

SERENITY RIDGE METROPOLITAN DISTRICT NOS. 1 AND 2

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 · 800-741-3254
Fax: 303-987-2032

NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Richard Frank	President	2022/May 2022
Daniel Frank	Treasurer/Assistant Secretary	2022/May 2022
Marc Cooper	Assistant Secretary	2022/May 2022
VACANT		2023/May 2023
VACANT		2023/May 2023
David Solin	Secretary	

DATE: Friday, November 13, 2020

TIME: 10:30 A.M.

PLACE: DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD BY CONFERENCE CALL WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE CALL IN TO THE CONFERENCE BRIDGE AT **1-877-250-3814** AND WHEN PROMPTED, DIAL IN THE PASSCODE OF **5592663**

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda, confirm location of the meeting and posting of meeting notices.

C. Consider approval of the Minutes from May 8, 2020 Special Meetings (enclosure).

D. Consider regular meeting dates for 2021. Review and consider approval of Resolution Nos. 2020-11-01; Resolutions Establishing 2021 Regular Meeting Dates, Times and Location, and Designating Locations for Posting of 24-Hour Notices, for Serenity Ridge Metropolitan District Nos. 1 and 2 (hereinafter referred to as "District No. 1", "District No. 2", and collectively the "Districts") (enclosures).

- E. Discuss establishment of District website (s).
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- F. Discuss §32-1-809, C.R.S., (Transparency Notice) reporting requirements and mode of eligible elector notification for 2021.
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II. FINANCIAL MATTERS

- A. Review and ratify approval of the payment of claims of District No. 1 for the periods ending, as follows (enclosures):

	Period Ending May 11, 2020	Period Ending June 16, 2020	Period Ending July 9, 2020
General Fund	\$ 12,446.48	\$ 7,790.37	\$ 15,160.61
Debt Service Fund	6,000.00	-0-	-0-
Capital Projects Fund	-0-	-0-	-0-
Total	\$ 18,446.48	\$ 7,790.37	\$ 15,160.61

	Period Ending Aug. 13, 2020	Period Ending Sept 14, 2020	Period Ending Oct 9, 2020
General Fund	\$ 10,150.60	\$ 6,706.40	\$ 5,121.70
Debt Service Fund	-0-	-0-	-0-
Capital Projects Fund	-0-	-0-	-0-
Total	\$ 10,150.60	\$ 6,706.40	\$ 5,121.70

- B. Review and approve payment of claims through the period ending November 13, 2020 (District No. 1), as follows (to be distributed):

General Fund:	\$	
Debt Service Fund:		-0-
Capital Projects Fund:		-0-
Total:	\$	<u><u> </u></u>

- C. Review and accept September 30, 2020 Unaudited Financial Statements and Schedule of Cash Position as of September 30, 2020 for the Districts (enclosures).
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- D. Review and consider ratification of 2019 Audited Financial Statements (enclosure – 2019 Audit) and authorize execution of Representations Letter (District No. 2), and ratify approval and filing of 2019 Application for Exemption from Audit (District 1) (enclsoure-2019 Application for Exemption from Audit).
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- D. Consider engagement of Wipfli LLP to perform the 2020 Audit in an amount not to exceed \$3,500 (District No. 2) (enclosure).
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- E. Consider appointment of the District Accountant to prepare and file 2020 Application for Exemption from Audit (District No. 1).
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- F. Conduct Public Hearings to consider Amendment to 2020 Budgets and consider adoption of Resolutions to Amend the 2020 Budgets and Appropriate Expenditures, if necessary (enclosure-District No. 2).
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- G. Conduct Public Hearing on the proposed 2021 Budget and consider adoption of Resolution to Adopt the 2021 Budget and Appropriate Sums of Money and Resolution Set Mill Levies for General Fund _____, Debt Service Fund _____, and Other Fund(s) _____ for a total mill levy of _____ (enclosures –Preliminary Assessed Valuation, draft 2021 Budget, and Resolution) (District No. 1).
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- H. Conduct Public Hearing on the proposed 2021 Budget and consider adoption of Resolution to Adopt the 2021 Budget and Appropriate Sums of Money and Resolution Set Mill Levies for General Fund _____, Debt Service Fund _____, and Other Fund(s) _____ for a total mill levy of _____ (enclosures –Preliminary Assessed Valuation, draft 2020 Budget, and Resolutions) (District No. 2).
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- I. Discuss and consider adoption of a Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3 (District No. 2) (enclosure).
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- J. Consider authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification forms for certification to the Board of County Commissioners and other interested parties.
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- K. Consider appointment of District Accountant to prepare 2022 Budgets for the Districts.
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III. OPERATIONS & MAINTENANCE MATTERS/ CAPITAL PROJECT MATTERS

A. _____

IV. LEGAL MATTERS

A. Ratify approval of Cost Sharing Agreement (Landscape Improvements) by and among District No. 1, District No. 2, Serenity Ridge Owners Association, Serenity Ridge Condominiums Owners Association, Serenity Ridge Duplex Owners Association and Cherry Hollow Homeowners Association, Inc.

B. Discuss need for updated District boundary maps and legal descriptions.

V. OTHER BUSINESS

A. _____

VI. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2020.**

RECORD OF PROCEEDINGS

MINUTES OF SPECIAL MEETINGS OF THE BOARDS OF DIRECTORS OF THE SERENITY RIDGE METROPOLITAN DISTRICT NOS. 1 AND 2 HELD MAY 8, 2020

Special meetings of the Boards of Directors (the “Boards”) of the Serenity Ridge Metropolitan Districts Nos. 1 and 2 (hereinafter referred to as “District No. 1” and “District No. 2” respectively, and collectively the “Districts”) was duly held on Friday, the 8th day of May, 2020, at 10:00 A.M. Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in person contact, the District meetings were held by conference call without any individuals (neither District representatives nor the general public) attending in person. The meetings were open to the public via conference call.

ATTENDANCE

Directors In Attendance Were:

Richard Frank
Daniel Frank
Marc Cooper

Also In Attendance Were:

David Solin; Special District Management Services, Inc. (“SDMS”)

Megan Becher, Esq.; McGeedy Becher P.C.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Boards discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Boards of Directors and to the Secretary of State. Attorney Becher noted that quorums were present and requested members of the Boards disclose any potential conflicts of interest with regard to any matters scheduled for discussion at the meetings, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute.

ADMINISTRATIVE MATTERS

Agenda: Mr. Solin reviewed with the Board a proposed Agenda for the Districts’ Special Meetings.

Following discussion, upon motion duly made by Director R. Frank, seconded by Director D. Frank and, upon vote, unanimously carried, the Agenda for the Districts’ Special Meetings was approved, as presented.

RECORD OF PROCEEDINGS

Approval of Meeting Location: The Board entered into discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the Districts' Board meeting.

Following discussion, upon motion duly made by Director R. Frank, seconded by Director D. Frank and, upon vote, unanimously carried, the Boards determined that due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in person contact, the District meetings were held by conference call. The Boards further noted that notice of the time, date and conference bridge information was duly posted and that they have not received any objections, or any requests that the means of hosting the meeting be changed by taxpaying electors within the Districts' boundaries.

Minutes: The Boards reviewed the Minutes of the November 15, 2019 Special Meetings.

Following discussion, upon motion duly made by Director Cooper, seconded by Director R. Frank and, upon vote, unanimously carried, the Boards approved the Minutes of the November 15, 2019 Special Meetings, as presented.

Results of May 5, 2020 Regular Elections: Mr. Solin discussed with the Boards the results of the May 5, 2020 Regular Elections for Directors ("Elections"). It was noted that the Elections were cancelled, as permitted by statute because there were not more Candidates than positions available on the Boards and that two vacancies exist on each Board respectively, for three-year terms ending in 2023.

Appointments of Officers: The Boards entered into discussion regarding the appointments of officers.

Following discussion, upon motion duly made and, upon vote, unanimously carried, the following officers were appointed for both Districts:

President	Richard Frank
Treasurer/Assistant Secretary	Daniel Frank
Secretary	David Solin
Assistant Secretary	Marc Cooper

Public Comment: There were no public comments at this time.

FINANCIAL MATTERS

Claims: The Board of District No. 1 considered ratifying the approval of the payment of claims for the periods ending as follows:

RECORD OF PROCEEDINGS

	Period Ending Dec. 17, 2019	Period Ending Jan. 16, 2020	Period Ending Feb. 13, 2020	Period Ending Mar. 16, 2020
General Fund	\$ 12,329.93	\$ 10,880.54	\$ 3,782.57	\$ 10,389.16
Debt Service Fund	-0-	-0-	-0-	-0-
Capital Projects Fund	-0-	-0-	-0-	-0-
Total	\$ 12,329.93	\$ 10,880.54	\$ 3,782.57	\$ 10,389.16

Following discussion, upon motion duly made by Director D. Frank, seconded by Director R. Frank and, upon vote, unanimously carried, the Board of District No. 1 ratified approval of the payment of claims, as presented.

Claims: The Board of District No. 1 then considered approval of the payment of claims for the period ending April, 13, 2020, as follows:

General Fund	\$ 4,570.48
Debt Service Fund	-0-
Capital Projects Fund	-0-
Total Claims:	<u><u>\$ 4,570.48</u></u>

Following discussion, upon motion duly made by Director Cooper, seconded by Director D. Frank and, upon vote, unanimously carried, the Board of District No. 1 approved the payment of claims, as presented.

Unaudited Financial Statements: The Board discussed the District's unaudited financial statements for the period ending March 31, 2020 and Schedules of Cash Position for the period ending March 31, 2020.

Following discussion, upon motion duly made by Director R. Frank, seconded by Director D. Frank and, upon vote, unanimously carried, the Boards accepted the Districts' unaudited financial statements for the period ending March 31, 2020 and Schedules of Cash Position for the period ending March 31, 2020.

2019 Audit (District No. 2): Mr. Solin advised the Boards that the 2019 Audit for District No. 2 is currently underway.

**OPERATION AND
MAINTENANCE
MATTERS**

Service Agreement by and between District No. 1 and Manhard Consulting, Ltd. for Surveying Services: The Board reviewed a Service Agreement by and between District No. 1 and Manhard Consulting, Ltd. for Surveying Services.

Following review and discussion, upon motion duly made by Director D. Frank, seconded by Director Cooper and, upon vote, unanimously carried, the Board ratified approval of the Service Agreement by and between District No. 1 and Manhard Consulting, Ltd. for Surveying Services in the amount of \$3,000.00.

RECORD OF PROCEEDINGS

Service Agreement by and between District No. 1 and Schedio Group LLC for Cost Verification Services: The Board reviewed a Service Agreement by and between District No. 1 and Schedio Group LLC for Cost Verification Services.

Following review and discussion, upon motion duly made by Director D. Frank, seconded by Director Cooper and, upon vote, unanimously carried, the Board ratified approval of the Service Agreement by and between District No. 1 and Schedio Group LLC for Cost Verification Services.

Engineer's Report and Verification of Costs Associated with Public Improvements from Schedio Group LLC: The Board discussed the Engineer's Report and Verification of Costs Associated with Public Improvements from Schedio Group LLC.

Following discussion, upon motion duly made by Director D. Frank, seconded by Director R. Frank and, upon vote, unanimously carried, the Board accepted the Engineer's Report and Verification of Costs Associated with Public Improvements from Schedio Group LLC, subject to final legal review.

Reimbursement to Serenity Investors, LLC and/or Richmond American Homes of Colorado, Inc. pursuant to respective Facilities Funding and Acquisition Agreements by and between the aforementioned entities and District No. 2: The Boards discussed reimbursement to Serenity Investors, LLC and/or Richmond American Homes of Colorado, Inc. pursuant to respective Facilities Funding and Acquisition Agreements by and between the aforementioned entities and District No. 2.

Following discussion, upon motion duly made by Director D. Frank, seconded by Director R. Frank and, upon vote, unanimously carried, the Boards authorized reimbursement to Serenity Investors, LLC and/or Richmond American Homes of Colorado, Inc. pursuant to respective Facilities Funding and Acquisition Agreements by and between the aforementioned entities and District No. 2.

Service Agreement for Underwater Recovery to Spray Cattails by and between District No. 1 and Underwater Recovery Specialists, Inc.: The Board reviewed a Service Agreement for Underwater Recovery to Spray Cattails by and between District No. 1 and Underwater Recovery Specialists, Inc.

Following discussion, upon motion duly made by Director D. Frank, seconded by Director R. Frank and, upon vote, unanimously carried, the Board ratified approval of the Service Agreement for Underwater Recovery Spray of Cattails by and between District No. 1 and Underwater Recovery Specialists, Inc.

RECORD OF PROCEEDINGS

LEGAL MATTERS

Cost Sharing Agreement (Landscape Improvements) by and among District No. 1, District No. 2, Serenity Ridge Owners Association, Serenity Ridge Condominiums Owners Association, Serenity Ridge Duplex Owners Association and Cherry Hollow Homeowners Association, Inc.: The Boards discussed a Cost Sharing Agreement (Landscape Improvements) by and among District No. 1, District No. 2, Serenity Ridge Owners Association, Serenity Ridge Condominiums Owners Association, Serenity Ridge Duplex Owners Association and Cherry Hollow Homeowners Association, Inc.

Following discussion, upon motion duly made by Director D. Frank, seconded by Director R. Frank and, upon vote, unanimously carried, the Board approved the Cost Sharing Agreement (Landscape Improvements) by and among District No. 1, District No. 2, Serenity Ridge Owners Association, Serenity Ridge Condominiums Owners Association, Serenity Ridge Duplex Owners Association and Cherry Hollow Homeowners Association, Inc., contingent upon acceptance of the HOA suggestions, subject to final legal review.

District Boundary Maps and District Public Disclosure Documents: Attorney Becher discussed with the Board the status of the District Boundary Maps and District Public Disclosure Documents. She noted that updated Public Disclosure Documents could be recorded upon receipt of updated boundary maps and legal descriptions.

OTHER BUSINESS

There were no other business matters for discussion at this time.

ADJOURNMENT

There being no further business to come before the Boards at this time, upon motion duly made by Director R. Frank and seconded by Director Cooper, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By _____
Secretary for the Meeting

RESOLUTION NO. 2020-11-____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SERENITY RIDGE METROPOLITAN DISTRICT NO. 1
ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION,
ESTABLISHING DISTRICT WEBSITE AND
DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c)(I), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the public place at which notice of the date, time and location of regular and special meetings ("**Notice of Meeting**") will be physically posted at least 24 hours prior to each meeting ("**Designated Public Place**"). A special district is deemed to have given full and timely notice of a regular or special meeting if it posts its Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

C. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., special districts are relieved of the requirement to post the Notice of Meeting at the Designated Public Place, and are deemed to have given full and timely notice of a public meeting, if a special district posts the Notice of Meeting online at a public website of the special district ("**District Website**") at least 24 hours prior to each regular and special meeting.

D. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., if a special district is unable to post a Notice of Meeting on the District Website at least 24 hours prior to the meeting due to exigent or emergency circumstances, then it must physically post the Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

E. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

F. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Serenity Ridge Metropolitan District No. 1 (the "**District**"), Arapahoe County, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the “**District Board**”) has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District Board for the year 2021 shall be held on _____ at _____, at the offices of Center Communities, LTD. 7400 E. Orchard Rd #290-S, Greenwood Village Co 80111 in Arapahoe County, Colorado.

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each director.

5. That, until circumstances change, and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s) location(s), and any such objections shall be considered by the District Board in setting future meetings.

7. That the District Board authorizes establishment of a District Website, if such District Website does not already exist, in order to provide full and timely notice of regular and special meetings of the District Board online pursuant to the provisions of Section 24-6-402(2)(c)(III), C.R.S.

8. That, if the District has established a District Website, the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to each regular and special meeting pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

9. That, if the District has not yet established a District Website or is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

- (a) On the South side of Arapahoe Road, between Smoky Hill Road and Powhatan Road.

10. Daniel Frank, or his/her designee, is hereby appointed to post the above-referenced notices.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, ESTABLISHING DISTRICT WEBSITE AND DESIGNATING LOCATION FOR 24-HOUR NOTICES]

RESOLUTION APPROVED AND ADOPTED on November 13, 2020.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

By: _____
President

Attest:

Secretary

RESOLUTION NO. 2020-11-____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION,
ESTABLISHING DISTRICT WEBSITE AND
DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c)(I), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the public place at which notice of the date, time and location of regular and special meetings ("**Notice of Meeting**") will be physically posted at least 24 hours prior to each meeting ("**Designated Public Place**"). A special district is deemed to have given full and timely notice of a regular or special meeting if it posts its Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

C. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., special districts are relieved of the requirement to post the Notice of Meeting at the Designated Public Place, and are deemed to have given full and timely notice of a public meeting, if a special district posts the Notice of Meeting online at a public website of the special district ("**District Website**") at least 24 hours prior to each regular and special meeting.

D. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., if a special district is unable to post a Notice of Meeting on the District Website at least 24 hours prior to the meeting due to exigent or emergency circumstances, then it must physically post the Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

E. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

F. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Serenity Ridge Metropolitan District No. 2 (the "**District**"), Arapahoe County, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the “**District Board**”) has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District Board for the year 2021 shall be held on _____ at _____, at the offices of Center Communities, LTD. 7400 E. Orchard Rd #290-S, Greenwood Village Co 80111 in Arapahoe County, Colorado.

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each director.

5. That, until circumstances change, and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s) location(s), and any such objections shall be considered by the District Board in setting future meetings.

7. That the District Board authorizes establishment of a District Website, if such District Website does not already exist, in order to provide full and timely notice of regular and special meetings of the District Board online pursuant to the provisions of Section 24-6-402(2)(c)(III), C.R.S.

8. That, if the District has established a District Website, the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to each regular and special meeting pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

9. That, if the District has not yet established a District Website or is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

- (a) On the South side of Arapahoe Road, between Smoky Hill Road and Powhatan Road.

10. Daniel Frank, or his/her designee, is hereby appointed to post the above-referenced notices.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, ESTABLISHING DISTRICT WEBSITE AND DESIGNATING LOCATION FOR 24-HOUR NOTICES]

RESOLUTION APPROVED AND ADOPTED on November 13, 2020.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

By: _____
President

Attest:

Secretary

Serenity Ridge Metropolitan District No.1
May-20

	<u>General</u>		<u>Debt</u>		<u>Capital</u>		<u>Totals</u>
Disbursements	\$ 12,446.48	\$	6,000.00	\$	-	\$	18,446.48
	\$ -	\$	-	\$	-	\$	-
Total Disbursements from Checking Acct	\$12,446.48		\$6,000.00		\$0.00		\$18,446.48

Report Criteria:
Report type: GL detail

Check No - Date	Payee	Invoice No	GL Account Title	GL Acct	Invoice Amount	Total
5399						
05/11/2020	Designscapes	100368	Detention Pond	1-695	2,199.00	2,199.00
05/11/2020	Designscapes	100847	Detention Pond	1-695	2,199.00	2,199.00
Total 5399:						4,398.00
5400						
05/11/2020	Manhard Consulting, L	52862	Miscellaneous	1-685	3,000.00	3,000.00
Total 5400:						3,000.00
5401						
05/11/2020	McGeady Becher P.C.	1017B 03/20	Legal	1-675	1,160.50	1,160.50
Total 5401:						1,160.50
5402						
05/11/2020	Special Dist Managem	D1 04/20	Accounting	1-612	812.00	812.00
05/11/2020	Special Dist Managem	D1 04/20	Audit	1-615	154.00	154.00
05/11/2020	Special Dist Managem	D1 04/20	Election	1-635	70.00	70.00
05/11/2020	Special Dist Managem	D1 04/20	Management	1-680	1,184.50	1,184.50
05/11/2020	Special Dist Managem	D1 04/20	Miscellaneous	1-685	26.79	26.79
05/11/2020	Special Dist Managem	D1 04/20	Insurance/SDA	1-670	14.00	14.00
05/11/2020	Special Dist Managem	D2 04/20	Audit	1-615	336.00	336.00
05/11/2020	Special Dist Managem	D2 04/20	Election	1-635	42.00	42.00
05/11/2020	Special Dist Managem	D2 04/20	Insurance/SDA	1-670	14.00	14.00
05/11/2020	Special Dist Managem	D2 04/20	Management	1-680	812.00	812.00
05/11/2020	Special Dist Managem	D2 04/20	Miscellaneous	1-685	2.69	2.69
05/11/2020	Special Dist Managem	D2 04/20	Accounting	1-612	420.00	420.00
Total 5402:						3,887.98
5403						
05/11/2020	UMB Bank, N.A.	722333	Paying Agent Fe	2-668	2,500.00	2,500.00
05/11/2020	UMB Bank, N.A.	722334	Paying Agent Fe	2-668	3,500.00	3,500.00
Total 5403:						6,000.00
Grand Totals:						18,446.48

Serenity Ridge Metropolitan District No.1
June-20

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 7,790.37	\$ -	\$ -	\$ 7,790.37
	\$ -	\$ -	\$ -	\$ -
Total Disbursements from Checking Acct	\$7,790.37	\$0.00	\$0.00	\$7,790.37

Report Criteria:
Report type: GL detail

Check No - Date	Payee	Invoice No	GL Account Title	GL Acct	Invoice Amount	Total
<i>Void - Check issued in May - Vendor never received - Reissued as 5407</i>						
5403	06/16/2020 UMB Bank, N.A.	722333	Paying Agent Fe	2-668	2,500.00-	2,500.00-
	06/16/2020 UMB Bank, N.A.	722334	Paying Agent Fe	2-668	3,500.00-	3,500.00-
Total 5403:						6,000.00-
5404	06/16/2020 Designsapes	101580	Detention Pond	1-695	2,199.00	2,199.00
Total 5404:						2,199.00
5405	06/16/2020 McGeady Becher P.C.	1017B 04/20	Legal	1-675	2,669.50	2,669.50
Total 5405:						2,669.50
5406	06/16/2020 Special Dist Managem	D1 05/20	Accounting	1-612	952.00	952.00
	06/16/2020 Special Dist Managem	D1 05/20	Management	1-680	1,274.00	1,274.00
	06/16/2020 Special Dist Managem	D1 05/20	Miscellaneous	1-685	105.42	105.42
	06/16/2020 Special Dist Managem	D2 05/20	Accounting	1-612	196.00	196.00
	06/16/2020 Special Dist Managem	D2 05/20	Management	1-680	347.50	347.50
	06/16/2020 Special Dist Managem	D2 05/20	Miscellaneous	1-685	18.95	18.95
	06/16/2020 Special Dist Managem	D2 05/20	Audit	1-615	28.00	28.00
Total 5406:						2,921.87
5407	<i>Reissued check from void above. ↑</i>					
	06/16/2020 UMB Bank, N.A.	722333	Paying Agent Fe	2-668	2,500.00	2,500.00
	06/16/2020 UMB Bank, N.A.	722334	Paying Agent Fe	2-668	3,500.00	3,500.00
Total 5407:						6,000.00
Grand Totals:						7,790.37

Serenity Ridge Metropolitan District No.1
July-20

	General	Debt	Capital	Totals
Disbursements	\$ 15,160.61	\$ -	\$ -	\$ 15,160.61
	\$ -	\$ -	\$ -	\$ -
Total Disbursements from Checking Acct	\$15,160.61	\$0.00	\$0.00	\$15,160.61

Report Criteria:
Report type: GL detail

Check No - Date	Payee	Invoice No	GL Account Title	GL Acct	Invoice Amount	Total
5408						
07/09/2020	EVO Consulting Servic	1171	Miscellaneous	1-685	4,235.00	4,235.00
07/09/2020	EVO Consulting Servic	1174	Miscellaneous	1-685	2,765.00	2,765.00
Total 5408:						7,000.00
5409						
07/09/2020	McGeady Becher P.C.	1017B 05/20	Legal	1-675	5,862.50	5,862.50
Total 5409:						5,862.50
5410						
07/09/2020	Special Dist Managem	D1 06/2020	Accounting	1-612	672.00	672.00
07/09/2020	Special Dist Managem	D1 06/2020	Audit	1-615	252.00	252.00
07/09/2020	Special Dist Managem	D1 06/2020	Management	1-680	539.50	539.50
07/09/2020	Special Dist Managem	D1 06/2020	Miscellaneous	1-685	45.81	45.81
07/09/2020	Special Dist Managem	D2 06/2020	Accounting	1-612	350.00	350.00
07/09/2020	Special Dist Managem	D2 06/2020	Audit	1-615	350.00	350.00
07/09/2020	Special Dist Managem	D2 06/2020	Management	1-680	84.00	84.00
07/09/2020	Special Dist Managem	D2 06/2020	Miscellaneous	1-685	4.80	4.80
Total 5410:						2,298.11
Grand Totals:						15,160.61

Serenity Ridge Metropolitan District No.1
August-20

	General	Debt	Capital	Totals
Disbursements	\$ 10,150.60	\$ -	\$ -	\$ 10,150.60
	\$ -	\$ -	\$ -	\$ -
Total Disbursements from Checking Acct	\$10,150.60	\$0.00	\$0.00	\$10,150.60

Serenity Ridge Metropolitan District

Aug-20

Vendor	Invoice #	Date	Due Date	Amount	Account Number
Designscapes	102342	7/1/2020	8/13/2020	\$ 2,199.00	1695
Designscapes	102918	8/1/2020	8/13/2020	\$ 2,199.00	1695
McGeady Becher P.C.	1017B 06/2020	6/30/2020	8/13/2020	\$ 875.00	1675
McGeady Becher P.C.	1017B 07/2020	7/31/2020	8/13/2020	\$ 2,565.00	1675
Special Dist Management Srvs	D1 07/2020	7/31/2020	8/13/2020	\$ 140.00	1680
Special Dist Management Srvs	D1 07/2020	7/31/2020	8/13/2020	\$ 1,442.00	1612
Special Dist Management Srvs	D1 07/2020	7/31/2020	8/13/2020	\$ 39.00	1685
Special Dist Management Srvs	D2 07/2020	7/31/2020	8/13/2020	\$ 126.00	1680
Special Dist Management Srvs	D2 07/2020	7/31/2020	8/13/2020	\$ 378.00	1612
Special Dist Management Srvs	D2 07/2020	7/31/2020	8/13/2020	\$ 5.60	1685
Special Dist Management Srvs	D2 07/2020	7/31/2020	8/13/2020	\$ 182.00	1615
				\$ 10,150.60	

Serenity Ridge Metropolitan District No.1
September-20

	General	Debt	Capital	Totals
Disbursements	\$ 6,706.40	\$ -	\$ -	\$ 6,706.40
	\$ -	\$ -	\$ -	\$ -
Total Disbursements from Checking Acct	\$6,706.40	\$0.00	\$0.00	\$6,706.40

Serenity Ridge Metropolitan District

Sep-20

Vendor	Invoice #	Date	Due Date	Amount	Account Number
Designscapes	103557	9/1/2020	9/14/2020	\$ 2,199.00	1695
Special Dist Management Srvs	D1 08/2020	8/31/2020	9/14/2020	\$ 182.00	1680
Special Dist Management Srvs	D1 08/2020	8/31/2020	9/14/2020	\$ 14.00	1670
Special Dist Management Srvs	D1 08/2020	8/31/2020	9/14/2020	\$ 378.00	1612
Special Dist Management Srvs	D1 08/2020	8/31/2020	9/14/2020	\$ 20.80	1685
Special Dist Management Srvs	D2 08/2020	8/31/2020	9/14/2020	\$ 140.00	1680
Special Dist Management Srvs	D2 08/2020	8/31/2020	9/14/2020	\$ 14.00	1670
Special Dist Management Srvs	D2 08/2020	8/31/2020	9/14/2020	\$ 434.00	1612
Special Dist Management Srvs	D2 08/2020	8/31/2020	9/14/2020	\$ 10.60	1685
Special Dist Management Srvs	D2 08/2020	8/31/2020	9/14/2020	\$ 14.00	1615
Wipfli	1665477	7/31/2020	9/14/2020	\$ 3,300.00	1615
				\$ 6,706.40	

Serenity Ridge Metropolitan District No.1
October-20

	General	Debt	Capital	Totals
Disbursements	\$ 5,121.70	\$ -	\$ -	\$ 5,121.70
	\$ -	\$ -	\$ -	\$ -
Total Disbursements from Checking Acct	\$5,121.70	\$0.00	\$0.00	\$5,121.70

Serenity Ridge Metropolitan District No. 1

Oct-20

Vendor	Invoice #	Date	Due Date	Amount	Account Number
CO Special Districts P&L Pool	POL-0004172	9/9/2020	10/9/2020	\$ 450.00	1143
CO Special Districts P&L Pool	POL-0004171	9/9/2020	10/9/2020	\$ 450.00	1143
Designscapes	104218	10/1/2020	10/9/2020	\$ 2,199.00	1695
McGeady Becher P.C.	1017B 08/2020	8/31/2020	10/9/2020	\$ 1,074.50	1675
Special Dist Management Srvs	D1 09/2020	9/30/2020	10/9/2020	\$ 168.00	1680
Special Dist Management Srvs	D1 09/2020	9/30/2020	10/9/2020	\$ 42.00	1670
Special Dist Management Srvs	D1 09/2020	9/30/2020	10/9/2020	\$ 322.00	1612
Special Dist Management Srvs	D1 09/2020	9/30/2020	10/9/2020	\$ 4.60	1685
Special Dist Management Srvs	D2 09/2020	9/30/2020	10/9/2020	\$ 84.00	1680
Special Dist Management Srvs	D2 09/2020	9/30/2020	10/9/2020	\$ 42.00	1670
Special Dist Management Srvs	D2 09/2020	9/30/2020	10/9/2020	\$ 252.00	1612
Special Dist Management Srvs	D2 09/2020	9/30/2020	10/9/2020	\$ 0.60	1685
Wipfli	1665477 FC	8/31/2020	10/9/2020	\$ 33.00	1615
				\$ 5,121.70	

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1
Schedule of Cash Position
September 30, 2020

	<u>Operating</u>
Checking:	
Cash in Bank-Independent Bank	\$ 6,870.63
TOTAL FUNDS:	<u>\$ 6,870.63</u>

Board of Directors

- * Richard A. Frank
- * Marc Cooper
- * Daniel Frank

* Authorized signer on the Checking Account

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

FINANCIAL STATEMENTS

September 30, 2020

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1
Combined Balance Sheet - All Fund Types and Account Groups
September 30, 2020

	<u>GENERAL</u>	<u>FIXED ASSETS</u>	<u>TOTAL</u>
Assets			
Cash in Bank-Independent Bank	\$ 6,871	\$ -	\$ 6,871
Total Current Assets	<u>6,871</u>	<u>-</u>	<u>6,871</u>
Fixed Assets			
Fixed Assets	-	7,857,375	7,857,375
Total Fixed Assets	<u>-</u>	<u>7,857,375</u>	<u>7,857,375</u>
Total Assets	<u>\$ 6,871</u>	<u>\$ 7,857,375</u>	<u>\$ 7,864,246</u>
Liabilities			
Due to Serenity MD #2	\$ 38,208	\$ -	\$ 38,208
Total Liabilities	<u>38,208</u>	<u>-</u>	<u>38,208</u>
Fund Balance			
Investment in Fixed Assets	-	7,857,375	7,857,375
Fund Balance	(41,482)	-	(41,482)
Current Year Earnings	10,144		10,144
Total Fund Balances	<u>(31,337)</u>	<u>7,857,375</u>	<u>7,826,038</u>
Total Liabilities and Fund Balance	<u>\$ 6,871</u>	<u>\$ 7,857,375</u>	<u>\$ 7,864,246</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 9 Months Ending,
September 30, 2020
General Fund

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Developer Advance	\$ -	\$ -	\$ -	\$ -	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Audit	4,098	6,338	500	(5,838)	1267.6%
Accounting	3,654	8,022	-	(8,022)	-
Election	-	860	1,500	640	57.4%
Insurance/SDA Dues	28	6,794	7,500	707	90.6%
Legal	9,303	21,249	15,500	(5,749)	137.1%
Management	1,212	7,373	20,500	13,127	36.0%
Miscellaneous	7,240	10,526	1,000	(9,526)	1052.6%
Detention Pond Mtce	6,597	13,194	25,000	11,806	52.8%
Contingency	-	-	220,000	220,000	0.0%
Maintenance Reserve	-	-	3,555	3,555	0.0%
	<u>32,131</u>	<u>74,356</u>	<u>295,055</u>	<u>220,699</u>	<u>25.2%</u>
Excess (Deficiency) of Revenues Over Expenditures	(32,131)	(74,356)	(295,055)	220,699	25.2%
Other Financing Sources (Uses)					
Transfer from District No. 2	32,700	84,500	300,000	(215,500)	28.2%
Emergency Reserve	-	-	(9,000)	9,000	0.0%
Total Other Financing Sources (Uses)	<u>32,700</u>	<u>84,500</u>	<u>291,000</u>	<u>(206,500)</u>	<u>29.0%</u>
Change in Fund Balance	569	10,144	(4,055)	14,199	
Beginning Fund Balance	(31,906)	(41,482)	10,733	(52,215)	
Ending Fund Balance	<u>\$ (31,337)</u>	<u>\$ (31,337)</u>	<u>\$ 6,678</u>	<u>\$ (38,015)</u>	

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
Schedule of Cash Position
September 30, 2020

	<u>Rate</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Investments:					
Cash in Bank-ColoTrust	0.2364%	\$ 252,078.31	\$ 1,027,096.05	\$ -	\$ 1,279,174.36
Trustee:					
UMB 2018A Unrestricted Project		-	-	90,393.94	90,393.94
UMB 2018B Unrestricted Project		-	-	633.98	633.98
UMB-Surplus Fund		-	576,925.75	-	576,925.75
UMB 2018A Reserve Fund		-	1,184,981.79	-	1,184,981.79
GO 2018A Senior Bond Fund		-	9,599.78	-	9,599.78
TOTAL FUNDS:		<u>\$ 252,078.31</u>	<u>\$ 2,798,603.37</u>	<u>\$ 91,027.92</u>	<u>\$ 3,141,709.60</u>

2020 Mill Levy Information

Certified General Fund Mill Levy	7.659
Certified Debt Service Fund Mill Levy	<u>43.341</u>
Total Certified Mill Levy	<u>51.000</u>

Board of Directors

- * Richard Frank
- Daniel Frank
- * Marc Cooper

* Authorized signer on the Checking Account

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

FINANCIAL STATEMENTS

September 30, 2020

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 2020

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>LONG-TERM DEBT</u>	<u>TOTAL</u>
Assets					
Cash in Bank-ColoTrust	\$ 252,078	\$ 1,027,096	\$ -	\$ -	\$ 1,279,174
UMB 2018A Unrestricted Project	-	-	90,394	-	90,394
UMB 2018B Unrestricted Project	-	-	634	-	634
UMB 2018A Reserve Fund	-	1,184,982	-	-	1,184,982
UMB-Surplus Fund	-	576,926	-	-	576,926
GO 2018A Senior Bond Fund	-	9,600	-	-	9,600
Property Taxes Receivable	6,149	34,794	-	-	40,943
Receivable District No. 1	37,100	1,108	-	-	38,208
Total Current Assets	<u>295,328</u>	<u>2,834,505</u>	<u>91,028</u>	<u>-</u>	<u>3,220,861</u>
Other Debits					
Amount in Debt Service Fund	-	-	-	2,799,711	2,799,711
Amount to be Provided for Debt	-	-	-	13,808,690	13,808,690
Total Other Debits	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,608,401</u>	<u>16,608,401</u>
Total Assets	<u>\$ 295,328</u>	<u>\$ 2,834,505</u>	<u>\$ 91,028</u>	<u>\$ 16,608,401</u>	<u>\$ 19,829,262</u>
Liabilities					
2018A Refunding and Imp Bonds	\$ -	\$ -	\$ -	\$ 14,575,000	\$ 14,575,000
2018A Original Issue Premium	-	-	-	127,401	127,401
2018B GO Limited Tax Bonds	-	-	-	1,906,000	1,906,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,608,401</u>	<u>16,608,401</u>
Deferred Inflows of Resources					
Deferred Property Taxes	6,149	34,794	-	-	40,943
Total Deferred Inflows of Resources	<u>6,149</u>	<u>34,794</u>	<u>-</u>	<u>-</u>	<u>40,943</u>
Fund Balance					
Fund Balance	182,360	2,035,733	3,522,067	-	5,740,159
Current Year Earnings	106,818	763,979	(3,431,039)	-	(2,560,242)
Total Fund Balances	<u>289,178</u>	<u>2,799,711</u>	<u>91,028</u>	<u>-</u>	<u>3,179,918</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 295,328</u>	<u>\$ 2,834,505</u>	<u>\$ 91,028</u>	<u>\$ 16,608,401</u>	<u>\$ 19,829,262</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 9 Months Ending,
September 30, 2020
General Fund

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Property Tax Revenue	\$ 86,385	\$ 189,945	\$ 199,316	\$ (9,371)	95.3%
Specific Ownership Taxes	3,997	9,238	10,000	(762)	92.4%
Interest Income	259	988	150	838	658.4%
Total Revenues	<u>90,642</u>	<u>200,171</u>	<u>209,466</u>	<u>(9,295)</u>	<u>95.6%</u>
Expenditures					
Treasurer's Fees	1,296	2,852	2,990	138	95.4%
Emergency Reserve	-	-	6,284	6,284	0.0%
Total Expenditures	<u>1,296</u>	<u>2,852</u>	<u>9,274</u>	<u>6,422</u>	<u>30.8%</u>
Excess (Deficiency) of Revenues Over Expenditures	89,345	197,318	200,192	(2,874)	
Other Financing Sources (Uses)					
Transfer to District No. 1	(32,700)	(90,500)	(300,000)	209,500	
Total Other Financing Sources (Uses)	<u>(32,700)</u>	<u>(90,500)</u>	<u>(300,000)</u>	<u>209,500</u>	
Change in Fund Balance	56,645	106,818	(99,808)	206,626	
Beginning Fund Balance	232,533	182,360	167,095	15,265	
Ending Fund Balance	<u>\$ 289,178</u>	<u>\$ 289,178</u>	<u>\$ 67,287</u>	<u>\$ 221,891</u>	

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 9 Months Ending,
September 30, 2020
Debt Service Fund

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Property Tax Revenue	\$ 488,841	\$ 1,077,909	\$ 1,127,893	\$ (49,984)	95.6%
Specific Ownership Taxes	22,619	52,274	67,674	(15,400)	77.2%
Interest Income	2,346	14,304	-	14,304	-
Total Revenues	<u>513,806</u>	<u>1,144,487</u>	<u>1,195,567</u>	<u>(51,080)</u>	<u>95.7%</u>
Expenditures					
Bond Principal	-	-	150,000	150,000	0.0%
Bond Interest	-	363,103	726,207	363,104	50.0%
Audit	-	-	6,500	6,500	0.0%
Paying Agent Fees	59	7,265	5,000	(2,265)	145.3%
Miscellaneous	-	-	2,500	2,500	-
Treasurer's Fees	7,336	16,140	16,918	778	95.4%
Total Expenditures	<u>7,395</u>	<u>386,508</u>	<u>907,125</u>	<u>520,617</u>	<u>42.6%</u>
Excess (Deficiency) of Revenues Over Expenditures	506,411	757,979	288,442	469,537	
Other Financing Sources (Uses)					
Transfer from District No. 1	-	6,000	-	(6,000)	
Total Transfers and Other Sources (Uses)	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>	
Change in Fund Balance	506,411	763,979	288,442	463,537	
Beginning Fund Balance	2,293,300	2,035,733	2,000,806	34,927	
Ending Fund Balance	<u>\$ 2,799,711</u>	<u>\$ 2,799,711</u>	<u>\$ 2,289,248</u>	<u>\$ 498,463</u>	

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the 9 Months Ending,
September 30, 2020

	<u>Period Actual</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>	<u>% of Budget</u>
Revenues					
Interest Income	\$ 71	\$ 20,273	\$ 130,000	\$ (109,727)	15.6%
Total Revenues	<u>71</u>	<u>20,273</u>	<u>130,000</u>	<u>(109,727)</u>	<u>15.6%</u>
Expenditures					
Miscellaneous	3	2,412	-	(2,412)	-
Developer Reimbursement	-	3,448,900	-	(3,448,900)	-
Total Expenditures	<u>3</u>	<u>3,451,312</u>	<u>-</u>	<u>(3,451,312)</u>	<u>0.0%</u>
Excess (Deficiency) of Revenues Over Expenditures	68	(3,431,039)	130,000	(3,561,039)	
Beginning Fund Balance	90,960	3,522,067	6,224,795	(2,702,728)	
Ending Fund Balance	<u>\$ 91,028</u>	<u>\$ 91,028</u>	<u>\$ 6,354,795</u>	<u>\$ (6,263,767)</u>	

Serenity Ridge Metropolitan District No. 2

Year Ended December 31, 2019
with
Independent Auditor's Report

Serenity Ridge Metropolitan District No. 2

Year Ended December 31, 2019
(See Independent Auditor's Report)

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Independent Auditor's Report

Board of Directors
Serenity Ridge Metropolitan District No. 2
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Serenity Ridge Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Serenity Ridge Metropolitan District No. 2 as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

July 28, 2020
Lakewood, Colorado

Serenity Ridge Metropolitan District No. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 137,337	\$ -	\$ -	\$ 137,337	\$ -	\$ 137,337
Cash and investments - restricted	6,600	2,028,388	3,522,067	5,557,055	-	5,557,055
Receivable - county treasurer	1,323	6,237	-	7,560	-	7,560
Property taxes receivable	199,316	1,127,893	-	1,327,209	-	1,327,209
Accounts receivable	37,100	1,108	-	38,208	-	38,208
Capital assets, construction in progress	-	-	-	-	2,732,361	2,732,361
Total Assets	<u>\$ 381,676</u>	<u>\$3,163,626</u>	<u>\$3,522,067</u>	<u>\$7,067,369</u>	<u>\$ 2,732,361</u>	<u>\$ 9,799,730</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	51,355	51,355
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,355</u>	<u>51,355</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 381,676</u>	<u>\$3,163,626</u>	<u>\$3,522,067</u>	<u>\$7,067,369</u>		
LIABILITIES						
Accrued interest	\$ -	\$ -	\$ -	\$ -	60,517	60,517
Long-term liabilities:						
Due in one year	-	-	-	-	150,000	150,000
Due in more than one year	-	-	-	-	16,630,554	16,630,554
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,841,071</u>	<u>16,841,071</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	199,316	1,127,893	-	1,327,209	-	1,327,209
Total Deferred Inflows of Resources	<u>199,316</u>	<u>1,127,893</u>	<u>-</u>	<u>1,327,209</u>	<u>-</u>	<u>1,327,209</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	6,600	-	-	6,600	(6,600)	-
Debt service	-	2,035,733	-	2,035,733	(2,035,733)	-
Capital projects	-	-	3,522,067	3,522,067	(3,522,067)	-
Unassigned	175,760	-	-	175,760	(175,760)	-
Total Fund Balances	<u>182,360</u>	<u>2,035,733</u>	<u>3,522,067</u>	<u>5,740,160</u>	<u>(5,740,160)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 381,676</u>	<u>\$3,163,626</u>	<u>\$3,522,067</u>	<u>\$7,067,369</u>		
Net Position:						
Restricted for:						
Emergencies					6,600	6,600
Debt service					2,035,733	2,035,733
Capital projects					3,522,067	3,522,067
Unrestricted					<u>(13,881,595)</u>	<u>(13,881,595)</u>
Total Net Position					<u>\$ (8,317,195)</u>	<u>\$ (8,317,195)</u>

The notes to the financial statements are an integral part of these statements.

Serenity Ridge Metropolitan District No. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Miscellaneous expenses	\$ 2,085	\$ -	\$ -	\$ 2,085	\$ -	\$ 2,085
Treasurer's fees	3,023	14,307	-	17,330	-	17,330
Bond principal	-	85,000	-	85,000	(85,000)	-
Bond interest	-	730,031	-	730,031	138,676	868,707
Paying agent fees	-	6,000	-	6,000	-	6,000
Capital improvements	-	-	2,732,361	2,732,361	(2,732,361)	-
Depreciation	-	-	-	-	-	-
Transfer to District No. 1	<u>34,600</u>	<u>-</u>	<u>31,518</u>	<u>66,118</u>	<u>-</u>	<u>66,118</u>
Total Expenditures	<u>39,708</u>	<u>835,338</u>	<u>2,763,879</u>	<u>3,638,925</u>	<u>(2,678,685)</u>	<u>960,240</u>
 GENERAL REVENUES						
Property taxes	201,475	953,649	-	1,155,124	-	1,155,124
Specific ownership taxes	15,836	74,677	-	90,513	-	90,513
Interest income	<u>379</u>	<u>49,152</u>	<u>119,598</u>	<u>169,129</u>	<u>-</u>	<u>169,129</u>
Total General Revenues	<u>217,690</u>	<u>1,077,478</u>	<u>119,598</u>	<u>1,414,766</u>	<u>-</u>	<u>1,414,766</u>
 NET CHANGES IN FUND BALANCES	 177,982	 242,140	 (2,644,281)	 (2,224,159)	 2,678,685	
 CHANGE IN NET POSITION					 454,526	 454,526
 FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>4,378</u>	<u>1,793,593</u>	<u>6,166,348</u>	<u>7,964,319</u>	<u>(16,736,040)</u>	<u>(8,771,721)</u>
END OF YEAR	<u>\$ 182,360</u>	<u>\$ 2,035,733</u>	<u>\$ 3,522,067</u>	<u>\$ 5,740,160</u>	<u>\$(13,602,829)</u>	<u>\$ (8,317,195)</u>

The notes to the financial statements are an integral part of these statements.

Serenity Ridge Metropolitan District No. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	Original / Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 201,997	\$ 201,475	\$ (522)
Specific ownership taxes	10,000	15,836	5,836
Interest income	<u>60</u>	<u>379</u>	<u>319</u>
Total Revenues	<u>212,057</u>	<u>217,690</u>	<u>5,633</u>
EXPENDITURES			
Transfer to District No. 1	200,693	34,600	166,093
Miscellaneous expenses	-	2,085	(2,085)
Treasurer's fees	3,030	3,023	7
Emergency reserve	<u>6,362</u>	<u>-</u>	<u>6,362</u>
Total Expenditures	<u>210,085</u>	<u>39,708</u>	<u>170,377</u>
NET CHANGE IN FUND BALANCE	1,972	177,982	176,010
FUND BALANCE:			
BEGINNING OF YEAR	<u>3,027</u>	<u>4,378</u>	<u>1,351</u>
END OF YEAR	<u>\$ 4,999</u>	<u>\$ 182,360</u>	<u>\$ 177,361</u>

The notes to the financial statements are an integral part of these statements.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE 1 – DEFINITION OF REPORTING ENTITY

Definition of Reporting Entity

Serenity Ridge Metropolitan District No. 2 (the “District” or “District No. 2”), a quasi-municipal corporation, was organized on February 2, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in Arapahoe County, Colorado. The District was created in conjunction with Serenity Ridge Metropolitan District No. 1 (“District No. 1” and, together with District No. 2, the “Districts”) as part of a common plan to serve the needs of the Serenity Ridge development.

Pursuant to the Districts’ Consolidated Service Plan approved by the City Council of the City of Aurora, Colorado on August 4, 2003 (“Service Plan”), the Districts intend to provide in a cooperative manner, certain essential public-purpose services and facilities for the use and benefit of their property owners, inhabitants and taxpayers, all in accordance with the laws of the State of Colorado. The types of services and facilities that the Districts have the power to provide include water, streets, traffic and safety controls, parks, open space and recreation, sanitary sewer, and drainage and storm water improvements. (See Note 5, Acquisition Agreement).

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

The District follows the Governmental Accounting Standards Boards (“GASB”) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 – Special Purpose Governments.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used for the acquisition and construction of capital equipment and facilities.

Fund Balances

The District follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The District has amended its annual budget for the year ended December 31, 2019.

Cash

The District follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District entered into the Letter Agreement Reimbursement for On-Site Improvements and Off-Site Improvements as described in Note 6. Construction in progress is reflected on District's financial statements until they are conveyed to the City of Aurora upon completion.

Property Taxes

Property taxes are levied by the District 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 assess the property tax obligation of 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 at the taxpayer's election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Restricted Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$6,600 of the General Fund balance has been restricted in compliance with this requirement.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 are classified in the accompanying financial statement as follows:

Statement of net position:	
Cash and investments - unrestricted	\$ 137,337
Cash and investments - restricted	<u>5,557,055</u>
	<u>\$ 5,694,392</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2019 consist of the following:

Investments	<u>\$ 5,694,392</u>
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Deposits

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

While the District does not have a formal policy for deposits, as of December 31, 2019, none of the District's deposits were exposed to custodial credit risk.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include COLOTRUST funds which are recorded at net asset value.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Colorado State statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds`
- Guaranteed investment contracts
- * Local government investment pools

Custodial And Concentration Of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2019 the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST PLUS+	Weighted average Under 60 days	<u>\$ 5,694,392</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

**NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

As of December 31, 2019 the District had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for COLOTRUST portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for COLOTRUST investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. As of December 31, 2019, the District has \$5,694,392 invested in COLOTRUST PLUS+. COLOTRUST is rated AAAM by Standard & Poors. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 is as follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ -	\$ 2,732,361	\$ -	\$ 2,732,361
Government type assets, net	\$ -	\$ 2,732,361	\$ -	\$ 2,732,361

Upon completion and acceptance, the fixed assets will be conveyed by the District to other local governments.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

**NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 5 – LONG TERM DEBT

General Obligation Refunding & Improvement Bonds, Series 2018A and 2018B

Series 2018A Senior Term Bonds

On February 16, 2018, the District issued \$14,655,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding & Improvement Bonds, Series 2018A (2018A Bonds), with interest rates and due dates as follows:

\$2,790,000	4.500% Senior Term Bond due December 1, 2018 – December 1, 2028
\$5,140,000	5.125% Senior Term Bond due December 1, 2029 – December 1, 2037
\$6,725,000	5.125% Senior Term Bond due December 1, 2038 – December 1, 2043

Interest is payable semi-annually on June 1 and December 1 each year commencing June 1, 2018.

The 2018A Bonds are limited tax (convertible to unlimited tax) general obligations of the District secured by the senior Pledged Revenue, consisting of the funds derived by the District from the following sources, net of any costs of collection: (i) the Senior Required Mill Levy, (ii) the Capital Fees, (iii) the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (iv) any other legally available funds the District determines to transfer for application as Senior Pledged Revenue. The District has covenanted to levy an ad valorem mill levy upon all taxable property of the District in an amount sufficient to pay the principal of and interest on the Bonds as the same become due and payable, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Required Reserve, but not in excess of 51.000 mills less the amount of the Operations Mill Levy, and for so long as the Senior Surplus Fund is less than the Maximum Surplus Amount, not less than 51.000 mills less the amount of the Operations Mill Levy. The Senior Required Reserve Fund which is required to be \$1,182,331 had a balance of \$1,187,026 at December 31, 2019. The Senior Surplus Fund also secures the payment of the 2018A Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Surplus Fund up to the maximum amount of \$1,465,500. At December 31, 2019, the Senior Surplus Fund totaled \$573,337.

The 2018A Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2023, and on any date thereafter, upon payment of par and accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2023 to November 30, 2024	3.00%
December 1, 2024 to November 30, 2025	2.00%
December 1, 2025 to November 30, 2026	1.00%
December 1, 2026 and thereafter	0.00%

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 – LONG TERM DEBT (CONTINUED)

The 2018A Bonds maturing on December 1, 2028 are also subject to mandatory sinking fund redemption, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and amounts set forth below:

<u>Year of Redemption</u>	<u>Redemption Amount</u>
2020	\$ 150,000
2021	205,000
2022	260,000
2023	270,000
2024	305,000
2025	315,000
2026	350,000
2027	365,000
2028	405,000
	<hr/>
	\$ 2,625,000
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The 2018A Bonds maturing on December 1, 2037 are also subject to mandatory sinking fund redemption, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and amounts set forth below:

<u>Year of Redemption</u>	<u>Redemption Amount</u>
2029	\$ 420,000
2030	465,000
2031	485,000
2032	535,000
2033	560,000
2034	610,000
2035	640,000
2036	695,000
2037 (*)	730,000
	<hr/>
	\$ 5,140,000
	<hr/> <hr/>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 – LONG TERM DEBT (CONTINUED)

The 2018A Bonds maturing on December 1, 2043 are also subject to mandatory sinking fund redemption, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and amounts set forth below:

<u>Year of Redemption</u>	<u>Redemption Amount</u>
2038	\$ 790,000
2039	830,000
2040	900,000
2041	940,000
2042	1,015,000
2043 (*)	2,250,000
	<u><u>\$ 6,725,000</u></u>

(*) Final maturity. Not a sinking fund redemption.

Series 2018B Subordinate Term Bond

On February 16, 2018, the District issued \$1,906,000 Subordinate General Obligation Limited Tax Bonds, Series 2018B (“2018B Bonds”) with an interest rate of 7.250%. The 2018B Bonds are limited tax general obligations of the District secured by and payable from the Subordinate Pledged Revenue consisting of funds derived by the District from the following sources, net of any costs of collection: (i) the Subordinate Required Mill Levy; (ii) the Subordinate Capital Fee Revenue; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; (iv) the amounts, if any, in the Senior Surplus Fund after the termination of such fund pursuant to the Senior Indenture; and (v) any other legally available funds which the District determines to transfer as Subordinate Pledged Revenue.

The 2018B Bonds are structured as “cash-flow” bonds, meaning that there are no scheduled principal payments prior to the final maturity date. Rather, principal on the 2018B Bonds is payable from, and solely to the extent of, Subordinate Pledged Revenue, if any, remaining after the annual payment of interest due on the 2018B Bonds. Interest is payable on December 15 each year to the extent of Subordinate Pledged Revenue available therefor, commencing December 15, 2018. To the extent interest is not paid when due, such interest is to compound at the rate of 7.250% on each interest payment date.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

**NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 5 – LONG TERM DEBT (CONTINUED)

The 2018B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 15, 2023, and on any date thereafter, upon payment of par plus accrued interest thereon and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2023 to December 14, 2024	3.00%
December 15, 2024 to December 14, 2025	2.00%
December 15, 2025 to December 14, 2026	1.00%
December 15, 2026 and thereafter	0.00%

The following is an analysis of changes in long-term obligations for the year ended December 31, 2019:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2019</u>	<u>Portion</u>
2018A GO Refunding & Improvement Bonds	\$ 14,575,000	\$ -	\$ 85,000	\$ 14,490,000	\$ 150,000
2018B Subordinate GO Bonds	1,906,000	-	-	1,906,000	-
2018B Accrued and Unpaid Interest	-	262,461	-	262,461	-
2018A GO Bond Premium	127,401	-	5,308	122,093	-
	<u>\$ 16,608,401</u>	<u>\$ 262,461</u>	<u>\$ 90,308</u>	<u>\$ 16,780,554</u>	<u>\$ 150,000</u>

As of December 31, 2019, \$3,193,503 of the Service Plan Debt Authorization remains.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of the annual long-term debt principal and interest requirements for the 2018A bonds:

	2018A Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 150,000	\$ 726,207	\$ 876,207
2021	205,000	719,456	924,456
2022	260,000	710,231	970,231
2023	270,000	698,531	968,531
2024	305,000	686,382	991,382
2025-2029	1,855,000	3,208,256	5,063,256
2030-2034	2,655,000	2,679,350	5,334,350
2035-2039	3,685,000	1,899,069	5,584,069
2040-2043	5,105,000	759,781	5,864,781
	<u>\$ 14,490,000</u>	<u>\$ 12,087,263</u>	<u>\$ 26,577,263</u>

NOTE 6 – AGREEMENTS

Acquisition Agreement

District No. 1 and Neumann Homes of Colorado, LLC (the “Developer”) entered into an Improvement Acquisition Agreement dated March 24, 2004 (the “Acquisition Agreement”) whereby the Developer agreed to design and construct certain improvements (the “Improvements”) for the benefit of District No. 1 and the development in anticipation of District No. 1 later acquiring such Improvements from the Developer. In exchange, District No. 1 agreed to pay the Developer for those costs associated with the design and construction of the Improvements, pursuant to the terms of the Acquisition Agreement. As of December 31, 2019, District No. 1 had not acquired any Improvements from the Developer under the Acquisition Agreement.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE 6 – AGREEMENTS (CONTINUED)

District Facilities Construction and Service Agreement

On April 21, 2004, the District and District No. 1 entered into a District Facilities Construction and Service Agreement (“District Facilities Agreement”). The District Facilities Agreement designates District No. 1 as the “Operating District”, and the District as the “Taxing District.” The District Facilities Agreement, as well as the Service Plan provides that the Operating District will own, (subject to transfers to other governmental entities) operate, maintain and construct the facilities benefiting both Districts and that the Taxing District will pay all costs related to the construction, operation and maintenance of such facilities through the imposition of taxes and facility fees which will be transferred to the Operating District on an ongoing basis.

On February 5, 2018, the District and District No. 1 entered into a First Amendment to District Facilities Construction and Service Agreement to recognize the issuance of the District’s 2018A Bonds and 2018B Bonds and to authorize the District to transfer the proceeds of the 2018A Bonds and 2018B Bonds in accordance with the provisions of the On-Site FFAA (as defined below) and the Off-Site FFAA (as defined below).

Off-Site Facilities Funding and Acquisition Agreement

On February 16, 2018, the District and Richmond American Homes of Colorado, Inc. (“Richmond”) entered into an Off-Site Facilities Funding and Acquisition Agreement (the “Off-Site FFAA”) whereby Richmond agreed to construct the Off-Site Improvements (as defined therein) and convey the same to the District or other appropriate jurisdiction and the District agrees to reimburse Richmond for its construction costs relative to the Off-Site Improvements up the maximum amount of \$3,500,000 from the proceeds of the 2018A Bonds and 2018B Bonds. The obligation of the District under the Off-Site FFAA is a multi-fiscal year obligation of the District. The obligation of the District to acquire and pay for the Off-Site Improvements expires on February 16, 2021.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE 6 – AGREEMENTS (CONTINUED)

On-Site Facilities Funding and Acquisition Agreement

On February 16, 2018, the District and Serenity Investors, LLC (“Serenity Investors”) entered into an On-Site Facilities Funding and Acquisition Agreement (the “On-Site FFAA”) whereby the District agreed to reimburse Serenity Investors for the costs associated with the construction of the On-Site Improvements (as defined therein) constructed by Richmond and conveyed to the District or other appropriate jurisdiction, as such reimbursement rights were assigned by Richmond to Serenity pursuant to a purchase and sale agreement. The District is to reimburse Serenity Investors from the proceeds of the Series 2018A Bonds and the Series 2018B Bonds, subject to Richmond being fully reimbursed pursuant to the terms of the Off-Site FFAA. If the proceeds of the 2018A and 2018B Bonds are insufficient to reimburse Serenity Investors for the costs associated with the On-Site Improvements, the parties agreed that no payments are required of the District unless and until the District issues bonds in an amount sufficient to reimburse Serenity Investors for all or a portion of the unpaid construction costs associated with the On-Site Improvements. Interest will accrue on the construction costs from the date incurred at the rate of 8% per annum. The obligation of the District to acquire and pay for the On-Site Improvements expires on December 31, 2058.

Letter Agreement Regarding Reimbursement for On-Site Improvements and Off-Site Improvements

On October 14, 2019, the District provided that certain Letter Agreement from the District to Serenity Investors and Richmond regarding reimbursement allocation for on-site and off-site improvements (“Letter Agreement”). In this Letter Agreement, the District acknowledges the amount of \$2,732,361 has been certified as District eligible costs reimbursable to Serenity Investors, pursuant to the terms of the On-Site FFAA and Off-Site FFAA (the “Reimbursement Amount”). Pursuant to the Letter Agreement, Serenity Investors and Richmond agree and acknowledge that the \$1,954,342 certified as incurred for On-Site improvements was reimbursable to Serenity Investors (“On-Site Reimbursement”), and the \$778,019 incurred for Off-Site Improvements was reimbursable to Richmond (“Off-Site Reimbursement”). Consistent with the terms of the Off-Site FFAA, the District acknowledged it placed \$3,500,000 of proceeds from the Series 2018A and Series 2018B Bonds in escrow to pay for construction and acquisition of the Off-Site improvements. The Parties acknowledged that pursuant to the On-Site FFAA, the District will not utilize, and Serenity Investors is not entitled to, any portion of these funds held in escrow until it is released in accordance to the terms of the Off-Site FFAA. Due to the timing of construction, Richmond agreed that Serenity Investors may be paid their On-Site Reimbursement in the amount of \$1,954,342, prior to the amount held in escrow for Off-Site Reimbursement being fully released, provided the amount remaining in escrow is at least \$3,500,000 less \$778,019 (the amount of Off-Site Reimbursement set forth in the Letter Agreement).

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 – RELATED PARTY

During 2019, a majority of the District’s board members were officers, employees or consultants of landowners within the District.

NOTE 8 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Bonds and interest payable	\$ 16,780,554
----------------------------	---------------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Interest expense	\$ (138,676)
Principal repayment	\$ (85,000)

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (“Pool”) as of December 31, 2019. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official’s liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 9 – RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property and public officials liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 – TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (“TABOR”) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District management believes that it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

At the November 4, 2003 election, voters of the District approved an election question allowing the District to exceed the revenue and spending limitations of TABOR.

NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated events from December 31, 2019 through the date the financial statements were issued and determined there are no subsequent events requiring disclosure.

SUPPLEMENTAL INFORMATION

Serenity Ridge Metropolitan District No. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2019

	Original / Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 952,532	\$ 953,649	\$ 1,117
Specific ownership taxes	57,152	74,677	17,525
Interest income	<u>10,000</u>	<u>49,152</u>	<u>39,152</u>
Total Revenues	<u>1,019,684</u>	<u>1,077,478</u>	<u>57,794</u>
EXPENDITURES			
Bond principal	85,000	85,000	-
Bond interest	730,031	730,031	-
Audit	6,500	-	6,500
Paying agent fees	5,000	6,000	(1,000)
Miscellaneous expenses	-	-	-
Treasurer's fees	<u>14,288</u>	<u>14,307</u>	<u>(19)</u>
Total Expenditures	<u>840,819</u>	<u>835,338</u>	<u>5,481</u>
NET CHANGE IN FUND BALANCE	178,865	242,140	63,275
FUND BALANCE:			
BEGINNING OF YEAR	<u>1,745,153</u>	<u>1,793,593</u>	<u>48,440</u>
END OF YEAR	<u>\$ 1,924,018</u>	<u>\$ 2,035,733</u>	<u>\$ 111,715</u>

The notes to the financial statements are an integral part of these statements.

Serenity Ridge Metropolitan District No. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2019

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Interest income	\$ 120,000	\$ 120,000	\$ 119,598	\$ (402)
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>119,598</u>	<u>(402)</u>
EXPENDITURES				
Capital improvements	50,000	2,800,000	2,732,361	67,639
Transfer to District No. 1	<u>-</u>	<u>-</u>	<u>31,518</u>	<u>(31,518)</u>
Total Expenditures	<u>50,000</u>	<u>2,800,000</u>	<u>2,763,879</u>	<u>36,121</u>
NET CHANGE IN FUND BALANCE	70,000	(2,680,000)	(2,644,281)	35,719
FUND BALANCE:				
BEGINNING OF YEAR	<u>6,148,092</u>	<u>6,148,092</u>	<u>6,166,348</u>	<u>18,256</u>
END OF YEAR	<u>\$ 6,218,092</u>	<u>\$ 3,468,092</u>	<u>\$ 3,522,067</u>	<u>\$ 53,975</u>

The notes to the financial statements are an integral part of these statements.

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

IF EITHER REVENUES OR EXPENDITURES EXCEED \$100,000, USE THE LONG FORM.

Under the Local Government Audit Law (Section 29-1-601, et seq., C.R.S.) any local government may apply for an exemption from audit if neither revenues nor expenditures exceed \$750,000 in the year.

EXEMPTIONS FROM AUDIT ARE NOT AUTOMATIC

To qualify for exemption from audit, a local government must complete an Application for Exemption from Audit EACH YEAR and submit it to the Office of the State Auditor (OSA).

Any preparer of an Application for Exemption from Audit-SHORT FORM must be a person skilled in governmental accounting.

Approval for an exemption from audit is granted only upon the review by the OSA.

READ ALL INSTRUCTIONS BEFORE COMPLETING AND SUBMITTING THIS FORM

ALL APPLICATIONS MUST BE FILED WITH THE OSA WITHIN 3 MONTHS AFTER THE ACCOUNTING YEAR-END.

FOR EXAMPLE, APPLICATIONS MUST BE RECEIVED BY THE OSA ON OR BEFORE MARCH 31 FOR GOVERNMENTS WITH A DECEMBER 31 YEAR-END.

GOVERNMENTAL ACTIVITY SHOULD BE REPORTED ON THE MODIFIED ACCRUAL BASIS
PROPRIETARY ACTIVITY SHOULD BE REPORTED ON A BUDGETARY BASIS

POSTMARK DATES WILL NOT BE ACCEPTED AS PROOF OF SUBMISSION ON OR BEFORE THE STATUTORY DEADLINE

PRIOR YEAR FORMS ARE OBSOLETE AND WILL NOT BE ACCEPTED. FOR YOUR REFERENCE, COLORADO REVISED STATUTES CAN BE FOUND AT:

APPLICATIONS SUBMITTED ON FORMS OTHER THAN THOSE PRESCRIBED BY THE OSA WILL NOT BE ACCEPTED.

<http://www.lexisnexis.com/hottopics/Colorado/>

APPLICATIONS MUST BE FULLY AND ACCURATELY COMPLETED.

CHECKLIST

- Has the preparer signed the application?
- Has the entity corrected all Prior Year Deficiencies as communicated by the OSA?
- Has the application been PERSONALLY reviewed and approved by the governing body?
- Did you include any relevant explanations for unusual items in the appropriate spaces at the end of each section?
- Will this application be submitted via Fax or Email?
 - If yes, have you read and understand the new Electronic Signature Policy? See new policy -> [here](#)
- or--
 - If yes, have you included a resolution?
 - Does the resolution state that the governing body PERSONALLY reviewed and approved the resolution in an open public meeting?
 - Has the resolution been signed by a MAJORITY of the governing body? (See sample resolution.)
- Will this application be submitted via a mail service? (e.g. US Post Office, FedEx, UPS, courier.)
 - If yes, does the application include ORIGINAL INK SIGNATURES from the MAJORITY of the governing body?

FILING METHODS

NEW METHOD! Register and submit your Applications at our new portal!

WEB PORTAL: <https://apps.leg.co.gov/osa/lq>

MAIL: Office of the State Auditor
Local Government Audit Division
1525 Sherman St., 7th Floor
Denver, CO 80203

FAX: 303-869-3061

EMAIL: osa.lg@state.co.us

QUESTIONS? 303-869-3000

IMPORTANT!

All Applications for Exemption from Audit are subject to review and approval by the Office of the State Auditor.

Governmental Activity should be reported on the Modified Accrual Basis

Proprietary Activity should be reported on the Cash or Budgetary Basis

Failure to file an application or denial of the request could cause the local government to lose its exemption from audit for that year and the ensuing year.

In that event, AN AUDIT SHALL BE REQUIRED.

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT
ADDRESS

Serenity Ridge Metropolitan District No. 1
c/o Special District Management Services, Inc.
141 Union Blvd., Suite 150
Lakewood, CO 80228-1898
David Solin
303-987-8035
dsolin@sdmsi.com

For the Year Ended
12/31/19
or fiscal year ended:

CONTACT PERSON
PHONE
EMAIL
FAX

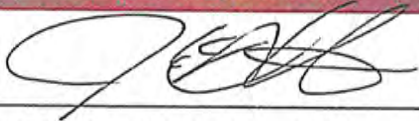
PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:
TITLE
FIRM NAME (if applicable)
ADDRESS
PHONE
DATE PREPARED

James H. Ruthven
Director of Finance
Special District Management Services, Inc.
141 Union Blvd., Suite 150, Lakewood, CO 80228-1898
303-987-0835
2/26/2020

PREPARER (SIGNATURE REQUIRED)



Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)

PROPRIETARY
(CASH OR BUDGETARY BASIS)



PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	Please use this space to provide any necessary explanations
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ 18,073	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 18,073	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ 23,174	Please use this space to provide any necessary explanations
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ 6,331	
3-7	Accounting and legal fees	\$ 29,468	
3-8	Repair and maintenance	\$ 17,120	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Culture and recreation	\$ -	
3-15	Utility operations	\$ -	
3-16	Capital outlay	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 76,093	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

	Yes	No		
4-1 Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">The outstanding debt consists of Developer advances for which there is no repayment schedule.</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">n/a</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ 217,817	\$ 18,073	\$ -	\$ 235,890
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 217,817	\$ 18,073	\$ -	\$ 235,890

*must tie to prior year ending balance

	Yes	No
4-5 Does the entity have any authorized, but unissued, debt? If yes: How much? Date the debt was authorized:	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-6 Does the entity intend to issue debt within the next calendar year? If yes: How much?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-7 Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-8 Does the entity have any lease agreements? If yes: What is being leased? What is the original date of the lease? Number of years of lease? Is the lease subject to annual appropriation? What are the annual lease payments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

	Amount	Total
5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ 4,362	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ 4,362
Investments (if investment is a mutual fund, please list underlying investments):		
5-3	\$ -	
	\$ -	
	\$ -	
Total Investments		\$ -
Total Cash and Investments		\$ 4,362

Please answer the following questions by marking in the appropriate boxes

	Yes	No	N/A
5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets?
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.? If no, MUST explain:

6-3 Complete the following capital assets table:

	Balance - Beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ 7,857,375	\$ -	\$ -	\$ 7,857,375
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 7,857,375	\$ -	\$ -	\$ 7,857,375

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firemen's pension plan?
- 7-2 Does the entity have a volunteer firemen's pension plan?

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.?

- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:

If yes: Please indicate the amount budgeted for each fund for the year reported:

Fund Name	Budgeted Expenditures/Expenses
General Fund	\$ 189,576

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box.

- | | | Yes | No |
|------------|--|-------------------------------------|--------------------------|
| 9-1 | Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <small>Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.</small> | | |

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

- | | | Yes | No |
|-------------|---|-------------------------------------|-------------------------------------|
| 10-1 | Is this application for a newly formed governmental entity? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes: | Date of formation: <input style="width: 400px;" type="text"/> | | |
| 10-2 | Has the entity changed its name in the past or current year? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes: | Please list the NEW name & PRIOR name:
<input style="width: 550px;" type="text"/> | | |
| 10-3 | Is the entity a metropolitan district? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Please indicate what services the entity provides:
See below
<input style="width: 550px;" type="text"/> | | |
| 10-4 | Does the entity have an agreement with another government to provide services? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| If yes: | List the name of the other governmental entity and the services provided:
See below
<input style="width: 550px;" type="text"/> | | |
| 10-5 | Has the district filed a <i>Title 32, Article 1 Special District Notice of Inactive Status</i> during | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes: | Date Filed: <input style="width: 400px;" type="text"/> | | |
| 10-6 | Does the entity have a certified Mill Levy? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes: | Please provide the following <u>mills</u> levied for the year reported (do not report \$ amounts): | | |

Bond Redemption mills	-
General/Other mills	-
Total mills	-

Please use this space to provide any explanations or comments:

10-3 Pursuant to a Consolidated Service Plan with Serenity Ridge Metropolitan District No. 2, the Districts intend to provide essential public-purpose services and facilities for the use and benefit of their property owners, inhabitants and taxpayers. The types of services and facilities that the Districts have the power to provide include water, streets, traffic and safety controls, parks, open space and recreation, sanitary sewer, and drainage and stormwater improvements. 10-4 The District has entered into a Facilities Construction and Service Agreement with Serenity Ridge Metropolitan District No. 2. The agreement provides that District No. 1, the Operating District, will own, operate, maintain and construct the facilities benefiting both Districts. The Taxing District, District No. 2, will pay all costs related to construction, operations and maintenance of such facilities through the imposition of taxes and fees which will be transferred to District No. 1.

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, or
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below.

A MAJORITY of the members of the governing body must complete and sign in the column below.

Board Member 1	Print Board Member's Name	I <u>Richard A. Frank</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>[Signature]</u> Date: <u>3-5-20</u> My term Expires: <u>May 2022</u>
Board Member 2	Print Board Member's Name <u>Daniel Frank</u>	I <u>Daniel Frank</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>[Signature]</u> Date: <u>3/5/20</u> My term Expires: <u>May 2022</u>
Board Member 3	Print Board Member's Name <u>Marc Cooper</u>	I <u>Marc Cooper</u> , attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>[Signature]</u> Date: <u>3/10/2020</u> My term Expires: <u>May 2020</u>
Board Member 4	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 5	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 6	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7	Print Board Member's Name	I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____

EXAMPLE - DO NOT FILL OUT THIS PAGE

This sample resolution/ordinance for exemption from audit is provided as an example of the documentation that is required. The wording may be used as a basis for your own local government document, if needed; however you MUST draft your own ordinance or resolution making any changes where applicable. Legal counsel should be consulted regarding any questions.

RESOLUTION/ORDINANCE FOR EXEMPTION FROM AUDIT

(Pursuant to Section 29-1-604, C.R.S.)

A RESOLUTION/ORDINANCE APPROVING AN EXEMPTION FROM AUDIT FOR FISCAL YEAR 20XX FOR THE (name of government), STATE OF COLORADO.

WHEREAS, the (governing body) of (name of government) wishes to claim exemption from the audit requirements of Section 29-1-603, C.R.S.; and

WHEREAS, Section 29-1-604, C.R.S., states that any local government where neither revenues nor expenditures exceed seven hundred and fifty thousand dollars may, with the approval of the State Auditor, be exempt from the provision of Section 29-1-603, C.R.S.; and

[Choose 1 or 2 below, whichever is applicable]

(1) WHEREAS, neither revenue nor expenditures for (name of government) exceeded \$100,000 for Fiscal Year 20XX; and

WHEREAS, an application for exemption from audit for (name of government) has been prepared by (name of individual), a person skilled in governmental accounting; and

OR

(2) WHEREAS, neither revenues nor expenditures for (name of government) exceeded \$750,000 for Fiscal Year 20XX; and

WHEREAS, an application for exemption from audit for (name of government) has been prepared by (name of individual or firm), an independent accountant with knowledge of governmental accounting; and

WHEREAS, said application for exemption from audit has been completed in accordance with regulations, issued by the State Auditor.

NOW THEREFORE, be it resolved/ordained by the (governing body) of the (name of government) that the application for exemption from audit for (name of government) for the Fiscal Year ended _____, 20XX, has been personally reviewed and is hereby approved by a majority of the (governing body) of the (name of government); that those members of the (governing body) have signified their approval by signing below; and that this resolution shall be attached to, and shall become a part of, the application for exemption from audit of the (name of government) for the fiscal year ended _____, 20XX.

ADOPTED THIS ___ day of _____, A.D. 20XX.

EXAMPLE - DO NOT FILL OUT THIS PAGE

Mayor/President/Chairman, etc.

ATTEST:

Town Clerk, Secretary, etc.

Type or Print Names of
Members of Governing Body

Date
Term
Expires:

Signature

November 9, 2020

Serenity Ridge Metropolitan District No. 2
c/o Special District Management Services, Inc.
141 Union Blvd., Suite 150
Lakewood, CO 80228

We are pleased to serve as the independent auditors for Serenity Ridge Metropolitan District No. 2 (“Client”) for the year ended December 31, 2020. This letter, together with the attached Terms and Conditions – Attest Engagements, confirms the terms of our engagement.

We will audit Client’s financial statements, the related notes to the financial statements, and, if applicable, supplementary information.

Fees

Our fees for this engagement will be billed as work progresses, and progress billings may be submitted. Based upon our discussions with representatives of Client, the fee for this engagement will be \$3500. Expenses for items such as travel, telephone, postage, clerical time, printing, and reproduction of financial statements are included in the fee. Our fee has been determined based on our understanding obtained through discussions with you regarding your preparation for the engagement and your current business operations. To the extent we encounter circumstances outside of our expectations that warrant additional procedures and time, we will communicate that fact and advise you of options and the additional fees necessary to complete the engagement. We expect payment of our billings within 30 days after submission.

Audit Objective

The objective of our audit is the expression of an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (“GAAP”). Our audit will be conducted in accordance with auditing standards generally accepted in the United States (“GAAS”) and will include tests of Client’s accounting records and other procedures we consider necessary to enable us to express such an opinion.

We cannot perform management functions or make management decisions on behalf of Client. However, we may provide advice and recommendations to assist management in performing its functions and fulfilling its responsibilities. We may advise management about appropriate accounting principles and their application, but the responsibility for the financial statements remains with management.

Audit Procedures, Limitations, and Independence

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our audit will include obtaining an understanding of Client and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements, and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and you internal control related matters that are required to be communicated under professional standards.

Because of the inherent limitations of an audit combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there exists an unavoidable risk that some material misstatements may exist and not be detected even though our audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of law or government regulations that do not have a direct and material effect on the financial statements. However, we will inform Client management and you of any material errors that come to our attention and any fraud, material or not, that comes to our attention. We will also inform Client management and you of any violations of law or government regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

The supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with GAAS, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

We will issue a written report upon completion of our audit of Client's financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with Client management and you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Professional and certain regulatory standards require us to be independent in both fact and appearance. Any discussions that you have with Wipfli personnel regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional and regulatory standards require us to maintain certain respective roles and relationships with you with respect to any nonattest services we may be asked to perform. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

Responsibilities of Management

Management is responsible for the financial statements, the related notes to financial statement and, if applicable, the supplementary information, and underlying financial records and for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with GAAP. Management is also responsible for making all financial records and related information available to us, for the accuracy and completeness of that information, and for providing us with (a) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, (b) additional information that we may request for the purpose of the audit, and (c) unrestricted access to persons within Client from whom we determine it necessary to obtain audit evidence.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the preparation of the supplementary information in conformity with GAAP. Management agrees to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting Client involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting Client received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that Client complies with applicable laws and regulations.

As required by GAAS, at the close of the audit we will request from management certain written confirmation concerning oral and written representations made to us in connection with the audit in order to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding.

Because of the importance of management's representations to an effective audit, Client agrees to release and indemnify Wipfli LLP, its partners, employees, agents, and assigns from any liability, cost, or expense relating to our services under this Letter attributable to any knowing misrepresentation by management. The preceding sentence shall not apply and shall be of no effect in the event its application, in the judgment of any government body or regulatory agency, would impair our independence as your auditor.

If Client intends to reproduce or publish these financial statements or any portion thereof, whether in paper or electronic form, subsequent to anticipated year-end filings, and make reference to our firm name in connection therewith, management agrees to provide us with proofs in sufficient time for our review and written approval before printing. If in our professional judgment the circumstances require, we may withhold our approval. Client agrees to compensate Wipfli for the time associated with such review.

Client acknowledges and agrees that any advice, recommendations, information, or work product provided to Client by Wipfli in connection with this engagement is for the sole use of Client and may not be relied upon by any third party. Wipfli has no liability or responsibility to any third parties as a result of this engagement.

Management Assistance

Assistance to be supplied by Client personnel, including the preparation of schedules and analysis of accounts, will be discussed with management. Timely completion of this work will facilitate the completion of our engagement.

Other Services

We may prepare (or assist in preparing) Client financial statements in conformity with GAAP based on information provided by management, but the responsibility for the financial statements remains with management.

Management is responsible for assuming all management responsibilities and for overseeing these services by designating an individual, preferably within senior management, with suitable skill, knowledge, and/or experience. Management is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for them.

Illegal Aliens: We certify that Wipfli LLP shall comply with the provisions of C.R.S. 8-17.5-101, et seq.

- A. *Employment or Contracting with Illegal Aliens.* We certify that Wipfli LLP does not knowingly employ or contract with an illegal alien to perform work under this engagement letter, or will enter into a contract with a subcontractor that fails to certify to Wipfli LLP that such subcontractor does not knowingly employ or contract with an illegal alien to perform work under this engagement letter.
- B. *Verification Regarding Illegal Aliens.* We certify that Wipfli LLP has verified the employment eligibility of all employees who are newly hired for employment, to perform the work under this engagement letter, through participation in either the Electronic Employment Verification Program, or Employment Verification Program which is established pursuant to Section 8-17.5-102 (5)(c), C.R.S., (collectively referred to as "Verification Programs").
- C. *Limitation Regarding Verification Programs.* We agree that Wipfli LLP will use the Verification Programs to undertake pre-employment screening of job applicants while performing professional services on behalf of the District.
- D. *Duty to Terminate Subcontractor:* If Wipfli LLP obtains actual knowledge that a subcontractor performing work pursuant to this engagement letter knowingly employs or contracts with an illegal alien, Wipfli LLP shall:

(i) notify the subcontractor and the District within three (3) days that Wipfli LLP has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(ii) terminate the subcontract with the subcontractor if, within three (3) days of receiving notice required pursuant to C.R.S. 8-17.5-102(2)(b)(III)(A) that Wipfli LLP has actual knowledge that the subcontractor is employing or contracting with an illegal alien, the subcontractor does not stop employing or contracting with the illegal alien.

Wipfli LLP shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

- E. *Duty to Comply with Investigation.* Wipfli LLP shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation that the Colorado Department of Labor and Employment is undertaking pursuant to the authority established by C.R.S. 8-17.5-102(5).
- F. *Notification.* The District shall notify the office of the Colorado Secretary of State if Wipfli LLP violates a provision of C.R.S. 8-17.5-102(2), and the District terminates the engagement for such breach. The District will notify the Colorado Secretary of State if a court made such a determination.
- G. *Participation in Employment Verification Program.* Wipfli LLP shall notify the District of its participation in the Employment Verification Program and shall comply with the requirements of C.R.S § 8-17.5-102(5)(c).

Other

Greg Livin will be your audit engagement partner.

If the above terms are acceptable to you and the services outlined are in accordance with your requirements, please return a signed copy of this Letter to us.

We look forward to our continued association with you and management and appreciate the opportunity to serve you. Please do not hesitate to call us if you have any questions about the work we are to perform or any other aspect of the services we can provide.



Wipfli LLP

Serenity Ridge Metropolitan District No. 2

Page 6

November 9, 2020

ACCEPTED: SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

By: _____

(Print Name and Title)

Date: _____

GL

Enc.

Revision Date (02/24/20)

I:\2021\A&A Department\Metro Districts\MD Engagement Letter - w proposed CO special district language.docx

Wipfli LLP
Engagement Letter
Terms and Conditions – Attest Engagements

1. Entire Agreement

These Terms and Conditions, together with the engagement letter (“Engagement Letter”) to which these Terms and Conditions are attached, and the Engagement Letter’s other appendixes, if any, constitute the entire agreement between the parties on the subject matter thereof and supersede and merge all prior proposals (including prior proposals of Wipfli regarding the engagement), understandings, and agreements (oral or written) between the parties relating to the subject matter, including, without limitation, the terms of any request for proposal issued to Client or the standard printed terms on any purchase order issued by Client. No modification, amendment, supplement to, or waiver of these Terms and Conditions or Engagement Letter shall be binding upon the parties unless made in writing and duly signed by both parties. To the greatest extent reasonably possible, the provisions of the Engagement Letter, its Appendixes (including these Terms and Conditions), and any other exhibit, attachment, schedule, or other document referenced in or by the Engagement Letter shall be read together and harmonized to give effect to the parties’ intent. In the event of a direct conflict between the Terms and Conditions and the provisions of an Engagement Letter issued by Wipfli, the Engagement Letter will apply.

2. Commencement and Term

An Engagement Letter shall become effective when signed by duly authorized representatives of both parties and shall remain in full force and effect until the services to be delivered under the Engagement Letter are complete (as reasonably determined by Wipfli) unless earlier terminated by either party as provided in the Engagement Letter or these Terms and Conditions. Each person executing an Engagement Letter on behalf of a party represents and warrants to the other that he or she has all power and authority to bind the party on whose behalf he or she is executing same.

3. Fee Estimates and Change Orders

Wipfli’s Engagement Letter may set forth certain ranges for Wipfli’s fees charged on any project or work. Wipfli provides fee estimates as an accommodation to Client. Unless otherwise indicated in the Engagement Letter, fee estimates shall not be construed as or deemed to be a minimum or maximum fee quotation. Although Wipfli reasonably believes suggested fee ranges are accurate, Wipfli’s actual fees may vary from its fee estimates.

If, during the course of Wipfli’s engagement, Wipfli determines that more work will be required than initially estimated, Wipfli will discuss, as soon as possible, the reasons with Client. Work that falls outside the agreed-upon scope of Wipfli’s engagement shall be covered by a Change Order. Service completion times are estimated and subject to change. Where applicable, all such estimates assume that Client’s hardware platform/computer system will, at the commencement of the services, be fully operable as intended and designed, functioning as necessary and available to Wipfli without material restriction for the duration of the services. Such estimates also include necessary and reasonable cooperation from client personnel.

Unless otherwise agreed in the Engagement Letter, miscellaneous expenses incurred by Wipfli in the course of performing the services will be charged in addition to Wipfli’s professional fees. Miscellaneous expenses may include, but are not limited to: travel, lodging, transportation, and meals for projects requiring travel; clerical processing; telecommunications charges; delivery expenses; and all sales, use, ad valorem, excise, or other taxes or other governmental charges.

4. Fees

Unless otherwise agreed, all invoices are due and payable within thirty (30) days of the invoice date. All business or commercial accounts will be charged interest at the lesser of one percent (1%) per month or the maximum rate permitted by law, except where prohibited by law, on Client’s balance due to Wipfli that is outstanding over thirty (30) days. At our discretion, work may be suspended if Client’s account becomes overdue and will not be resumed until Client’s account is paid in full. Client acknowledges and agrees that we are not required to continue work in the event of a failure to pay on a timely basis for services rendered as required. Client further acknowledges and agrees that in the event Wipfli stops work or withdraws from this engagement as a result of

Client’s failure to pay on a timely basis for services rendered as required by this Engagement Letter, Wipfli will not be liable to Client for any damages that occur as a result of our ceasing to render services.

In the event Client requests us to, or we are required to, respond to a subpoena, court order, government regulatory inquiries, or other legal process against Client or management for the production of documents and/or testimony relative to information Wipfli obtained and/or prepared during the course of this or any prior engagements, Client agrees to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs that we incur.

5. Independent Contractor

The relationship between Wipfli and Client is solely and exclusively that of independently contracting parties.

6. Non-Exclusivity

No right of exclusivity is granted, guaranteed, or implied by Wipfli and Client entering into any Engagement Letter. Client acknowledges that Wipfli regularly performs the same or similar services as are being provided hereunder to third parties.

7. Privacy and Engagement Staffing

Wipfli expressly reserves the right to replace, in its sole discretion upon notice to Client, any of our professional project team members, as necessary, to provide quality and timely service to Client. From time to time, and depending upon circumstances, Wipfli may use third-party service providers, such as independent contractors, specialists, or vendors to assist us in providing professional services, including tax services. We may also use personnel from affiliates of Wipfli and other Wipfli-related entities (including our wholly-owned Indian subsidiary and contractors in the Philippines) or any of their respective affiliates. These entities and their personnel may be located within or outside the United States. In addition, Wipfli may utilize third-party service providers, including cloud-based service providers, who may collect, use, transfer, transmit, store, or otherwise process Client information in connection with the delivery of certain services. Wipfli is committed to maintaining the confidentiality and security of Client’s information, and accordingly, Wipfli maintains policies, procedures and safeguards to protect the confidentiality of Client information. In addition, our agreements with all service providers appropriately maintain and protect the confidentiality of Client information, provided we may use electronic media to transmit Client information and such use in itself will not constitute a breach of any confidentiality obligation. We remain responsible to Client for the supervision of all service providers, entities, and personnel who assist us in rendering professional services hereunder and for protecting the confidentiality of Client information. Client hereby consents and authorizes us to disclose Client information to the foregoing entities and parties for the purpose of providing professional services, including tax services, to Client.

Wipfli is committed to protecting personal information that can be linked to specific individuals, including health information (“Personal Data”) and will maintain such Personal Data in confidence in accordance with professional standards and governing laws. Client will not provide any Personal Data to Wipfli unless necessary to perform professional services described in the engagement letter. When providing any Personal Data to us, Client will comply with all applicable laws (both foreign and domestic) and will anonymize, mask, obfuscate, and/or de-identify, if reasonably possible, all Personal Data that is not necessary to perform the professional services described in the engagement letter. Any Personal Data provided to us by Client will be kept confidential and not disclosed to any third party not described above (parties providing us assistance in rendering professional services) unless expressly permitted by Client or required by law, regulation, legal process, or professional standards. Client is responsible for obtaining, pursuant to law or regulation, consents from parties that provided Client with their personal information, which will be obtained, used, and disclosed by Wipfli for its required purposes.

For additional information related to client personal information, please see Wipfli’s Privacy Statement located at www.wipfli.com/privacy-statement.

Wipfli LLP
Engagement Letter
Terms and Conditions – Attest Engagements

8. Wipfli Owners

Some persons who own an interest in Wipfli may not be licensed as Certified Public Accountants and may provide services related to this engagement.

9. Intellectual Property Rights

Client acknowledges that Wipfli owns all intellectual property rights, title, and interest to all information provided or developed throughout the duration of this engagement. Any use of this material, other than for the stated purposes in this Engagement Letter, is not authorized. In addition, Client shall not alter or remove any of Wipfli's trademarks, copyright registration marks, patent, or other intellectual property notices applicable to any of Wipfli's goods, marketing material, or advertising media, and shall not in any way alter any of Wipfli's products. Client shall promptly notify Wipfli in writing of any infringement of Wipfli's intellectual property by third parties of which Client becomes aware. Neither party shall acquire any right, title, or interest in or to the other party's code, data, business processes, or other information to which such party may have access during the term of the engagement hereunder. All such code, data, business process and other information shall be solely and exclusively the property of the originating party.

10. Governing Law

All agreements between Wipfli and Client for any service shall be governed by and construed in accordance with the internal laws of the state in which the Wipfli office which issues the Engagement Letter related to the services is located.

11. Severability

In the event that any term or provision of the Engagement Letter or these Terms and Conditions shall be held to be invalid, void, or unenforceable, then the remainder shall not be affected and each remaining term or condition shall be valid and enforceable to the fullest extent permitted by law.

12. Record Retention

We will retain records related to this engagement pursuant to our record retention policy. At the end of the relevant time period, we will destroy our records related to this engagement. However, original records will be returned to Client upon the completion of the engagement. When records are returned, it is Client's responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

13. Termination

An Engagement Letter may be terminated as follows: (i) by either party immediately upon written notice to the other if either party hereto becomes the subject of voluntary or involuntary bankruptcy or other insolvency proceeding, (ii) by Wipfli or Client if either party defaults in the performance of any of its covenants and agreements set forth in an Engagement Letter (except when such default is due to a cause beyond the control of the party) and such default is not cured within thirty (30) days after notice from either party specifying the nature of such default, and (iii) by Wipfli or Client with or without cause upon providing thirty (30) days written notice. Termination of an Engagement Letter shall have no effect on either party's obligation to pay any amount due and owing with respect to such periods prior to the effective date of such termination.

Wipfli has the right to withdraw from this engagement, at our discretion, if Client does not provide us with the information we request in a timely manner, refuses to cooperate with our reasonable requests, or misrepresents any facts. Our withdrawal will release us from any obligation to complete the engagement and will constitute completion of our engagement. Client agrees to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

14. Assignment

The Engagement Letter to which these Terms and Conditions are attached shall be binding on the parties hereto and their respective successors and assigns. Neither party may assign this Engagement Letter without prior written consent of the other, except that Wipfli may assign its rights and obligations under this Engagement Letter without the approval of Client to an entity that acquires all or substantially all of the assets of Wipfli or to any subsidiary or affiliate or successor in a merger, acquisition, or change of control of Wipfli; provided that in no event shall such assignment relieve Wipfli of its obligations under this Engagement Letter.

RESOLUTION TO AMEND 2020 BUDGET
SERENTY RIDGE METROPOLITAN DISTRICT NO. 2

WHEREAS, the Board of Directors of the Serenity Ridge Metropolitan District No. 2 adopted an amended budget and appropriated funds for the fiscal year 2020 as follows:

General Fund	\$	309,274
Debt Service Fund	\$	907,125
Capital Projects Fund	\$	-0-

WHEREAS, the necessity has arisen for additional expenditures in the Debt Service Fund and Capital Projects Fund requiring the unanticipated expenditure of funds in excess of those appropriated for the fiscal year 2020; and

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures in the Debt Service Fund from interest income; and

WHEREAS, funds are available for such expenditures in the Capital Projects Fund from beginning fund balance and interest income.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Serenity Ridge Metropolitan District No. 2 shall and hereby does amend the amended Budget for the fiscal year 2020 and adopts a supplemental budget and appropriation for the Debt Service Fund and Capital Projects Fund for the fiscal year 2020, as follows:

Debt Service Fund	\$	910,000
Capital Projects Fund	\$	3,452,000

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the proper funds for the purposes stated.

DATED this 13th day of November, 2020.

SERENTY RIDGE METROPOLITAN DISTRICT
NO. 2

By: _____
Secretary

CERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity YES NO

Date: October 8, 2020

NAME OF TAX ENTITY: SERENITY RIDGE MTR DIS #1

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2020:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$		639,970
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$		790,846
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$		0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$		790,846
5. NEW CONSTRUCTION: *	5.	\$		128,437
6. INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	\$		0
7. ANNEXATIONS/INCLUSIONS:	7.	\$		16,490
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	\$		0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): ☉	9.	\$		0
10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A), C.R.S.). Includes all revenue collected on valuation not previously certified:	10.	\$		0
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):	11.	\$		0

- ‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec 20(8)(b), Colo. Constitution
- * New construction is defined as: Taxable real property structures and the personal property connected with the structure.
- ≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.
- ☉ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART X, SEC.20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2020:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$		10,630,119
ADDITIONS TO TAXABLE REAL PROPERTY				
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$		1,796,313
3. ANNEXATIONS/INCLUSIONS:	3.	\$		56,862
4. INCREASED MINING PRODUCTION: §	4.	\$		0
5. PREVIOUSLY EXEMPT PROPERTY:	5.	\$		0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$		0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.):	7.	\$		0

DELETIONS FROM TAXABLE REAL PROPERTY

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	\$		0
9. DISCONNECTIONS/EXCLUSIONS:	9.	\$		0
10. PREVIOUSLY TAXABLE PROPERTY:	10.	\$		0

- ¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.
- * Construction is defined as newly constructed taxable real property structures.
- § Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY	1.	\$		0
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NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.



PK Kaiser, MBA, MS

Assessor

October 8, 2020

AUTH 4545 SERENITY RIDGE MTR DIS #1
SPECIAL DISTRICT MANAGEMENT
SERVICES INC
C/O DAVID SOLIN
141 UNION BLVD SUITE 150
LAKEWOOD CO 80228-1898

OFFICE OF THE ASSESSOR
5334 S. Prince Street
Littleton, CO 80120-1136
Phone: 303-795-4600
TDD: Relay-711
Fax: 303-797-1295
[HTTP://www.arapahoegov.com/assessor](http://www.arapahoegov.com/assessor)
assessor@arapahoegov.com

Code # 4545

CERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2020 of:

\$790,846

The breakdown of the taxable valuation of your property is enclosed.

As further required by CRS 39-5-128(1), you are hereby notified to officially certify your levy to the Board of County Commissioners no later than December 15.

CRS 39-1-111(5) requires that this office transmit a notification by December 10 of any changes to valuation made after the original certification.

PK Kaiser, MBA, MS
Arapahoe County Assessor

enc

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1
Assessed Value, Property Tax and Mill Levy Information

	2019 Actual	2020 Adopted Budget	2021 Preliminary Budget
Assessed Valuation	\$ 162,303	\$ 639,970	\$ 790,846
Mill Levy			
General Fund	-	-	-
Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Total Mill Levy	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> - <hr/>
Property Taxes			
General Fund	\$ -	\$ -	\$ -
Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Actual/Budgeted Property Taxes	<hr/> \$ - <hr/>	<hr/> \$ - <hr/>	<hr/> \$ - <hr/>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

**GENERAL FUND
2021 Preliminary Budget
with 2019 Actual, 2020 Budget, and 2020 Estimated**

	2019 Actual	01/20-09/20 YTD Actual	2020 Budget	2020 Estimated	2021 Preliminary Budget
BEGINNING FUND BALANCE	\$ (4,876)	\$ (41,481)	10,733	\$ (41,481)	\$ 4,321
REVENUE					
Miscellaneous Income	-	-	-	-	-
Developer Advance	18,073	-	-	-	-
Transfer from District No. 2	34,600	84,500	300,000	130,000	300,000
Total Revenue	52,673	84,500	300,000	130,000	300,000
Total Funds Available	47,797	43,019	310,733	88,519	304,321
EXPENDITURES					
Audit	4,042	6,338	500	6,338	7,500
Accounting	2,170	8,022	-	10,000	10,000
Election	42	860	1,500	860	-
Insurance/SDA Dues	6,331	6,794	7,500	7,500	7,500
Legal	28,747	21,249	15,500	27,500	15,500
Management	23,092	7,373	20,500	17,000	20,000
Miscellaneous	7,734	10,526	1,000	1,000	1,000
Detention Pond Mtce	17,120	13,194	25,000	14,000	15,000
Developer Advance Reimbursement	-	-	-	-	-
HOA Cost Sharing	-	-	-	-	-
Contingency	-	-	220,000	-	210,000
Maintenance Reserve	-	-	3,555	-	3,555
Total Expenditures	89,278	74,356	295,055	84,198	290,055
Transfers and Other Uses					
Emergency Reserve	-	-	9,000	-	9,000
Total Transfers and Other Uses	-	-	9,000	-	9,000
Total Expenditures Requiring Appropriation	89,278	74,356	304,055	84,198	299,055
ENDING FUND BALANCE	\$ (41,481)	\$ (31,337)	\$ 6,678	\$ 4,321	\$ 5,266

RESOLUTION NO. 2020 – 11 - ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SERENITY RIDGE METROPOLITAN DISTRICT NO. 1
TO ADOPT THE 2021 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Serenity Ridge Metropolitan District No. 1 (“District”) has appointed the District Accountant to prepare and submit a proposed 2021 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2020, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 13, 2020, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Serenity Ridge Metropolitan District No. 1:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Serenity Ridge Metropolitan District No. 1 for the 2021 fiscal year.
2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 13th day of November, 2020.

Secretary

(SEAL)

EXHIBIT A
(Budget)

I, David Solin, hereby certify that I am the duly appointed Secretary of the Serenity Ridge Metropolitan District No. 1, and that the foregoing is a true and correct copy of the budget for the budget year 2021, duly adopted at a meeting of the Board of Directors of the Serenity Ridge Metropolitan District No. 1 held on November 13, 2020.

By: _____
Secretary

CERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity YES NO

Date: October 8, 2020

NAME OF TAX ENTITY: SERENITY RIDGE MTR DIS #2

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2020:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$		26,023,701
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$		26,181,735
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$		0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$		26,181,735
5. NEW CONSTRUCTION: *	5.	\$		1,052,467
6. INCREASED PRODUCTION OF PRODUCING MINE: ≈	6.	\$		0
7. ANNEXATIONS/INCLUSIONS:	7.	\$		0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈	8.	\$		0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): ☉	9.	\$		0
10. TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(A), C.R.S.). Includes all revenue collected on valuation not previously certified:	10.	\$		0
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.):	11.	\$		56,914

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec 20(8)(b), Colo. Constitution

* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.

☉ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART X, SEC.20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2020:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$		244,754,947
ADDITIONS TO TAXABLE REAL PROPERTY				
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$		14,719,777
3. ANNEXATIONS/INCLUSIONS:	3.	\$		0
4. INCREASED MINING PRODUCTION: §	4.	\$		0
5. PREVIOUSLY EXEMPT PROPERTY:	5.	\$		0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	6.	\$		0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.):	7.	\$		0

DELETIONS FROM TAXABLE REAL PROPERTY

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	\$		0
9. DISCONNECTIONS/EXCLUSIONS:	9.	\$		0
10. PREVIOUSLY TAXABLE PROPERTY:	10.	\$		2,128,000

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

* Construction is defined as newly constructed taxable real property structures.

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY	1.	\$		0
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NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.



PK Kaiser, MBA, MS

Assessor

OFFICE OF THE ASSESSOR
5334 S. Prince Street
Littleton, CO 80120-1136
Phone: 303-795-4600
TDD: Relay-711
Fax:303-797-1295

[HTTP://www.arapahoegov.com/assessor](http://www.arapahoegov.com/assessor)
assessor@arapahoegov.com

October 8, 2020

AUTH 4546 SERENITY RIDGE MTR DIST #2
SPECIAL DISTRICT MANAGMENT
SERVICES INC
C/O DAVID SOLIN
141 UNION BLVD SUITE 150
LAKEWOOD CO 80228-1898

Code # 4546

CERTIFICATION OF VALUATION

The Arapahoe County Assessor reports a taxable assessed valuation for your taxing entity for 2020 of:

\$26,181,735

The breakdown of the taxable valuation of your property is enclosed.

As further required by CRS 39-5-128(1), you are hereby notified to officially certify your levy to the Board of County Commissioners no later than December 15.

CRS 39-1-111(5) requires that this office transmit a notification by December 10 of any changes to valuation made after the original certification.

PK Kaiser, MBA, MS
Arapahoe County Assessor

enc

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
Assessed Value, Property Tax and Mill Levy Information

	2019 Actual	2020 Adopted Budget	2021 Preliminary Budget
Assessed Valuation	\$ 22,637,828	\$ 26,023,701	\$ 26,181,735
Mill Levy			
General Fund	8.923	7.659	7.659
Senior Debt Service Fund	42.077	43.341	43.341
Subordinated Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	2.170
Total Mill Levy	<u>51.000</u>	<u>51.000</u>	<u>53.170</u>
Property Taxes			
General Fund	\$ 201,997	\$ 199,316	\$ 200,526
Debt Service Fund	952,532	1,127,893	1,134,743
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	56,814
Actual/Budgeted Property Taxes	<u>\$ 1,154,529</u>	<u>\$ 1,327,209</u>	<u>\$ 1,392,083</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

**GENERAL FUND
2021 Preliminary Budget
with 2019 Actual, 2020 Budget, and 2020 Estimated**

	2019 Actual	01/20-09/20 YTD Actual	2020 Adopted Budget	2020 Estimated	2021 Preliminary Budget
BEGINNING FUND BALANCE	\$ 4,378	\$ 182,360	\$ 167,095	\$ 182,360	\$ 259,736
REVENUE					
Property Tax Revenue	201,475	189,945	199,316	199,316	200,526
Specific Ownership Taxes	15,836	9,238	10,000	10,000	10,000
Interest Income	379	988	150	1,050	150
Total Revenue	217,690	200,171	209,466	210,366	210,676
Total Funds Available	222,068	382,531	376,561	392,726	470,412
Expenditures					
Miscellaneous	2,085	-	-	-	-
Treasurer's Fees	3,023	2,852	2,990	2,990	3,008
Total Expenditures	5,108	2,852	2,990	2,990	3,008
Transfers and Other Uses					
Transfer to District No. 1	34,600	90,500	300,000	130,000	300,000
Emergency Reserve	-	-	6,284	-	6,320
Total Transfers and Other Uses	34,600	90,500	306,284	130,000	306,320
Total Expenditures Requiring Appropriation	39,708	93,352	309,274	132,990	309,328
ENDING FUND BALANCE	\$ 182,360	\$ 289,179	\$ 67,287	\$ 259,736	\$ 161,084

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

**DEBT SERVICE FUND
2021 Preliminary Budget
with 2019 Actual, 2020 Adopted Budget, and 2020 Estimated**

	2019 Actual	01/20-09/20 YTD Actual	2020 Adopted Budget	2020 Estimated	2021 Preliminary Budget
BEGINNING FUND BALANCE	\$ 1,793,593	\$ 2,035,733	\$ 2,000,806	\$ 2,035,733	\$ 2,324,236
REVENUE					
Property Tax Revenue	953,649	1,077,909	1,127,893	1,127,893	1,134,743
Specific Ownership Taxes	74,677	52,274	67,674	55,000	68,085
Loan Proceeds	-	-	-	-	-
Bond Proceeds A	-	-	-	-	-
Bond Proceeds B	-	-	-	-	-
Bond Premium	-	-	-	-	-
Interest Income	49,152	14,304	-	15,000	-
Transfer from General Fund	-	-	-	-	-
Total Revenue	1,077,478	1,144,487	1,195,567	1,197,893	1,202,828
Total Funds Available	2,871,071	3,180,220	3,196,373	3,233,626	3,527,063
EXPENDITURES					
2018 Bond Principal	85,000	-	150,000	150,000	205,000
2018 Bond Interest	730,031	363,103	726,207	726,207	719,456
Audit	-	-	6,500	6,500	6,500
Paying Agent Fees	6,000	7,265	5,000	7,265	5,000
Treasurer's Fees	14,307	16,140	16,918	16,918	17,021
Miscellaneous	-	-	2,500	2,500	2,500
Total Expenditures	835,338	386,508	907,125	909,390	955,477
Transfers and Other Uses					
Payment to Refunding Escrow	-	-	-	-	-
Transfer to Capital Projects	-	-	-	-	-
Transfer to District 1	-	-	-	-	300,000
Total Transfers and Other Uses	-	-	-	-	300,000
Total Expenditures Requiring Appropriation	835,338	386,508	907,125	909,390	1,255,477
ENDING FUND BALANCE	\$ 2,035,733	\$ 2,793,712	\$ 2,289,247	\$ 2,324,236	\$ 2,271,586

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

CAPITAL PROJECTS FUND

2021 Preliminary Budget

with 2019 Actual, 2020 Adopted Budget, and 2020 Estimated

	2019 Actual	01/20-09/20 YTD Actual	2020 Adopted Budget	2020 Estimated	2021 Preliminary Budget
BEGINNING FUND BALANCE	\$ 6,166,348	\$ 3,522,067	\$ 6,224,795	\$ 3,522,067	\$ 92,755
REVENUE					
Interest Income	119,598	20,273	130,000	22,000	500
Transfer from Debt Service	-	-	-	-	-
Total Revenue	119,598	20,273	130,000	22,000	500
Total Funds Available	6,285,946	3,542,340	6,354,795	3,544,067	93,255
EXPENDITURES					
Legal	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Construction-General	2,732,361	-	-	-	-
Miscellaneous	-	2,412	-	2,412	-
Developer Reimbursement	31,518	3,448,900	-	3,448,900	-
Total Expenditures	2,763,879	3,451,312	-	3,451,312	-
Total Expenditures Requiring Appropriation	2,763,879	3,451,312	-	3,451,312	-
ENDING FUND BALANCE	\$ 3,522,067	\$ 91,028	\$ 6,354,795	\$ 92,755	\$ 93,255

RESOLUTION NO. 2020 – 11 - ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
TO ADOPT THE 2021 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Serenity Ridge Metropolitan District No. 2 (“District”) has appointed the District Accountant to prepare and submit a proposed 2021 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2020, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 13, 2020, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Serenity Ridge Metropolitan District No. 2:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Serenity Ridge Metropolitan District No. 2 for the 2021 fiscal year.
2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 13th day of November, 2020.

Secretary

(SEAL)

EXHIBIT A
(Budget)

I, David Solin, hereby certify that I am the duly appointed Secretary of the Serenity Ridge Metropolitan District No. 2, and that the foregoing is a true and correct copy of the budget for the budget year 2021, duly adopted at a meeting of the Board of Directors of the Serenity Ridge Metropolitan District No. 2 held on November 13, 2020.

By: _____
Secretary

RESOLUTION NO. 2019 - 11 - ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SERENITY RIDGE METROPOLITAN DISTRICT NO. 2
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Serenity Ridge Metropolitan District No. 2 (“District”) has adopted the 2020 annual budget in accordance with the Local Government Budget Law on November 15, 2019; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2020 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Serenity Ridge Metropolitan District No. 2:

1. That for the purposes of meeting all general fund expenses of the District during the 2020 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2020 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Arapahoe County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 15th day of November, 2019.

Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

RESOLUTION NO. 2020-11-____

**RESOLUTION OF THE BOARD OF DIRECTORS OF SERENITY RIDGE
METROPOLITAN DISTRICT NO. 2 AUTHORIZING ADJUSTMENT OF THE
DISTRICT MILL LEVY IN ACCORDANCE WITH THE COLORADO
CONSTITUTION, ARTICLE X, SECTION 3**

A. Serenity Ridge Metropolitan District No. 2 (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to Title 32, Colorado Revised Statutes.

B. The District operates pursuant to its Service Plan approved by the City of Aurora, on August 4, 2003, as amended or modified from time to time (the “**Service Plan**”), which provides the District with the authority to impose mill levies on taxable property. Such mill levies will be the primary source of revenue for repayment of debt service, public improvements, and operations and maintenance costs of the District.

C. The Service Plan authorizes a maximum mill levy of 45.29 mills (“**Maximum Mill Levy**”).

D. The Service Plan and Article X, Section 3 of the Colorado Constitution, (the “**Gallagher Amendment**”) authorize adjustment of the Maximum Mill Levy in the event that the method of calculating assessed valuation is changed after May 1, 2003, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The Maximum Mill Levy may be increased or decreased to reflect such changes. Such increases or decreases shall be determined by the Board in good faith (such determination to be binding and final) so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

E. The Service Plan and Gallagher Amendment provide that, for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

F. The Colorado General Assembly (the “**General Assembly**”) passed House Bill 03-1332, signed by the Governor of Colorado on May 22, 2003, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.96% (decreased from 9.15%) for property tax years commencing after January 1, 2003, until the next property tax year that the General Assembly determined to adjust the ratio of valuation for assessment for residential real property.

G. In 2017, the General Assembly passed House Bill 17-1349, signed by the Governor of Colorado on June 15, 2017, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property tax years commencing on and after January 1, 2017, until the next property tax year that the General Assembly determined to adjust the ratio of valuation for assessment for residential real property.

H. In 2019, the General Assembly passed Senate Bill 19-255, signed by the Governor of Colorado on June 3, 2019, further amending Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.2%) for property tax years commencing on or after January 1, 2019, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property.

I. In order to mitigate the effect of the 2019 statutory change in the ratio of valuation for assessment for residential real property from 7.20% to 7.15%, so that actual tax revenues are neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment, the Board of Directors of the District (the “**Board**”) determines it to be in the best interest of the District, its residents, users, property owners, and the public to further adjust the Maximum Mill Levy.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2, CITY OF AURORA, COLORADO:

1. The Board of the District hereby authorizes the adjustment of the Maximum Mill Levy to reflect the 2019 statutory change in the ratio of valuation for assessment for residential real property to 7.15%.

2. The Gallagher Amendment allows for a maximum total mill levy imposition of 57.959 mills (the “**Maximum Adjusted Mill Levy**”) so that District revenues shall be neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment to 7.15% pursuant to the authority granted by the Service Plan and the Gallagher Amendment.

3. The approved, combined mill levies of the District, not in excess of the Maximum Adjusted Mill Levy shall be reflected in the District’s Certification of Tax Levies to be submitted to the Arapahoe County Clerk and Recorder on or before December 15, 2020, for collection in 2021.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING ADJUSTMENT OF THE
DISTRICT MILL LEVY IN ACCORDANCE WITH THE COLORADO
CONSTITUTION, ARTICLE X, SECTION 3]**

RESOLUTION APPROVED AND ADOPTED ON November 13, 2020.

**SERENITY RIDGE METROPOLITAN
DISTRICT NO. 2**

President

Attest:

Secretary