



**CliftonLarsonAllen**

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**Accountant's Compilation Report**

Board of Directors  
Sorrel Ranch Metropolitan District  
Arapahoe County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Sorrel Ranch Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Sorrel Ranch Metropolitan District.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 4, 2018

**SORREL RANCH METROPOLITAN DISTRICT  
SUMMARY  
2018 BUDGET AS ADOPTED  
WITH 2016 ACTUAL AND 2017 ESTIMATED  
For the Years Ended and Ending December 31,**

1/4/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 100,500	\$ 158,034	\$ 209,133
<b>REVENUES</b>			
1 Property taxes	803,969	803,460	964,114
2 Specific ownership taxes	61,632	64,073	77,126
3 Net investment income	2,366	3,200	3,800
4 ARI property taxes	14,069	14,096	-
5 SARIA property taxes	-	-	17,078
Total revenues	882,036	884,829	1,062,118
Total funds available	982,536	1,042,863	1,271,251
<b>EXPENDITURES</b>			
6 General and administration			
7 Accounting	17,928	17,000	17,000
8 Audit	4,600	4,600	3,500
9 Contingency	-	-	3,609
10 County Treasurer's fees	12,062	12,263	14,718
11 Director fees	400	400	1,200
12 District management	14,415	15,000	17,000
13 Dues and membership	314	311	400
14 Election	185	-	1,000
15 Insurance	2,488	2,981	3,100
16 Legal	10,611	10,000	17,000
17 Miscellaneous	318	350	800
18 SARIA contribution	-	-	100,000
19 Debt service			
20 Bond interest Senior Bonds	633,823	627,440	620,138
21 Bond principal Senior Bonds	111,000	127,000	285,000
22 Contingency	-	-	2,547
23 Paying agent fees	2,500	2,500	2,500
24 Capital projects			
25 ARTA payment	13,858	13,885	-
26 SARIA payment	-	-	16,822
Total expenditures	824,502	833,730	1,106,334
Total expenditures and transfers out requiring appropriation	824,502	833,730	1,106,334
ENDING FUND BALANCES	\$ 158,034	\$ 209,133	\$ 164,917
EMERGENCY RESERVE	\$ 2,900	\$ 2,800	\$ 3,100
TOTAL RESERVE	\$ 2,900	\$ 2,800	\$ 3,100

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
For the Years Ended and Ending December 31,**

1/4/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
<b>ASSESSED VALUATION - ARAPAHOE</b>			
Residential	\$ 12,960,249	\$ 12,984,966	\$ 14,299,516
Commercial	40	-	590
Vacant Land	823,951	823,951	842,739
State Assessed	284,430	286,860	312,160
Certified Assessed Value	<u>\$ 14,068,670</u>	<u>\$ 14,095,777</u>	<u>\$ 15,455,005</u>
<b>MILL LEVY</b>			
GENERAL FUND	6.000	6.000	6.000
DEBT SERVICE FUND	50.000	50.000	55.277
ARI	1.000	1.000	-
SARIA	-	-	1.105
Refund and abatement	0.146	-	-
Total Mill Levy	<u>57.146</u>	<u>57.000</u>	<u>62.382</u>
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ 84,412	\$ 84,575	\$ 92,730
DEBT SERVICE FUND	703,434	704,789	854,306
ARI	14,069	14,096	-
SARIA	-	-	17,078
Refund and abatement	2,054	-	-
Levied property taxes	<u>803,969</u>	<u>803,460</u>	<u>964,114</u>
Adjustments to actual/rounding	-	-	-
Budgeted Property Taxes	<u>\$ 803,969</u>	<u>\$ 803,460</u>	<u>\$ 964,114</u>
<b>BUDGETED PROPERTY TAXES</b>			
GENERAL FUND	\$ 86,466	\$ 84,575	\$ 92,730
DEBT SERVICE FUND	703,434	704,789	854,306
ARI	14,069	14,096	-
SARIA	-	-	17,078
	<u>\$ 803,969</u>	<u>\$ 803,460</u>	<u>\$ 964,114</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
GENERAL FUND  
2018 BUDGET AS ADOPTED  
WITH 2016 ACTUAL AND 2017 ESTIMATED  
For the Years Ended and Ending December 31,**

1/4/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 94,822	\$ 136,318	\$ 177,551
<b>REVENUES</b>			
1 Property taxes	86,466	84,575	92,730
2 Specific ownership taxes	6,749	6,869	7,420
3 Net investment income	837	1,700	2,000
Total revenues	94,052	93,144	102,150
Total funds available	188,874	229,462	279,701
<b>EXPENDITURES</b>			
General and administration			
4 Accounting	17,928	17,000	17,000
5 Audit	4,600	4,600	3,500
6 Contingency	-	-	3,609
7 County Treasurer's fees	1,297	1,269	1,391
8 Director fees	400	400	1,200
9 District management	14,415	15,000	17,000
10 Dues and membership	314	311	400
11 Election	185	-	1,000
12 Insurance	2,488	2,981	3,100
13 Legal	10,611	10,000	17,000
14 Miscellaneous	318	350	800
15 SARIA contribution	-	-	100,000
Total expenditures	52,556	51,911	166,000
Total expenditures and transfers out requiring appropriation	52,556	51,911	166,000
ENDING FUND BALANCES	\$ 136,318	\$ 177,551	\$ 113,701
EMERGENCY RESERVE	\$ 2,900	\$ 2,800	\$ 3,100
TOTAL RESERVE	\$ 2,900	\$ 2,800	\$ 3,100

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
DEBT SERVICE FUND  
2018 BUDGET AS ADOPTED  
WITH 2016 ACTUAL AND 2017 ESTIMATED  
For the Years Ended and Ending December 31,**

1/4/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 5,678	\$ 7,647	\$ 3,628
<b>REVENUES</b>			
1 Property taxes	703,434	704,789	854,306
2 Specific ownership taxes	54,883	57,204	68,340
3 Net investment income	1,529	1,500	1,800
Total revenues	<u>759,846</u>	<u>763,493</u>	<u>924,446</u>
Total funds available	<u>765,524</u>	<u>771,140</u>	<u>928,074</u>
<b>EXPENDITURES</b>			
General and administration			
4 County Treasurer's fees	10,554	10,572	12,815
Debt service			
5 Bond interest Senior Bonds	633,823	627,440	620,138
6 Bond principal Senior Bonds	111,000	127,000	285,000
7 Contingency	-	-	2,547
8 Paying agent fees	2,500	2,500	2,500
Total expenditures	<u>757,877</u>	<u>767,512</u>	<u>923,000</u>
Total expenditures and transfers out requiring appropriation	<u>757,877</u>	<u>767,512</u>	<u>923,000</u>
ENDING FUND BALANCES	<u>\$ 7,647</u>	<u>\$ 3,628</u>	<u>\$ 5,074</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
CAPITAL PROJECTS FUND  
2018 BUDGET AS ADOPTED  
WITH 2016 ACTUAL AND 2017 ESTIMATED  
For the Years Ended and Ending December 31,**

1/4/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 ARI property taxes	14,069	14,096	-
2 SARIA property taxes	-	-	17,078
Total revenues	14,069	14,096	17,078
Total funds available	14,069	14,096	17,078
EXPENDITURES			
General and administration			
3 County Treasurer's fees	211	211	256
Capital projects			
4 ARTA payment	13,858	13,885	-
5 SARIA payment	-	-	16,822
Total expenditures	14,069	14,096	17,078
Total expenditures and transfers out requiring appropriation	14,069	14,096	17,078
ENDING FUND BALANCES	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**SORREL RANCH METROPOLITAN DISTRICT  
2018 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

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

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

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

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

**Revenues**

**Property Taxes**

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

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

The change in assessment ratio from 7.96% to 7.2% allows the District to adjust its mill levy to offset the decrease in revenues. The District has elected to not impose an adjusted mill levy for operations. Such adjusted mill levy would be 6.633.

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected by both the General Fund and the Debt Service Fund.

**SORREL RANCH METROPOLITAN DISTRICT  
2018 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.00%.

**Expenditures**

**General and Administrative Expenditures**

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

**Capital Outlay**

Anticipated expenditures for capital outlay in 2018 are displayed on page 6 of the Budget.

**Debt Service**

The principal and interest payments in 2018 are provided based on the debt amortization schedule from the General Obligation Bonds Series 2006A (discussed under Debt and Leases).

**Debt and Leases**

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

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



**SORREL RANCH METROPOLITAN DISTRICT  
2018 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases** (continued)

The District is required to impose a mill levy without limitation, up to a limit of 50.000 mills, on the assessed valuation of the District, in an amount sufficient to pay when due the principal and interest and to build up the Surplus Fund of each of the 2006A and 2006B series to their Maximum Surplus Amount, which must be maintained once reached until the Debt to Assessed Ratio is 50% or less. The Maximum Surplus Amount is \$1,167,500 for the 2006A Series Bonds and \$273,500 for the 2006B Series Bonds. In 2018, the District anticipates it will make the full interest payment and a principal payment in the amount of \$285,000 on the 2006A Series Bonds. The scheduled redemption on the 2006A Series for 2017 including unpaid principal from prior years is \$560,000. No payment is anticipated to be made on the 2006B Series Bonds. Payments will be made when cash flow is available.

The District has no operating or capital leases.

**Reserves**

**Emergency Reserve**

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2018, as defined under TABOR.

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

**SORREL RANCH METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2017**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$11,675,000 Limited Tax General Obligation Bonds Series 2006A Dated September 22, 2006 Principal Due December 1, Interest Rate 5.75% Payable June 1 and December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 560,000	* \$ 620,138	\$ 1,180,138
2019	270,000	587,938	857,938
2020	305,000	572,412	877,412
2021	320,000	554,875	874,875
2022	355,000	536,475	891,475
2023	380,000	516,063	896,063
2024	420,000	494,212	914,212
2025	440,000	470,063	910,063
2026	485,000	444,762	929,762
2027	515,000	416,875	931,875
2028	560,000	387,263	947,263
2029	595,000	355,062	950,062
2030	645,000	320,850	965,850
2031	685,000	283,763	968,763
2032	745,000	244,375	989,375
2033	785,000	201,537	986,537
2034	850,000	156,400	1,006,400
2035	900,000	107,525	1,007,525
2036	970,000	55,775	1,025,775
	<b>\$ 10,785,000</b>	<b>\$ 7,326,363</b>	<b>\$ 18,111,363</b>

The Series 2006A Bonds are subject to redemption prior to maturity, at the option of the District, beginning December 1, 2016, without a redemption premium.

\* Principal in 2018 includes accumulated unpaid principal from prior years.

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.