

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. 4 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
CliftonLarsonAllen LLP
121 South Tejon Street, Ste. 1100
Colorado Springs, CO 80903
Tel.: 719-635-0330

I, S. Alan Vancil, as Secretary of the Lorson Ranch Metropolitan District No. 4, 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. 4**

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. 4, 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. 4 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 \$ 459,362; 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 \$2,296,845; 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 \$ 34,572,290; 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. 4 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. 4 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 .13287 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 66.436 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. 4

Jeff Mark

President

ATTEST:

S. Alan Vancil

Secretary

Lorson Ranch Metropolitan District No. 4			
Budget			
Year Ended 12/31/2024			
Modified Accrual Basis			
	2022	2023	2024
	12/31/2022	12/31/2023	Proposed
GENERAL FUND	Actuals	Estimated	Budget
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property Tax - Operations	209,159	324,365	459,362
Specific Ownership Tax	21,748	33,734	47,774
Interest on Delinquent Property Tax	100	102	-
Contingency Income	-	-	1,000
Total Revenues	231,007	358,201	508,136
EXPENDITURES			
County property tax collection fee - Operations	3,139	4,865	6,890
Intergovernmental Expense District # 1 - Operations	227,868	353,336	500,246
Contingency Expense	-	-	1,000
Total Expenditures	231,007	358,201	508,136
Excess of Revenues over Expenditures	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

Lorson Ranch Metropolitan District No. 4			
Budget			
Year Ended 12/31/2024			
Modified Accrual Basis			
	2022	2023	2024
	12/31/2022	12/31/2023	Proposed
CAPITAL FUND	Actuals	Estimated	Budget
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer Advance	32,958,325	16,400,000	8,301,675
Bond Issuance	32,958,325	16,400,000	8,301,675
Intergovernmental Revenues District #3 - Debt Fund	233,850	-	-
Total Revenues	65,916,650	32,800,000	16,603,350
EXPENDITURES			
Intergovernmental Expense District #1 - Capital Fund	32,958,325	16,400,000	8,261,675
Bond Issue Costs	239,162	-	40,000
Repay Developer Advance	32,958,325	16,400,000	8,301,675
Total Expenditures	66,155,812	32,800,000	16,603,350
Transfer from District 4 Debt Service Fund	5,312	-	-
Excess of Revenues over Expenditures	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

Lorson Ranch Metropolitan District No. 4			
Budget			
Year Ended 12/31/2024			
Modified Accrual Basis			
	2022	2023	2024
	12/31/2022	12/31/2023	Proposed
DEBT SERVICE FUND	Actuals	Estimated	Budget
BEGINNING FUND BALANCE	\$ 642,384	\$ 1,776,474	\$ 303,118
REVENUES			
Property Tax - Debt Service	1,045,849	1,621,857	2,296,845
Specific Ownership Tax - Debt Service	108,745	167,820	238,872
Interest on Delinquent Property Tax	503	509	-
Intergovernmental Revenues District #3 - Debt Fund	-	650,000	955,000
Dividend income from investments	-	65,000	25,000
Contingency Income	-	-	2,000
Total Revenues	1,155,097	2,505,186	3,517,717
EXPENDITURES			
Senior Bond Interest expense	-	1,742,214	2,213,201
Subordinate Bond Interest Expense	-	1,312,000	1,240,000
Subordinate Bond Principal Payment	-	900,000	-
County property tax collection fee	15,695	24,328	34,453
Contingency Expense	-	-	2,000
Total Expenditures	15,695	3,978,542	3,489,654
Transfer to District 4 Capital Fund	(5,312)	-	-
Excess of Revenues over Expenditures	1,134,090	(1,473,356)	28,063
ENDING FUND BALANCE	\$ 1,776,474	\$ 303,118	\$ 331,181

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. 4
EL PASO COUNTY, CO
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

The Lorson Ranch Metropolitan District No. 4 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, 3, 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 13.287 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.
3. Contingency expense is budgeted for unanticipated expenditures.

**LORSON RANCH METROPOLITAN DISTRICT NO. 4
EL PASO COUNTY, CO
2024 BUDGET MESSAGE
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

CAPITAL PROJECT FUND

During 2024, public infrastructure improvements to the Lorson Ranch will continue to be constructed within the Lorson Ranch Metropolitan District No. 4 Service Area. These improvements will be constructed and paid for by the Developer. They will then be certified for acceptance by the District #4. 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 #4.
2. The bond issuance is the estimated amount of the bond issuance for District #4 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 66.436 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. Intergovernmental revenue is budgeted from Lorson Ranch Metropolitan Districts #3.
4. Earnings on the Debt Fund investments is based on an estimated earnings rate.
5. 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. Interest on the Bond is budgeted in the amount of \$3,453,201.

**LORSON RANCH METROPOLITAN DISTRICT NO. 4
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.

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. 4,
(taxing entity)^A
 the Board of Directors,
(governing body)^B
 of the Lorson Ranch Metropolitan District No. 4,
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: \$ 34,572,290
(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: \$ 34,572,290
(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: 01/01/2024 for budget/fiscal year 2024.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE <small>(see end notes for definitions and examples)</small>	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>13.287</u> mills	\$ <u>459,362</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	<u>13.287</u> mills	\$ <u>459,362</u>
3. General Obligation Bonds and Interest ^J	<u>66.436</u> mills	\$ <u>2,296,845</u>
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: <small>[Sum of General Operating Subtotal and Lines 3 to 7]</small>	<u>79.723</u> mills	\$ <u>2,756,207</u>

Contact person: Seef Le Roux Phone: (719)635-0330
 Signed: Seef Le Roux Title: Accountant for District

Survey Question: Does the taxing entity have voter approval to adjust the general operating levy to account for changes to assessment rates? Yes No

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: | Limited Tax General Obligation Drawdown Bonds |
| | Series: | Series 2022A |
| | Date of Issue: | December 15, 2022 |
| | Coupon Rate: | 5.50% |
| | Maturity Date: | December 1, 2057 |
| | Levy: | 66.436 |
| | Revenue: | \$ 2,296,845 |
| | | |
| 2. | Purpose of Issue: | Subordinate Limited Tax General Obligation Bonds |
| | Series: | Series 2022B |
| | Date of Issue: | December 15, 2022 |
| | Coupon Rate: | 8.00% |
| | Maturity Date: | December 1, 2057 |
| | Levy: | 0.000 |
| | Revenue: | \$ 0 |

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.