved by these methods should be entered on Line 5.

^M **Refunds/Abatements (DLG 70 Page 1 Line 6)**—The county assessor reports on the *Certification of Valuation* (DLG 57 Line 11) the amount of revenue from property tax that the local government did not receive in the prior year because taxpayers were given refunds for taxes they had paid or they were given abatements for taxes originally charged to them due to errors made in their property valuation. The local government was due the tax revenue and would have collected it through an adjusted mill levy if the valuation errors had not occurred. Since the government was due the revenue, it may levy, in the subsequent year, a mill to collect the refund/abatement revenue. An abatement/refund mill levy may generate revenues up to, but not exceeding, the refund/abatement amount from Form DLG 57 Line 11.

1. Please Note: Pursuant to Article X, Section 3 of the Colorado Constitution, if the *taxing entity* is in more than one county, as with all levies, the abatement levy must be uniform throughout the entity's boundaries and certified the same to each county. To calculate the abatement/refund levy for a *taxing entity* that is located in more than one county, first total the abatement/refund amounts reported by each county assessor, then divide by the *taxing entity*'s total net assessed value, then multiply by 1,000 and round down to the nearest three decimals to prevent levying for more revenue than was abated/refunded. This results in an abatement/refund mill levy that will be uniformly certified to all of the counties in which the *taxing entity* is located even though the abatement/refund did not occur in all the counties.

^N **Other (DLG 70 Page 1 Line 7)**—Report other levies and revenue not subject to 29-1-301 C.R.S. that were not reported above. For example: a levy for the purposes of television relay or translator facilities as specified in sections 29-7-101, 29-7-102, and 29-7-105 and 32-1-1005 (1) (a), C.R.S.; a voter-approved fire pension levy; a levy for special purposes such as developmental disabilities, open space, etc.

IMPORTANT POINTS TO REMEMBER

Please use the "Certification of Tax Levies for Non-School Governments" form enclosed. Include a contact name and a daytime telephone number.

All taxing authorities are required to certify their levies to the Commissioners no later than December 15. Signed mill levies will be accepted via email, mail or FAX.

Submitting your "Certification of Tax Levies for Non-School Governments" form by email is the best way to ensure the information is delivered directly to the Budget Division.

Email forms to financebudgeting@arapahoegov.com

Mail: Board of County Commissioners
c/o Budget Division
5334 S. Prince St.
Littleton, CO 80120

FAX: 303-738-7929
Attn: Budget Division

Mill levies should be calculated to three decimal places.

If the levy has been determined to equal zero, please certify a zero mill levy to eliminate any confusion.

For questions concerning "Certification of Tax Levies for Non-School Governments," please contact our Budget Division by telephone at 303-795-4690 or via e-mail at financebudgeting@arapahoegov.com or visit our website at:

<https://www.arapahoegov.com/1186/>

For questions concerning certified taxable values, please contact:

Julia McQueen
Arapahoe County Assessor's Office
5334 S. Prince St.
Littleton, CO 80120
Phone: 303-795-4672

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

	2021 Actual	2022 Adopted Budget	2023 Preliminary Budget
Assessed Valuation	\$ 20,240,887	\$ 23,122,940	\$ 23,388,031
Mill Levy			
General Fund	6.000	6.000	6.000
Debt Service Fund	42.500	42.500	42.500
SARIA	1.112	1.112	1.112
Total Mill Levy	49.612	49.612	49.612
Property Taxes			
General Fund	\$ 121,445	\$ 138,738	\$ 140,328
Debt Service Fund	860,238	982,725	993,991
SARIA	22,508	25,713	26,007
Actual/Budgeted Property Taxes	\$ 1,004,191	\$ 1,147,176	\$ 1,160,326

SORREL RANCH METROPOLITAN DISTRICT

GENERAL FUND

2023 Preliminary Budget

with 2021 Actual, 2022 Adopted Budget, and 2022 Estimated

	2021 Actual	01/22-07/22 YTD Actual	2022 Adopted Budget	2022 Estimated	2023 Preliminary Budget
BEGINNING FUND BALANCE	\$ 171,807	\$ 253,229	\$ 232,452	\$ 253,229	\$ 358,345
REVENUE					
Property Taxes	121,509	134,362	138,737	138,737	140,328
Specific ownership tax	8,562	4,304	9,712	9,712	8,420
Interest Income	142	1,503	1,000	4,000	10,000
Administrative Fee	4,600	-	15,000	15,000	15,000
Total Revenue	134,814	140,169	164,449	167,449	173,748
Total Funds Available	306,620	393,398	396,901	420,678	532,093
EXPENDITURES					
Accounting	21,945	6,603	24,200	12,000	13,000
Audit Fees	3,750	-	4,100	7,000	7,500
Election Expense	-	1,254	5,000	1,254	1,500
County Treasurer fees	1,823	2,016	2,081	2,081	2,105
Dues & Membership	323	350	450	350	350
Director's Fees	-	1,016	1,600	1,600	1,600
Payroll taxes	-	80	-	122	122
Insurance and Bonds	2,526	3,426	3,300	3,426	4,000
District Management	9,235	6,136	19,800	12,000	13,000
Legal Services	13,751	3,222	22,000	22,000	22,000
Miscellaneous	38	386	500	500	500
Contingency	-	-	20,069	-	20,000
Total Expenditures	53,391	24,488	103,100	62,333	85,677
Transfers and Other Sources (Uses)					
Emergency Reserve	-	-	(5,000)	-	(5,000)
Total Expenditures Requiring Appropriation	53,391	24,488	108,100	62,333	90,677
ENDING FUND BALANCE	\$ 253,229	\$ 368,909	\$ 288,801	\$ 358,345	\$ 441,416

SORREL RANCH METROPOLITAN DISTRICT

**DEBT SERVICE FUND
2023 Preliminary Budget
with 2021 Actual, 2022 Adopted Budget and 2022 Estimated**

	2021 Actual	01/22-07/22 YTD Actual	2022 Adopted Budget	2022 Estimated	2023 Preliminary Budget
BEGINNING FUND BALANCE	\$ 46,001	\$ 73,128	\$ 63,939	\$ 73,128	\$ 228,678
REVENUE					
Prpoerty Taxes	860,206	951,735	982,725	982,725	993,991
Specific Ownership Tax	60,646	30,494	68,791	68,791	59,639
Interest Income	508	1,903	600	4,000	
Total Revenue	921,360	984,132	1,052,116	1,055,516	1,053,630
Total Funds Available	967,361	1,057,260	1,116,055	1,128,644	1,282,309
EXPENDITURES					
Bond Principal	395,000	-	405,000	405,000	415,000
Interest expense - bonds	485,625	238,863	477,725	477,725	469,625
County Treasurer's fee	12,909	14,278	14,741	14,741	14,910
Paying agent / trustee fees	700	-	2,500	2,500	2,500
Contingency	-	-	5,032	-	5,000
Total Expenditures	894,234	253,140	904,998	899,966	907,035
Total Expenditures Requiring Appropriation	894,233	253,140	904,998	899,966	907,035
ENDING FUND BALANCE	\$ 73,128	\$ 804,120	\$ 211,057	\$ 228,678	\$ 375,274

SORREL RANCH METROPOLITAN DISTRICT

CAPITAL PROJECTS FUND

2023 Preliminary Budget

with 2021 Actual, 2022 Adopted Budget and 2022 Estimated

	2021 Actual	01/22-07/22 YTD Actual	2022 Adopted Budget	2022 Estimated	2023 Preliminary Budget
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 1,100
REVENUE					
Property Taxes - SARIA	22,494	24,902	25,713	25,713	26,007
Specific Ownership Tax	-	518	-	1,000	1,560
Interest Income	-	60	-	100	100
Total Revenue	22,494	25,479	25,713	26,813	27,667
Total Funds Available	22,494	25,479	25,713	26,813	28,767
EXPENDITURES					
SARIA Payment	22,157	10,844	25,327	25,327	25,617
County Treasurer's Fee	338	374	386	386	390
Total Expenditures	22,494	11,218	25,713	25,713	26,007
Total Expenditures Requiring Appropriation	22,494	11,218	25,713	25,713	26,007
ENDING FUND BALANCE	\$ -	\$ 14,261	\$ -	\$ 1,100	\$ 2,760

RESOLUTION NO. 2022-11-__

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SORREL RANCH METROPOLITAN DISTRICT
TO ADOPT THE 2023 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Sorrel Ranch Metropolitan District (“District”) has appointed the District Accountant to prepare and submit a proposed 2022 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2022, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 1, 2022, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of the District.

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

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Sorrel Ranch Metropolitan District for the 2023 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 1st day of November, 2022.

Secretary

(SEAL)

EXHIBIT A
(Budget)

I, _____, hereby certify that I am the duly appointed Secretary of the Sorrel Ranch Metropolitan District, and that the foregoing is a true and correct copy of the budget for the budget year 2023, duly adopted at a meeting of the Board of Directors of the Sorrel Ranch Metropolitan District held on November 1, 2022.

By: _____
Secretary

RESOLUTION NO. 2022-11-__

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SORREL RANCH METROPOLITAN DISTRICT
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Sorrel Ranch Metropolitan District (“District”) has adopted the 2023 annual budget in accordance with the Local Government Budget Law on November 1, 2022; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2023 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

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

1. That for the purposes of meeting all general fund expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Arapahoe County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 1st day of November, 2022.

Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

RESOLUTION NO. 2022-11-____

**RESOLUTION OF THE BOARD OF DIRECTORS OF SORREL RANCH
METROPOLITAN DISTRICT AUTHORIZING ADJUSTMENT OF THE DISTRICT
MILL LEVY IN ACCORDANCE WITH THE SERVICE PLAN**

- 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 of the City of Aurora, Colorado 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 authorizes adjustment of the Maximum Mill Levies if, on or after, January 1, 2004 (the “**Baseline Year**”), 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 of Directors of the District (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 respective mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.
- E. The Service Plan provides that, for purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.
- F. At the time of the Baseline Year, the residential assessment ratio set by the Colorado General Assembly (the “**General Assembly**”) was 7.96%.
- G. In 2017, the General Assembly passed House Bill 17-1349, 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.

H. In 2019, the General Assembly passed Senate Bill 19-255, 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.

I. In 2020, the voters of the State of Colorado passed Amendment B, which repealed Article X, Section 3 of the Colorado Constitution such that the ratio of valuation for assessment of real property for 2021 and thereafter, unless further amended by the General Assembly or voters of the State, is 7.15%.

J. In 2021, the General Assembly passed Senate Bill 21-293, further amending Section 39-1-104.2, C.R.S. by, among other things: (i) creating two classes of residential real property, being single family residential real property and multifamily residential real property, and (ii) for property tax year 2023, setting the ratio of valuation for assessment for single family residential real property at 6.95% (decreased from 7.15%) and setting the ratio of valuation for assessment for multifamily residential real property at 6.80% (decreased from 7.15%).

K. The Arapahoe County Assessor has indicated that the real property within the District shall be categorized for the tax year 2023 as [[single family]] residential real property and shall therefore have a ratio of valuation for assessment for residential real property at [[6.95%]] (decreased from 7.15%).

L. 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**”).

M. 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 for changes in the method of calculating the assessed valuation or any constitutionally mandated tax credit, cut or amendment on or after January 1, 2004, subject to the specific provisions of the Bond Resolution.

N. The Bond Resolution and the Service Plan allow for a maximum mill levy imposition of [[57.266]] mills for the payment of the Series 2020 Bonds (the “**Maximum Adjusted Debt Mill Levy**”).

O. However, the Bond Resolution does not require the District to impose the Maximum Adjusted Debt Mill Levy for collection year 2023 as the District is able to make all debt service payments due and payable in 2023 with the imposition of a debt service mill levy of [[42.500]] mills.

P. In compliance with the Service Plan, in order to mitigate the effect of the reduction in the ratio of valuation for residential real property as set by Senate Bill 21-293 for property tax year 2022 (for collection year 2023), the Board 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 so that the actual tax revenues to be received by the District are neither diminished nor

enhanced as a result of the change in the ratio of valuation for assessment since the Baseline Year.

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

1. The Board hereby authorizes the adjustment of the the ARI Mill Levy to reflect that Senate Bill 21-293 set the ratio of valuation for assessment for [[single family]] residential real property to [[6.95%]], which is a change from the 7.96% ratio of valuation for assessment of residential property as of the Baseline Year.

2. The Service Plan allows for a mill levy imposition of _____ 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 ratio of valuation for assessment being set at [[6.95%]] for collection year 2023.

3. The Adjusted ARI Mill Levy shall be reflected in the District’s Certification of Tax Levies to be submitted to the Arapahoe County Board of County Commissioners on or before December 15, 2022, for collection in 2023.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING ADJUSTMENT OF THE
DISTRICT MILL LEVY IN ACCORDANCE WITH THE SERVICE PLAN]**

RESOLUTION APPROVED AND ADOPTED ON November __, 2022.

**SORREL RANCH METROPOLITAN
DISTRICT**

President

Attest:

Secretary or Assistant Secretary

RESOLUTION NO. 2022-11-____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
SORREL RANCH METROPOLITAN DISTRICT
CALLING A REGULAR ELECTION FOR DIRECTORS
MAY 2, 2023**

A. The terms of the offices of Directors Bourne and Stricker shall expire upon the election of their successors at the regular election, to be held on May 2, 2023 (“**Election**”), and upon such successors taking office.

B. Two (2) vacancies currently exist on the Board of Directors of the District.

C. In accordance with the provisions of the Special District Act (“**Act**”) and the Uniform Election Code (“**Code**”), the Election must be conducted to elect two (2) Directors to serve until the next regular election, to occur May 6, 2025, and two (2) Directors to serve until the second regular election, to occur May 4, 2027.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sorrel Ranch Metropolitan District (the “**District**”) of the County of Arapahoe, Colorado:

1. Date and Time of Election. The Election shall be held on May 2, 2023, between the hours of 7:00 A.M. and 7:00 P.M. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, two (2) Directors shall be elected to serve until the next regular election, to occur May 6, 2025, and two (2) Directors shall be elected to serve until the second regular election, to occur May 4, 2027.

2. Precinct. The District shall consist of one (1) election precinct for the convenience of the eligible electors of the District.

3. Conduct of Election. The Election shall be conducted as an independent mail ballot election in accordance with all relevant provisions of the Code. The Designated Election Official shall have on file, no later than fifty-five (55) days prior to the Election, a plan for conducting the independent mail ballot Election.

4. Designated Election Official. _____ shall be the Designated Election Official and is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code or other applicable laws. The Election shall be conducted in accordance with the Act, Code and other applicable laws. Among other matters, the Designated Election Official shall appoint election judges as necessary, arrange for the required notices of election (either by mail or publication) and printing of ballots, and direct that all other appropriate actions be accomplished.

5. Call for Nominations. The Designated Election Official shall provide Call for Nominations as required under Section 1-13.5-501, C.R.S., as applicable.

6. Absentee Ballot Applications. NOTICE IS FURTHER GIVEN, pursuant to Section 1-13.5-1002, C.R.S., that applications for and return of absentee ballots may be filed with _____, the Designated Election Official of the District, Special District Management Services, Inc., 141 Union Blvd., Suite 150, Lakewood, Colorado 80228, between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (April 25, 2023).

7. Self-Nomination and Acceptance Forms. Self-Nomination and Acceptance Forms are available and can be obtained from _____, the Designated Election Official for the District, Special District Management Services, Inc., 141 Union Blvd., Suite 150, Lakewood, Colorado 80228, (303) 987-0835.

8. Cancellation of Election. If the only matter before the electors is the election of Directors of the District and if, at 5:00 P.M. on February 28, 2023, the sixty-third day prior to the regular election, there are not more candidates than offices to be filled at the Election, including candidates timely filing affidavits of intent, the Designated Election Official shall cancel the Election and declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with law.

9. Severability. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution, it being the Board of Director's intention that the various provisions hereof are severable.

10. Repealer. All acts, orders and resolutions, or parts thereof, of the Board of Directors which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

11. Effective Date. The provisions of this Resolution shall take effect as of the date adopted and approved by the Board of Directors of the District.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION
CALLING A REGULAR ELECTION FOR DIRECTORS
MAY 2, 2023]**

RESOLUTION APPROVED AND ADOPTED on November __, 2022.

**SORREL RANCH METROPOLITAN
DISTRICT**

By: _____
President

Attest:

Secretary



141 Union Boulevard, Suite 150
Lakewood, CO 80228-1898
303-987-0835 • Fax: 303-987-2032

MEMORANDUM

TO: Board of Directors

FROM: Christel Gemski
Executive Vice-President

DATE: September 2, 2022

RE: Notice of 2023 Rate Increase

A rectangular box containing a handwritten signature in blue ink that reads "Christel Gemski".

In accordance with the Management Agreement (“Agreement”) between the District and Special District Management Services, Inc. (“SDMS”), at the time of the annual renewal of the Agreement, the hourly rate described in Article III for management and all services shall increase by the CPI (8.5%) per hour.

We hope you will understand that it is necessary to increase our rates due to increasing gas and operating costs along with new laws and rules implemented by our legislature.



October 15, 2022

Dear Client:

Our Firm prides itself on providing the highest level of service in the most efficient manner. In the current economic environment, we are facing increased costs in all areas of the business. In order to continue to provide consistent high-level service we have found it necessary to implement a rate increase.

In accordance with the Firm's fee engagement letter, this letter is to advise you that effective January 1, 2023, the hourly rates of selected attorneys and staff will be adjusted. Hourly rates will be as follows: Shareholders \$425 - \$550; Of Counsel \$380 - \$425; Associates \$275 - \$375; Paralegals and Directors \$225 - \$240; Law Clerks \$150; File Clerks \$30.

Commencing on January 1, 2023, we will begin charging most costs incurred on your behalf as an administrative fee equal to 1% of the legal fees charged in a given month. This fee includes such costs as long-distance telephone calls, research requiring a subscription database, in-office photocopies and faxes, ordinary postage, and messenger and delivery services, and includes a small overhead component. This fee may be adjusted with notice.

This fee is based on our historic experience, as well as client feedback, that invoices that itemize every photocopy, fax, and delivery charge are confusing. Any advances made on behalf of the client as well as major costs, such as major travel expenses, application/submittal/recording fees, election expenses, court costs, publication costs, express delivery, and conference calls and videoconferencing where a third-party provider is used, will be separately invoiced at our actual cost. If you have any questions or concerns about this change, please let us know.

We appreciate your continued trust and confidence in our Firm and look forward to representing your interests in 2023 and beyond.

Very truly yours,

McGEADY BECHER P.C.

A handwritten signature in blue ink that reads "Cheryl L. Matlosz".

Cheryl L. Matlosz
Firm Administrator