

# SORREL RANCH METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150  
Lakewood, Colorado 80228-1898  
Tel: 303-987-0835 • 800-741-3254  
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## NOTICE OF SPECIAL MEETING AND AGENDA

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

DATE: **November 2, 2021 (Tuesday)**

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

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

### I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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B. Approve Agenda, confirm location of the meeting and posting of meeting notices.

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C. Review and approve Minutes of the June 1, 2021 Special Meeting (enclosure).

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D. Discuss vacancy on the Board.

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E. Discuss business to be conducted in 2022 and location/mode (**virtual and/or physical**) of meetings. Schedule regular meeting dates and consider adoption of Resolution No. 2021-11-\_\_ Establishing Regular Meeting Dates, Time, and Location, and Designating Location for Posting of 24-Hour Notices (enclosure).

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F. Discuss requirement of Section 32-1-809, C.R.S. and direct staff regarding compliance for 2022 (District Transparency Notice).

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G. Discuss status of District website.

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II. PUBLIC COMMENTS

A. \_\_\_\_\_

III. FINANCIAL MATTERS

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

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-
<b>Total Claims</b>	<b>\$ 7,438.62</b>	<b>\$ 7,548.67</b>	<b>\$ 609.69</b>	<b>\$ 2,443.86</b>

Fund	Period Ending Oct. 31, 2021
General	\$ 3,103.88
Debt Service	\$ -0-
Capital Projects	\$ -0-
<b>Total Claims</b>	<b>\$ 3,103.88</b>

B. Review and accept the unaudited financial statements through September 30, 2021 (enclosure).

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C. Consider engagement of Wipfli LLP to perform the 2021 Audit, in the amount of \$\_\_\_\_\_.

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D. Conduct Public Hearing to consider Amendment to the 2021 Budget and (if necessary) consider adoption of Resolution to Amend the 2021 Budget and Appropriate Expenditures.

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- E. Conduct Public Hearing on the proposed 2022 Budget and consider adoption of Resolution No. 2021-11-\_\_ to Adopt the 2022 Budget and Appropriate Sums of Money and Resolution No. 2021-11-\_\_ 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 2022 Budget, and Resolutions).
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- F. 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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- G. Consider adoption of Resolution No. 2021-11-\_\_; Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Service Plan (enclosure).
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- H Review and consider approval of Master Service Agreement with CliftonLarsonAllen LLP for accounting services (enclosure).
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- I. Consider appointment of District Accountant to prepare the 2023 Budget and set date for public hearing to adopt the 2023 Budget (\_\_\_\_\_, 2022).
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#### IV. LEGAL MATTERS

- A. Discuss new legislative requirements regarding May 3, 2022 Regular Director Election.
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1. Review and consider adoption of Resolution Calling May 3, 2022 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 25, 2022 (enclosure). Discuss the need for ballot issues and/or questions.
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#### V. OTHER MATTERS

- A. \_\_\_\_\_

VI. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2021.**

Informational Enclosure:

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

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT HELD JUNE 1, 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 1<sup>st</sup> day of June, 2021, at 6:30 p.m. Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the virus by limiting in-person contact, this District Board meeting was held via conference call. The meeting was open to the public via conference call.

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#### 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 and Jenna Luna; CliftonLarsonAllen LLP

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#### 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.

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#### 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 Stricker, seconded by Director Bourne and, upon vote, unanimously carried, the Agenda was approved, as presented.

## RECORD OF PROCEEDINGS

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

**Designation of 24-Hour Posting Location:** Following discussion, upon motion duly made by Director Stricker, seconded by Director Bourne, and upon vote, unanimously carried, the Board determined that notices of meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District as least 24 hours prior to each meeting at the following location: at the corner of Aurora Parkway and Buchanan Street, Aurora, Colorado.

**Minutes:** The Board reviewed the Minutes of the November 9, 2020 Special Meeting.

Following review, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board approved the Minutes of the November 9, 2020 Special Meeting, as presented.

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

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

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

## RECORD OF PROCEEDINGS

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**Alternate Representative to the South Aurora Regional Improvement Authority (“SARIA”)**: Mr. Solin discussed with the Board the obligations of the District Representative serving as an alternate on the SARIA Board.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board appointed Director Jones as the District alternate on the SARIA Board.

**PUBLIC COMMENT**

There were no public comments.

**FINANCIAL MATTERS**

**2020 Audit**: Ms. Bartow reviewed the draft 2020 Audit with the Board.

Following review and discussion, upon motion duly made by Director Bourne, seconded by Director Selden, and upon vote, unanimously carried, the Board approved the 2020 Audit and authorized execution of the Representations Letter, subject to final legal review and unmodified opinion by the Auditor.

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

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

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

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 March 31, 2021.

## RECORD OF PROCEEDINGS

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Following discussion, upon motion duly made by Director Selden, seconded by Director Jones and, upon vote, unanimously carried, the Board accepted the unaudited financial statements through March 31, 2021, as presented.

**Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3:** The Board reviewed Resolution No. 2021-06-01, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3.

Following discussion, upon motion duly made by Director Selden, seconded by Director Stricker and, upon vote, unanimously carried, the Board adopted Resolution No. 2021-06-01, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3. A copy of the adopted Resolution is attached to these minutes and incorporated herein by this reference.

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### **LEGAL MATTERS**

**Second Amendment to Resolution No. 2013-11-04 Regarding Colorado Open Records Act Requests:** The Board reviewed a Second Amendment to Resolution No. 2013-11-04 Regarding Colorado Open Records Act Requests.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board adopted the Second Amendment to Resolution No. 2013-11-04 Regarding Colorado Open Records Act Requests.

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### **OTHER MATTERS**

There were no other matters.

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### **ADJOURNMENT**

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

Respectfully submitted,

By \_\_\_\_\_  
Secretary for the Meeting



**RESOLUTION NO. 2021-11-\_\_\_\_**

**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 2022 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 2, 2021.

**SORREL RANCH METROPOLITAN DISTRICT**

By: \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

Sorrel Ranch Metropolitan District  
June-21

<b>Vendor</b>	<b>Invoice #</b>	<b>Date</b>	<b>Due Date</b>	<b>Amount</b>	<b>Expense Account</b>	<b>Account Number</b>
Clifton Larson Allen, LLP	2884230	5/26/2021	5/26/2021	\$1,828.75	Accounting	107000
Clifton Larson Allen, LLP	2911748	6/14/2021	6/14/2021	\$1,828.75	Accounting	107000
McGeady Becher PC	659B 05/2021	5/31/2021	6/8/2021	\$2,682.50	Legal	107460
Special District Management Services, Inc	May-21	5/31/2021	5/31/2021	\$1,098.62	District management	107440
				\$7,438.62		

Sorrel Ranch Metropolitan District  
June-21

	General	Debt	Capital	Totals
Disbursements	\$ 7,438.62			\$ 7,438.62
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 7,438.62</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,438.62</u>

Sorrel Ranch Metropolitan District  
July-21

<b>Vendor</b>	<b>Invoice #</b>	<b>Date</b>	<b>Due Date</b>	<b>Amount</b>	<b>Expense Account</b>	<b>Account Number</b>
Clifton Larson Allen, LLP	2942945	6/30/2021	6/30/2021	\$ 1,828.75	Accounting	107000
McGeady Becher PC	659B 06/2021	6/30/2021	6/30/2021	\$ 725.00	Legal	107460
McGeady Becher PC	659B 10/2020- COI outstanding	10/31/2020	10/31/2020	\$ 4,231.50	Legal	107460
Special District Management Services, Inc	Jun-21	6/30/2021	6/30/2021	\$ 763.42	District management	107440
				\$ 7,548.67		

Sorrel Ranch Metropolitan District  
July-21

	General	Debt	Capital	Totals
Disbursements	\$ 7,548.67			\$ 7,548.67
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 7,548.67</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,548.67</u>

Sorrel Ranch Metropolitan District  
August-21

<b>Vendor</b>	<b>Invoice #</b>	<b>Date</b>	<b>Due Date</b>	<b>Amount</b>	<b>Expense Account</b>	<b>Account Number</b>
McGeady Becher PC	659B 07/2021	7/31/2021	7/31/2021	\$ 72.50	Legal	107460
Special District Management Services, Inc	Jul-21	7/31/2021	7/31/2021	\$ 537.19	District management	107440
				\$ 609.69		



Sorrel Ranch Metropolitan District  
August-21

	General	Debt	Capital	Totals
Disbursements	\$ 609.69			\$ 609.69
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 609.69</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609.69</u>

Sorrel Ranch Metropolitan District  
September-21

<b>Vendor</b>	<b>Invoice #</b>	<b>Date</b>	<b>Due Date</b>	<b>Amount</b>	<b>Expense Account</b>	<b>Account Number</b>
Clifton Larson Allen, LLP	2973886	7/31/2021	7/31/2021	\$ 1,828.75	Accounting	107000
Special District Management Services, Inc	Aug-21	8/31/2021	8/31/2021	\$ 615.11	District management	107440
				\$ 2,443.86		

Sorrel Ranch Metropolitan District  
September-21

	General	Debt	Capital	Totals
Disbursements	\$ 2,443.86			\$ 2,443.86
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 2,443.86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,443.86</u>

Sorrel Ranch Metropolitan District  
October-21

<b>Vendor</b>	<b>Invoice #</b>	<b>Date</b>	<b>Due Date</b>	<b>Amount</b>	<b>Expense Account</b>	<b>Account Number</b>
Clifton Larson Allen, LLP	3001470	8/31/2021	8/31/2021	\$ 1,828.75	Accounting	107000
Colorado Special District P&L Pool	POL-0007647	9/8/2021	9/8/2021	\$ 450.00	Insurance and bonds	107360
McGeady Becher PC	659B 08/2021	8/31/2021	8/31/2021	\$ 80.00	Legal	107460
Special District Management Services, Inc	Sep-21	9/30/2021	9/30/2021	\$ 745.13	District management	107440
				\$3,103.88		

Sorrel Ranch Metropolitan District  
October-21

	General	Debt	Capital	Totals
Disbursements	\$ 3,103.88			\$ 3,103.88
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 3,103.88</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,103.88</u>

**SORREL RANCH METROPOLITAN DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

**SORREL RANCH METROPOLITAN DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>				
Cash - 1st Bank Checking	\$ 60,589	\$ -	\$ -	\$ 60,589
C - Safe	257,787	688,746	-	946,533
Receivable from County Treasurer	1,099	7,779	57	8,935
Prepaid insurance	450	-	-	450
<b>TOTAL ASSETS</b>	<b>\$ 319,925</b>	<b>\$ 696,525</b>	<b>\$ 57</b>	<b>\$ 1,016,507</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 5,065	\$ -	\$ -	\$ 5,065
Due to SARIA	-	-	57	57
Due to TOUSA	47,500	-	-	47,500
Total Liabilities	52,565	-	57	52,622
<b>FUND BALANCES</b>				
Total Fund Balances	267,360	696,525	-	963,885
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 319,925</b>	<b>\$ 696,525</b>	<b>\$ 57</b>	<b>\$ 1,016,507</b>

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

**SORREL RANCH METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

**GENERAL FUND**

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes	\$ 121,445	\$ 121,464	\$ 19
Specific ownership taxes	8,500	6,480	(2,020)
Interest income	1,000	135	(865)
Administration fee	1,500	4,600	3,100
<b>TOTAL REVENUES</b>	<u>132,445</u>	<u>132,679</u>	<u>234</u>
<b>EXPENDITURES</b>			
Accounting	22,000	14,630	7,370
Audit	3,750	-	3,750
County Treasurer's fee	1,822	1,823	(1)
Directors' fees	1,600	-	1,600
Dues and membership	450	323	127
Insurance and bonds	3,300	2,976	324
District management	18,000	6,653	11,347
Legal	20,000	10,721	9,279
Miscellaneous	500	-	500
Contingency	3,578	-	3,578
<b>TOTAL EXPENDITURES</b>	<u>75,000</u>	<u>37,126</u>	<u>37,874</u>
<b>NET CHANGE IN FUND BALANCES</b>	57,445	95,553	38,108
<b>FUND BALANCES - BEGINNING</b>	<u>171,111</u>	<u>171,807</u>	<u>696</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 228,556</u>	<u>\$ 267,360</u>	<u>\$ 38,804</u>

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



## **SUPPLEMENTARY INFORMATION**

**SORREL RANCH METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

**DEBT SERVICE FUND**

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes	\$ 860,238	\$ 859,887	\$ (351)
Specific ownership taxes	60,200	45,891	(14,309)
Interest income	500	463	(37)
<b>TOTAL REVENUES</b>	<u>920,938</u>	<u>906,241</u>	<u>(14,697)</u>
<b>EXPENDITURES</b>			
County Treasurer's fee	12,904	12,904	-
Paying agent fees	2,500	-	2,500
Bond interest - Series 2020	485,625	242,813	242,812
Bond principal - Series 2020	395,000	-	395,000
Contingency	6,971	-	6,971
<b>TOTAL EXPENDITURES</b>	<u>903,000</u>	<u>255,717</u>	<u>647,283</u>
<b>NET CHANGE IN FUND BALANCES</b>	17,938	650,524	632,586
<b>FUND BALANCES - BEGINNING</b>	<u>40,807</u>	<u>46,001</u>	<u>5,194</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 58,745</u>	<u>\$ 696,525</u>	<u>\$ 637,780</u>

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

**SORREL RANCH METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

**CAPITAL PROJECTS FUND**

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes - SARIA	\$ 22,508	\$ 22,486	\$ (22)
<b>TOTAL REVENUES</b>	<u>22,508</u>	<u>22,486</u>	<u>(22)</u>
<b>EXPENDITURES</b>			
County Treasurer's fee	338	337	1
SARIA payment	22,170	22,148	22
<b>TOTAL EXPENDITURES</b>	<u>22,508</u>	<u>22,485</u>	<u>23</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	1	1
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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

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

**Services Provided**

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by the order and decree of the District Court for the City of Aurora on November 18, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the Amended and Restated Service Plan as approved by the City of Aurora on August 30, 2004. The District's service area is located entirely in Arapahoe County, Colorado in the City of Aurora.

The District was established to provide financing for the design, acquisition, construction, installation and operation and maintenance of public improvements including streets and safety protection, water, sanitary sewer and storm drainage, park and recreation and mosquito control.

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

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

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

**Revenues**

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

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

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

**Revenues** (continued)

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected by both the General Fund and the Debt Service Fund.

**Net Investment Income**

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

**Expenditures**

**General and Administrative Expenditures**

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

**Capital Outlay**

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

**Debt Service**

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

**Debt and Leases**

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

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

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

**Debt and Leases** (continued)

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

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

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

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

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

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

**Debt and Leases (continued)**

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

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

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

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

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

**Debt and Leases (continued)**

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

The District has no operating or capital leases.

**Reserves**

**Emergency Reserve**

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



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

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

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

**SORREL RANCH METROPOLITAN DISTRICT**  
**Schedule of Cash Position**  
**September 30, 2021**  
**Updated as of October 26, 2021**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
<b><u>1st Bank - Checking Account</u></b>				
Balance as of 09/30/21	\$ 60,588.62	\$ -	\$ -	\$ 60,588.62
Subsequent activities:				
10/15/21 - Transfer from CSAFE	-	-	56.68	56.68
10/15/21 - Transfer to SARIA	-	-	(56.68)	(56.68)
<i>Anticipated vouchers payable</i>	(3,103.88)	-	-	(3,103.88)
Anticipated Balance	<u>57,484.74</u>	<u>-</u>	<u>-</u>	<u>57,484.74</u>
<b><u>CSAFE</u></b>				
Balance as of 09/30/21	\$ 257,787.04	\$ 688,745.65	\$ -	\$ 946,532.69
Subsequent activities:				
10/10/21 - Arapahoe County Treasurer	1,098.52	7,779.15	56.68	8,934.35
10/15/21 - Transfer to checking	-	-	(56.68)	(56.68)
Anticipated Balance	<u>258,885.56</u>	<u>696,524.80</u>	<u>-</u>	<u>955,410.36</u>
Anticipated Balances	<u>\$ 316,370.30</u>	<u>\$ 696,524.80</u>	<u>\$ -</u>	<u>\$ 1,012,895.10</u>

**Yield information as of September 30, 2021**

CSAFE - 0.01%

**SORREL RANCH METROPOLITAN DISTRICT**  
**Property Taxes Reconciliation**  
**2021**

	Current Year						Prior Year				
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 7,575.07		\$ 6,335.96	\$ -	\$ (113.63)	\$ 13,797.40	0.75%	0.75%	\$ 12,342.06	0.42%	0.42%
February	416,922.62	-	4,710.40	-	(6,253.84)	415,379.18	41.52%	42.27%	497,663.80	40.79%	41.21%
March	37,060.48	-	6,704.18	8.56	(556.04)	43,217.18	3.69%	45.96%	65,452.95	4.89%	46.10%
April	31,828.43	-	5,646.32	7.98	(477.55)	37,005.18	3.17%	49.13%	49,436.11	3.75%	49.85%
May	102,155.67	-	5,117.14	12.09	(1,532.52)	105,752.38	10.17%	59.31%	93,658.12	7.29%	57.14%
June	401,581.17	-	5,842.26	189.92	(6,026.57)	401,586.78	39.99%	99.30%	510,992.59	41.87%	99.01%
July	1,479.60	-	6,176.75	33.13	(22.69)	7,666.79	0.15%	99.44%	15,375.59	0.49%	99.49%
August	2,663.30	-	5,545.94	89.95	(41.30)	8,257.89	0.27%	99.71%	9,321.03	0.17%	99.67%
September	2,570.54	-	6,291.89	112.16	(40.24)	8,934.35	0.26%	99.96%	8,371.91	0.00%	99.67%
October	-	-	-	-	-	-	0.00%	99.96%	13,094.79	0.33%	100.00%
November	-	-	-	-	-	-	0.00%	99.96%	6,700.54	0.00%	100.00%
December	-	-	-	-	-	-	0.00%	99.96%	5,967.53	0.00%	100.00%
<b>Total</b>	<b>\$ 1,003,836.88</b>	<b>\$ -</b>	<b>\$ 52,370.84</b>	<b>\$ 453.79</b>	<b>\$ (15,064.38)</b>	<b>\$ 1,041,597.13</b>	<b>99.96%</b>	<b>99.96%</b>	<b>\$ 1,288,377.02</b>	<b>100.00%</b>	<b>100.00%</b>

Assessed Valuation	Mills Levied	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	
<b>Property Tax</b>						
General Fund	\$ 20,240,887.00	6.000	\$ 121,445.00	12.10%	\$ 121,464.27	100.02%
Debt Service Fund		42.500	860,238.00	85.66%	859,886.67	99.96%
SARIA		1.112	22,508.00	2.24%	22,485.95	99.90%
		<u>49.612</u>	<u>\$ 1,004,191.00</u>	<u>100.00%</u>	<u>\$ 1,003,836.88</u>	

**Specific Ownership Tax**

General Fund	\$ 8,500.00	12.37%	\$ 6,479.65	76.23%
Debt Service Fund	60,200.00	87.63%	45,891.19	76.23%
	<u>\$ 68,700.00</u>	<u>100.00%</u>	<u>\$ 52,370.84</u>	

**Treasurer's Fees**

General Fund	\$ 1,822.00	12.10%	\$ 1,822.79	100.04%
Debt Service Fund	12,904.00	85.66%	12,904.15	100.00%
SARIA	338.00	2.24%	337.44	99.83%
	<u>\$ 15,064.00</u>	<u>100.00%</u>	<u>\$ 15,064.38</u>	

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

## CERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity  YES  NO

Date: August 25, 2021

**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 2021:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	20,240,887
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	23,125,539
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	23,125,539
5. NEW CONSTRUCTION: *	5.	\$	1,174,333
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)(I)(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 2021:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	285,661,008
<b>ADDITIONS TO TAXABLE REAL PROPERTY</b>			
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$	16,424,222
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.



PK Kaiser, MBA, MS

Assessor

OFFICE OF THE ASSESSOR  
5334 S. Prince Street  
Littleton, CO 80120-1136  
Phone: 303-795-4600  
TDD: Relay-711  
Fax:303-797-1295  
<http://www.arapahoegov.com/assessor>  
[assessor@arapahoegov.com](mailto:assessor@arapahoegov.com)

August 25, 2021

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 2021 of:

\$23,125,539

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

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**SORREL RANCH METROPOLITAN DISTRICT  
ANNUAL BUDGET  
FOR THE YEAR ENDING DECEMBER 31, 2022**

**SORREL RANCH METROPOLITAN DISTRICT  
SUMMARY  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

10/14/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 131,957	\$ 211,918	\$ 217,808	\$ 217,808	\$ 296,391
REVENUES					
Property taxes	1,198,130	981,683	974,788	981,683	1,121,588
Specific ownership taxes	86,439	68,700	34,356	68,700	78,511
Administration fee	3,600	1,500	4,400	4,500	3,000
Interest income	2,857	1,500	325	700	1,600
Property taxes - SARIA	21,607	22,508	22,336	22,508	25,716
Bond proceeds	13,425,000	-	-	-	-
Bond premium	1,674,053	-	-	-	-
Total revenues	<u>16,411,686</u>	<u>1,075,891</u>	<u>1,036,205</u>	<u>1,078,091</u>	<u>1,230,416</u>
Total funds available	<u>16,543,643</u>	<u>1,287,809</u>	<u>1,254,013</u>	<u>1,295,899</u>	<u>1,526,807</u>
EXPENDITURES					
General Fund	76,458	75,000	25,213	74,000	81,000
Debt Service Fund	16,227,770	903,000	255,628	903,000	905,000
Capital Projects Fund	21,607	22,508	22,336	22,508	25,716
Total expenditures	<u>16,325,835</u>	<u>1,000,508</u>	<u>303,177</u>	<u>999,508</u>	<u>1,011,716</u>
Total expenditures and transfers out requiring appropriation	<u>16,325,835</u>	<u>1,000,508</u>	<u>303,177</u>	<u>999,508</u>	<u>1,011,716</u>
ENDING FUND BALANCES	<u>\$ 217,808</u>	<u>\$ 287,301</u>	<u>\$ 950,836</u>	<u>\$ 296,391</u>	<u>\$ 515,091</u>
EMERGENCY RESERVE	<u>\$ 3,900</u>	<u>\$ 4,000</u>	<u>\$ 3,900</u>	<u>\$ 4,100</u>	<u>\$ 4,600</u>
TOTAL RESERVE	<u>\$ 3,900</u>	<u>\$ 4,000</u>	<u>\$ 3,900</u>	<u>\$ 4,100</u>	<u>\$ 4,600</u>

No assurance provided. See summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

10/14/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
<b>ASSESSED VALUATION</b>					
Residential	\$ 16,424,302	\$ 17,393,176	\$ 17,393,176	\$ 17,393,176	\$ 19,718,222
Commercial	44,601	45,660	45,660	45,660	44,117
State assessed	150,240	441,160	441,160	441,160	505,200
Vacant land	2,811,548	2,360,891	2,360,891	2,360,891	2,858,000
Certified Assessed Value	<u>\$ 19,430,691</u>	<u>\$ 20,240,887</u>	<u>\$ 20,240,887</u>	<u>\$ 20,240,887</u>	<u>\$ 23,125,539</u>
<b>MILL LEVY</b>					
General	6.000	6.000	6.000	6.000	6.000
Debt Service	55.663	42.500	42.500	42.500	42.500
SARIA	1.112	1.112	1.112	1.112	1.112
Total mill levy	<u>62.775</u>	<u>49.612</u>	<u>49.612</u>	<u>49.612</u>	<u>49.612</u>
<b>PROPERTY TAXES</b>					
General	\$ 116,584	\$ 121,445	\$ 121,445	\$ 121,445	\$ 138,753
Debt Service	1,081,571	860,238	860,238	860,238	982,835
SARIA	21,607	22,508	22,508	22,508	25,716
Levied property taxes	<u>1,219,762</u>	<u>1,004,191</u>	<u>1,004,191</u>	<u>1,004,191</u>	<u>1,147,304</u>
Adjustments to actual/rounding	-	-	(7,068)	-	-
Refunds and abatements	-	-	-	-	-
Budgeted property taxes	<u>\$ 1,219,762</u>	<u>\$ 1,004,191</u>	<u>\$ 997,123</u>	<u>\$ 1,004,191</u>	<u>\$ 1,147,304</u>
<b>BUDGETED PROPERTY TAXES</b>					
General	\$ 116,584	\$ 121,445	\$ 120,616	\$ 121,445	\$ 138,753
Debt Service	1,081,571	860,238	854,175	860,238	982,835
SARIA	21,607	22,508	22,332	22,508	25,716
Budgeted property taxes	<u>\$ 1,219,762</u>	<u>\$ 1,004,191</u>	<u>\$ 997,123</u>	<u>\$ 1,004,191</u>	<u>\$ 1,147,304</u>

No assurance provided. See summary of significant assumptions.



**SORREL RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

10/14/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 118,399	\$ 171,111	\$ 171,807	\$ 171,807	\$ 232,452
REVENUES					
Property taxes	116,584	121,445	120,652	121,445	138,753
Specific ownership taxes	8,411	8,500	4,251	8,500	9,713
Interest income	1,271	1,000	87	200	1,000
Administration Fee	3,600	1,500	4,400	4,500	3,000
Total revenues	<u>129,866</u>	<u>132,445</u>	<u>129,390</u>	<u>134,645</u>	<u>152,466</u>
Total funds available	<u>248,265</u>	<u>303,556</u>	<u>301,197</u>	<u>306,452</u>	<u>384,918</u>
EXPENDITURES					
General and administrative					
Accounting	21,242	22,000	10,973	22,000	24,200
Audit	3,650	3,750	-	3,750	4,000
County Treasurer's fee	1,750	1,822	1,810	1,822	2,081
Directors' fees	2,100	1,600	-	1,600	1,600
Dues and membership	320	450	323	323	450
Election	893	-	-	-	1,000
Insurance and bonds	2,910	3,300	2,976	2,976	3,300
District management	18,296	18,000	4,755	18,000	19,800
Legal	24,572	20,000	4,376	20,000	22,000
Miscellaneous	725	500	-	500	500
Contingency	-	3,578	-	3,029	2,069
Total expenditures	<u>76,458</u>	<u>75,000</u>	<u>25,213</u>	<u>74,000</u>	<u>81,000</u>
Total expenditures and transfers out requiring appropriation	<u>76,458</u>	<u>75,000</u>	<u>25,213</u>	<u>74,000</u>	<u>81,000</u>
ENDING FUND BALANCE	<u>\$ 171,807</u>	<u>\$ 228,556</u>	<u>\$ 275,984</u>	<u>\$ 232,452</u>	<u>\$ 303,918</u>
EMERGENCY RESERVE	<u>\$ 3,900</u>	<u>\$ 4,000</u>	<u>\$ 3,900</u>	<u>\$ 4,100</u>	<u>\$ 4,600</u>
TOTAL RESERVE	<u>\$ 3,900</u>	<u>\$ 4,000</u>	<u>\$ 3,900</u>	<u>\$ 4,100</u>	<u>\$ 4,600</u>

No assurance provided. See summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

10/14/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 13,558	\$ 40,807	\$ 46,001	\$ 46,001	\$ 63,939
<b>REVENUES</b>					
Property taxes	1,081,546	860,238	854,136	860,238	982,835
Specific ownership taxes	78,028	60,200	30,105	60,200	68,798
Interest income	1,586	500	238	500	600
Bond proceeds	13,425,000	-	-	-	-
Bond premium	1,674,053	-	-	-	-
Total revenues	<u>16,260,213</u>	<u>920,938</u>	<u>884,479</u>	<u>920,938</u>	<u>1,052,234</u>
Total funds available	<u>16,273,771</u>	<u>961,745</u>	<u>930,480</u>	<u>966,939</u>	<u>1,116,173</u>
<b>EXPENDITURES</b>					
General and administrative					
County Treasurer's fee	16,230	12,904	12,815	12,904	14,743
Paying agent fees	2,021	2,500	-	2,500	2,500
Contingency	-	6,971	-	6,971	5,032
Debt Service					
Bond interest - Series 2006 Senior Bonds	290,806	-	-	-	-
Bond interest - Series 2020 Bonds	71,495	485,625	242,813	485,625	477,725
Bond principal - Series 2006 Senior Bonds	-	-	-	-	-
Bond principal - Series 2020 Bonds	-	395,000	-	395,000	405,000
Cost of issuance	485,372	-	-	-	-
Refunding payment	15,361,846	-	-	-	-
Total expenditures	<u>16,227,770</u>	<u>903,000</u>	<u>255,628</u>	<u>903,000</u>	<u>905,000</u>
Total expenditures and transfers out requiring appropriation	<u>16,227,770</u>	<u>903,000</u>	<u>255,628</u>	<u>903,000</u>	<u>905,000</u>
ENDING FUND BALANCE	<u>\$ 46,001</u>	<u>\$ 58,745</u>	<u>\$ 674,852</u>	<u>\$ 63,939</u>	<u>\$ 211,173</u>

No assurance provided. See summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

10/14/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 6/30/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Property taxes - SARIA	21,607	22,508	22,336	22,508	25,716
Total revenues	<u>21,607</u>	<u>22,508</u>	<u>22,336</u>	<u>22,508</u>	<u>25,716</u>
Total funds available	<u>21,607</u>	<u>22,508</u>	<u>22,336</u>	<u>22,508</u>	<u>25,716</u>
EXPENDITURES					
General and Administrative					
County Treasurer's fee	324	338	336	338	386
SARIA payment	21,283	22,170	22,000	22,170	25,330
Total expenditures	<u>21,607</u>	<u>22,508</u>	<u>22,336</u>	<u>22,508</u>	<u>25,716</u>
Total expenditures and transfers out requiring appropriation	<u>21,607</u>	<u>22,508</u>	<u>22,336</u>	<u>22,508</u>	<u>25,716</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by the order and decree of the District Court for the City of Aurora on November 18, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the Amended and Restated Service Plan as approved by the City of Aurora on August 30, 2004. The District's service area is located entirely in Arapahoe County, Colorado in the City of Aurora.

The District was established to provide financing for the design, acquisition, construction, installation and operation and maintenance of public improvements including streets and safety protection, water, sanitary sewer and storm drainage, park and recreation and mosquito control.

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

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

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

**Revenues**

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

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

**SORREL RANCH METROPOLITAN DISTRICT  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues** (continued)

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected by both the General Fund and the Debt Service Fund.

**Net Investment Income**

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

**Expenditures**

**General and Administrative Expenditures**

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

**Capital Outlay**

Anticipated expenditures for capital outlay in 2022 are displayed on page 6 of the Budget.

**Debt Service**

The principal and interest payments in 2022 are provided based on the debt amortization schedule from the General Obligation Refunding Bonds Series 2020 (discussed under Debt and Leases).

**Debt and Leases**

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

**SORREL RANCH METROPOLITAN DISTRICT  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases** (continued)

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

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

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

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

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

**SORREL RANCH METROPOLITAN DISTRICT  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

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

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

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

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

**SORREL RANCH METROPOLITAN DISTRICT  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

	December 31,			December 31,
	2021	Additions	Reductions	2022
Developer Advances				
Operating	\$ 289,574	-	-	\$ 289,574
Capital	1,001,287	-	-	1,001,287
Accrued Interest on				
Developer Advances				
Operating	261,276	14,131	-	275,407
Capital	898,898	48,863	-	947,761
Total	<u>\$ 2,451,035</u>	<u>\$ 62,994</u>	<u>\$ -</u>	<u>\$ 2,514,029</u>

The District has no operating or capital leases.

**Reserves**

**Emergency Reserve**

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2022, as defined under TABOR.

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



**SORREL RANCH METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2021**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$13,425,000 Limited Tax General Obligation Bonds Series 2020 Dated October 8, 2020 Principal Due December 1, Interest Rates - 2.00% - 5.00% Payable June 1 and December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
	<b>\$ 13,030,000</b>	<b>\$ 5,501,375</b>	<b>\$ 18,531,375</b>

No assurance provided. See summary of significant assumptions.

RESOLUTION NO. 2021 - 11 - \_\_

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SORREL RANCH METROPOLITAN DISTRICT  
TO ADOPT THE 2022 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, 2021, 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 2, 2021, 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 2022 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 2nd day of November, 2021.

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Secretary

(SEAL)

EXHIBIT A  
(Budget)

I, David Solin, 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 2022, duly adopted at a meeting of the Board of Directors of the Sorrel Ranch Metropolitan District held on November 2, 2021.

By: \_\_\_\_\_  
Secretary

RESOLUTION NO. 2021 - 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 2022 annual budget in accordance with the Local Government Budget Law on November 2, 2021; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2022 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 2022 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 2022 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 2nd day of November, 2021.

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Secretary

(SEAL)

**EXHIBIT A**  
(Certification of Tax Levies)

**RESOLUTION NO. 2021-11-\_\_\_\_**

**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 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 (“**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. 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**”).

K. 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, 2005, subject to the specific provisions of the Bond Resolution.

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

M. However, the Bond Resolution does not require the District to impose the Maximum Adjusted Debt Mill Levy for collection year 2022 as the District is able to make all debt service payments due and payable in 2022 with the imposition of a debt service mill levy of 42.50 mills.

N. 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 Amendment B for property tax year 2021 (for collection year 2022), 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 Amendment B set the ratio of valuation for assessment for residential real property to 7.15%, 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 1.112 mills for the ARI Mill Levy (the “**Adjusted ARI Mill Levy**”) so that District revenues shall be neither diminished nor enhanced as a result of the ratio of valuation for assessment being set at 7.15% for collection year 2022.

3. The Adjusted ARI Mill Levy shall be reflected in the District's Certification of Tax Levies to be submitted to the Arapahoe Board of County Commissioners on or before December 15, 2021, for collection in 2022.

**[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 2, 2021.

**SORREL RANCH METROPOLITAN  
DISTRICT**

---

President

Attest:

---

Secretary or Assistant Secretary



**CliftonLarsonAllen LLP**  
8390 East Crescent Pkwy., Suite 300  
Greenwood Village, CO 80111  
phone 303-779-5710 fax 303-779-0348  
[CLAconnect.com](http://CLAconnect.com)

September 14, 2021

Board of Directors  
Sorrel Ranch Metro District  
8390 East Crescent Pkwy., Suite 300  
Greenwood Village, CO 80111

Dear Board of Directors:

This master service agreement (“MSA”) documents the terms, objectives, and the nature and limitations of the services CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) will provide for Sorrel Ranch Metro District (“you,” “your,” or “the district”). The terms of this MSA will apply to the initial and each subsequent statement of work (“SOW”), unless the MSA is changed in a communication that you and CLA both sign or is terminated as permitted herein.

#### **Scope of professional services**

CLA will provide services as described in one or more SOW that will reference this MSA. The SOW will describe the scope of professional services; the nature, limitations, and responsibilities related to the specific services CLA will provide; and the fees for such services.

If modifications or changes are required during CLA’s performance of requested services, or if you request that we perform any additional services, we will provide you with a separate SOW for your signature. Such SOW will advise you of the additional fee and time required for such services to facilitate a clear understanding of the services.

Our services cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations. Except as described in the scope of professional services section of this MSA or any applicable SOW, we have no responsibility to identify and communicate deficiencies in your internal control as part of any services.

#### **Management responsibilities**

Management and, when appropriate, the board of directors of the district acknowledge and understand that our role is to provide the services identified in an SOW and that management and the board of directors of the district have certain responsibilities that are fundamental to our undertaking to perform the identified services. The district may engage CLA to perform management functions to help the board of directors of the district to meet your responsibilities, but the board of directors of the district acknowledges its management responsibilities. References to management in this MSA and in an SOW are applicable to the board of directors of the district.

### **Responsibilities and limitations related to nonattest services**

For all nonattest services we may provide to you, your management agrees to assume all management responsibilities; oversee the services; evaluate the adequacy and results of the services; ensure that your data and records are complete; and accept responsibility for the results of the services.

### **Fees and terms**

See the applicable SOW for the fees for the services.

Work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagements will be deemed to have been completed even if we have not completed the services. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Payments may be made utilizing checks, Bill.com, your online banking platform, CLA's electronic payment platform, or any other client initiated payment method approved by CLA. CLA's electronic online bill pay platform [claconnect.com/billpay](http://claconnect.com/billpay) accepts credit card and Automated Clearing House (ACH) payments. Instructions for making direct bank to bank wire transfers or ACH payments will be provided upon request.

### ***Other fees***

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

### ***Finance charges and collection expenses***

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

### **Mediation**

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties (i.e., you and CLA). The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Colorado, without giving effect to choice of law principles.

### **Limitation of remedies**

**These limitation of remedies provisions are not applicable for any audit, examination, or agreed-upon procedures services provided to you.**

Our role is strictly limited to the services described in an SOW, and we offer no assurance as to the results or ultimate outcomes of any services or of any decisions that you may make based on our communications with you. You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a "CLA party") and that this limitation of remedies provision is governed by the laws of the state of Colorado, without giving effect to choice of law principles.

You further agree that you will not hold CLA or any other CLA party liable for any claim, cost, or damage, whether based on warranty, tort, contract, or other law, arising from or related to this MSA, the services provided under an SOW, the work product, or for any plans, actions, or results of an SOW, except to the extent authorized by this MSA. In no event shall any CLA party be liable to you for any indirect, special, incidental, consequential, punitive, or exemplary damages, or for loss of profits or loss of goodwill, costs, or attorney fees.

The exclusive remedy available to you shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by a CLA party of our duties owed under this MSA and the specific SOW thereunder, but any recovery on any such claims shall not exceed the fees actually paid by you to CLA pursuant to the SOW that gives rise to the claim.

### **Time limitation**

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. The parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this MSA or the services performed under an SOW, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced as provided below, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. An action to recover on a dispute shall be commenced within the shorter of these periods ("Limitation Period"):

### **Consulting services**

- For each service pursuant to an SOW, separately within twenty-four (24) months after the date we deliver the services or work product pursuant to the SOW on which the dispute is based, regardless of whether any CLA party provides other services for you under this MSA or other SOW.
- Within twenty-four (24) months from the date of our last billing for services performed pursuant to the SOW on which the dispute is based.
- Within twenty-four (24) months after the termination by either party of either this MSA or the district's ongoing relationship with CLA.

### **Tax services**

- For tax return preparation, separately within thirty-six (36) months after the date when we deliver any final tax return(s) pursuant to the SOW on which the dispute is based, regardless of whether any CLA party provides other services for you under this MSA or other SOW relating to said return(s).

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- For tax consulting engagements, separately within thirty-six (36) months from the date of our last billing for services pursuant to the SOW on which the dispute is based.
- For all tax return and tax consulting engagements, within twelve (12) months from the date when you terminate this MSA or the district's ongoing relationship with CLA.

***Examination, compilation, and preparation services related to prospective financial information***

- For examination, compilation, and preparation services related to prospective financial information (i.e., forecasts and projections), separately within twelve (12) months after the dates when we deliver the work product pursuant to the SOW on which the dispute is based, regardless of whether any CLA party provides other services for you relating to the work product.

***Audit, review, examination, agreed-upon procedures, compilation, and preparation services other than those related to prospective financial information***

- For audit, review, examination, agreed-upon procedures, compilation, and preparation services, separately within twenty-four (24) months after the dates when we deliver the work product pursuant to the SOW on which the dispute is based, regardless of whether any CLA party provides other services for you relating to the work product.

The applicable Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

**CLA shall be authorized to the following cash access services:**

- Using any or a combination of the following methods and approval processes, we will pay your vendors and service providers based upon invoices that you have reviewed and approved:
  - Paper checks – we will prepare the checks for your approval and wet ink signature.
  - Payments using Bill.com – we will only release payments after you have electronically approved and authorized such payments.
  - ACH/Wire – we will use this method as needed/as requested, with your approval.

We understand that you will designate one or more members of the Board to approve disbursements using the above methods.

- If applicable, access the entity credit card for purposes of purchasing products and services on your behalf up to a certain limit that will be discussed with you and documented separately.
- Obtain administrator access to your bank accounts for purposes of performing the duties documented in our engagement letter identified above.
- Take deposits to the bank that include cash.
- If applicable, have access to cash-in-kind assets, such as coupons.
- If applicable, initiate direct deposits or sign checks as part of the payroll processing function.

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## **Management responsibilities relevant to CLA's access to your cash**

All members of your Board of Directors are responsible for the processes below; however, we understand that you will designate one or more board members to review and give approvals for disbursements. All approvals must be documented in writing, either electronically or manually, then formally ratified in board meetings and documented in the meeting minutes.

- Approve all invoices and check payments.
- Approve all new vendors and customers added to the accounting system.
- Approve non-recurring wires to external parties.
- Pre-approve for recurring wires, then Board will ratify approval.
- Approve all new employees and all employee status changes prior to those employees or changes being added to the payroll system.
- Approve all credit card statements prior to those expenses being processed in the accounting system and subsequently paid.
- Approve (or delegate to the CLA controller if applicable) all customer and vendor credit memos and accounts receivable amounts written off.
- Review and approve (or delegate to the CLA controller if applicable) all bank statements and affiliated monthly reconciliations.

## **Other provisions**

Except as permitted by the "Consent" section of this agreement, CLA will not disclose any confidential, proprietary, or privileged information of the district or you to any person or party, unless the district or you authorizes us to do so, it is published or released by the district, it becomes publicly known or available other than through disclosure by us, or disclosure is required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Pursuant to authority given by law or regulation, we may be requested to make certain workpapers available to a regulator for its regulatory oversight purposes. We will notify you of any such request, if permitted by law. Access to the requested workpapers will be provided to the regulator under the supervision of CLA personnel and at a location designated by our firm. Furthermore, upon request, we may provide copies of selected workpapers to such regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

You acknowledge and agree that this agreement and the pricing structure and billing rates of CLA are sensitive information which you shall not furnish or otherwise disclose to any third party without the prior written consent of CLA or as required by law.

We will be responsible for our own property and casualty, general liability, and workers compensation insurance, taxes, professional training, and other personnel costs related to the operation of our business.

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When performing the services identified in applicable SOWs, we will utilize the resources available at the district, when applicable, to the extent practical to continue development of your personnel. During a portion of our work, we may require the use of your computers. We will try to give you advance notice and coordinate our use so it does not interfere with your employees.

The relationship of CLA with the district shall be solely that of an independent contractor and nothing in this agreement shall be construed to create or imply any relationship of employment, agency, partnership, or any relationship other than an independent contractor.

If applicable, accounting standards and procedures will be suggested that are consistent with those normally utilized in a district of your size and nature. Internal controls may be recommended relating to the safeguarding of the district's assets. If fraud is initiated by your employees or other service providers, your insurance is responsible for covering any losses.

The district agrees that CLA will not be assuming any fiduciary responsibility on your behalf during the course of this agreement, except as may be assumed in a SOW.

CLA may, at times, utilize external web applications to receive and process information from our clients; however, it is not appropriate for you to upload protected health information using such applications. All protected health information contained in a document or file that you plan to transmit to us via a web application must be redacted by you to the maximum extent possible prior to uploading the document or file. In the event that you are unable to remove or obscure all protected health information, please contact us to discuss other potential options for transmitting the document or file.

## **Consent**

### ***Consent to use financial information***

Annually, we assemble a variety of benchmarking analyses using data obtained through our client engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this MSA will serve as your consent to use of Sorrel Ranch Metro District information in these cost comparison, performance indicator, and/or benchmarking reports.

### ***Subcontractors***

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

### ***Technology***

CLA may, at times, use third-party software applications to perform services under this agreement. You authorize CLA to sign on your behalf any vendor agreements applicable to such software applications. CLA can provide a copy of the application agreement at your request. You acknowledge the software vendor may have access to your data.

## **Termination of MSA**

Either party may terminate this MSA at any time by giving 30 days written notice to the other party. In that event, the provisions of this MSA shall continue to apply to all services rendered prior to termination.

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## Agreement

We appreciate the opportunity to be of service to you and believe this MSA accurately summarizes the significant terms of our relationship. This MSA, along with the applicable SOW(s), constitute the entire agreement regarding services to be performed and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. If you agree with the terms of our relationship as described in this MSA, please sign, date, and return.

Sincerely,

**CliftonLarsonAllen LLP**



Carrie Bartow, CPA  
Principal  
Carrie.Bartow@CLAconnect.com

**Response:**

This agreement correctly sets forth the understanding of Sorrel Ranch Metro District.

APPROVED:

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Signature

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Title

---

Date



**CliftonLarsonAllen LLP**  
8390 East Crescent Pkwy., Suite 300  
Greenwood Village, CO 80111  
phone 303-779-5710 fax 303-779-0348  
**CLAconnect.com**

## **Special Districts Preparation SOW**

This agreement constitutes a Statement of Work (“SOW”) to the Master Service Agreement (“MSA”) made by and between CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) and Sorrel Ranch Metro District (“you” and “your”) dated September 14, 2021. The purpose of this SOW is to outline certain services you wish us to perform in connection with that agreement.

### **Scope of professional services**

Carrie Bartow is responsible for the performance of the preparation engagement and other services identified in this agreement. They may be assisted by one or more of our authorized signers in the performance of the preparation engagement.

### ***Ongoing normal accounting services:***

Outsourced accounting activities

For each fund of the district, CLA will generally prepare and maintain the following accounting records:

- Cash receipts journal
- Cash disbursements journal
- General ledger
- Accounts receivable journals and ledgers
- Deposits with banks and financial institutions
- Schedule of disbursements
- Bank account reconciliations
- Investment records
- Detailed development fee records

Process accounts payable including the preparation and issuance of checks for approval by a designated individual

Prepare billings, record billings, enter cash receipts, and track revenues

Reconcile certain accounts regularly and prepare journal entries

Prepare depreciation schedules

Prepare monthly/quarterly/as requested financial statements and supplementary information, but not perform a compilation with respect to those financial statements. Additional information is provided below.

Prepare a schedule of cash position to manage the district's cash deposits, funding for disbursements, and investment programs in accordance with policies established by the district's board of directors.

Prepare the annual budget and assist with the filing of the annual budget – additional information is provided below.

Assist the district's board of directors in monitoring actual expenditures against appropriation/budget.

If an audit is required, prepare the year-end financial statements (additional information is provided below) and related audit schedules for use by the district's auditors.

If an audit is not required, prepare the Application for Exemption from Audit, perform a compilation engagement with respect to the Application for Exemption from Audit, and assist with the filing of the Application for Exemption from Audit – additional information is provided below.

Monitor compliance with bond indentures and trust agreements, including preparation of continuing disclosure reports to the secondary market as required.

Review claims for reimbursement from related parties prior to the board of directors' review and approval.

Read supporting documentation related to the district's acquisition of infrastructure or other capital assets completed by related parties for overall reasonableness and completeness. Procedures in excess of providing overall reasonableness and completeness will be subject to a separate SOW. These procedures may not satisfy district policies, procedures, and agreements' requirements. Note: our procedures should not be relied upon as the final authorization for this transaction.

Attend board meetings as requested.

Be available during the year to consult with you on any accounting matters related to the district.

Review and approve monthly reconciliations and journal entries prepared by staff

Reconcile complex accounts monthly and prepare journal entries

Analyze financial statements and present to management and the board of directors.

Develop and track key business metrics as requested and review periodically with the board of directors.

Document accounting processes and procedures

Continue process and procedure improvement implementation

Report and manage cash flows

Assist with bank communications.

Perform other nonattest services.

## **Compilation services**

If an audit is not required, we will complete the Application for Exemption from Audit in the form prescribed by the Colorado Office of the State Auditor and perform a compilation engagement with respect to the Application for Exemption from Audit.

## **Preparation services – financial statements**

We will prepare the monthly/quarterly/as requested financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information if applicable of the district, which comprise the balance sheet – governmental funds and the related statement of revenues, expenditures, and changes in fund balance – general fund. The financial statements will not include the related notes to the financial statements; the government-wide financial statements; the statement of revenues, expenditures, and changes in fund balances – governmental funds; statement of cash flows for business type activities, if applicable; and required supplementary information.

## **Preparation services - annual**

If an audit is required, we will prepare the year-end financial statements of the government wide governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information if applicable, and Management Discussion and Analysis, if applicable, which collectively comprise the basic financial statements of the district, and the related notes to the financial statements. The year-end financial statements, including the related notes to the financial statements, will be prepared for use by the district's auditors.

## ***Preparation services – prospective financial information (i.e., unexpired budget information)***

You have requested that we prepare the financial forecast, which comprises the forecasted financial statements identified below.

A financial forecast presents, to the best of management's knowledge and belief, the entity's expected financial position, results of operations, and cash flows for the forecast period. It is based on management's assumptions reflecting conditions it expects to exist and the course of action it expects to take during the forecast period.

The financial forecast will omit substantially all of the disclosures required by the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA presentation guidelines) other than those related to the significant assumptions.

The supplementary information accompanying the financial forecast will be prepared and presented for purposes of additional analysis and is not a required part of the basic financial forecast.

References to financial statements in the remainder of this SOW are to be taken as a reference to also include the prospective financial information, where applicable.

## **Engagement objectives and our responsibilities**

The objectives of our engagement are to:

- a. Prepare monthly/quarterly/as requested financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), except for the departures from U.S. GAAP identified above, based on information provided by you and information generated through our outsourced accounting services.



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- b. As requested, apply accounting and financial reporting expertise to assist you in the presentation of your monthly/quarterly/as requested financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with U.S. GAAP, except for the departures from U.S. GAAP identified above.
- c. Prepare the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29-1-105 based on information provided by you.
- d. Apply accounting and financial reporting expertise to assist you in the presentation of the annual budget without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the annual budget in order for the annual budget to be in accordance with requirements prescribed by Colorado Revised Statutes C.R.S. 29-1-105.
- e. If an audit is required, prepare the year-end financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) based on information provided by you.
- f. If applicable, we will complete the Application for Exemption from Audit in the form prescribed by the Colorado Office of the State Auditor and perform a compilation engagement on the application.

We will conduct our preparation and compilation engagements in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA) and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

### **Engagement procedures and limitations**

We are not required to, and will not, verify the accuracy or completeness of the information provided to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements, the annual budget, the Application for Exemption from Audit (if an audit is not required), the year-end financial statements (if an audit is required), and the supplementary information.

Our engagement cannot be relied upon to identify or disclose any misstatements in the monthly/quarterly/as requested financial statements, the annual budget, the Application for Exemption from Audit, and the year-end financial statements, including misstatements caused by fraud or error, or to identify or disclose any wrongdoing within the district or noncompliance with laws and regulations. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement. You agree that we shall not be responsible for any misstatements in the district's financial statements, the annual budget, the Application for Exemption from Audit, and the year-end financial statements that we may not identify as a result of misrepresentations made to us by you.

### **Our report**

The compilation report on the Application for Exemption from Audit will state that management is responsible for the accompanying application included in the prescribed form, that we performed a compilation of the application, that we did not audit or review the application, and that, accordingly, we do not express an opinion a conclusion, nor provide any form of assurance on it. The report will also state that the Application for Exemption



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from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America. The report will include a statement that the report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party and may not be suitable for another purpose.

There may be circumstances in which the report may differ from its expected form and content. If, for any reason, we are unable to complete the compilation, the Application for Exemption from Audit (if an audit is not required), we will not issue reports on budget, the Application for Exemption from Audit as a result of this engagement.

### **No assurance statements**

The monthly/quarterly/as requested financial statements prepared for the district will not be accompanied by a report. However, management agrees that each page of the financial statements will include a statement clearly indicating that no assurance is provided on them.

As part of our preparation of financial statements each page of the financial statements and supplementary information will include the following statement: “No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures, and changes in fund balances – governmental funds have been omitted if applicable, For best business type activities the Statement of Cash Flows has been omitted”.

If an audit is required, the year-end financial statements prepared for use by the district’s auditors will not be accompanied by a report. However, management agrees that each page of the year-end financial statements will include a statement clearly indicating that no assurance is provided on them.

### **Management responsibilities**

The financial statement engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with U.S. GAAP and assist management in the presentation of the financial statements in accordance with U.S. GAAP, except for the departures from U.S. GAAP identified above.

The annual budget engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29.1.105 and assist management in the presentation of the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29.1.105.

The Application for Exemption from Audit engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the Application for Exemption from Audit in accordance with the requirements prescribed by the Colorado Office of the State Auditor and assist management in the presentation of the Application for Exemption from Audit in accordance with the requirements prescribed by the Colorado Office of the State Auditor.

We are required by professional standards to identify management’s responsibilities in this agreement. Professional standards define management as the persons with executive responsibility for the conduct of the district’s operations and may include some or all of those charged with governance. Those standards require that you acknowledge and understand that management has the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARs:



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- a. The selection of the financial reporting framework to be applied in the preparation of the financial statements, the annual budget, and the Application for Exemption from Audit.
- b. The preparation and fair preparation of the financial statements in accordance with U.S. GAAP, except as identified as above, the preparation and fair presentation of the annual budget in accordance with the requirements prescribed by Colorado Revised Statutes C.R.S. 29.1.105, and the preparation and fair presentation of the Application for Exemption from Audit (if applicable) in accordance with the requirements prescribed by the Colorado Office of the State Auditor.
- c. The presentation of the supplementary information.
- d. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) that are free from material misstatement, whether due to fraud or error.
- e. The prevention and detection of fraud.
- f. To ensure that the entity complies with the laws and regulations applicable to its activities.
- g. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- h. To provide us with the following:
  - i. Access to all information relevant to the preparation and fair presentation of the financial statements, and the annual budget, the Application for Exemption from Audit (if applicable) such as records, documentation, and other matters.
  - ii. Additional information that may be requested for the purpose of the engagement.
  - iii. Unrestricted access to persons within the entity with whom we determine it necessary to communicate.

We understand that you are engaging us to make recommendations and perform services to help you meet your responsibilities relevant to the preparation and fair presentation of the financial statements, the annual budget, and the Application for Exemption from Audit (if applicable).

For all accounting services we may provide to you, including the preparation of your financial statements, the annual budget, and the Application for Exemption from Audit (if applicable), management agrees to assume all management responsibilities; oversee the services by designating an individual (i.e., the Board Treasurer); evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

### **Fees, time estimates, and terms**

Our professional fees will be billed based on the time involved and the degree of responsibility and skills required. We will also bill for expenses (including internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended



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if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

The hour rates currently in effect for our services are as follows:

Principal	\$300 - \$425
Chief Financial Officer	\$200 - \$385
Controller	\$180 - \$250
Senior	\$140 - \$180
Staff	\$ 80 - \$150
Administrative support	\$ 80 - \$120

Out-of-pocket expenses such as out-of-town travel, meals, and lodging will be billed at cost and are not included in the fees quoted above. We will also add a technology and client support fee of five percent (5%) of all professional fees billed. The fee estimates are based on anticipated cooperation from your personnel and their assistance with preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated fees will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimates.

#### **Use of financial statements, the annual budget, the Application for Exemption from Audit**

The financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) are for management's use. If you intend to reproduce and publish the financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) and our report thereon, they must be reproduced in their entirety. Inclusion of the financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

With regard to the electronic dissemination of financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) that have been subjected to a compilation engagement, including financial statements, the annual budget, and the Application for Exemption from Audit (if applicable) published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

#### **Municipal advisors**

For the avoidance of doubt, the district is not engaging CLA as a municipal advisor, and CLA is not a municipal advisor as defined in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or under Section 158 of the Securities Exchange Act of 1934 (the "Act"). CLA is not recommending an action to you, is not acting as an advisor to you, and does not owe a fiduciary duty to you pursuant to Section 158 of the Act with respect to the information and material contained in the deliverables issued under this engagement. You should



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discuss any information and material contained in the deliverables with any and all internal and external advisors that you deem appropriate before acting on this information or material.

**Additional provisions required by CRS 8-17.5-102(2)(a)(I) and (II)**

***Unlawful employees, contractors, and subcontractors***

We shall not knowingly employ or contract with a worker without authorization to perform work under this contract. We shall not knowingly contract with a subcontractor that (a) knowingly employs or contracts with a worker without authorization to perform work under this contract or (b) fails to certify to us that the subcontractor will not knowingly employ or contract with a worker without authorization to perform work under this contract. [CRS 8-17.5-102(2)(a)(I) and (II)]

***Verification regarding workers without authorization***

We have verified or attempted to verify through participation in the E-Verify Program or the Department Program [as defined in CRS 8-17.5-101(3.3) and (3.7) of the state of Colorado that we do not employ and contract workers without authorization.

***Limitation regarding E-Verify Program and the Department Program***

We shall not use the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while performing this contract. [CRS 8-17.5-102(2)(b)(II)]

***Duty to terminate a subcontractor and exceptions***

If we obtain actual knowledge that a subcontractor performing work under this contract knowingly employs or contracts with a worker without authorization, we shall, unless the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with a worker without authorization.

- (1) Notify the subcontractor and the district within three days that we have actual knowledge that the subcontractor is employing or contracting with a worker without authorization; and
- (2) Terminate the subcontract with the subcontractor if, within three days of receiving notice that we have actual knowledge that the subcontractor is employing or contracting with a worker without authorization, the subcontractor does not stop employing or contracting with the worker without authorization. [CRS 8-17.5-102(2)(b)(A) and (B)]

***Duty to comply with state investigation***

We shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation pursuant to CRS 8-17.5-102(5). [CRS 8-17.5-102(2)(b)(IV)]

**Agreement**

We appreciate the opportunity to provide the services described in this SOW related to the MSA. All terms and provisions of the MSA shall apply to these services. If you agree with the terms of this SOW, please sign below and return a signed copy to us by email or U.S. mail to indicate your acknowledgment and understanding of, and agreement with, this SOW.



Sincerely,

**CliftonLarsonAllen LLP**

A handwritten signature in cursive script that reads "Carrie Bartow".

Carrie Bartow, CPA  
Principal  
Carrie.Bartow@CLAconnect.com



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APPROVED:

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Signature

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Title

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Date



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**CliftonLarsonAllen LLP**  
8390 East Crescent Pkwy., Suite 300  
Greenwood Village, CO 80111  
phone 303-779-5710 fax 303-779-0348  
**CLAconnect.com**

## **Payroll Services SOW**

**Date: September 14, 2021**

This agreement constitutes a Statement of Work (“SOW”) to the Master Service Agreement (“MSA”) made by and between CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) and Sorrel Ranch Metro District (“you” and “your”) dated September 14, 2021. The purpose of this SOW is to outline certain services you wish us to perform in connection with that agreement.

### **Scope of payroll preparation services**

We will provide the following payroll preparation services from information you provide:

- For each pay period:
  - Perform payroll calculations
  - Prepare payroll checks or pay-stubs in the case of direct deposit of employee net pay
  - Initiate electronic transfer of funds for employee net pay and payroll tax deposit liabilities
  - Processing retirement plan contribution payments
  - Preparation of retirement plan and other census information
- Prepare the following government forms annually for each calendar year-end (may be filed electronically):
  - All copies of required forms W-2 and W-3
  - Form 940 – Employers Annual Federal Unemployment Tax Return, if applicable
  - Form 943 – Employers Annual Tax Return for Agricultural Employees
  - All necessary state forms, if applicable
- If applicable, prepare the following government reporting forms for each calendar quarter-end (may be filed electronically):
  - Form 941 – Employers Quarterly Tax Return
  - State Employers Quarterly Withholding Return
  - State Employers Quarterly Unemployment Tax Return (SUTA)
  - Initiate electronic funds transfer for quarterly Federal Unemployment Tax (FUTA) liability



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- Cash access services related to payroll services
  - Obtain one or more signature stamps bearing the name(s) and facsimile signature(s) of any of your officer(s) who are responsible for signing checks and bank drafts on your behalf.
  - Obtain access to electronic signatures or signatures embedded into cloud-based software for the purpose of drafting payments on your behalf.
  - Prepare checks to be drawn upon your bank account(s) and to use the above noted methods to thereby finally approve such checks for payment by the corresponding bank(s).
  - Initiate the direct deposit of employee net pay from funds drawn upon your bank account(s).
- The following services would impair independence
  - Accept responsibility to authorize payment of client funds, electronically or otherwise, except as specifically provided for with respect to electronic payroll tax payments.
  - Accept responsibility to sign or cosign client checks, even if only in emergency situations.
  - Maintain a client's bank account or otherwise have custody of a client's funds or make credit for banking decisions for the client.

### **Our responsibility to you and limitations of the payroll services**

We will prepare the entity's federal and state (if applicable) payroll forms and tax returns in accordance with the applicable payroll tax laws. We will use our judgment in resolving questions where the law is unclear, and where there is reasonable authority, we will resolve questions in your favor whenever possible.

We will not audit or otherwise verify the accuracy or completeness of the information we receive from you for the preparation of the payroll and related returns, and our engagement cannot be relied upon to uncover errors or irregularities in the underlying information. However, we will inform the appropriate level of management of any material errors and of any evidence or information that comes to our attention during the performance of our payroll preparation services that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our payroll preparation services regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement. You agree that we shall not be responsible for any misstatements in the entity's payroll that we may not identify as a result of misrepresentations made to us by you.

Our payroll preparation services will include electronically transmitting information to taxing authorities and your financial institution to facilitate the electronic transfer of funds. Authorizations for us to provide these services will be made in separate communications.

Our payroll preparation services will include transmitting federal Form W-2, federal Form 1099, and payroll data forms to federal and state taxing authorities on your behalf. Authorizations for us to provide these services will be made in separate communications.

### **Your responsibilities**

It is your responsibility to provide us with all of the information needed to prepare complete and accurate payrolls and returns. We will have no obligations with regard to a particular payroll or withholding taxes and filing returns in a particular state or local tax jurisdiction until you have provided such information to us. All necessary information should be provided to us within two days of the close of each payroll period or no later than two days



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prior to your payroll check date. A list of information we will require and the dates required will be provided in a separate communication.

For all nonattest services we may provide to you, including these payroll services, management agrees to assume all management responsibilities; oversee the services; by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.

Specifically, your responsibilities include:

- Accuracy of information used in the preparation of the payrolls.
- Careful review of paychecks or pay-stubs, and payroll journals for each periodic payroll.
- Accuracy of information used in the preparation and filing of all government forms.
- Review and pre-approval of each electronic funds transfer initiated on your behalf for employee net pay amounts, payroll tax and withholding liabilities, and related benefit amounts.

You are responsible to carefully review the paper returns that we prepare on your behalf before signing and submitting them to tax authorities. You are responsible to review the paper copies of payroll forms and tax returns that were filed electronically on your behalf. We will advise you with regard to tax positions taken in the preparation of the payroll forms and tax returns, but the responsibility for the payroll forms and tax returns remains with you.

You are also responsible for the payment of payroll tax and withholding liabilities. Therefore, the Internal Revenue Service recommends that you enroll in the U.S. Department of the Treasury Electronic Federal Tax Payment System (EFTPS) to monitor your account and ensure that timely tax payments are being made for you. You may enroll in the EFTPS online at [www.eftps.gov](http://www.eftps.gov), or call 800-555-4477 for an enrollment form. Individual states have similar programs that allow you to monitor your account. A list of links by state is provided online at <http://www.americanpayroll.org/weblink/statelocal-wider/>.

### **Your responsibilities relevant to CLA's access to your cash**

Someone with management authority is responsible for the processes below. All approvals listed must be documented in writing, either electronically or manually:

- Approve all new employees and all employee status changes prior to those employees or changes being added to the payroll system.
- Approve all payroll runs prior to cash being committed.

### **Fees**

Our professional fees will be billed based on the degree of responsibility and contribution of the professionals working on the engagement. We will also bill for expenses (including internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed. Other than annual adjustments reflecting inflation, our professional fees will not fluctuate unless there is a significant change in the number of employees, taxing jurisdictions, or in the services you wish for us to provide. If such changes should



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occur, we will discuss any fee adjustments with you prior to making any changes to your billing. Lastly, any additional forms that you would like us to complete will be charged at an hourly fee.

We do not anticipate encountering the need to perform additional services beyond those described in this letter. Below are examples of services considered to be outside the scope of our engagement. We will bill you for additional services you would like us to provide at an hourly fee at periodic dates after the additional service has been performed.

- Reprocessing for corrected information provided to us subsequent to original payroll
- Preparation of non-standard reports
- Calculation of fringe benefit additions
- Processing retirement plan contribution payments
- Preparation of retirement plan and other census information
- Responding to workers compensation insurance audits
- Responding to employment verification requests
- Preparation of additional state tax registrations
- Preparation of amended payroll tax returns
- Responding to tax notices

### **Tax examinations**

All government forms and returns are subject to potential examination by the IRS and state taxing authorities. In the event of an examination, we will be available, at your request, to assist or represent you. Services in connection with tax examinations are not included in our fee for preparation of your payroll returns. Our fee for such services will be billed to you separately, along with any direct costs.

### **Record retention**

You are responsible for retaining all documents, records, payroll journals, canceled checks, receipts, or other evidence in support of information and amounts reported in your payroll records and on your quarterly and calendar year-end payroll forms and tax returns. These items may be necessary in the event the taxing authority examines or challenges your returns. These records should be kept for at least seven years. Your copy of the payroll forms and tax returns should be retained indefinitely.

In preparing the payrolls, payroll forms, and tax returns, we rely on your representation that you understand and have complied with these documentation requirements. You are responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of your financial records.

All of the records that you provide to us to prepare your payrolls and related forms and tax returns will be returned to you after our use. Our working papers, including any copies of your records that we chose to make, are our property and will be retained by us in accordance with our established records retention policy. This policy states, in general, that we will retain our working papers for a period of seven years. After this period expires, our working papers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the



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time our records are available. The working papers and files of our firm are not a substitute for the records of the entity.

### **Tax consulting services**

This SOW also covers tax consulting services that may arise for which the entity seeks our consultation and advice, both written and oral, that are not the subject of a separate SOW. These additional services are not included in our fees for the preparation of the payroll and related federal and state forms and tax returns.

We will base our tax analysis and conclusions on the facts you provide to us, and will not independently verify those facts. We will review the applicable tax law, tax regulations, and other tax authorities, all of which are subject to change. At your request, we will provide a memorandum of our conclusions. Written advice provided by us is for the entity's information and use only and is not to be provided to any third party without our express written consent.

Unless we are separately engaged to do so, we will not continuously monitor and update our advice for subsequent changes or modifications to the tax law and regulations, or to the related judicial and administrative interpretations.

### **Communications and confidentiality**

CLA will hold the information supplied by the entity to us in confidence and CLA will not disclose it to any other person or party, unless the entity authorizes us to do so, it is published or released by the entity, or it becomes publicly known or available other than through disclosure by us, or disclosure is required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

The Internal Revenue Code contains a limited privilege for confidentiality of tax advice between you and our firm. In addition, the laws of some states likewise recognize a confidentiality privilege for some accountant-client communications. You understand that CLA makes no representation, warranty or promise, and offers no opinion with respect to the applicability of any confidentiality privilege to any information supplied or communications you have with us, and, to the extent that we follow instructions from you to withhold such information or communications in the face of a request from a third party (including a subpoena, summons or discovery demand in litigation), you agree to hold CLA harmless should the privilege be determined not to apply to particular information or communications.

### **Consent to send you publications and other materials**

For your convenience, CLA produces a variety of publications, hard copy and electronic, to keep you informed about pertinent business and personal financial issues. This includes published articles, invitations to upcoming seminars, webinars and webcasts, newsletters, surveys, and press releases. To determine whether these materials may be of interest to you, CLA will need to use your tax return information. Such tax information includes the entity name and address as well as the business and financial information you provided to us.

By signing and dating this SOW, you authorize CLA to use the information that you provide to CLA during the preparation of your tax returns to determine whether to offer you relevant materials. Your consent is valid until further notice. If you do not wish to authorize such use, please strike out this paragraph prior to signing the SOW.



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## Legal compliance

The entity agrees to assume sole responsibility for full compliance with all applicable federal and state laws, rules or regulations, and reporting obligations that apply to the entity or the entity's business, including the accuracy and lawfulness of any reports the entity submits to any government regulator, authority, or agency. The entity also agrees to be solely responsible for providing legally sufficient substantiation, evidence, or support for any reports or information supplied by the entity to any governmental or regulatory body, or for any insurance reimbursement in the event that the entity is requested to do so by any lawful authority. CLA, its successors, affiliates, officers, and employees do not assume or undertake any duty to perform or to be responsible in any way for any such duties, requirements, or obligations.

## Agreement

We appreciate the opportunity to provide the services described in this SOW related to the MSA. All terms and provisions of the MSA shall apply to these services. If you agree with the terms of this SOW, please sign below and return a signed copy to us by email or U.S. mail to indicate your acknowledgment and understanding of, and agreement with, this SOW.

Sincerely,

**CliftonLarsonAllen LLP**



Carrie Bartow, CPA  
Principal  
Carrie.Bartow@CLAconnect.com



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Enclosures

**Response:**

This letter correctly sets forth the understanding of Sorrel Ranch Metro District.

APPROVED:

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Signature

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Title

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Date

RESOLUTION NO. 2021-11-\_\_\_\_

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
SORREL RANCH METROPOLITAN DISTRICT  
CALLING A REGULAR ELECTION FOR DIRECTORS  
MAY 3, 2022**

A. The terms of the offices of Directors Selden and Jones shall expire upon the election of their successors at the regular election, to be held on May 3, 2022 (“**Election**”), and upon such successors taking office.

B. The term of the office to which Director Stricker has previously been appointed expires upon her re-election, or the election of her successor at the Election, and upon such successor taking office.

C. A vacancy currently exists on the Board of Directors of the District.

D. In accordance with the provisions of the Special District Act (“**Act**”) and the Uniform Election Code (“**Code**”), the Election must be conducted to elect one (1) Director to serve until the next regular election, to occur May 2, 2023, and three (3) Directors to serve until the second regular election, to occur May 6, 2025.

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 3, 2022, 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, one (1) Director shall be elected to serve until the next regular election, to occur May 2, 2023, and three (3) Directors shall be elected to serve until the second regular election, to occur May 6, 2025.

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. David Solin 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, c/o David Solin, 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 26, 2022).

7. Self-Nomination and Acceptance Forms. Self-Nomination and Acceptance Forms are available and can be obtained from David Solin, the Designated Election Official for the Sorrel Ranch Metropolitan District, c/o David Solin at 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 March 1, 2022, 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 3, 2022]**

RESOLUTION APPROVED AND ADOPTED on November 2, 2021.

**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: August 31, 2021

RE: Notice of 2022 Rate Increase

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 (5.28%) 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.