

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

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

12/9/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 131,957	\$ 217,808	\$ 296,391
REVENUES			
Property taxes	1,198,130	981,683	1,121,462
Specific ownership taxes	86,439	68,700	78,503
Administration fee	3,600	4,500	15,000
Interest income	2,857	700	1,600
Property taxes - SARIA	21,607	22,508	25,713
Bond proceeds	13,425,000	-	-
Bond premium	1,674,053	-	-
Total revenues	<u>16,411,686</u>	<u>1,078,091</u>	<u>1,242,278</u>
Total funds available	<u>16,543,643</u>	<u>1,295,899</u>	<u>1,538,669</u>
EXPENDITURES			
General Fund	76,458	74,000	103,100
Debt Service Fund	16,227,770	903,000	904,998
Capital Projects Fund	21,607	22,508	25,713
Total expenditures	<u>16,325,835</u>	<u>999,508</u>	<u>1,033,811</u>
Total expenditures and transfers out requiring appropriation	<u>16,325,835</u>	<u>999,508</u>	<u>1,033,811</u>
ENDING FUND BALANCES	<u>\$ 217,808</u>	<u>\$ 296,391</u>	<u>\$ 504,858</u>
EMERGENCY RESERVE	<u>\$ 3,900</u>	<u>\$ 4,100</u>	<u>\$ 5,000</u>
TOTAL RESERVE	<u>\$ 3,900</u>	<u>\$ 4,100</u>	<u>\$ 5,000</u>

No assurance provided. See summary of significant assumptions.

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

12/9/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Residential	\$ 16,424,302	\$ 17,393,176	\$ 19,715,623
Commercial	44,601	45,660	44,117
State assessed	150,240	441,160	505,200
Vacant land	2,811,548	2,360,891	2,858,000
Certified Assessed Value	<u>\$ 19,430,691</u>	<u>\$ 20,240,887</u>	<u>\$ 23,122,940</u>
MILL LEVY			
General	6.000	6.000	6.000
Debt Service	55.663	42.500	42.500
SARIA	1.112	1.112	1.112
Total mill levy	<u>62.775</u>	<u>49.612</u>	<u>49.612</u>
PROPERTY TAXES			
General	\$ 116,584	\$ 121,445	\$ 138,737
Debt Service	1,081,571	860,238	982,725
SARIA	21,607	22,508	25,713
Levied property taxes	<u>1,219,762</u>	<u>1,004,191</u>	<u>1,147,175</u>
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
Budgeted property taxes	<u>\$ 1,219,762</u>	<u>\$ 1,004,191</u>	<u>\$ 1,147,175</u>
BUDGETED PROPERTY TAXES			
General	\$ 116,584	\$ 121,445	\$ 138,737
Debt Service	1,081,571	860,238	982,725
SARIA	21,607	22,508	25,713
Budgeted property taxes	<u>\$ 1,219,762</u>	<u>\$ 1,004,191</u>	<u>\$ 1,147,175</u>

No assurance provided. See summary of significant assumptions.

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

12/9/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 118,399	\$ 171,807	\$ 232,452
REVENUES			
Property taxes	116,584	121,445	138,737
Specific ownership taxes	8,411	8,500	9,712
Interest income	1,271	200	1,000
Administration Fee	3,600	4,500	15,000
Total revenues	<u>129,866</u>	<u>134,645</u>	<u>164,449</u>
Total funds available	<u>248,265</u>	<u>306,452</u>	<u>396,901</u>
EXPENDITURES			
General and administrative			
Accounting	21,242	22,000	24,200
Audit	3,650	3,750	4,100
County Treasurer's fee	1,750	1,822	2,081
Directors' fees	2,100	1,600	1,600
Dues and membership	320	323	450
Election	893	-	5,000
Insurance and bonds	2,910	2,976	3,300
District management	18,296	18,000	19,800
Legal	24,572	20,000	22,000
Miscellaneous	725	500	500
Contingency	-	3,029	20,069
Total expenditures	<u>76,458</u>	<u>74,000</u>	<u>103,100</u>
Total expenditures and transfers out requiring appropriation	<u>76,458</u>	<u>74,000</u>	<u>103,100</u>
ENDING FUND BALANCE	<u>\$ 171,807</u>	<u>\$ 232,452</u>	<u>\$ 293,801</u>
EMERGENCY RESERVE	<u>\$ 3,900</u>	<u>\$ 4,100</u>	<u>\$ 5,000</u>
TOTAL RESERVE	<u>\$ 3,900</u>	<u>\$ 4,100</u>	<u>\$ 5,000</u>

No assurance provided. See summary of significant assumptions.

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

12/9/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 13,558	\$ 46,001	\$ 63,939
REVENUES			
Property taxes	1,081,546	860,238	982,725
Specific ownership taxes	78,028	60,200	68,791
Interest income	1,586	500	600
Bond proceeds	13,425,000	-	-
Bond premium	1,674,053	-	-
Total revenues	16,260,213	920,938	1,052,116
Total funds available	16,273,771	966,939	1,116,055
EXPENDITURES			
General and administrative			
County Treasurer's fee	16,230	12,904	14,741
Paying agent fees	2,021	2,500	2,500
Contingency	-	6,971	5,032
Debt Service			
Bond interest - Series 2006 Senior Bonds	290,806	-	-
Bond interest - Series 2020 Bonds	71,495	485,625	477,725
Bond principal - Series 2006 Senior Bonds	-	-	-
Bond principal - Series 2020 Bonds	-	395,000	405,000
Cost of issuance	485,372	-	-
Refunding payment	15,361,846	-	-
Total expenditures	16,227,770	903,000	904,998
Total expenditures and transfers out requiring appropriation	16,227,770	903,000	904,998
ENDING FUND BALANCE	\$ 46,001	\$ 63,939	\$ 211,057

No assurance provided. See summary of significant assumptions.

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

12/9/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes - SARIA	21,607	22,508	25,713
Total revenues	<u>21,607</u>	<u>22,508</u>	<u>25,713</u>
Total funds available	<u>21,607</u>	<u>22,508</u>	<u>25,713</u>
EXPENDITURES			
General and Administrative			
County Treasurer's fee	324	338	386
SARIA payment	21,283	22,170	25,327
Total expenditures	<u>21,607</u>	<u>22,508</u>	<u>25,713</u>
Total expenditures and transfers out requiring appropriation	<u>21,607</u>	<u>22,508</u>	<u>25,713</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

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

Services Provided

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by the order and decree of the District Court for the Arapahoe County on November 18, 2002, and recorded December 31, 2002. The District 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 and modified August 14, 2006. 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 for public improvements and refunding debt of \$17,222,000. The election also allows the District to retain all revenues other than ad valorem taxes without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law and a \$200,000 annual property tax increase for operations.

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

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

Revenues

Property Taxes

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

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

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

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

Revenues (continued)

Specific Ownership Taxes

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

Net Investment Income

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

Expenditures

General and Administrative Expenditures

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

Capital Outlay

Anticipated expenditures for capital outlay in 2022 are displayed on page 5 of the Budget.

Debt Service

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

Debt and Leases

Limited Tax General Obligation Refunding Bonds, Series 2020. On October 8, 2020, the District issued General Obligation Limited Tax Refunding Bonds, Series 2020 (the "Series 2020 Bonds") in the principal amount of \$13,425,000. The proceeds from the sale of the Bonds were used for the purpose of: (i) paying the costs of the Refunding Project, (ii) purchasing the Insurance Policy and the Reserve Fund Insurance Policy, and (iii) paying the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds shall be secured by a Municipal Bond Insurance Policy and a Debt Service Reserve Fund Insurance Policy provided by Assured Guaranty Municipal Corp ("AGM") in accordance with the terms of Commitments relating to the Bonds dated September 22, 2020 between the District and AGM. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy (see below), Specific Ownership Taxes attributable to the Required Mill Levy, and any other legally available moneys of the District credited to the Bond Fund.

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

Debt and Leases (continued)

The Bonds are not secured by property lying within the District, but rather by, among other things, the District's obligation to annually determine, fix and certify a rate of levy, not to exceed the Required Mill Levy. The District has covenanted in the Bond Resolution to impose the Required Mill Levy on all of the taxable property of the District, in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as they become due and payable, and to replenish the Reserve Fund in the amount of the Reserve Series 2020 Fund Requirement, but not in excess of 50.000 mills, as adjusted. The Reserve Fund Requirement is the least of: (i) 10% of the proceeds of the Bonds, (ii) the maximum annual principal and interest payable with respect to the Bonds, or (iii) 125% of the average annual principal and interest payable with respect to the Bonds. The Reserve Fund is funded with the issuance of the Debt Service Reserve Fund Insurance Policy, as mentioned above.

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

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

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

The following is an analysis of anticipated changes in the District's long-term obligations, subordinate to the Series 2020 Bonds, for the years ending in December 31, 2021 and 2022.

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

Debt and Leases (continued)

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

The District has no operating or capital leases.

Reserves

Emergency Reserve

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

This information is an integral part of the accompanying budget.

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

Bonds and Interest Maturing in the Year Ending December 31,	\$13,425,000 Limited Tax General Obligation Bonds Series 2020 Dated October 8, 2020 Principal Due December 1, Interest Rates - 2.00% - 5.00% Payable June 1 and December 1		
	Principal	Interest	Total
2022	\$ 405,000	\$ 477,725	\$ 882,725
2023	415,000	469,625	884,625
2024	420,000	461,325	881,325
2025	445,000	440,325	885,325
2026	465,000	418,075	883,075
2027	490,000	394,825	884,825
2028	510,000	370,325	880,325
2029	540,000	344,825	884,825
2030	565,000	317,825	882,825
2031	595,000	289,575	884,575
2032	615,000	265,775	880,775
2033	640,000	241,175	881,175
2034	665,000	215,575	880,575
2035	695,000	188,975	883,975
2036	720,000	161,175	881,175
2037	750,000	132,375	882,375
2038	780,000	102,375	882,375
2039	800,000	82,875	882,875
2040	820,000	62,875	882,875
2041	840,000	42,375	882,375
2042	855,000	21,375	876,375
	\$ 13,030,000	\$ 5,501,375	\$ 18,531,375

No assurance provided. See summary of significant assumptions.