

LETTER OF BUDGET TRANSMITTAL

Date: January 31, 2024

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

Attached are the 2024 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 2, 2023. If there are any questions on the budget, please contact:

Seef LeRoux
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Tel.: 719-635-0330

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 2024 budget.

By: S. Alan Vancil

**RESOLUTION
TO ADOPT 2024 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 2024 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, 2024, AND ENDING ON THE LAST DAY OF DECEMBER, 2024,

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 2, 2023 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 \$ 235; 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 2023 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$ 26,800; 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 2024.

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 2024 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 2024 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 2023.

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 2023.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2024 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 2023.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2024 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 2023.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2024 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 2023.

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 2023.

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 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, 2023 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 2nd day of November, 2023.

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 12/31/2024 | | | |
| Modified Accrual Basis | | | |
| | 2022 | 2023 | 2024 |
| | 12/31/2022 | 12/31/2023 | Proposed |
| | Actuals | Estimated | Budget |
| BEGINNING FUND BALANCE | \$ 308,537 | \$ 530,050 | \$ 731,266 |
| REVENUES | | | |
| Intergovernmental Revenues District #2 - Operations | 242,596 | 243,254 | 346,849 |
| Intergovernmental Revenues District #3 - Operations | 368,530 | 398,414 | 558,457 |
| Intergovernmental Revenues District #4 - Operations | 227,868 | 353,336 | 500,246 |
| Intergovernmental Revenues District #5 - Operations | 473 | 561 | 824 |
| Intergovernmental Revenues District #6 - Operations | 5,732 | 20,755 | 237,765 |
| Intergovernmental Revenues District #7 - Operations | 6,518 | 6,708 | 7,487 |
| Total Intergovernmental Revenue | 851,717 | 1,023,027 | 1,651,628 |
| Property Taxes - D1 General Fund | 242 | 231 | 235 |
| Specific Ownership Tax | 25 | 25 | 24 |
| Interest Income - Colotrast | - | 5,000 | 12,000 |
| Lien Release Fees & Covenant Violation Fines | 3,955 | - | 2,000 |
| Total Revenues | 855,939 | 1,028,283 | 1,665,887 |
| EXPENDITURES | | | |
| Accounting | 28,404 | 25,000 | 28,000 |
| Audit | 13,170 | 21,300 | 25,000 |
| Insurance | 16,562 | 19,372 | 22,000 |
| District Management | 28,409 | 36,000 | 60,000 |
| Dues & subscriptions | 3,046 | 2,391 | 3,000 |
| Legal | 24,019 | 20,000 | 20,000 |
| County property tax collection fee - 1.5% | 4 | 4 | 4 |
| Intergovernmental Expense District #3 - Capital Fund | 2,785 | - | - |
| Total General Management | 116,399 | 124,067 | 158,004 |
| Maintenance | | | |
| Landscape maintenance | 189,900 | 216,000 | 386,000 |
| Landscape water | 128,151 | 130,000 | 190,000 |
| Repairs & maintenance | 57,075 | 105,000 | 100,000 |
| Community Improvements | - | 75,000 | 100,000 |
| Electric -streetlights & entrance | 108,090 | 132,000 | 132,000 |
| Holiday Lighting | 25,000 | 30,000 | 30,000 |
| Mosquito Mitigation | 9,900 | 15,000 | 17,000 |
| Contingency | - | - | 8,000 |
| Total Maintenance | 518,116 | 703,000 | 963,000 |
| Total Expenditures | 634,515 | 827,067 | 1,121,004 |
| Transfer from District #1 - Debt Fund | 89 | - | - |
| Excess of Revenues over Expenditures | 221,513 | 201,216 | 544,883 |
| ENDING FUND BALANCE | \$ 530,050 | \$ 731,266 | \$ 1,276,149 |
| Emergency Reserve - 3% of revenues | \$ 25,678 | \$ 30,848 | \$ 49,977 |
| Unrestricted Fund Balance | \$ 504,372 | \$ 700,418 | \$ 1,226,172 |

| Lorson Ranch Metropolitan District No. 1 | | | |
|--|-------------------|-------------------|-------------------|
| Capital Fund Budget | | | |
| Year Ended 12/31/2024 | | | |
| Modified Accrual Basis | | | |
| | 2022 | 2023 | 2024 |
| | 12/31/2022 | 12/31/2023 | Proposed |
| | Actuals | Estimated | Budget |
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Intergovernmental Revenues District 3 - Capital Fund | - | 4,596,000 | - |
| Intergovernmental Revenues District 4 - Capital Fund | 32,958,325 | 16,400,000 | 8,261,675 |
| Intergovernmental Revenues District 6 - Capital Fund | - | - | 39,800,000 |
| Total Revenues | 32,958,325 | 20,996,000 | 48,061,675 |
| EXPENDITURES | | | |
| Capital Infrastructure Costs - District 3 | - | 4,596,000 | - |
| Capital Infrastructure Costs - District 4 | 32,958,325 | 16,400,000 | 8,261,675 |
| Capital Infrastructure Costs - District 6 | - | - | 39,800,000 |
| Total Expenditures | 32,958,325 | 20,996,000 | 48,061,675 |
| Excess of Revenue over Expenditures | - | - | - |
| Net Change in Fund Balance | - | - | - |
| ENDING FUND BALANCE | \$ - | \$ - | \$ - |

| Lorson Ranch Metropolitan District No. 1 | | | |
|---|-------------------|-------------------|-----------------|
| Debt Service Fund Budget | | | |
| Year Ended 12/31/2024 | | | |
| Modified Accrual Basis | | | |
| | 2022 | 2023 | 2024 |
| | 12/31/2022 | 12/31/2023 | Proposed |
| | Actuals | Estimated | Budget |
| BEGINNING FUND BALANCE | \$ 89 | \$ - | \$ 100,000 |
| REVENUES | | | |
| Intergovernmental Revenues District # 2 - Debt Fund | - | 1,600,000 | 1,000,000 |
| Total Revenues | - | 1,600,000 | 1,000,000 |
| EXPENDITURES | | | |
| Bond Interest - Series 2012 | - | 1,500,000 | 1,000,000 |
| Total Expenditures | - | 1,500,000 | 1,000,000 |
| Transfer to D1 General Fund | (89) | - | - |
| Excess of Revenues over Expenditures | (89) | 100,000 | - |
| ENDING FUND BALANCE | \$ - | \$ 100,000 | \$ 100,000 |

| Lorson Ranch Metropolitan District Nos. 1-7 | | | | | | | | |
|--|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Property Taxes | | | | | | | | |
| Year Ended 12/31/2024 | | 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 | 55,188,002 | 3,690 | 3,690 | 1,042,301 | 1,574,759 | 5,164 | 50,708,622 | 1,849,776 |
| Percentage | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% |
| Assessed Value | \$ 15,396,420 | \$ 1,030 | \$ 1,030 | \$ 290,810 | \$ 439,400 | \$ 1,440 | \$ 14,146,630 | \$ 516,080 |
| Residential Market Value | 1,474,140,161 | - | 352,680,411 | 562,438,136 | 504,939,614 | - | 54,082,000 | - |
| Percentage | 6.70% | | 6.70% | 6.70% | 6.70% | | 6.70% | 6.95% |
| Assessed Value | \$ 98,769,430 | \$ - | \$ 23,629,750 | \$ 37,683,570 | \$ 33,831,650 | \$ - | \$ 3,624,460 | \$ - |
| Commercial Market Value | 228,637 | - | 41,648 | 99,961 | 86,691 | - | 337 | - |
| Percentage | 29% | 29% | 28% | 28% | 28% | | 27% | 29% |
| Assessed Value | \$ 63,770 | \$ - | \$ 11,610 | \$ 27,890 | \$ 24,180 | \$ - | \$ 90 | \$ - |
| Agricultural Market Value | - | - | - | - | - | - | - | - |
| Percentage | 29% | 29% | 29% | 29% | 29% | 29% | 29% | 29% |
| Assessed Value | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public Utility state value | 3,774,470 | 92,360 | 753,290 | 795,450 | 993,050 | 304,520 | 611,360 | 224,440 |
| Percentage | 29% | 28% | 28% | 28% | 28% | 28% | 28% | 28% |
| Assessed Value | 1,053,080 | 25,770 | 210,170 | 221,930 | 277,060 | 84,960 | 170,570 | 62,620 |
| Total Assessed Value | \$ 115,282,700 | \$ 26,800 | \$ 23,852,560 | \$ 38,224,200 | \$ 34,572,290 | \$ 86,400 | \$ 17,941,750 | \$ 578,700 |
| Total Mill Levy Assessed | | 8.75 | 80.12 | 80.496 | 79.723 | 8.75 | 73.014 | 11.88 |
| Property Tax to be paid | \$ 9,062,034 | \$ 235 | \$ 1,911,067 | \$ 3,076,895 | \$ 2,756,207 | \$ 756 | \$ 1,309,999 | \$ 6,875 |
| | | | | | | | | |
| | | | | | | | | |
| Tax based on Mill Levy | | | | | | | | |
| Capital - Debt | \$ 7,545,154 | \$ - | \$ 1,592,564 | \$ 2,564,079 | \$ 2,296,845 | \$ - | \$ 1,091,666 | \$ - |
| General Operating | \$ 1,516,880 | \$ 235 | \$ 318,503 | \$ 512,816 | \$ 459,362 | \$ 756 | \$ 218,333 | \$ 6,875 |
| Total | \$ 9,062,034 | \$ 235 | \$ 1,911,067 | \$ 3,076,895 | \$ 2,756,207 | \$ 756 | \$ 1,309,999 | \$ 6,875 |
| | | | | | | | | |
| Mill Levy Assessed | | | | | | | | |
| Capital - Debt | | - | 66.767 | 67.080 | 66.436 | - | 60.845 | - |
| General Operating | | 8.750 | 13.353 | 13.416 | 13.287 | 8.750 | 12.169 | 11.880 |
| Total | | 8.75 | 80.120 | 80.496 | 79.723 | 8.75 | 73.014 | 11.880 |

**LORSON RANCH METROPOLITAN DISTRICT NO. 1
EL PASO COUNTY, CO
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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. 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 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.

EXPENDITURES

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
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

GENERAL FUND – (continued)

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 2024, 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 #4 and #6 - Lorson Ranch Metropolitan District No. 4 and 6 has budgeted to issue bonds in 2024 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 2024 budget includes an estimate of the District Eligible Costs in District #4 and #6 to be certified by the Developer to the District in 2024.

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 \$1,000,000 in 2024 to make an interest payment on the District No. 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
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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.

