

LETTER OF BUDGET TRANSMITTAL

Date: January 14, 2023

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2023 budget and budget message for LORSON RANCH METROPOLITAN DISTRICT NO. 1 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 28, 2022. If there are any questions on the budget, please contact:

Carrie Bartow
CliftonLarsonAllen LLP
8390 East Crescent Parkway
Greenwood Village, CO 80111
Tel.: 303-779-571

I, S. Alan Vancil, as Secretary of the Lorson Ranch Metropolitan District No. 1, hereby certify that the attached is a true and correct copy of the 2023 budget.

By: S. Alan Vancil

**RESOLUTION
TO ADOPT 2023 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
LORSON RANCH METROPOLITAN DISTRICT NO. 1**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE LORSON RANCH METROPOLITAN DISTRICT NO. 1, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023,

WHEREAS, the Board of Directors of the Lorson Ranch Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 28, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$ 231 ; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$0; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$0; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2022 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$ 26,420; and

WHEREAS, at an election held on November 2, 2004, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LORSON RANCH METROPOLITAN DISTRICT NO. 1 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Lorson Ranch Metropolitan District No. 1 for calendar year 2023.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2023 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 8.750 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2022.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2023 budget

year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2023 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2023 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2022, to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2022 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

ADOPTED this 28th day of November, 2022.

LORSON RANCH METROPOLITAN
DISTRICT NO. 1

Jeff Mark

President

ATTEST:

S. Alan Vancil

Secretary

Lorson Ranch Metropolitan District No. 1			
General Fund Budget			
Year Ended 12/31/2023			
Modified Accrual Basis			
	2021	2022	2023
	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ 143,170	\$ 308,537	\$ 415,199
REVENUES			
Intergovernmental Revenue			
General Fund District 2	226,323	242,402	243,343
General Fund District 3	281,539	368,428	398,545
General Fund District 4	118,405	227,793	353,234
General Fund District 5	1,137	473	561
General Fund District 6	750	9,100	20,764
General Fund District 7	4,888	6,516	6,713
Total Intergovernmental Revenue	633,042	854,711	1,023,160
Property Taxes - D1 General Fund	243	242	231
Specific Ownership Tax	29	27	24
Lien Release Fees & Covenant Violation Fines	14,522	2,000	2000
Status Letter	-	-	-
Total Revenues	647,836	856,980	1,025,415
EXPENDITURES			
Accounting	25,050	20,000	25,000
Audit	12,000	12,750	15,000
Insurance	8,033	16,562	22,000
District Management	20,756	26,220	36,000
Dues & subscriptions	2,313	3,046	3,500
Legal	22,197	25,000	25,000
County property tax collection fee - 1.5%	4	4	3
Total General Management	90,353	103,582	126,503
Maintenance			
Landscape maintenance	123,682	190,000	216,000
Landscape water	78,585	135,000	180,000
Repairs & maintenance	56,728	75,000	75,000
Community Improvements	-	100,000	150,000
Electric -streetlights & entrance	89,523	106,836	120,000
Holiday Lighting	28,992	30,000	30,000
Mosquito Mitigation	8,800	9,900	15,000
Contingency	-	-	8,000
Total Maintenance	386,310	646,736	794,000
Total Expenditures	476,663	750,318	920,503
Excess of Revenues over Expenditures	171,173	106,662	104,912
Transfer to District 3 Capital Projects Fund	5,806	-	-
Net Change in Fund Balance	165,367	106,662	104,912
ENDING FUND BALANCE	\$ 308,537	\$ 415,199	\$ 520,111
Emergency Reserve - 3% of revenues	\$ 19,435	\$ 25,709	\$ 30,762
Unrestricted Fund Balance	289,102	389,490	489,349

Lorson Ranch Metropolitan District No. 1			
Capital Fund Budget			
Year Ended 12/31/2023			
Modified Accrual Basis			
	2021	2022	2023
	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ -	-	-
REVENUES			
Transfer from Lorson District 3 Capital Fund	5,680,773	-	-
Transfer from Lorson District 4 Capital Fund	-	32,808,325	8,261,675
Transfer from Lorson District 6 Capital Fund	-	-	34,900,000
Total Revenues	5,680,773	32,808,325	43,161,675
EXPENDITURES			
Debt Expenditures			
Transfer to District 3 Capital Fund	-	-	-
Total	-	-	-
Capital Infrastructure Costs - District 3	-	-	-
Capital Infrastructure Costs - District 4	-	32,808,325	8,261,675
Capital Infrastructure Costs - District 6	-	-	34,900,000
Roadways	1,921,288	-	-
Sanitation and Storm Sewer	1,614,898	-	-
Water system	1,009,811	-	-
Parks & Landscaping	1,134,777	-	-
Total	5,680,773	32,808,325	43,161,675
Total Expenditures	5,680,773	32,808,325	43,161,675
Excess of Revenue over Expenditures	-	-	-
Transfer from D1 General Fund	-	-	-
Net Change in Fund Balance	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

Lorson Ranch Metropolitan District No. 1			
Debt Service Fund Budget			
Year Ended 12/31/2023			
Modified Accrual Basis			
	2021	2022	2023
	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ 89	\$ 89	\$ 89
REVENUES			
Intergovernmental revenue from Dist # 2 Debt Fund	-	484,484	1,013,000
Total Revenues	-	484,484	1,013,000
EXPENDITURES			
Bond Interest - Series 2012	-	484,484	1,013,000
Total Expenditures	-	484,484	1,013,000
Excess of Revenues over Expenditures	-	-	-
ENDING FUND BALANCE	\$ 89	\$ 89	\$ 89
Debt Balance			
Debt Balance	9,840,166	9,840,166	9,840,166
Interest Rate	10%	10%	10%
Annual Interest	984,017	984,017	984,017

Lorson Ranch Metropolitan District Nos. 1-7								
Property Taxes								
Year Ended 12/31/2023		158	170	171	172	173	174	175
	Combined	District No. 1	District No. 2	District No. 3	District No. 4	District No. 5	District No. 6	District No. 7
Vacant Land Market Value	12,162,377	2,250	2,250	2,639,012	2,885,924	4,500	5,048,001	1,580,440
Percentage	29%	29%	29%	29%	29%	29%	29%	29%
Assessed Value	\$ 3,528,060	\$ 650	\$ 650	\$ 765,170	\$ 837,220	\$ 1,310	\$ 1,464,730	\$ 458,330
Residential Market Value	1,104,845,277	-	275,415,583	441,722,975	387,706,719	-	-	-
Percentage	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%
Assessed Value	\$ 76,788,860	\$ -	\$ 19,142,170	\$ 30,700,460	\$ 26,946,230	\$ -	\$ -	\$ -
Commercial Market Value	190,577	-	22,538	100,259	66,960	820	-	-
Percentage	29%	29%	29%	29%	29%	29%	29%	29%
Assessed Value	\$ 55,270	\$ -	\$ 6,530	\$ 29,070	\$ 19,430	\$ 240	\$ -	\$ -
Agricultural Market Value	-	-	-	-	-	-	-	-
Percentage	29%	29%	29%	29%	29%	29%	29%	29%
Assessed Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Utility state value	5,871,552	88,862	1,246,103	1,585,414	1,788,207	197,793	689,828	275,345
Percentage	29%	29%	29%	29%	29%	29%	29%	29%
Assessed Value	1,702,750	25,770	361,370	459,770	518,580	57,360	200,050	79,850
Total Assessed Value	\$ 82,074,940	\$ 26,420	\$ 19,510,720	\$ 31,954,470	\$ 28,321,460	\$ 58,910	\$ 1,664,780	\$ 538,180
Mill Levy - General Operating & Capital		8.75	68.719	68.719	68.719	8.75	68.719	11.453
2022 Property Tax to be paid in 2023	\$ 5,604,170	\$ 231	\$ 1,340,757	\$ 2,195,879	\$ 1,946,222	\$ 515	\$ 114,402	\$ 6,164
Tax based on Mill Levy for 2023								
Capital - Debt	\$ 4,664,398	\$ -	\$ 1,117,301	\$ 1,829,905	\$ 1,621,857	\$ -	\$ 95,335	\$ -
General Operating	\$ 939,772	\$ 231	\$ 223,456	\$ 365,974	\$ 324,365	\$ 515	\$ 19,067	\$ 6,164
Total	\$ 5,604,170	\$ 231	\$ 1,340,757	\$ 2,195,879	\$ 1,946,222	\$ 515	\$ 114,402	\$ 6,164
Mill Levy Charged for 2023								
Capital - Debt		-	57.266	57.266	57.266	-	57.266	-
General Operating		8.75	11.453	11.453	11.453	8.75	11.453	11.453
Total		8.75	68.719	68.719	68.719	8.75	68.719	11.453

Lorson Ranch Metropolitan District No. 1
El Paso County, CO
2023 Budget Narrative

Lorson Ranch Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was formed on December 2, 2004. The District's service area is located in El Paso County, Colorado. The District was established to provide financing for the acquisition, construction and installation of streets, traffic and safety controls, parks and recreational facilities, water, storm drainage, sanitation, fire protection, and mosquito control. Under the Consolidated Service Plan, the District is the Service District related to Lorson Ranch Metropolitan District Nos. 2-7 (Districts) known as the Financing Districts to serve the community known as Lorson Ranch.

Pursuant to the Service Plan, the District is authorized to issue General Obligation Debt, Revenue Debt and other Debt in an amount not to exceed \$300,000,000.

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

The following budget is prepared on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105.

GENERAL FUND
REVENUES

1. Intergovernmental revenue is budgeted for General Fund tax revenue from Lorson Ranch Metropolitan Districts #2 - #7 transferred to District #1. Districts #2 - #4 and #6 - #7 have assessed 11.453 mills and District #5 has assessed 8.750 mills for Operations and Maintenance for 2023. The related property tax revenue and an allocation of specific ownership tax are included in this budgeted revenue.
2. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill levies are budgeted for Operations and Maintenance at 8.750 mills.
3. Specific ownership taxes are budgeted at 11% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the county treasurer to all taxing entities within the county.

EXPENDITURES – Operating

1. Accounting fees include the monthly accounting for the District and the costs of the accounting firm to prepare periodic and annual financial statements, and to record mill levy certifications and budgets with regulatory authorities.
2. Audit fees are the cost of auditing the District 1 – 3 financial statements.
3. District Management costs are based on the contracted costs to manage the District.
4. Dues & subscriptions are the estimated SDA dues and office expenses.

Lorson Ranch Metropolitan District No. 1
El Paso County, CO
2023 Budget Narrative

GENERAL FUND

EXPENDITURES – (continued)

5. Insurance is the estimated charges from the Colorado Special Districts Property and Liability Insurance Pool.
6. Legal fees are estimated based on the annual requirements of the District.
7. Maintenance is the cost to maintain and water the landscaping, common areas, parks and drainage systems, as well as the electricity cost for streetlights and entrance.

CAPITAL PROJECTS FUND

During 2023, public infrastructure improvements to the Lorson Ranch will continue to be constructed within the Lorson Ranch Metropolitan Districts Service Area. These improvements will be constructed and paid for by the Developer. They will then be certified for acceptance by the District. Details of the budget are as follows:

REVENUES

1. Transfer from Lorson District #3, #4 and #6 - Lorson Ranch Metropolitan District No. 3, 4 and 6 has budgeted to issue bonds in 2023 to pay for the cost of public improvements within that District.

EXPENDITURES

1. Capital Infrastructure Costs – District 1 entered into an Infrastructure Acquisition and Reimbursement Agreement with the Developer. Under this Agreement the District has agreed to reimburse the Developer for District Eligible Costs of Public Infrastructure. The Developer is paying the costs of the Public Infrastructure. The 2023 budget includes an estimate of the District Eligible Costs in District #3, #4 and #6 to be certified by the Developer to the District in 2023.

DEBT SERVICE FUND

REVENUES

1. Transfer from Lorson Ranch Metropolitan District No. 2 Debt Fund of surplus funds has been budgeted in the amount of \$1,013,000 in 2023 to make an interest payment on the District 1 Bonds.

EXPENDITURES

1. Bond interest payments are budgeted for the outstanding Series 2012 Bond Issue.

Lorson Ranch Metropolitan District No. 1
El Paso County, CO
2023 Budget Narrative

ADDITIONAL INFORMATION

1. The basis of accounting for the District is the Modified Accrual Basis.
2. There are no operating or capital lease obligations of the District.
3. The District is authorized to issue General Obligation Debt in an amount not to exceed \$80,000,000. The limit for all Lorson Districts is \$300,000,000. A mill levy cap of 50 mills applies to the District in connection with the General Obligation Debt, subject to adjustment.
4. The District issued a Limited Tax General Obligation Bond on 6/1/2012 in order to finance and refinance the public infrastructure. Terms of the Bond are as follows:
 - a. Principal amount at issue \$13,929,164
 - b. Term 30years - 6/1/2012 - 7/01/2041
 - d. Interest rate 10%
5. Interest payable semi-annually starting 01/2/2013
6. Interest accumulates if not paid when due.
7. There are no scheduled principal payments except the balance at Maturity.

RESERVES

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of revenues, excluding Developer Loan Proceeds.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of El Paso County, Colorado.

On behalf of the Lorson Ranch Metropolitan District No. 1,
(taxing entity)^A

the Board of Directors
(governing body)^B

of the Lorson Ranch Metropolitan District No. 1
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 26,420 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 26,420 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/07/2022 for budget/fiscal year 2023.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>8.750</u> mills	\$ <u>231</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	8.750 mills	\$ 231
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	8.750 mills	\$ 231

Contact person: Seef Le Roux Daytime phone: (719) 635 - 0330

Signed:  Title: Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- 1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

- 2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

- 3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

- 4. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.