

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. 3 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. 3, 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. 3**

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. 3, 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. 3 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 \$ 365,974 ; 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 \$1,829,905; 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 \$ 31,954,470 ; 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. 3 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. 3 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 11.453 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 57.266 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. 3

Jeff Mark

President

ATTEST:

S. Alan Vancil

Secretary

Lorson Ranch Metropolitan District No. 3			
Budget			
Year Ended 12/31/2023			
Modified Accrual Basis			
	2021	2022	2023
GENERAL FUND	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ -	-	\$ -
REVENUES			
Property Tax - Operations	255,269	338,329	365,974
Interest on delinquent property tax	121	86	-
Specific Ownership Tax - Operations	29,980	35,088	38,061
Contingency Income	-	-	1,000
Total Revenues	285,370	373,503	405,035
EXPENDITURES			
County property tax collection fee - Operations	3,831	5,075	5,490
Intergovernmental Expense District # 1 - Operations	281,539	368,428	398,545
Contingency Expense	-	-	1,000
Total Expenditures	285,370	373,503	405,035
Excess of Revenues over Expenditures	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

Lorson Ranch Metropolitan District No. 3			
Budget			
Year Ended 12/31/2023			
Modified Accrual Basis			
	2021	2022	2023
CAPITAL FUND	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ -	-	\$ -
REVENUES			
Developer Advance	5,680,773	-	-
Bond Issuance	5,680,000	23,875,000	4,596,000
Total Revenues	11,360,773	23,875,000	4,596,000
EXPENDITURES			
Transfer To District 1 Capital Fund	5,680,773	-	-
Bond Issue Costs	5,806	10,000	-
2020 Bond Refunding	-	22,592,593	-
Repay Developer Advance	5,680,000	1,272,407	4,596,000
Total Expenditures	11,366,579	23,875,000	4,596,000
Excess of Revenues over Expenditures	(5,806)	-	-
Transfer from D1 General Fund	5,806	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

Lorson Ranch Metropolitan District No. 3			
Budget			
Year Ended 12/31/2023			
Modified Accrual Basis			
	2021	2022	2023
DEBT SERVICE FUND	Actual	Estimated	Budget
BEGINNING FUND BALANCE	\$ 408,860	\$ 52,632	\$ 204,388
REVENUES			
Property Tax - Debt Service	1,276,416	1,691,736	1,829,905
Interest on Delinquent property tax	604	431	-
Specific Ownership Tax - Debt Service	149,908	175,451	190,310
Dividend Income - Custody Account	190	1,718	2,000
Contingency Income	-	-	5,000
Total Revenues	1,427,118	1,869,336	2,027,215
EXPENDITURES			
Bond Interest expense	1,167,191	1,421,193	1,616,340
Bond Principal Payment	596,000	270,000	-
Regional Bond Interest payment	-	-	335,805
County property tax collection fee	19,155	25,376	27,449
Debt Servicing Fees - Zions Bank	1,000	1,010	1,010
Contingency Expense	-	-	5,000
Total Expenditures	1,783,346	1,717,579	1,985,604
Excess of Revenues over Expenditures	(356,228)	151,756	41,611
ENDING FUND BALANCE	\$ 52,632	\$ 204,388	\$ 245,999

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. 3
El Paso County, CO
2023 Budget Narrative

The Lorson Ranch Metropolitan District No. 3 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act, and was formed on December 2, 2004. The District was established as part of a “Multiple District Structure” for The Lorson Ranch community located in El Paso County, Colorado. Along with its companion Districts No. 1 (“Service District”) and Nos. 2, 4, 5, 6 and 7 (“Financing Districts”) this Financing District was organized to provide financing for the design, acquisition, construction and installation of public improvements, facilities and services. The public improvements to be provided by the Districts are proposed to include the types of facilities and improvements for streets and roadways, street landscaping, signage, monuments, and lighting, safety protection, park and recreation, sanitation and storm drainage, water improvements and other related improvements and their operation and maintenance.

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.

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. 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 11.453 mills.
2. Specific ownership taxes are budgeted at 10.4% 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.
3. Contingency income is budgeted for unanticipated income.

EXPENDITURES

1. The County property tax collection fee is based on 1.5% of the property tax received.
2. Net Operations & Maintenance tax revenues are paid as Intergovernmental Expenses for services to District #1.

Lorson Ranch Metropolitan District No. 3
El Paso County, CO
2023 Budget Narrative

CAPITAL PROJECT FUND

During 2023, public infrastructure improvements to the Lorson Ranch will continue to be constructed within the Lorson Ranch Metropolitan District No. 3 Service Area. These improvements will be constructed and paid for by the Developer. They will then be certified for acceptance by the District #3. Details of the budget are as follows:

REVENUES

1. A Developer Advance is budgeted for the amount of the public improvements to be constructed in District #3.
2. The bond issuance is the estimated amount of the additions to the Series 2023 bond for District #3 public improvement costs and cost of issuance.

EXPENDITURES

1. The District will transfer sufficient funds from the bond issue to the District #1 Capital Fund for the cost of the public improvements constructed within the District.
2. The estimated cost of issuance of the bonds is budgeted.
3. The District will repay the Developer Advance with the funds from the Bond Issuance.

DEBT SERVICE FUND

REVENUES

1. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill levies are budgeted for Debt Service at 57.266 mills.
2. Specific ownership taxes are budgeted at 10.4% 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.
3. Contingency income is budgeted for unanticipated income.

EXPENDITURES

1. The County property tax collection fee is based on 1.5% of the property tax received.
2. Contingency expense is budgeted for unanticipated expenditures.
3. Principal and interest on the Bond is budgeted in the amount of \$1,952,145.

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 57.266 mills applies to the District in connection with the General Obligation Debt, subject to adjustment.

Lorson Ranch Metropolitan District No. 3
El Paso County, CO
2023 Budget Narrative

RESERVES

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year revenues. Since substantially all funds received by the District are transferred to District #1, which pays for all of the Districts' operations and maintenance costs, an emergency reserve is not reflected in the District's Budget.

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. 3,
(taxing entity)^A

the Board of Directors
(governing body)^B

of the Lorson Ranch Metropolitan District No. 3
(local government)^C


Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 31,954,470 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: \$ 31,954,470 (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>11.453</u> mills	\$ <u>365,974</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	<u>11.453</u> mills	<u>\$ 365,974</u>
3. General Obligation Bonds and Interest ^J	<u>57.266</u> mills	\$ <u>1,829,905</u>
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]	<u>68.719</u> mills	<u>\$ 2,195,879</u>

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: | Public Infrastructure |
| | Series: | Limited Tax General Obligation Bond, Series 2020 |
| | Date of Issue: | February 10, 2020 |
| | Coupon Rate: | 6.00% |
| | Maturity Date: | December 1, 2046 |
| | Levy: | 57.266 |
| | Revenue: | \$1,829,905 |
| | | |
| 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.