

SORREL RANCH METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
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<https://sorrelranchmd.colorado.gov>

NOTICE OF SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Mark Selden	President	2025/May 2025
David Bourne		2027/May 2027
Rebecca Stricker		2027/May 2027
<i>VACANT</i>		2025/May 2025
<i>VACANT</i>		2025/May 2025

DATE: November 6, 2023
TIME: 6:30 p.m.
PLACE: **THIS MEETING WILL BE HELD VIA ZOOM**

Join Zoom Meeting

<https://us02web.zoom.us/j/5469119353?pwd=SmtlcHJETFhCQUZEcVBBOGZVU3Fqdz09>

Meeting ID: 546 911 9353

Passcode: 912873

Dial: 1-719-359-4580

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

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

C. Acknowledge resignation of James H. Ruthven as Secretary to the Board and consider appointment of David Solin as Secretary to the Board.

D. Discuss results of the cancelled of May 2, 2023 Regular Directors' Election (enclosure).

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

F. Consider appointment of Officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____

G. Review and approve Minutes of the November 1, 2022 Special Meeting (enclosure).

H. Discuss business to be conducted in 2024 and location (**virtual and/or physical**) of meetings. Schedule regular meeting dates and consider adoption of Resolution No. 2023-11-__ Establishing Regular Meeting Dates, Time, and Location, and Designating Location for Posting of 24-Hour Notices (enclosure).

I. Discuss requirement of Section 32-1-809, C.R.S. and direct staff regarding compliance for 2024 (District Transparency Notice).

J. Insurance Discussion

1. Cyber Security and Increased Crime Coverage.

2. Establish Insurance Committee to make final determinations regarding insurance, if necessary.

3. Authorize renewal of District's insurance and Special District Association (SDA) membership for 2024.

II. PUBLIC COMMENTS

A. Public Comment.

Members of the public may express their views to the Board on matters that affect the District that are otherwise not on the agenda. Comments will be limited to three (3) minutes per person.

III. SARIA PRESENTATION

A. Discuss request from South Aurora Regional Improvement Authority to revise ARI Mill Levy to facilitate future bond issuance.

1. Discuss and consider approval of Amendment to the District’s Service Plan and consider adoption of Resolution Approving Service Plan Amendment (enclosure).

2. Authorize consultants to proceed with all necessary actions to amend the Service Plan.

IV. FINANCIAL MATTERS

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

Fund	Period Ending Nov. 30, 2022	Period Ending Dec. 31, 2022	Period Ending January 31, 2023	Period Ending February 28, 2023
General	\$ 8,530.15	\$ 6,131.85	\$ 2,077.17	\$ 1,842.50
Debt Service	\$ 400.00	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 8,930.15	\$ 6,131.85	\$ 2,077.17	\$ 1,842.50

Fund	Period Ending March 31, 2023	Period Ending April 30, 2023	Period Ending May 31, 2023	Period Ending June 30, 2023
General	\$ 3,417.48	\$ 1,426.15	\$ 2,070.29	\$ 2,860.51
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 3,417.48	\$ 1,426.15	\$ 2,070.29	\$ 2,860.51

Fund	Period Ending July 31, 2023	Period Ending Aug. 30, 2023	Period Ending Sept. 30, 2023	Period Ending Oct. 31, 2023
General	\$ 1,219.51	\$ 3,042.03	\$ 3,309.63	\$ 24,363.74
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ 13,109.51]	\$ -0-
Total Claims	\$ 1,219.51	\$ 3,042.03	\$ 16,419.14	\$ 24,363.74

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- B. Review and accept the unaudited financial statements through September 30, 2023 (enclosure).
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- C. Ratify approval and filing of 2022 Audit and authorization of execution of Representations Letter (enclosure).
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- D. Discuss statutory requirements for an Audit. Consider engagement of _____ to perform the 2023 Audit, in an amount not to exceed \$ _____ (to be distributed).
-
- E. Discuss infrastructure improvements/construction project with Sorrel Ranch Homeowner’s Association and possible District funding for same.
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- F. Conduct Public Hearing to consider amendment of the 2023 Budget. If necessary, consider adoption of Resolution to Amend the 2023 Budget (enclosure).
-
- G. Conduct Public Hearing on the proposed 2024 Budget and consider adoption of Resolution to Adopt the 2024 Budget and Appropriate Sums of Money and Resolution to Set Mill Levies (enclosures).
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- H. 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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- I. Discuss and consider adoption of Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Service Plan (enclosure).
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- J. Consider appointment of District Accountant to prepare the 2025 Budget and set date for public hearing to adopt the 2025 Budget (_____, 2024).
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V. LEGAL MATTERS

- A. Discuss and consider adoption of Resolution Amending Policy on Colorado Open Records Act Requests (enclosure).
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VI. OTHER MATTERS

- A. _____
-

VII. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2023.**

Additional Enclosure:

- Notice of rate increase from Special District Management Services, Inc.

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

NOTICE IS HEREBY GIVEN by the Sorrel Ranch Metropolitan District, Arapahoe County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 2, 2023 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

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

<u>Name</u>	<u>Term</u>
Vacant	Next Regular Election, May 2025
Vacant	Next Regular Election, May 2025
David Bourne	Second Regular Election, May 2027
Rebecca Stricker	Second Regular Election, May 2027

/s/ James Ruthven
(Designated Election Official)

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

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SORREL RANCH METROPOLITAN DISTRICT HELD NOVEMBER 1, 2022

A Special Meeting of the Board of Directors (the “Board”) of the Sorrel Ranch Metropolitan District (referred to hereafter as the “District”) was convened on Tuesday, November 1, 2022 at 6:30 p.m. The meeting was open to the public via conference call.

ATTENDANCE

Directors In Attendance Were:

Mark Selden
David Bourne

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

Also In Attendance Were:

Jim Ruthven; Special District Management Services, Inc.

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

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. Director Selden noted he serves on the Homeowner’s Associations Board and it was noted that all members of the Board are residents of the District.

ADMINISTRATIVE MATTERS

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

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

Approval of Meeting Location: The Board entered into discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District Board meetings.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board determined that the District meeting was held by teleconference. The Board further noted that notice of the time, date, location and conference bridge information was duly posted and that they have not received any objections, or any requests that the means of hosting the meeting be changed by taxpaying electors within the boundaries of the District.

Designation of 24-Hour Posting Location: Following discussion, upon motion duly made by Director Selden, 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 at least 24 hours prior to each meeting on the District's website at: <https://sorrelranchmd.colorado.gov/> or if posting on the website is unavailable, notice will be posted at the corner of East Alexander Drive and South Buchanan Street.

Minutes: The Board reviewed the Minutes of the November 2, 2021 Special Meeting.

Following review, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board approved the Minutes of the November 2, 2021 Special Meeting.

May 3, 2022 Election: Mr. Ruthven advised the Board that the May 3, 2022 election was cancelled, as allowed under Colorado law, by the Designated Election Official because there were no more candidates than positions available on the Board of Directors. It was noted that Director Stricker was deemed elected to a 1-year term ending in May, 2023. Director Selden was deemed elected to a 3-year term ending in May, 2025.

Board Vacancy: Mr. Ruthven discussed with the Board the vacancies on the Board of Directors. There are no interested candidates at this time.

Resignation of Secretary to the Board: The Board acknowledged the resignation of David Solin as Secretary to the Board.

Appointment of Officers: The Board entered into discussion regarding appointment of officers.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the following slate of officers were appointed:

RECORD OF PROCEEDINGS

President	Mark Selden
Secretary	Jim Ruthven (non-elected)
Treasurer	David Bourne
Assistant Secretary	Rebecca Stricker

Resolution No. 2022-11-01; Establishing 2023 Regular Meeting Dates, Times and Location and Designating Location for Posting of 24-Hour Notices: The Board discussed Resolution No. 2022-11-01; Establishing 2023 Regular Meeting Dates, Time and Location and Designating Locations for Posting of 24-Hour Notices.

The Board determined to schedule 2023 regular meeting dates on June 6, 2023 and November 6, 2023 at 6:30 p.m. at the Tollgate Crossing Community Center, 24625 East Bellewood Drive, Aurora, Colorado.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-11-01; Establishing 2023 Regular Meeting Dates, Time and Location and Designating Location for Posting of 24-Hour Notices.

§32-1-809, C.R.S. Requirements (Transparency Notice): The Board discussed §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2023.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board determined to post the required transparency notice information on the Special District Association's website and the District website.

South Aurora Regional Improvement Authority Board: The Board entered into discussion regarding the appointment of a new alternate to the South Aurora Regional Improvement Authority Board.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board appointed Director Selden as alternate to the South Aurora Regional Improvement Authority Board

District Website: Mr. Ruthven reported to the Board that the District's website is in progress.

RECORD OF PROCEEDINGS

PUBLIC COMMENT

There were no public comments.

FINANCIAL MATTERS

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

Fund	Period Ending Nov. 30, 2021	Period Ending Dec. 31, 2021	Period Ending January 31, 2022	Period Ending February 28, 2022
General	\$ 12,372.70	\$ 3,906.53	\$ 3,593.51	\$ 2,954.22
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 12,372.70	\$ 3,906.53	\$ 3,593.51	\$ 2,954.22

Fund	Period Ending March 31, 2022	Period Ending April 30, 2022	Period Ending May 31, 2022	Period Ending June 30, 2022
General	\$ 7,530.05	\$ 101,823.30	\$ 2,791.60	\$ 1,661.16
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 7,530.05	\$ 101,823.30	\$ 2,791.60	\$ 1,661.16

Fund	Period Ending July 31, 2022	Period Ending August 31, 2022	Period Ending Sept. 30, 2022	Period Ending October 31, 2022
General	\$ 926.80	\$ 5,066.49	\$ 2,199.20	\$ 17,937.63
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 926.80	\$ 5,066.49	\$ 2,199.20	\$ 17,937.63

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

Financial Statements: Mr. Ruthven reviewed with the Board the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending September 30, 2022.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board accepted the unaudited financial statements through September 30, 2022, as presented.

2021 Audit: Mr. Ruthven reviewed the 2021 draft Audited Financial Statements 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 ratified approval of the 2021 Audited Financial Statements and authorized execution of the Representations Letter.

RECORD OF PROCEEDINGS

2022 Audit: The Board entered into discussion regarding engaging Haynie & Company to perform the 2022 Audit.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board approved the engagement of Haynie & Company to perform the 2022 Audit, for an amount not to exceed \$7,700.

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

It was noted that publication of Notice stating that the Board would consider amending the 2022 Budget and the date, time and location of the Public Hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this Public Hearing. No public comments were received and the Public Hearing was closed.

Following review and discussion, the Board determined that an amendment to the 2022 Budget was not necessary.

2023 Budget Hearing: Director Selden opened the Public Hearing to consider the proposed 2023 Budget and to discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2023 Budget and the date, time and location of the Public Hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this Public Hearing. No public comments were received and the Public Hearing was closed.

Mr. Ruthven reviewed the estimated 2022 expenditures and the proposed 2023 expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2022-11-02; Resolution to Adopt the 2023 Budget and Appropriate Sums of Money, and Resolution No. 2022-11-03; Resolution to Set Mill Levies (for the General Fund at 6.000 mills, for the Debt Service Fund at 42.500 mills, and for Other Fund(s) at 1.144 mills, for a total mill levy of 49.644 mills). Upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2022. Mr. Ruthven was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Arapahoe County not later than December 15, 2022. Mr. Ruthven was also authorized to transmit the Certification of Budget to the

RECORD OF PROCEEDINGS

Division of Local Government not later than January 30, 2023. Copies of the adopted Resolutions are attached hereto and incorporated herein by this reference.

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

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

Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Service Plan: The Board reviewed Resolution No. 2022-11-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Service Plan.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-11-04, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Service Plan. A copy of the adopted Resolution is attached to these minutes and incorporated herein by this reference.

Preparation of the 2024 Budget: The Board discussed preparation of the 2024 Budget.

Following discussion, upon motion duly made by Director Bourne, seconded by Director Selden, and upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2024 Budget and set the Budget Hearing to consider adoption of the 2024 Budget for November 6, 2023.

LEGAL MATTERS

Resolution No. 2022-11-05 Calling May 2, 2023 Election: The Board discussed Resolution No. 2022-11-05; Resolution Calling a Regular Election for Directors on May 2, 2023, appointing the Designated Election Official (“DEO”) and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election.

Following discussion, upon motion duly made by Director Selden, seconded by Director Bourne and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-11-05; Resolution Calling a Regular Election for Directors on May 2, 2023, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

RECORD OF PROCEEDINGS

OTHER MATTERS

There were no other matters to discuss.

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

RESOLUTION NO. 2023-11-01

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 2024 shall be held on June 4, 2024 and November 5, 2024 at 6:30 p.m., at 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 6, 2023.

SORREL RANCH METROPOLITAN DISTRICT

By: _____
President

Attest:

Secretary

Sorrel Ranch Metropolitan District
November-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Aurora Media Group	104176	10/14/2022	11/13/2022	\$ 40.95	Miscellaneous	17480
Colorado Special District P&L Pool	23PL-60396-0865	9/9/2022	9/9/2022	\$ 2,076.00	Prepaid Insurance	11240
Haynie Company	D66896	9/30/2022	9/30/2022	\$ 1,800.00	Audit Fees	17020
McGeady Becher PC	659B 9-2022	9/30/2022	9/30/2022	\$ 1,953.00	Legal Services	17460
Special District Management Services, Inc	Oct-22	10/31/2022	10/31/2022	\$ 1,317.20	Accounting	17000
Special District Management Services, Inc	Oct-22	10/31/2022	10/31/2022	\$ 848.00	District Management	17440
T Charles Wilson Insurance Service	11585	9/29/2022	1/1/2023	\$ 495.00	Prepaid Insurance	11240
UMB Bank N.A.	932054	10/17/2022	10/17/2022	\$ 400.00	Paying agent / trustee fees	27560
				\$ 8,930.15		

Sorrel Ranch Metropolitan District
November-22

	General	Debt	Capital	Totals
Disbursements	\$ 8,530.15	\$ 400.00		\$ 8,930.15
Payroll				\$ -
Total Disbursements from Checking	\$ 8,530.15	\$ 400.00	\$ -	\$ 8,930.15

Sorrel Ranch Metropolitan District
December-22

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 10-2022	10/31/2022	10/31/2022	\$ 3,254.50	Legal Services	17460
Special District Management Services, Inc	Nov-22	11/30/2022	11/30/2022	\$ 429.20	Accounting	17000
Special District Management Services, Inc	Nov-22	11/30/2022	11/30/2022	\$ 2,253.45	District Management	17440
				\$ 5,937.15		

Sorrel Ranch Metropolitan District
December-22

	General	Debt	Capital	Totals
Disbursements	\$ 5,937.15			\$ 5,937.15
Payroll	\$ 194.70			\$ 194.70
Total Disbursements from Checking	\$ 6,131.85	\$ -	\$ -	\$ 6,131.85

Sorrel Ranch Metropolitan District
January-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Arapahoe County Clerk	12/15/2022	12/15/2022	12/15/2022	\$ 25.00	Election Expense	17430
McGeady Becher PC	659B 11-2022	11/30/2022	11/30/2022	\$ 977.50	Legal Services	17460
Special District Management Services, Inc	Dec-22	12/31/2022	12/31/2022	\$ 725.20	Accounting	17000
Special District Management Services, Inc	Dec-22	12/31/2022	12/31/2022	\$ 59.20	Election Expense	17430
Special District Management Services, Inc	Dec-22	12/31/2022	12/31/2022	\$ 290.27	District Management	17440
				\$ 2,077.17		

Sorrel Ranch Metropolitan District
January-23

	General	Debt	Capital	Totals
Disbursements	\$ 2,077.17			\$ 2,077.17
Payroll				\$ -
Total Disbursements from Checking	\$ 2,077.17	\$ -	\$ -	\$ 2,077.17

Sorrel Ranch Metropolitan District
February-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 12-2022	12/31/2022	12/31/2022	\$ 182.50	Legal Services	17460
Special District Management Services, Inc	Jan-23	1/31/2023	1/31/2023	\$ 1,008.00	Accounting	17000
Special District Management Services, Inc	Jan-23	1/31/2023	1/31/2023	\$ 192.00	Election Expense	17430
Special District Management Services, Inc	Jan-23	1/31/2023	1/31/2023	\$ 460.00	District Management	17440
				\$ 1,842.50		

Sorrel Ranch Metropolitan District
February-23

	General	Debt	Capital	Totals
Disbursements	\$ 1,842.50			\$ 1,842.50
Payroll				\$ -
Total Disbursements from Checking	\$ 1,842.50	\$ -	\$ -	\$ 1,842.50

Sorrel Ranch Metropolitan District
March-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 1-2023	1/31/2023	1/31/2023	\$ 730.23	Legal Services	17460
Special District Management Services, Inc	Feb-23	2/28/2023	2/28/2023	\$ 1,136.00	Accounting	17000
Special District Management Services, Inc	Feb-23	2/28/2023	2/28/2023	\$ 992.00	Election Expense	17430
Special District Management Services, Inc	Feb-23	2/28/2023	2/28/2023	\$ 559.25	District Management	17440
				\$ 3,417.48		

Sorrel Ranch Metropolitan District
March-23

	General	Debt	Capital	Totals
Disbursements	\$ 3,417.48			\$ 3,417.48
Payroll				\$ -
Total Disbursements from Checking	\$ 3,417.48	\$ -	\$ -	\$ 3,417.48

Sorrel Ranch Metropolitan District
April-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Aurora Media Group	105253	3/20/2023	4/4/2023	\$ 39.25	Election Expense	17430
McGeady Becher PC	659B 2-2023	2/28/2023	3/15/2023	\$ 212.10	Legal Services	17460
Special District Management Services, Inc	Mar-23	3/31/2023	3/31/2023	\$ 704.00	Accounting	17000
Special District Management Services, Inc	Mar-23	3/31/2023	3/31/2023	\$ 180.60	Election Expense	17430
Special District Management Services, Inc	Mar-23	3/31/2023	3/31/2023	\$ 290.20	District Management	17440
				\$ 1,426.15		

Sorrel Ranch Metropolitan District
April-23

	General	Debt	Capital	Totals
Disbursements	\$ 1,426.15			\$ 1,426.15
Payroll				\$ -
Total Disbursements from Checking	\$ 1,426.15	\$ -	\$ -	\$ 1,426.15

Sorrel Ranch Metropolitan District
May-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 3-2023	3/31/2023	3/31/2023	656.49	Legal Services	17460
South Aurora Regional Improvement Authority	SARIA 1st qtr 2023	4/30/2023	4/30/2023	13117.19	SARIA Payment	37505
Special District Management Services, Inc	Apr-23	4/30/2023	4/30/2023	1088	Accounting	17000
Special District Management Services, Inc	Apr-23	4/30/2023	4/30/2023	96	Election Expense	17430
Special District Management Services, Inc	Apr-23	4/30/2023	4/30/2023	229.8	District Management	17440
				15187.48		

Sorrel Ranch Metropolitan District
May-23

	General	Debt	Capital	Totals
Disbursements	\$ 2,070.29		\$ 13,117.19	\$ 15,187.48
Payroll				\$ -
Total Disbursements from Checking	\$ 2,070.29	\$ -	\$ 13,117.19	\$ 15,187.48

Sorrel Ranch Metropolitan District
June-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 4-2023	4/30/2023	4/30/2023	\$ 537.81	Legal Services	17460
Special District Association of Colorado	2023 Membership	1/20/2023	2/8/2023	\$ 314.70	Dues & Membership	17250
Special District Management Services, Inc	May-23	5/31/2023	5/31/2023	\$ 759.00	Accounting	17000
Special District Management Services, Inc	May-23	5/31/2023	5/31/2023	\$ 160.00	Election Expense	17430
Special District Management Services, Inc	May-23	5/31/2023	5/31/2023	\$ 1,089.00	District Management	17440
				\$ 2,860.51		

Sorrel Ranch Metropolitan District
June-23

	General	Debt	Capital	Totals
Disbursements	\$ 2,860.51			\$ 2,860.51
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 2,860.51</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,860.51</u>

Sorrel Ranch Metropolitan District
July-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 05-2023	5/31/2023	5/31/2023	\$ 151.51	Legal Services	17460
Special District Management Services, Inc	Jun-23	6/30/2023	6/30/2023	\$ 772.60	Accounting	17000
Special District Management Services, Inc	Jun-23	6/30/2023	6/30/2023	\$ 295.40	District Management	17440
				\$ 1,219.51		

Sorrel Ranch Metropolitan District
July-23

	General	Debt	Capital	Totals
Disbursements	\$ 1,219.51			\$ 1,219.51
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 1,219.51</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,219.51</u>

Sorrel Ranch Metropolitan District
August-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 6-2023	6/30/2023	6/30/2023	\$ 1,492.27	Legal Services	17460
Special District Management Services, Inc	Jul-23	7/31/2023	7/31/2023	\$ 1,252.60	Accounting	17000
Special District Management Services, Inc	Jul-23	7/31/2023	7/31/2023	\$ 297.16	District Management	17440
				\$ 3,042.03		

Sorrel Ranch Metropolitan District
August-23

	General	Debt	Capital	Totals
Disbursements	\$ 3,042.03			\$ 3,042.03
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 3,042.03</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,042.03</u>

Sorrel Ranch Metropolitan District
September-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
McGeady Becher PC	659B 07-2023	7/31/2023	7/31/2023	\$ 1,931.63	Legal Services	17460
South Aurora Regional Improvement Authority	2nd Qtr Property Tax	9/6/2023	9/6/2023	\$ 13,109.51	SARIA Payment	37505
Special District Management Services, Inc	Aug-23	8/31/2023	8/31/2023	\$ 932.60	Accounting	17000
Special District Management Services, Inc	Aug-23	8/31/2023	8/31/2023	\$ 445.40	District Management	17440
				\$ 16,419.14		

Sorrel Ranch Metropolitan District
September-23

	General	Debt	Capital	Totals
Disbursements	\$ 3,309.63		\$ 13,109.51	\$ 16,419.14
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 3,309.63</u>	<u>\$ -</u>	<u>\$ 13,109.51</u>	<u>\$ 16,419.14</u>

Sorrel Ranch Metropolitan District
October-23

Vendor	Invoice #	Date	Due Date	Amount in USD	Expense Account	Account Number
Colorado Special District P&L Pool	24WC-60396-0642	8/14/2023	8/14/2023	\$ 450.00	Prepaid Insurance	11240
Colorado Special District P&L Pool	24PL-60396-0932	9/5/2023	9/5/2023	\$ 2,076.00	Prepaid Insurance	11240
Haynie Company	C71745	9/30/2023	9/30/2023	\$ 16,000.00	Audit Fees	17020
McGeady Becher PC	659B 08-2023	8/31/2023	8/31/2023	\$ 482.28	Legal Services	17460
McGeady Becher PC	659B 09-2023	9/30/2023	9/30/2023	\$ 2,711.86	Legal Services	17460
Special District Management Services, Inc	Sep-23	9/30/2023	9/30/2023	\$ 1,769.20	Accounting	17000
Special District Management Services, Inc	Sep-23	9/30/2023	9/30/2023	\$ 16.00	Election Expense	17430
Special District Management Services, Inc	Sep-23	9/30/2023	9/30/2023	\$ 263.40	District Management	17440
T Charles Wilson Insurance Service	13228	9/14/2023	9/14/2023	\$ 595.00	Prepaid Insurance	11240
				\$ 24,363.74		

Sorrel Ranch Metropolitan District
October-23

	General	Debt	Capital	Totals
Disbursements	\$ 24,363.74			\$ 24,363.74
Payroll				\$ -
<u>Total Disbursements from Checking</u>	<u>\$ 24,363.74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,363.74</u>

Sorrel Ranch Metropolitan District

Annual Financial Report

December 31, 2022




Table of Contents


	Page
INDEPENDENT AUDITOR’S REPORT	I-III
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position (Deficit)	1
Statement of Activities	2
Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position (Deficit)	3
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenues, Expenditures and Change in Fund Balance —Actual and Budget—Governmental Fund Type—General Fund	6
Notes to Basic Financial Statements.....	7-20
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance	
—Actual and Budget—Governmental Fund Type—Debt Service Fund	21
Schedule of Revenues, Expenditures and Changes in Fund Balance	
—Actual and Budget—Governmental Fund Type—Capital Projects Fund.....	22
OTHER INFORMATION	
Schedule of Debt Service Requirements to Maturity	23
Summary of Assessed Valuation, Mill Levy and	
Property Taxes Collected	24
Continuing Disclosures of Annual Financial Information	25



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Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sorrel Ranch Metropolitan District (the "District") as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2022 and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Haynie & Company

Littleton, Colorado

September 28, 2023

Basic Financial Statements

Sorrel Ranch Metropolitan District
Statement of Net Position (Deficit)
December 31, 2022

Assets	Governmental Activities
Cash and investments	\$ 403,688
Cash and investments - restricted	221,980
Receivable - County Treasurer	5,349
Property taxes receivable	1,163,418
Prepaid expense	3,439
Total assets	<u>\$ 1,797,874</u>
Liabilities	
Accounts payable	2,260
Payroll payable	94
Due to TOUSA	47,300
Accrued interest payable	39,135
Long-term liabilities:	
Due within one year	544,764
Due in more than one year	15,965,090
Total liabilities	<u>\$ 16,598,643</u>
Deferred Inflows of Resources	
Property tax revenue	1,163,418
Total deferred inflows of resources	<u>1,163,418</u>
Net Position	
Restricted for:	
Emergency reserves	2,700
Unrestricted	<u>(15,966,887)</u>
Total Net Position (Deficit)	<u>(15,964,187)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	<u>\$ 1,797,874</u>

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

Sorrel Ranch Metropolitan District
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services and other fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ (89,352)	\$ -	\$ -	\$ -	\$ (89,352)
Interest and related costs on long term debt	(400,438)	-	-	-	(400,438)
	<u>(489,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(489,790)</u>
General revenues:					
Property taxes					1,139,906
Specific ownership taxes					72,430
Interest income					18,925
Total general revenues					<u>1,231,261</u>
Change in net position (deficit)					741,471
Net position (deficit) - beginning of year					<u>(16,705,658)</u>
Net position (deficit) - end of year					<u>\$ (15,964,187)</u>

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

Sorrel Ranch Metropolitan District
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position (Deficit)
December 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ 402,114	\$ -	\$ 1,574	\$ 403,688
Cash and investments - restricted	-	221,980	-	221,980
Property taxes receivable	140,611	995,997	26,810	1,163,418
Receivable - County Treasurer	647	4,582	120	5,349
Prepaid expenses	<u>3,439</u>	<u>-</u>	<u>-</u>	<u>3,439</u>
Total assets	<u>\$ 546,811</u>	<u>\$ 1,222,559</u>	<u>\$ 28,504</u>	<u>\$ 1,797,874</u>
Liabilities				
Accounts payable	\$ 2,260	\$ -	\$ -	\$ 2,260
Payroll payable	94	-	-	94
Due to TOUSA	<u>47,300</u>	<u>-</u>	<u>-</u>	<u>47,300</u>
Total liabilities	<u>49,654</u>	<u>-</u>	<u>-</u>	<u>49,654</u>
Deferred Inflows of Resources				
Deferred property tax revenue	<u>140,611</u>	<u>995,997</u>	<u>26,810</u>	<u>1,163,418</u>
Total deferred inflows of resources	<u>140,611</u>	<u>995,997</u>	<u>26,810</u>	<u>1,163,418</u>
Fund Balances				
Nonspendable:				
Prepaid expense	3,439	-	-	3,439
Assigned:				
Capital Projects	-	-	1,694	1,694
Restricted:				
Emergency reserves	2,700	-	-	2,700
Debt service	-	226,562	-	226,562
Unassigned	<u>350,407</u>	<u>-</u>	<u>-</u>	<u>350,407</u>
Total Fund Balances	<u>356,546</u>	<u>226,562</u>	<u>1,694</u>	<u>584,802</u>
Total Liabilities, Fund Balances and Deferred Inflows of Resources	<u>\$ 546,811</u>	<u>\$ 1,222,559</u>	<u>\$ 28,504</u>	<u>\$ 1,797,874</u>
 Total governmental fund balance per above				 \$ 584,802
Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:				
Bonds not payable in the current year are excluded as liabilities in the governmental funds. Interest on bonds payable is recognized as an expenditure in governmental funds when due. These liabilities consist of:				
Bonds payable				(12,625,000)
Bond premium				(1,388,110)
Accrued interest on bonds				(39,135)
Developer advance payable				(1,290,861)
Accrued interest on developer advance				<u>(1,205,883)</u>
Net position (deficit) of governmental activities				<u>\$ (15,964,187)</u>

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

Sorrel Ranch Metropolitan District
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 137,858	\$ 976,498	\$ 25,550	\$ 1,139,906
Specific ownership taxes	8,792	62,288	1,350	72,430
Interest income	6,106	12,436	383	18,925
Total General Revenues	<u>152,756</u>	<u>1,051,222</u>	<u>27,283</u>	<u>1,231,261</u>
Expenditures				
Current				
Accounting	12,242	-	-	12,242
Audit	7,000	-	-	7,000
County Treasurer's fees	2,070	14,662	384	17,116
Director's Fee	812	-	-	812
District Management	10,328	-	-	10,328
Election	1,368	-	-	1,368
Insurance and bonds	3,426	-	-	3,426
Legal	10,536	-	-	10,536
Miscellaneous	825	-	-	825
Payroll taxes	94	-	-	94
Paying agent/trustee fees	-	400	-	400
SARIA payment	-	-	25,205	25,205
Debt service				
Bond Principal payment	-	405,000	-	405,000
Bond interest	-	477,725	-	477,725
Total Expenditures	<u>48,701</u>	<u>897,787</u>	<u>25,589</u>	<u>972,077</u>
Excess of revenues over expenditures	104,055	153,435	1,694	259,184
Fund balances:				
Beginning of the year	<u>252,491</u>	<u>73,127</u>	<u>-</u>	<u>325,618</u>
End of the year	<u>\$ 356,546</u>	<u>\$ 226,562</u>	<u>\$ 1,694</u>	<u>\$ 584,802</u>

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

Sorrel Ranch Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balances—total governmental funds \$ 259,184

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

Long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Bond payment	405,000
Bond premium amortization	<u>132,003</u>

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

Accrued interest on developer advances - change in liability	(55,391)	
Accrued interest on bonds - change in liability	<u>675</u>	<u>(54,716)</u>

Change in net position of governmental activities \$ 741,471

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

Sorrel Ranch Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2022

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 138,737	\$ 137,858	\$ (879)
Specific ownership taxes	9,712	8,792	(920)
Interest income	4,000	6,106	2,106
Administration fee	15,000	-	(15,000)
Total Revenues	<u>167,449</u>	<u>152,756</u>	<u>(14,693)</u>
Expenditures			
Accounting	12,000	12,242	\$ (242)
Audit	7,000	7,000	-
County Treasurer's fees	2,081	2,070	11
Director's fees	1,600	812	788
District management	12,000	10,328	1,672
Payroll taxes	122	94	28
Dues and membership	350	-	350
Election	1,254	1,368	(114)
Insurance and bonds	3,426	3,426	-
Legal services	22,000	10,536	11,464
Miscellaneous	500	825	(325)
Total Expenditures	<u>62,333</u>	<u>48,701</u>	<u>13,632</u>
Net change in fund balances	105,116	104,055	(1,061)
Fund Balance—Beginning of year	<u>252,490</u>	<u>252,491</u>	<u>1</u>
Fund Balance—End of Year	<u>\$ 357,606</u>	<u>\$ 356,546</u>	<u>\$ (1,060)</u>

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

Sorrel Ranch Metropolitan District

Notes to Financial Statements

December 31, 2022

1. Definition of Reporting Entity

Sorrel Ranch Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, located entirely in the City of Aurora, Arapahoe County, Colorado, was organized on December 31, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide for the design, construction, acquisition, and financing of certain public improvements including street, safety protection, water, sanitation, storm drainage, mosquito control, and park and recreation facilities and improvements. The District operates pursuant to an Amended and Restated Service Plan, as approved on August 30, 2004, and modified on August 14, 2006 by the City Council of the City of Aurora (the “Service Plan”).

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

2. Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position (deficit) and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes.

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

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

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

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

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

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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

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

Budgets

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

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash. Investments are carried at fair value.

Property Taxes

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

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Amortization

Original Issue Premium

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

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

3. Cash and Investments

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 403,688
Cash and investments - restricted	<u>221,980</u>
Total cash and investments	<u>\$ 625,668</u>

Cash and investments as of December 31, 2022 consist of the following:

Deposits with financial institutions	\$ 6,294
Investments	<u>619,374</u>
Total cash and investments	<u>\$ 625,668</u>

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

3. Cash and Investments (continued)

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2022, the District’s cash deposits had a carrying balance of \$6,294 and bank balance of \$6,387.

Investments

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

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

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

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

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

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted-Average Under 60 Days	<u>\$ 619,374</u>

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

3. Cash and Investments (continued)

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

4. Long-Term Obligations

The following is an analysis of changes in the District's long-term debt for the year ended December 31, 2022:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One year
Bonded debt obligations:					
G.O. Limited Tax Bonds:					
Series 2020	\$ 13,030,000	\$ -	\$ 405,000	\$ 12,625,000	\$ 415,000
Bond premium	1,520,113	-	132,003	1,388,110	129,764
Total bonded debt	<u>14,550,113</u>	<u>-</u>	<u>537,003</u>	<u>14,013,110</u>	<u>544,764</u>
Other obligations					
Developer Advances:					
Operating	289,574	-	-	289,574	-
Capital	1,001,287	-	-	1,001,287	-
Accrued Interest on Developer Advances:					
Operating	259,104	12,426	-	271,530	-
Capital	891,388	42,965	-	934,353	-
Total other obligations	<u>2,441,353</u>	<u>55,391</u>	<u>-</u>	<u>2,496,744</u>	<u>-</u>
Total long-term debt	<u>\$ 16,991,466</u>	<u>\$ 55,391</u>	<u>\$ 537,003</u>	<u>\$ 16,509,854</u>	<u>\$ 544,764</u>

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

4. Long-Term Obligations (continued)

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

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

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

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

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

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

4. Long-Term Obligations (continued)

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

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

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028-2032	2,825,000	1,588,325	4,413,325
2033-2037	3,470,000	939,275	4,409,275
2038-2042	4,095,000	311,875	4,406,875
Total	<u>\$ 12,625,000</u>	<u>\$ 5,023,650</u>	<u>\$ 17,648,650</u>

Authorized Debt

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

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

4. Long-Term Obligations (continued)

At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized November 5, 2002 Election	Authorization Used	Remaining at December 31, 2022
Streets	\$ 5,161,000	\$ 4,655,870	\$ 505,130
Safety Protection	711,000	708,972	2,028
Park and Recreation	6,278,000	4,413,783	1,864,217
Water	619,000	534,611	84,389
Sanitation	4,453,000	4,096,764	356,236
Operations	200,000	-	200,000
Refunding	17,222,000	13,425,000	3,797,000
Total	<u>\$ 34,644,000</u>	<u>\$ 27,835,000</u>	<u>\$ 6,809,000</u>

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

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

Operation Funding Agreements

The District entered into various Operation Funding Agreements with Engle Homes Colorado, a division of TOUSA Homes, Inc. (the Developer), whereby the Developer agreed to fund any shortfall in operating costs from 2003 to 2007. In accordance with the Operation Funding Agreements, payments made to repay these operating advances are subject to annual budget and appropriation with interest rates at 3% above the 20-year AAA Municipal Market Data rate. The interest rate is set each January 1 for the upcoming year. The interest rate for 2022 was 4.291%. The term of the Agreement extends until December 31, 2027 unless terminated earlier by mutual agreement of the parties. The balance owed to the Developer pursuant to the Operation Funding Agreements was \$289,574 for principal and \$271,530 for accrued interest as of December 31, 2022. All budgeted repayments shall be made on December 1st of each year.

Facilities Funding and Acquisition Agreement

Effective January 1, 2007, the District entered into the Facilities Funding and Acquisition Agreement - 2007 (2007 FFAA) with the Developer, whereby the Developer agreed to design and construct public improvements within the District. The District agreed to purchase these improvements from the Developer for the costs incurred to construct them. The 2007 FFAA

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

4. Long-Term Obligations (continued)

is subject to annual budget and appropriation with interest rates at 3% above the 20-year AAA Municipal Market Data rate. The interest rate is set each January 1 for the upcoming year. The interest rate for 2022 was 4.291%. This is to be paid to the Developer for the acquisition of these improvements. The balance owed to the Developer for advances as of December 31, 2022, was \$1,001,287 for principal and \$934,353 for accrued interest. No payment is required under the 2007 FFAA unless and until such time the District issues bonds for this purpose and in an amount sufficient to acquire a part or all of such improvements, or to reimburse Developer for part or all of the Developer advances.

5. Net Position (Deficit)

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

The restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2022, the District had a restricted net position as follows:

	Governmental
	Activities
Emergency reserves	\$ 2,700

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

6. Agreements

Intergovernmental Agreement with the City of Aurora

In November 2004, the District entered into the Amended and Restated Intergovernmental Agreement (IGA) between the City of Aurora (the City) and the District (the Amended City IGA). The Amended City IGA completely replaces the original Intergovernmental Agreement entered into by the District and the City on October 10, 2003. The IGA defines and clarifies the services which the District may provide, as well as those services which the District is prohibited from providing. Pursuant to the Service Plan, the District is required to impose the Aurora Regional Improvement (ARI) Mill Levy upon the District's residents. This mill levy is 1.000 mill for 20 years, which for this purpose begins the first year that the District certifies

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

6. Agreements (continued)

a debt service mill levy. The levy increases to 5.000 mills for years 21 through 40 or the date of repayment of the debt incurred for public improvements, other than regional improvements, whichever occurs first. For the 10 years subsequent to the period where the 5.000 mills is imposed, the ARI mill levy is the average of the debt service mill levy for the previous 10 years.

Aurora Regional Transportation Authority

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

South Aurora Regional Improvement Authority

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

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

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

Sorrel Ranch Metropolitan District

Notes to Financial Statements (continued)

December 31, 2022

7. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

8. Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending, adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

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

Sorrel Ranch Metropolitan District
Notes to Financial Statements (continued)
December 31, 2022

8. Tax, Spending and Debt Limitations (continued)

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Supplementary Information

Sorrel Ranch Metropolitan District
Schedule of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2022

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Property taxes	\$ 982,725	\$ 976,498	\$ (6,227)
Specific ownership taxes	68,791	62,288	(6,503)
Interest income	4,000	12,436	8,436
Total Revenues	<u>1,055,516</u>	<u>1,051,222</u>	<u>(4,294)</u>
Expenditures:			
County Treasurer's Fees	14,741	14,662	79
Bond interest - Series 2020	477,725	477,725	-
Bond principal - Series 2020	405,000	405,000	-
Paying agent/trustee fees	2,500	400	2,100
Total Expenditures	<u>899,966</u>	<u>897,787</u>	<u>2,179</u>
Excess Revenue Over Expenditures	<u>155,550</u>	<u>153,435</u>	<u>(2,115)</u>
Net change in fund balances	<u>155,550</u>	<u>153,435</u>	<u>(2,115)</u>
Fund Balance—Beginning of year	<u>73,128</u>	<u>73,127</u>	<u>(1)</u>
Fund Balance—End of Year	<u>\$ 228,678</u>	<u>\$ 226,562</u>	<u>\$ (2,116)</u>

Sorrel Ranch Metropolitan District
Schedule of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2022

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
ARI revenues from property taxes	\$ 25,713	\$ 25,550	\$ (163)
Specific Ownership Tax	1,000	1,350	350
Interest Income	<u>100</u>	<u>383</u>	<u>283</u>
Total Revenues	<u>26,813</u>	<u>27,283</u>	<u>470</u>
Expenditures:			
County treasurer's fees	386	384	2
SARIA payment	<u>25,327</u>	<u>25,205</u>	<u>122</u>
Total Expenditures	<u>25,713</u>	<u>25,589</u>	<u>124</u>
Net change in fund balances	<u>1,100</u>	<u>1,694</u>	<u>594</u>
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of Year	<u>\$ 1,100</u>	<u>\$ 1,694</u>	<u>\$ 594</u>

Other Information

Sorrel Ranch Metropolitan District
Schedule of Debt Service Requirements to Maturity
For the Year Ended December 31, 2022

\$13,425,000			
Limited Tax General Obligation Refunding Bonds			
Dated October 8, 2020			
Interest Rate 2.00% to 5.00%			
Principal Payable December 1			
Interest Payable June 1 and December 1			
	Principal	Interest	Total
Year Ended December 31,			
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
	\$12,625,000	\$ 5,023,650	\$ 17,648,650

Sorrel Ranch Metropolitan District
Summary of Assessed Valuation,
Mill Levy and Property Taxes Collected
December 31, 2022

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied for</u>			<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>General</u>	<u>Debt Service</u>	<u>ARI</u>	<u>Levied</u>	<u>Collected</u>	
2017	\$ 14,095,777	6.000	50.000	1.000	\$ 803,459	\$ 803,460	100.00%
2018	\$ 15,455,005	6.000	55.277	1.105	\$ 964,114	\$ 964,114	100.00%
2019	\$ 15,502,230	6.000	55.277	1.105	\$ 967,060	\$ 967,060	100.00%
2020	\$ 19,430,691	6.000	55.663	1.112	\$1,219,762	\$ 1,219,737	100.00%
2021	\$ 20,240,887	6.000	42.500	1.112	\$1,004,191	\$ 1,004,209	100.00%
2022	\$ 23,122,940	6.000	42.500	1.112	\$1,147,175	\$ 1,139,906	99.37%
Estimated for the year ending 12/31/2023	\$ 23,435,223	6.000	42.500	1.144	\$1,163,418		

Note:

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

Sorrel Ranch Metropolitan District
Continuing Disclosures
of Annual Financial Information
December 31, 2022

History of District's Assessed Valuation and Mill Levies

Levy/Collection Year	Assessed Valuation	Percent Change	Mills Levied for			Total Levy
			General	Debt Service	ARI	
2016/2017	\$ 14,095,777	0.19%	6.000	50.000	1.000	57.000
2017/2018	15,455,005	8.79%	6.000	55.277	1.105	62.382
2018/2019	15,502,230	0.30%	6.000	55.277	1.105	62.382
2019/2020	19,430,691	20.22%	6.000	55.663	1.112	62.775
2020/2021	20,240,887	4.00%	6.000	42.500	1.112	49.612
2021/2022	23,122,940	12.46%	6.000	42.500	1.112	49.612
Estimated for the year ending 12/31/2023	\$ 23,435,223		6.000	42.500	1.144	49.644

Property Tax Collections from the District

Levy/Collection Year	Taxes Levied	Current Tax Collections	Percent of Levy Collected
2016/2017	\$ 803,460	\$ 803,460	100.00%
2017/2018	964,114	964,114	100.00%
2018/2019	967,060	967,060	100.00%
2019/2020	1,219,762	1,219,737	100.00%
2020/2021	1,004,191	1,004,209	100.00%
2021/2022	1,147,175	1,139,906	99.37%
2022/2023	1,163,418		

Note:

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


Ten Largest Taxpayers in the District for 2022

Taxpayer Name	Assessed Valuation	Percentage of Total Assessed Valuation
Public SVC CO	\$ 534,250	2.31%
Private Homeowner #1	50,068	0.22%
Private Homeowner #2	49,664	0.21%
Private Homeowner #3	47,739	0.21%
Private Homeowner #4	47,614	0.21%
Private Homeowner #5	47,420	0.21%
Private Homeowner #6	47,149	0.20%
Private Homeowner #7	47,100	0.20%
Private Homeowner #8	47,065	0.20%
Private Homeowner #9	46,787	0.20%
	<u>\$ 964,856</u>	



1221 W. Mineral Avenue, Suite 202
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 303-734-4800

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 www.HaynieCPAs.com

September 28, 2023

To the Board of Directors of
Sorrel Ranch Metropolitan District

We have audited the financial statements of the governmental activities and each major fund of Sorrel Ranch Metropolitan District for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 2, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Sorrel Ranch Metropolitan District are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates noted in the current year.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were none.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 28, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Sorrel Ranch Metropolitan District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our testing procedures surrounding long term liabilities it was determined that the Developer Advances agreement indicates that the interest should be reassessed annually on January 1 but that did not occur. Further we would recommend creating a developer advances schedule that details out and tracks all expenditures and repayments past invoices that made up the operating and capital balances, respectively, as well as annually calculates accrued interest. This was not deemed material to the audit in the current year but could create problematic issues in the future.

Other Matters

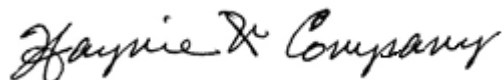
We were engaged to report on the supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information, as listed in the table of contents, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors of and management of Sorrel Ranch Metropolitan District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Haynie & Company

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

	2022 Actual	2023 Adopted Budget	2024 Preliminary Budget
Assessed Valuation	\$ 23,122,940	\$ 23,435,223	\$ 34,689,513
Mill Levy			
General Fund	6.000	6.000	4.000
Debt Service Fund	42.500	42.500	25.450
SARIA	1.112	1.144	1.144
Total Mill Levy	49.612	49.644	30.594
Property Taxes			
General Fund	\$ 138,738	\$ 140,611	\$ 138,758
Debt Service Fund	982,725	995,997	882,848
SARIA	25,713	26,810	39,685
Actual/Budgeted Property Taxes	\$ 1,147,176	\$ 1,163,418	\$ 1,061,291

SORREL RANCH METROPOLITAN DISTRICT

GENERAL FUND

2024 Preliminary Budget

with 2022 Actual, 2023 Adopted Budget and 2023 Estimated

	2022 Actual	01/23-06/23 YTD Actual	2023 Adopted Budget	2023 Estimated	2024 Preliminary Budget
BEGINNING FUND BALANCE	\$ 252,491	\$ 356,548	\$ 357,606	\$ 356,548	\$ 444,103
REVENUE					
Property Taxes	137,858	84,018	140,611	140,611	138,758
Specific ownership tax	8,792	3,867	8,437	7,500	8,325
Interest Income	6,106	10,642	10,000	15,000	10,000
Administrative Fee	-	-	15,000	-	3,000
Total Revenue	152,756	98,527	174,048	163,111	160,083
Total Funds Available	405,247	455,074	531,654	519,659	604,186
EXPENDITURES					
Accounting	12,242	4,695	13,000	13,000	13,800
Audit Fees	7,000	-	7,500	13,000	8,000
Election Expense	1,368	1,660	1,500	2,000	-
County Treasurer fees	2,070	1,260	2,109	2,109	2,081
Dues & Membership	350	315	350	315	350
Director's Fees	462	-	1,600	800	800
Payroll taxes	94	-	122	61	61
Insurance and Bonds	3,426	3,271	4,000	3,271	3,500
District Management	10,328	2,628	13,000	13,000	13,800
Legal Services	10,536	2,137	22,000	22,000	23,000
Miscellaneous	826	499	500	1,000	1,000
Contingency	-	-	20,000	5,000	20,000
Total Expenditures	48,700	16,465	85,681	75,556	86,392
Transfers and Other Sources (Uses)					
Emergency Reserve	-	-	(5,000)	-	9,605
Total Expenditures Requiring Appropriation	48,700	16,465	90,681	75,556	95,997
ENDING FUND BALANCE	\$ 356,547	\$ 438,609	\$ 440,972	\$ 444,103	\$ 508,189

SORREL RANCH METROPOLITAN DISTRICT

DEBT SERVICE FUND

2024 Preliminary Budget

with 2022 Actual, 2023 Adopted Budget and 2023 Estimated

	2022 Actual	01/23-06/23 YTD Actual	2023 Adopted Budget	2023 Estimated	2024 Preliminary Budget
BEGINNING FUND BALANCE	\$ 73,127	\$ 226,562	\$ 228,678	\$ 226,562	\$ 379,321
REVENUE					
Prpoerty Taxes	976,498	595,127	995,997	982,725	882,848
Specific Ownership Tax	62,288	27,389	59,760	55,000	40,000
Interest Income	12,436	11,363	-	15,000	15,000
Total Revenue	1,051,222	633,878	1,055,757	1,052,725	937,848
Total Funds Available	1,124,349	860,441	1,284,435	1,279,287	1,317,169
EXPENDITURES					
Bond Principal	405,000	-	415,000	405,000	420,000
Interest expense - bonds	477,725	234,813	469,625	477,725	461,325
County Treasurer's fee	14,662	8,927	14,940	14,741	13,243
Paying agent / trustee fees	400	-	2,500	2,500	2,500
Contingency	-	-	5,000	-	-
Total Expenditures	897,787	243,740	907,065	899,966	897,068
Total Expenditures Requiring Appropriation	897,786	243,740	907,065	899,966	897,068
ENDING FUND BALANCE	\$ 226,562	\$ 616,701	\$ 377,370	\$ 379,321	\$ 420,102

SORREL RANCH METROPOLITAN DISTRICT

CAPITAL PROJECTS FUND

2024 Preliminary Budget

with 2022 Actual, 2023 Adopted Budget and 2023 Estimated

	2022 Actual	01/23-06/23 YTD Actual	2023 Adopted Budget	2023 Estimated	2024 Preliminary Budget
BEGINNING FUND BALANCE	\$ -	\$ 1,694	\$ 1,100	\$ 1,694	\$ 4,094
REVENUE					
Property Taxes - SARIA	25,550	16,020	26,810	26,810	39,685
Specific Ownership Tax	1,350	737	1,609	1,400	2,400
Interest Income	383	892	100	1,000	-
Total Revenue	27,283	17,649	28,519	29,210	42,085
Total Funds Available	27,283	19,343	29,619	30,904	46,179
EXPENDITURES					
SARIA Payment	25,205	13,117	26,408	26,408	39,090
County Treasurer's Fee	384	240	402	402	595
Total Expenditures	25,588	13,358	26,810	26,810	39,685
Total Expenditures Requiring Appropriation	25,588	13,358	26,810	26,810	39,685
ENDING FUND BALANCE	\$ 1,694	\$ 5,985	\$ 2,809	\$ 4,094	\$ 6,494

RESOLUTION NO. 2023-11-__

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SORREL RANCH METROPOLITAN DISTRICT
TO ADOPT THE 2024 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 2024 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, 2023, 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 6, 2023, 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 2024 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 6th day of November, 2023.

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 2024, duly adopted at a meeting of the Board of Directors of the Sorrel Ranch Metropolitan District held on November 6, 2023.

By: _____
Secretary

RESOLUTION NO. 2023-11-__

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 2024 annual budget in accordance with the Local Government Budget Law on November 6, 2023; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2024 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 2024 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 2024 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 6th day of November, 2023.

Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

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 Certification of Mill Levies for the budget year 2024, duly adopted at a meeting of the Board of Directors of the Sorrel Ranch Metropolitan District held on November 6, 2023.

Secretary

RESOLUTION NO. 2023-11-__

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SORREL RANCH METROPOLITAN DISTRICT
APPROVING SERVICE PLAN AMENDMENT**

A. The City of Aurora, Colorado (the “**City**”) previously approved the Service Plan for the Sorrel Ranch Metropolitan District (the “**District**”) on August 19, 2002, as amended and restated on August 30, 2004, and modified effective August 14, 2006 (collectively, the “**Service Plan**”).

B. The District previously entered into that certain South Aurora Regional Improvement Authority Establishment Agreement, as amended (the “**SARIA Establishment Agreement**”) and is a member district of the South Aurora Regional Improvement Authority (“**SARIA**”), and, consistent with the Service Plan and the SARIA Establishment Agreement, the District has pledged its ARI Mill Levy (as defined in the Service Plan) to SARIA.

C. SARIA previously issued special revenue bonds to fund, in part, regional improvements consistent with the SARIA Establishment Agreement, and SARIA desires to issue additional debt to finance additional regional improvements, but SARIA has determined that the ARI Mill Levy as currently set forth in the Service Plan poses various challenges to the issuance of debt funded by the ARI Mill Levy of the District and all other districts that are parties to the SARIA Establishment Agreement.

D. The Board of Directors of the District (the “**Board**”) has determined that an amendment to the Service Plan is necessary to make certain revisions to the ARI Mill Levy in order to facilitate the issuance of debt by SARIA to fund additional regional improvements for the benefit of SARIA, the District, the other districts that are parties to the SARIA Establishment Agreement, and their collective and respective residents, owners, taxpayers and constituents, as set forth herein.

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 approves the amendment to the Service Plan attached hereto as **Exhibit A** and incorporated by reference herein (the “**Service Plan Amendment**”).

2. The Board directs and authorizes the District’s manager, legal counsel, accountant and/or other consultants, in coordination with each other, to submit the Service Plan Amendment to the City for consideration and to take any and all actions reasonably necessary to obtain the City’s full and final approval of the Service Plan Amendment.

3. The Board further authorizes SARIA and its manager, legal counsel, accountant and/or other consultants, in coordination with the District’s consultants, to submit the Service Plan Amendment to the City for consideration and to take any and all actions reasonably necessary to obtain the City’s full and final approval of the Service Plan Amendment on behalf of the District.

**[SIGNATURE PAGE TO RESOLUTION APPROVING SERVICE PLAN
AMENDMENT]**

RESOLUTION APPROVED AND ADOPTED on November 6, 2023.

**SORREL RANCH METROPOLITAN
DISTRICT**

By: _____
President

Attest:

Secretary or Assistant Secretary

EXHIBIT A

[attach Service Plan Amendment]

RESOLUTION NO. 2023-11-██████
SORREL RANCH METROPOLITAN DISTRICT
AMENDING POLICY ON COLORADO OPEN RECORDS ACT REQUESTS

A. On November 11, 2013, Sorrel Ranch Metropolitan District (the “**District**”) adopted Resolution No. 2013-11-04 Regarding Colorado Open Records Act Requests, as amended (the “**Resolution**”), in which the District adopted a policy related to Colorado Open Records Act Requests (the “**Policy**”).

B. In 2023, the Colorado General Assembly enacted Senate Bill 23-286, which provided for certain changes in the law related to Colorado Open Records Act Requests

C. The District desires to amend the Policy due to the legislative changes set forth in Senate Bill 23-286.

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

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

2. Amendments to Policy. The Policy is hereby amended as follows:

(a) Amendment to Section 3 of the Resolution. Section 3 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“3. Within the period specified in Section 24-72-203(3)(a), C.R.S., as amended from time to time, the Official Custodian shall notify the record requester that a copy of the record is available, but will only be sent to the requester once the custodian either receives payment or makes arrangements for receiving payment for all costs associated with records transmission and for all other fees lawfully allowed, unless recovery of all or any portion of such costs or fees has been waived by the Official Custodian, or where prohibited or limited by law. Upon either receiving such payment or making arrangements to receive such payment at a later date, the Official Custodian shall provide the record(s) to the requester as soon as practicable, but no more than three (3) business days after receipt of, or making arrangements to receive, such payment.”

(b) Amendment to Section 5 of the Resolution. Section 5 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“5. The Official Custodian shall not charge a per-page fee for providing records in a digital or electronic format.”

(c) Amendment to Section 7 of the Resolution. Section 7 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“7. All requests for copies or inspection of public records of the District shall be submitted to the Official Custodian in writing. Such requests shall be delivered by the Official Custodian to the District’s legal counsel for review and legal advice regarding the lawful availability of records requested and related matters, including without limitation, whether to deny inspection or production of certain records or information for reasons set forth in Sections 24-72-204(2) and (3), C.R.S., as amended from time to time. The District may, from time to time, designate specific records for which written requests are not required and with respect to which review by legal counsel is not required; i.e., service plans, rules and regulations, minutes, etc. Such designations shall occur in the minutes of the meetings of the District.”

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

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION AMENDING POLICY ON COLORADO OPEN RECORDS ACT REQUESTS]

RESOLUTION APPROVED AND ADOPTED ON November 6, 2023.

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: October 12, 2023

RE: Notice of 2024 Rate Increase

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

In accordance with the Management Agreement (“Agreement”) between the District and Special District Management Services, Inc. (“SDMS”), at the time of the annual renewal of the Agreement, the hourly rate described in Article III for management and all services shall increase by (6.0%) 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.