



CliftonLarsonAllen

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Accountant's Compilation Report

Board of Directors
Sorrel Ranch Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Sorrel Ranch Metropolitan District for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the AICPA. 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.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

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 10, 2020

**SORREL RANCH METROPOLITAN DISTRICT
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/2020

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 191,628	\$ 144,623	\$ 112,462
REVENUES			
Property taxes	947,036	949,930	1,198,155
Specific ownership taxes	70,063	75,816	71,889
Administration fee	-	3,100	1,500
Interest income	12,098	11,500	7,000
Property taxes - SARIA	17,078	17,130	21,607
Total revenues	<u>1,046,275</u>	<u>1,057,476</u>	<u>1,300,151</u>
TRANSFERS IN	<u>-</u>	<u>72,000</u>	<u>-</u>
Total funds available	<u>1,237,903</u>	<u>1,274,099</u>	<u>1,412,613</u>
EXPENDITURES			
General Fund	160,746	63,114	71,000
Debt Service Fund	915,456	1,009,393	1,068,000
Capital Projects Fund	17,078	17,130	21,607
Total expenditures	<u>1,093,280</u>	<u>1,089,637</u>	<u>1,160,607</u>
TRANSFERS OUT	<u>-</u>	<u>72,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,093,280</u>	<u>1,161,637</u>	<u>1,160,607</u>
ENDING FUND BALANCES	<u>\$ 144,623</u>	<u>\$ 112,462</u>	<u>\$ 252,006</u>
EMERGENCY RESERVE	<u>\$ 3,200</u>	<u>\$ 3,200</u>	<u>\$ 3,800</u>
TOTAL RESERVE	<u>\$ 3,200</u>	<u>\$ 3,200</u>	<u>\$ 3,800</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
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/2020

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Residential	\$ 14,299,516	\$ 14,328,880	\$ 16,424,302
Commercial	590	1,166	44,601
State assessed	312,160	329,400	150,240
Vacant land	842,739	842,784	2,811,548
Certified Assessed Value	<u>\$ 15,455,005</u>	<u>\$ 15,502,230</u>	<u>\$ 19,430,691</u>
MILL LEVY			
General	6.000	6.000	6.000
Debt Service	55.277	55.277	55.663
SARIA	1.105	1.105	1.112
Total mill levy	<u>62.382</u>	<u>62.382</u>	<u>62.775</u>
PROPERTY TAXES			
General	\$ 92,730	\$ 93,013	\$ 116,584
Debt Service	854,306	856,917	1,081,571
SARIA	17,078	17,130	21,607
Levied property taxes	<u>964,114</u>	<u>967,060</u>	<u>1,219,762</u>
Budgeted property taxes	<u>\$ 964,114</u>	<u>\$ 967,060</u>	<u>\$ 1,219,762</u>
BUDGETED PROPERTY TAXES			
General	\$ 92,730	\$ 93,013	\$ 116,584
Debt Service	854,306	856,917	1,081,571
SARIA	17,078	17,130	21,607
Total	<u>\$ 964,114</u>	<u>\$ 967,060</u>	<u>\$ 1,219,762</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
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/2020

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 182,478	\$ 126,490	\$ 98,914
REVENUES			
Property taxes	92,730	93,013	116,584
Specific ownership taxes	6,862	7,425	6,995
Interest income	5,166	4,000	3,000
Administration Fee	-	3,100	1,500
Total revenues	104,758	107,538	128,079
Total funds available	287,236	234,028	226,993
EXPENDITURES			
General and administrative			
Accounting	17,945	19,000	20,000
Audit	3,500	3,500	3,500
County Treasurer's fee	1,392	1,396	1,749
Directors' fees	900	1,200	1,600
Dues and membership	409	421	450
Election	547	-	1,000
Insurance and bonds	2,731	3,097	3,300
District management	13,598	17,000	18,000
Legal	19,524	17,000	18,000
Miscellaneous	200	500	500
Contingency	-	-	2,901
SARIA contribution	100,000	-	-
Total expenditures	160,746	63,114	71,000
TRANSFERS OUT			
Transfers to other fund	-	72,000	-
Total expenditures and transfers out requiring appropriation	160,746	135,114	71,000
ENDING FUND BALANCE	\$ 126,490	\$ 98,914	\$ 155,993
EMERGENCY RESERVE	\$ 3,200	\$ 3,200	\$ 3,800
TOTAL RESERVE	\$ 3,200	\$ 3,200	\$ 3,800

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
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/2020

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 9,150	\$ 18,133	\$ 13,548
REVENUES			
Property taxes	854,306	856,917	1,081,571
Specific ownership taxes	63,201	68,391	64,894
Interest income	6,932	7,500	4,000
Total revenues	<u>924,439</u>	<u>932,808</u>	<u>1,150,465</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>72,000</u>	<u>-</u>
Total funds available	<u>933,589</u>	<u>1,022,941</u>	<u>1,164,013</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	12,818	12,855	16,224
Paying agent fees	2,500	2,500	2,500
Contingency	-	-	2,664
Debt Service			
Bond interest Senior Bonds	620,138	604,038	581,612
Bond principal Senior Bonds	280,000	390,000	465,000
Total expenditures	<u>915,456</u>	<u>1,009,393</u>	<u>1,068,000</u>
Total expenditures and transfers out requiring appropriation	<u>915,456</u>	<u>1,009,393</u>	<u>1,068,000</u>
ENDING FUND BALANCE	<u>\$ 18,133</u>	<u>\$ 13,548</u>	<u>\$ 96,013</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
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/10/2020

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes - SARIA	17,078	17,130	21,607
Total revenues	<u>17,078</u>	<u>17,130</u>	<u>21,607</u>
Total funds available	<u>17,078</u>	<u>17,130</u>	<u>21,607</u>
EXPENDITURES			
General and Administrative			
County Treasurer's fee	256	257	324
SARIA payment	16,822	16,873	21,283
Total expenditures	<u>17,078</u>	<u>17,130</u>	<u>21,607</u>
Total expenditures and transfers out requiring appropriation	<u>17,078</u>	<u>17,130</u>	<u>21,607</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

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

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

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

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

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

Revenues

Property Taxes

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

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

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

**SORREL RANCH METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of the property taxes collected by both the General Fund and the Debt Service Fund.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Expenditures

General and Administrative Expenditures

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

Capital Outlay

Anticipated expenditures for capital outlay in 2020 are displayed on page 6 of the Budget.

Debt Service

The principal and interest payments in 2020 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.

**SORREL RANCH METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

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

The District is required to impose a mill levy without limitation, up to a limit of 50.000 mills, on the assessed valuation of the District, in an amount sufficient to pay when due the principal and interest and to build up the Surplus Fund of each of the 2006A and 2006B series to their Maximum Surplus Amount, which must be maintained once reached until the Debt to Assessed Ratio is 50% or less. The Maximum Surplus Amount is \$1,167,500 for the 2006A Series Bonds and \$273,500 for the 2006B Series Bonds. In 2020, the District anticipates it will make the full interest payment and a principal payment in the amount of \$465,000 on the 2006A Series Bonds. The scheduled redemption on the 2006A Series for 2020 including unpaid principal from prior years is \$465,000. 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 2020, 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, 2019**

Bonds and Interest Maturing in the Year Ending December 31,	\$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		
	Principal	Interest	Total
2020	\$ 465,000 *	\$ 581,612	\$ 1,046,612
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
	\$ 10,115,000	\$ 6,127,487	\$ 16,242,487

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 2020 includes accumulated unpaid principal from prior years.