

**SERENITY RIDGE METROPOLITAN DISTRICTS NOS. 1 AND 2
2022 ANNUAL REPORT
CITY OF AURORA, COLORADO**

As required by Section 32-1-207(3)(c), C.R.S. and Section VIII of the Districts' Consolidated Service Plan, the following report of the activities of Serenity Ridge Metropolitan District Nos. 1 and 2 (each a "District" and, together, the "Districts") from January 1, 2022 to December 31, 2022 is hereby submitted.

A. Boundary changes made or proposed.

There were no boundary changes made or proposed during 2022.

B. Intergovernmental Agreements with other governmental entities entered into, proposed, or terminated.

There were no Intergovernmental agreements entered into, proposed, or terminated in 2022.

C. Changes or proposed changes in the Districts' policies, and access information to obtain a copy of rules and regulations adopted.

There were no policy changes made or proposed during 2022. Copies of the rules and regulations of the Districts, if any, may be accessed on the Districts' website: <https://serenityridgemd1-2.colorado.gov/>.

D. Changes or proposed changes in the Districts' operations.

District No. 1 and the Serenity Ridge Owners Association, entered into a Termination and Release of Streetscape and Easement Agreements, dated December 14, 2022, whereby effective as of April 1, 2023, District No. 1 is responsible for the maintenance, repair and replacement of certain real property and improvements at its sole cost and expense.

E. Any changes in the financial status of the Districts including revenue projections, or operating costs.

There were no changes in financial status in 2022.

F. A summary of any litigation which involves the Districts.

There is no litigation of which we are aware, currently pending or anticipated, involving the Districts.

G. Proposed plans for the year immediately following the year summarized in the annual report.

There are no proposed plans for the year immediately following the year summarized.

H. Status of Public Improvement Construction Schedule.

There was no construction of Public improvements completed during 2022.

I. List all Facilities and Improvements constructed by the Districts that have been Dedicated to and Accepted by the City of Aurora in 2022.

No facilities and improvements were dedicated and accepted by the City of Aurora in 2022.

J. Summary of current assessed valuation of the Districts.

Copies of the final 2022 Certifications of Assessed Valuations from the Arapahoe County Assessor are attached hereto as **Exhibit A**.

K. Current year's budget.

Copies of the Districts' 2023 budgets are attached hereto as **Exhibit B**.

- L. Audited financial statements for the reporting year (or application for exemption from audit).**
District No. 1 is currently exempt from audit, pursuant to Section 29-1-604, C.R.S. A copy of the 2022 Application for Exemption from Audit is attached hereto as **Exhibit C**. District No. 2 has not yet completed its 2022 Audit, but will supplement this annual report when it has been completed.
- M. Notice of any uncured events of default by the Districts, which continue beyond a ninety (90) day period, under any debt instrument.**
To our knowledge, there are no uncured events of default by the Districts which continue beyond a ninety (90) day period.
- N. Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period.**
To our knowledge, the Districts have been able to pay their obligations as they come due.

One-page Financial Summary on following page

**Serenity Ridge Metropolitan Districts Nos. 1 and 2
Summary of Financial Information - 2022**

1. **Assessed value of taxable property within the Districts.**
The final 2022 assessed value of District No. 1 is \$834,046; the final 2022 assessed value of District No. 2 is \$28,101,752.
2. **Total acreage of property within the Districts.**
The acreage for District No. 1 is 4.3453 acres; District No. 2 consists of approximately 207.65 acres.
3. **The Districts' indebtedness (stated separately for each class of debt).**
(District No. 2) \$16,320,000 Taxable (Converting to Tax-Exempt) Limited Tax General Obligation Refunding Loan, Series 2021A-1, and \$1,075,000 Tax-Exempt Limited Tax General Obligation Loan, Series 2021A-2.
4. **The Districts' debt service (stated separately for each class of debt).**
Issued-General Obligation Bonds (Limited Tax Convertible to Unlimited Tax)
Copies of the 2023 Budgets are attached hereto as **Exhibit B**. The 2022 Audited Financial Statement for District No. 2 will be submitted once received. District No. 1 filed an Audit Exemption for 2022 which is attached under **Exhibit C**.
5. **The Districts' tax revenue.**
For 2023, District No. 2 certified 4.549 mills for Operations and Maintenance and 42.044 mills for Debt Service, for a total of 46.962 mills, as adjusted pursuant to the Service Plan and Resolution of the District. The mill levy is expected to produce \$1,319,715 in revenue to be collected in 2023. District No. 1 did not impose a mill levy to be collected in 2023.
6. **Other revenues of the Districts.**
See attached 2023 Budgets for the Districts (**Exhibit B**).
7. **Public improvement expenditures.**
See attached 2023 Budgets for the Districts (**Exhibit B**).
8. **Other Districts' expenditures.**
See attached 2023 Budgets for the Districts (**Exhibit B**).

EXHIBIT A
2022 ASSESSED VALUATIONS

RECERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity YES NO

Date: November 23, 2022

NAME OF TAX ENTITY: SERENITY RIDGE METRO DIST #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 2022:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	837,292
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	834,046
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	834,046
5. NEW CONSTRUCTION: *	5.	\$	32,248
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.): Φ	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.

Φ 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 2022:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	11,595,883
ADDITIONS TO TAXABLE REAL PROPERTY			
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$	464,000
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.	\$	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
---	----	----	---

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **		\$	0
--	--	----	---

** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

RECERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity YES NO

Date: November 23, 2022

NAME OF TAX ENTITY: SERENITY RIDGE METRO DIST #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 2022:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	28,263,596
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	28,101,752
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	28,101,752
5. NEW CONSTRUCTION: *	5.	\$	819,202
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.): Φ	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.	\$	10,369

- ‡ 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.
- Φ 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 2022:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	283,608,231
ADDITIONS TO TAXABLE REAL PROPERTY			
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$	11,787,112
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.	\$	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
---	----	----	---

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **		\$	53,874
--	--	----	--------

** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

EXHIBIT B
2023 BUDGETS

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

2023 Budget Message

Introduction

Serenity Ridge Metropolitan District No. 1 (“District No. 1”) was formed in 2004 for the purpose of providing design, financing, acquisition, and construction of certain infrastructure including water improvements, street improvements, sanitary sewer improvements, park and recreation improvements and traffic and safety controls. When appropriate, these improvements have been dedicated to the City of Aurora, or such other entities as appropriate for the use and benefit of the District taxpayers and service users. Pursuant to an April, 2004 “Facilities Construction and Service Agreement with Serenity Ridge Metropolitan District No. 2 (“District No. 2”), District No. 1 has been designated the “Operating” District and District No. 2, the “Taxing” District.

The 2023 budget was prepared in accordance with the Local Budget Law of Colorado. The budget reflects the projected spending plan for the 2023 fiscal year based on available revenues. This budget provides for the general operation of the District. The District is dependent upon a transfer from District No. 2 to be able to meet these obligations.

The District’s 2022 assessed value is \$834,046 a decrease from \$838,480 the previous year. The District has chosen not to certify a mill levy for taxes collected in 2023.

Budgetary Basis of Accounting

The District uses funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the District’s funds are considered governmental funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within 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 fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax and expenditures which include district administration, legal services, and other expenses related to statutory operations of a local government. The primary sources of revenue in 2021 is a transfer from District No. 2.

Emergency Reserve

As required by Section 20 of Article X of the Colorado Constitution (“TABOR”), the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenue in the General Fund.

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

	2021 Actual	2022 Adopted Budget	2023 Adopted Budget
Assessed Valuation	\$ 790,846	\$ 838,480	\$ 834,046
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
2023 Adopted Budget
with 2021 Actual, 2022 Budget and 2022 Estimated**

	2021 Actual	2022 Budget	2022 Estimated	2023 Adopted Budget
BEGINNING FUND BALANCE	\$ (36,143)	9,077	\$ (17,426)	\$ 8,111
REVENUE				
Miscellaneous Income	-	-	-	-
Total Revenue	-	-	-	-
Total Funds Available	(36,143)	9,077	(17,426)	8,111
EXPENDITURES				
Audit	3,500	7,750	-	-
Accounting	15,232	10,000	10,000	10,800
Election	-	10,000	1,714	2,000
Insurance/SDA Dues	7,280	8,250	6,249	7,000
Legal	12,287	15,500	15,500	15,500
Management	12,236	20,000	20,000	20,000
Miscellaneous	1,559	1,000	1,000	1,000
Detention Pond Mtce	247,819	15,000	15,000	15,000
Contingency	-	13,500	-	13,500
Maintenance Reserve	-	5,000	5,000	5,000
Total Expenditures	299,912	106,000	74,463	89,800
Transfers and Other Uses				
Transfer to District No. 2	(6,000)	-	-	-
Transfer from District No. 2	324,630	100,000	100,000	90,000
Emergency Reserve	-	(3,000)	-	(2,700)
Total Expenditures Requiring Appropriation	305,912	109,000	74,463	92,500
ENDING FUND BALANCE	\$ (17,426)	\$ 77	\$ 8,111	\$ 5,611

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

2023 Budget Message

Introduction

The Serenity Ridge Metropolitan District No. 2 (“District No. 2”) was formed in 2004 for the purpose of providing design, financing, acquisition, and construction of certain infrastructure including water improvements, street improvements, sanitary sewer improvements, park and recreation improvements and traffic and safety controls. When appropriate, these improvements have been dedicated to the City of Aurora, or such other entities as appropriate for the use and benefit of the District taxpayers and service users. Pursuant to an April, 2004 “Facilities Construction and Service Agreement with Serenity Ridge Metropolitan District No. 1 (“District No.1”), District No. 2 has been designated the “Taxing” District and District No. 1 the “Operating” District.

The 2023 budget was prepared in accordance with the Local Budget Law of Colorado. The budget reflects the projected spending plan for the 2023 fiscal year based on available revenues. This budget provides for the general operation of the District and debt service expenditures.

The District’s Service Plan authorizes an adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2004, 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 adjustment to the Maximum Debt Mill Levy is determined by the Board 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. The Colorado General Assembly passed House Bill 17-1349 setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property taxes commencing on and after January 1, 2017, and House Bill 19-255 setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.2%), commencing on 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. Senate Bill 21-293 further reduced the assessment ratio for real residential property to 6.95% for property tax years commencing on January 1, 2022 and January 1, 2023. The Service Plan allows for a total mill levy imposition, as noted in the following paragraph, so the District’s revenue is neither diminished nor enhanced.

The District’s 2022 assessed value has decreased to \$28,101,752 from \$28,263,596 the prior year. The District’s mill levy is 46.962 for taxes collected in 2023. Of the 46.962 mills, 42.044 mills are dedicated to the Debt Service Fund, 4.549 mills are dedicated to the General Fund and 0.369 are for refunds and abatements. The mill levy increases in the General Fund and Debt Service Funds are solely to maintain revenue neutrality as a result of Senate Bill 21-293.

Budgetary Basis of Accounting

The District uses funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds

determine the total District budget. All of the District’s funds are considered governmental funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within 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 fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax and expenditures which include district administration, legal services, and other expenses related to statutory operations of a local government. District No. 2’s primary expenditure in 2023 is a transfer to District No. 1.

The **Debt Service Fund** is used to account for property taxes and other revenues dedicated to pay the fiscal year’s debt expense which includes principal payments, interest payments, and administrative costs associated with debt issues. On November 5, 2021, District No. 2 entered into a Limited Tax (Converting to Tax-Exempt) General Obligation Refunding Loan, Series 2021A-1 in the amount of \$16,320,000, and a Tax-Exempt Limited Tax General Obligation Loan, Series 2021A-2 in the amount of \$1,075,000. Below is a summary of the District’s long-term scheduled debt payments for the obligation:

Series 2021A-1 and Series 2021A-2 Loans

December 1,	Principal	Interest	Total
2023	\$ 495,000	\$ 581,302	\$ 1,076,302
2024	655,000	446,743	1,101,743
2025	670,000	428,992	1,098,992
2026-2030	3,850,000	1,854,318	5,704,318
2031-2035	4,685,000	1,288,335	5,973,335
2036-2040	5,395,000	902,463	6,297,463
2041	1,230,000	55,350	1,285,350
Totals	\$ 16,980,000	\$ 5,557,503	\$ 22,537,503

Emergency Reserve

As required by Section 20 of Article X of the Colorado Constitution (“TABOR”) the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenue in the General Fund.

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

	2021 Actual		2022 Adopted Budget		2023 Adopted Budget
Assessed Valuation	\$ 26,225,660	\$	28,263,596	\$	28,101,752
Mill Levy					
General Fund	7.659		4.422		4.549
Senior Debt Service Fund	43.341		40.868		42.044
Refunds and Abatements	2.170		-		0.369
Total Mill Levy	<u>53.170</u>		<u>45.290</u>		<u>46.962</u>
Property Taxes					
General Fund	\$ 200,862	\$	124,982	\$	127,835
Debt Service Fund	1,136,646		1,155,077		1,181,510
Refunds and Abatements	56,910		-		10,370
Actual/Budgeted Property Taxes	<u>\$ 1,394,418</u>	\$	<u>1,280,059</u>	\$	<u>1,319,715</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

GENERAL FUND 2023 Adopted Budget with 2021 Actual, 2022 Budget and 2022 Estimated

	2021 Actual	2022 Adopted Budget	2022 Estimated	2023 Adopted Budget
BEGINNING FUND BALANCE	\$ 279,097	\$ 516,232	\$ 316,798	\$ 354,905
REVENUE				
Property Tax Revenue	257,703	124,982	124,982	138,205
Specific Ownership Taxes	17,766	10,000	10,000	10,000
Interest Income	301	150	5,000	9,000
Total Revenue	275,769	135,132	139,982	157,205
Total Funds Available	554,866	651,364	456,780	512,110
Expenditures				
Treasurer's Fees	3,868	1,875	1,875	2,073
Total Expenditures	3,868	1,875	1,875	2,073
Transfers and Other Sources (Uses)				
Transfer to District No. 1	(234,200)	(100,000)	(100,000)	(90,000)
Emergency Reserve	-	(4,054)	-	(4,716)
Total Expenditures Requiring Appropriation	238,068	105,929	101,875	96,789
ENDING FUND BALANCE	\$ 316,798	\$ 545,435	\$ 354,905	\$ 415,321

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

DEBT SERVICE FUND 2023 Adopted Budget with 2021 Actual, 2022 Budget and 2022 Estimated

	2021 Actual	2022 Adopted Budget	2022 Estimated	2023 Adopted Budget
BEGINNING FUND BALANCE	\$ 2,318,797	\$ 2,571,887	\$ 32,561	\$ 181,943
REVENUE				
Property Tax Revenue	1,136,430	1,155,077	1,155,077	1,181,510
Specific Ownership Taxes	78,337	69,305	69,305	70,891
Interest Income	1,797	2,000	5,000	9,000
Total Revenue	1,216,563	1,226,382	1,229,382	1,261,401
Total Funds Available	3,535,360	3,798,269	1,261,943	1,443,343
EXPENDITURES				
Bond Principal	16,246,000	260,000	415,000	495,000
Bond Interest	3,315,333	710,232	632,474	529,535
Audit	-	6,500	6,500	6,500
Bond Issuance Costs	252,811	-	-	-
Paying Agent Fees	6,179	6,200	6,200	6,200
Treasurer's Fees	17,057	17,326	17,326	17,723
Miscellaneous	-	2,500	2,500	2,500
Total Expenditures	19,837,379	1,002,758	1,080,000	1,057,458
Transfers and Other Sources (Uses)				
Transfer from District No. 1	6,000	-	-	-
2021A-1 Loan Proceeds	16,320,000	-	-	-
2021A-2 Loan Proceeds	1,075,000	-	-	-
Transfer from Capital Projects	636	-	-	-
Transfer to Capital Projects	(1,067,057)	-	-	-
Total Expenditures Requiring Appropriation	20,904,436	1,002,758	1,080,000	1,057,458
ENDING FUND BALANCE	\$ 32,561	\$ 2,795,511	\$ 181,943	\$ 385,886

EXHIBIT C

AUDIT EXEMPTION FOR 2022 (DISTRICT NO. 1)

2022 AUDITED FINANCIAL STATEMENTS (DISTRICT NO. 2) – to be filed once available.

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 electronically?
 - 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/lg>

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

QUESTIONS? Email: osa.lg@coleg.gov OR Phone: 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
303-987-0835
dsolin@sdmsi.com

For the Year Ended
12/31/22
or fiscal year ended:

CONTACT PERSON
PHONE
EMAIL

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
3/17/2023

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)	\$ -	
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: Transfer from District No. 2	\$ 38,500	
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)	\$ -	
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	\$ 38,500	

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	\$ 13,162	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ 6,249	
3-7	Accounting and legal fees	\$ 17,555	
3-8	Repair and maintenance	\$ 17,262	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
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: Transfer to District No. 2	\$ 800	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 55,028	

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 type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>	<input type="checkbox"/>	<input type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div>	<input type="checkbox"/>	<input type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)	Outstanding at end of prior year*	Issued during year	Retired during year	Outstanding at year-end
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Lease Liabilities	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ 235,890	\$ -	\$ 235,890	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 235,890	\$ -	\$ 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	\$ 4,966	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ 4,966
Investments (if investment is a mutual fund, please list underlying investments):		
	\$ -	
	\$ -	
	\$ -	
	\$ -	
Total Investments		\$ -
Total Cash and Investments		\$ 4,966

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 AND RIGHT-TO-USE ASSETS

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

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 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: Yes No

6-3 Complete the following capital & right-to-use 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	\$ 7,857,375	\$ -	\$ -	\$ 7,857,375
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Leased Right-to-Use Assets	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation/Amortization (Please enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
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" firefighters' pension plan? Yes No
- 7-2 Does the entity have a volunteer firefighters' pension plan? Yes No
- 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 1? \$ -

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

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

Governmental/Proprietary Fund Name	Total Appropriations By Fund
General	\$ 109,000

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)]?

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.

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?

If yes: Date of formation:

10-2 Has the entity changed its name in the past or current year?

If yes: Please list the NEW name & PRIOR name:

10-3 Is the entity a metropolitan district?

Please indicate what services the entity provides:

water, streets, traffic and safety controls, parks, open space and recreation, sewer, drainage and

10-4 Does the entity have an agreement with another government to provide services?

If yes: List the name of the other governmental entity and the services provided:

Serenity Metropolitan District No. 2 - own, operate and construct facilities noted in 10-4

10-5 Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during

If yes: Date Filed:

10-6 Does the entity have a certified Mill Levy?

If yes:

Please provide the following mills 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:

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 checked="" 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 <u>MAJORITY</u> of the members of the governing body must complete and sign in the column below.
Board Member 1	Print Board Member's Name Richard A. Frank	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 _____ Date: <u>3/17/2023</u> My term Expires: <u>May 2025</u>
Board Member 2	Print Board Member's Name Daniel Frank	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 _____ Date: <u>3/17/2023</u> My term Expires: <u>May 2025</u>
Board Member 3	Print Board Member's Name Marc Cooper	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 _____ Date: <u>3/17/2023</u> My term Expires: <u>May 2025</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: _____