

**SERENITY RIDGE METROPOLITAN DISTRICTS NOS. 1 AND 2
2021 ANNUAL REPORT
CITY OF AURORA, COLORADO**

Pursuant to Article VIII of the Consolidated Service Plan for the Serenity Ridge Metropolitan Districts Nos. 1 and 2 (the “Districts”), dated August 4, 2003, the Districts are required to provide an annual report to the City of Aurora regarding the following matters:

- A. **Boundary changes made or proposed.** There were no changes or proposed changes made to the Districts’ Boundaries during the year 2021.
- B. **Intergovernmental Agreements with other governmental entities entered into or proposed.** 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.
- C. **Changes or proposed changes in the Districts’ policies.** There were no policy changes made or proposed during 2021.
- D. **Changes or proposed changes in the Districts’ operations.** There were no changes or proposed changes to the Districts’ operations in 2021.
- E. **Any changes in the financial status of the Districts including revenue projections, or operating costs.** In 2021, District No. 2 refunded its prior outstanding debt. As a result, District No. 2 was able to reduce its total mill levy to 45.290 for collection 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 2021.
- I. **List all Facilities and Improvements constructed by the Districts that have been Dedicated to and Accepted by the City of Aurora in 2021.** No facilities and improvements were dedicated and accepted by the City of Aurora in 2021.
- J. **Submission of current assessed valuation of the Districts.** Copies of the 2021 Certifications of Assessed Valuations from the Arapahoe County Assessor are attached hereto as Exhibit A.
- K. **Assessed value of taxable property within the Districts.** Copies of the 2021 Certifications of Assessed Valuations from the Arapahoe County Assessor are attached hereto as Exhibit A.
- L. **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.

Serenity Ridge Metropolitan Districts Nos. 1 and 2

Summary Financial Report - 2021

- M. **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, 1 and \$1,075,000 Tax-Exempt Limited Tax General Obligation Loan, Series 2021A-2.
- N. **The Districts' debt service (stated separately for each class of debt).**
Issued-General Obligation Bonds (Limited Tax Convertible to Unlimited Tax)
Copies of the 2022 Budgets are attached hereto as Exhibit B. The 2020 Audited Financial Statement for District No. 2 is attached as Exhibit C. District No. 1 filed an Audit Exemption for 2020 and is also attached under Exhibit C.
- O. **The Districts' tax revenue.**
For 2022, District No. 2 certified 4.422 mills for Operations and Maintenance and 40.868 mills for Debt Service, for a total of 45.290 mills, as adjusted pursuant to the Service Plan and Resolution of the District. The mill levy is expected to produce \$1,280,059 in revenue to be collected in 2022. District No. 1 did not impose a mill levy to be collected in 2022.
- P. **Other revenues of the Districts.**
See attached 2022 Budgets for the Districts (Exhibit B).
- Q. **Public improvement expenditures.**
See attached 2022 Budgets for the Districts (Exhibit B).
- R. **Other Districts' expenditures.**
See attached 2022 Budgets for the Districts (Exhibit B)

EXHIBIT A
2021 ASSESSED VALUATIONS

RECERTIFICATION OF VALUATION BY ARAPAHOE COUNTY ASSESSOR

New Tax Entity YES NO

Date: November 23, 2021

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 2021:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	790,846
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	837,292
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	837,292
5. NEW CONSTRUCTION: *	5.	\$	0
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.	\$	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 2021:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	11,074,762
ADDITIONS TO TAXABLE REAL PROPERTY			
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	2.	\$	0
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
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IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **		\$	0
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** 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
2022 BUDGETS

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

2022 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 2022 budget was prepared in accordance with the Local Budget Law of Colorado. The budget reflects the projected spending plan for the 2022 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 2021 assessed value is \$837,292, an increase from \$790,846 the previous year. The District has chosen not to certify a mill levy for taxes collected in 2022.

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

	2020 Actual	2021 Adopted Budget	2022 Adopted Budget
Assessed Valuation	\$ 639,970	\$ 790,846	\$ 838,480
Mill Levy			
General Fund	-	-	-
Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Total Mill Levy	<u>-</u>	<u>-</u>	<u>-</u>
Property Taxes			
General Fund	\$ -	\$ -	\$ -
Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Actual/Budgeted Property Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

GENERAL FUND

2022 Adopted Budget

with 2020 Actual, 2021 Budget, and 2021 Estimated

	2020 Actual	2021 Budget	2021 Estimated	2022 Adopted Budget
BEGINNING FUND BALANCE	\$ (41,482)	4,321	\$ (36,143)	\$ 9,077
REVENUE				
Miscellaneous Income	-	-	-	-
Developer Advance	-	-	-	-
Transfer from District No. 2	106,200	300,000	125,000	100,000
Total Revenue	106,200	300,000	125,000	100,000
Total Funds Available	64,718	304,321	88,857	109,077
EXPENDITURES				
Audit	6,371	7,500	3,500	7,750
Accounting	11,718	10,000	17,500	10,000
Election	860	-	-	10,000
Insurance/SDA Dues	6,934	7,500	7,280	8,250
Legal	29,239	15,500	15,500	15,500
Management	7,806	20,000	20,000	20,000
Miscellaneous	14,341	1,000	1,000	1,000
Detention Pond Mtce	17,592	15,000	15,000	15,000
Developer Advance Reimbursement	-	-	-	-
HOA Cost Sharing	-	-	-	-
Contingency	-	210,000	-	13,500
Maintenance Reserve	-	3,555	-	5,000
Total Expenditures	94,861	290,055	79,780	106,000
Transfers and Other Uses				
Transfer to District No. 2	6,000	-	6,000	-
Emergency Reserve	-	9,000	-	3,000
Total Transfers and Other Uses	6,000	9,000	-	3,000
Total Expenditures Requiring Appropriation	100,861	299,055	79,780	109,000
ENDING FUND BALANCE	\$ (36,143)	\$ 5,266	\$ 9,077	\$ 77

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

2022 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 2022 budget was prepared in accordance with the Local Budget Law of Colorado. The budget reflects the projected spending plan for the 2022 fiscal year based on available revenues. This budget provides for the general operation of the District and debt service expenditures.

The Board of Directors authorized adjustment of the District mill levy in accordance with the Colorado Constitution, Article X, Section 3 (the “Gallagher Adjustment”). The Gallagher Adjustment and the District’s Service Plan authorize 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. The Gallagher Adjustment for the District 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 2021 assessed value has increased to \$28,263,596 from \$26,225,660 the prior year. The District’s mill levy is 45.290 for taxes collected in 2022. Of the 45.290 mills, 40.868 mills are dedicated to the Debt Service Fund and 4.422 mills are dedicated to the General Fund.

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 2022 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 February 16, 2018, District No. 2 issued General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2018A in the amount of \$14,655,000, and Subordinate General Obligation Limited Tax Bonds, Series 2018B in the amount of \$1,906,000. Below is a summary of the District’s long-term scheduled debt payments for the obligation:

<u>Series 2018A and Series 2018B</u>			
Year	Principal	Interest	Total
2022	260,000	710,231	970,231
2023	270,000	698,531	968,531
2024-2028	1,740,000	3,286,557	5,026,557
2029-2033	2,465,000	2,805,681	5,270,681
2034-2038	3,465,000	2,076,650	5,541,650
2039-2043	5,935,000	1,063,950	6,998,950
	<u>\$14,135,000</u>	<u>\$10,641,594</u>	<u>\$24,776,594</u>

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

	2020 Actual	2021 Adopted Budget	2022 Adopted Budget
Assessed Valuation	\$ 26,023,701	\$ 26,225,660	\$ 28,263,596
Mill Levy			
General Fund	7.659	7.659	4.422
Senior Debt Service Fund	43.341	43.341	40.868
Subordinated Debt Service Fund	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	2.170	-
Total Mill Levy	<u>51.000</u>	<u>53.170</u>	<u>45.290</u>
Property Taxes			
General Fund	\$ 199,316	\$ 200,862	\$ 124,982
Debt Service Fund	1,127,893	1,136,646	1,155,077
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	56,910	-
Actual/Budgeted Property Taxes	<u>\$ 1,327,209</u>	<u>\$ 1,394,418</u>	<u>\$ 1,280,059</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

**GENERAL FUND
2022 Adopted Budget
with 2020 Actual, 2021 Budget, and 2021 Estimated**

	2020 Actual	2021 Adopted Budget	2021 Estimated	2022 Adopted Budget
BEGINNING FUND BALANCE	\$ 182,360	\$ 289,536	\$ 279,097	\$ 516,232
REVENUE				
Property Tax Revenue	190,560	200,862	257,703	124,982
Specific Ownership Taxes	14,124	10,000	13,000	10,000
Interest Income	1,114	150	300	150
Total Revenue	205,799	211,012	271,003	135,132
Total Funds Available	388,159	500,548	550,100	651,364
Expenditures				
Miscellaneous	-	-	-	-
Treasurer's Fees	2,862	3,013	3,868	1,875
Total Expenditures	2,862	3,013	3,868	1,875
Transfers and Other Uses				
Transfer to District No. 1	106,200	300,000	30,000	100,000
Emergency Reserve	-	6,330	-	4,054
Total Transfers and Other Uses	106,200	306,330	30,000	104,054
Total Expenditures Requiring Appropriation	109,062	309,343	33,868	105,929
ENDING FUND BALANCE	\$ 279,097	\$ 191,205	\$ 516,232	\$ 545,435

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

DEBT SERVICE FUND

2022 Adopted Budget

with 2020 Actual, 2021 Adopted Budget, and 2021 Estimated

	2020 Actual	2021 Adopted Budget	2021 Estimated	2022 Adopted Budget
BEGINNING FUND BALANCE	\$ 2,035,733	\$ 2,326,501	\$ 2,318,797	\$ 2,571,887
REVENUE				
Property Tax Revenue	1,081,390	1,136,646	1,136,646	1,155,077
Specific Ownership Taxes	79,928	68,199	63,000	69,305
Interest Income	14,148	-	2,000	2,000
Transfer from General Fund	-	-	636	-
Transfer from District No. 1	6,000	-	6,000	-
Total Revenue	1,181,465	1,204,845	1,208,282	1,226,382
Total Funds Available	3,217,198	3,531,346	3,527,079	3,798,269
EXPENDITURES				
2018 Bond Principal	150,000	205,000	205,000	260,000
2018 Bond Interest	726,206	719,456	719,456	710,232
Audit	-	6,500	6,500	6,500
Paying Agent Fees	6,000	5,000	6,179	6,200
Treasurer's Fees	16,195	17,050	17,057	17,326
Miscellaneous	-	2,500	1,000	2,500
Total Expenditures	898,401	955,506	955,192	1,002,758
Transfers and Other Uses				
Transfer to Capital Projects	-	-	-	-
Transfer to District 1	-	-	-	-
Total Transfers and Other Uses	-	-	-	-
Total Expenditures Requiring Appropriation				
	898,401	955,506	955,192	1,002,758
ENDING FUND BALANCE	\$ 2,318,797	\$ 2,575,840	\$ 2,571,887	\$ 2,795,511

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

CAPITAL PROJECTS FUND

2022 Adopted Budget

with 2020 Actual, 2021 Adopted Budget, and 2021 Estimated

	2020 Actual	2021 Adopted Budget	2021 Estimated	2022 Adopted Budget
BEGINNING FUND BALANCE	\$ 3,522,067	\$ 94,667	\$ 91,057	\$ -
REVENUE				
Interest Income	17,890	500	15	-
Transfer from Debt Service	-	-	-	-
Developer Advance	4,405,578	-	-	-
Total Revenue	4,423,468	500	15	-
Total Funds Available	7,945,535	95,167	91,072	-
EXPENDITURES				
Legal	-	-	-	-
Capital Outlay	4,405,578	-	-	-
Construction-General	-	-	-	-
Miscellaneous	-	-	4	-
Developer Reimbursement	3,448,900	-	-	-
Transfer to District 1	-	95,000	90,432	-
Transfer to Debt Service	-	-	636	-
Total Expenditures	7,854,478	95,000	91,072	-
Total Expenditures Requiring Appropriation	7,854,478	95,000	91,072	-
ENDING FUND BALANCE	\$ 91,057	\$ 167	\$ -	\$ -

EXHIBIT C
2020 AUDITED FINANCIAL STATEMENTS (DISTRICT NO. 2)
AUDIT EXEMPTION FOR 2020 (DISTRICT NO. 1)

Serenity Ridge Metropolitan District No. 2

Year Ended December 31, 2020
with
Independent Auditor's Report

Serenity Ridge Metropolitan District No. 2

Year Ended December 31, 2020
(See Independent Auditor's Report)

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Independent Auditor's Report

Board of Directors
Serenity 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 Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2020, 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 Metropolitan District No. 2 as of December 31, 2020, 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.

Sincerely,



Wipfli LLP
Lakewood, Colorado
July 19, 2021

Serenity Ridge Metropolitan District No. 2

**BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2020**

	<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	\$ 234,822	\$ -	\$ -	\$ 234,822	\$ -	\$ 234,822
Cash and investments - restricted	6,200	2,312,171	91,057	2,409,428	-	2,409,428
Receivable - county treasurer	975	5,518	-	6,493	-	6,493
Property taxes receivable	209,398	1,185,020	-	1,394,418	-	1,394,418
Accounts receivable	37,100	1,108	-	38,208	-	38,208
Capital assets, construction in progress	-	-	-	-	7,137,939	7,137,939
Total Assets	\$ 488,495	\$ 3,503,817	\$ 91,057	\$ 4,083,369	\$ 7,137,939	\$ 11,221,308
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	49,122	49,122
Total Deferred Outflows of Resources	-	-	-	-	49,122	49,122
Total Assets and Deferred Outflows of Resources	\$ 488,495	\$ 3,503,817	\$ 91,057	\$ 4,083,369		
LIABILITIES						
Accrued interest	\$ -	\$ -	\$ -	\$ -	59,955	59,955
Long-term liabilities:						
Due within one year	-	-	-	-	205,000	205,000
Due in more than one year	-	-	-	-	16,562,703	16,562,703
Developer advances payable	-	-	-	-	956,678	956,678
Developer advances interest payable	-	-	-	-	45,377	45,377
Total Liabilities	-	-	-	-	17,829,713	17,829,713
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	209,398	1,185,020	-	1,394,418	-	1,394,418
Total Deferred Inflows of Resources	209,398	1,185,020	-	1,394,418	-	1,394,418
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	6,200	-	-	6,200	(6,200)	-
Debt service	-	2,318,797	-	2,318,797	(2,318,797)	-
Capital projects	-	-	91,057	91,057	(91,057)	-
Unassigned	272,897	-	-	272,897	(272,897)	-
Total Fund Balances	279,097	2,318,797	91,057	2,688,951	(2,688,951)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 488,495	\$ 3,503,817	\$ 91,057	\$ 4,083,369		
Net Position:						
Net investment in capital assets					(10,631,819)	(10,631,819)
Restricted for:						
Emergencies					6,200	6,200
Debt service					2,258,842	2,258,842
Capital projects					91,057	91,057
Unrestricted					322,019	322,019
Total Net Position					\$ (7,953,701)	\$ (7,953,701)

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, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Treasurer's fees	\$ 2,862	\$ 16,195	\$ -	\$ 19,057	\$ -	\$ 19,057
Bond principal	-	150,000	-	150,000	(150,000)	-
Bond interest	-	726,206	-	726,206	138,820	865,026
Paying agent fees	-	6,000	-	6,000	-	6,000
Capital improvements	-	-	4,405,578	4,405,578	(4,405,578)	-
Transfer to District No. 1	106,200	-	-	106,200	-	106,200
Developer advance interest	-	-	-	-	45,377	45,377
Total Expenditures	<u>109,062</u>	<u>898,401</u>	<u>4,405,578</u>	<u>5,413,041</u>	<u>(4,371,381)</u>	<u>1,041,660</u>
 GENERAL REVENUES						
Property taxes	190,561	1,081,389	-	1,271,950	-	1,271,950
Specific ownership taxes	14,124	79,928	-	94,052	-	94,052
Interest income	1,114	14,148	17,890	33,152	-	33,152
Transfer from District No. 1	-	6,000	-	6,000	-	6,000
Total General Revenues	<u>205,799</u>	<u>1,181,465</u>	<u>17,890</u>	<u>1,405,154</u>	<u>-</u>	<u>1,405,154</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	96,737	283,064	(4,387,688)	(4,007,887)	4,007,887	-
 OTHER FINANCING SOURCES (USES)						
Developer advance proceeds	-	-	4,405,578	4,405,578	(4,405,578)	-
Repayment of developer advances	-	-	(3,448,900)	(3,448,900)	3,448,900	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>956,678</u>	<u>956,678</u>	<u>(956,678)</u>	<u>-</u>
 NET CHANGES IN FUND BALANCES						
	96,737	283,064	(3,431,010)	(3,051,209)	3,051,209	-
 CHANGE IN NET POSITION						
					363,494	363,494
 FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>182,360</u>	<u>2,035,733</u>	<u>3,522,067</u>	<u>5,740,160</u>	<u>(14,057,355)</u>	<u>(8,317,195)</u>
END OF YEAR	<u>\$ 279,097</u>	<u>\$ 2,318,797</u>	<u>\$ 91,057</u>	<u>\$ 2,688,951</u>	<u>\$ (10,642,652)</u>	<u>\$ (7,953,701)</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, 2020

	Original / Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 199,316	\$ 190,561	\$ (8,755)
Specific ownership taxes	10,000	14,124	4,124
Interest income	<u>150</u>	<u>1,114</u>	<u>964</u>
Total Revenues	<u>209,466</u>	<u>205,799</u>	<u>(3,667)</u>
EXPENDITURES			
Transfer to District No. 1	300,000	106,200	193,800
Treasurer's fees	2,990	2,862	128
Emergency reserve	<u>6,284</u>	<u>-</u>	<u>6,284</u>
Total Expenditures	<u>309,274</u>	<u>109,062</u>	<u>200,212</u>
NET CHANGE IN FUND BALANCE	(99,808)	96,737	196,545
FUND BALANCE:			
BEGINNING OF YEAR	<u>167,095</u>	<u>182,360</u>	<u>15,265</u>
END OF YEAR	<u>\$ 67,287</u>	<u>\$ 279,097</u>	<u>\$ 211,810</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, 2020

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, 2020

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, 2020

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.

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, 2020

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 the 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. \$6,200 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$2,318,797 is restricted for the payment of the costs associated with the Series 2018A and 2018B bonds (See Note 5). The restricted fund balance in the Capital Projects Fund in the amount of \$91,057 is restricted for the payment of costs related to capital improvements within the District.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statement as follows:

Statement of net position:	
Cash and investments - unrestricted	\$ 234,822
Cash and investments - restricted	<u>2,409,428</u>
	<u>\$ 2,644,250</u>

Cash and investments as of December 31, 2020 consist of the following:

Investments	<u>\$ 2,644,250</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.

The District had no amounts on deposit outstanding as of December 31, 2020.

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, 2020

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, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST PLUS+	Weighted average Under 60 days	<u>\$ 2,644,250</u>

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

**NOTES TO FINANCIAL STATEMENTS
December 31, 2020**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

As of December 31, 2020, the District had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST or the Trust), 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, 2020, the District has \$2,644,250 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, 2020 is as follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	<u>\$ 2,732,361</u>	<u>\$ 4,405,578</u>	<u>\$ -</u>	<u>\$ 7,137,939</u>
Government type assets, net	<u>\$ 2,732,361</u>	<u>\$ 4,405,578</u>	<u>\$ -</u>	<u>\$ 7,137,939</u>

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, 2020

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 \$1,182,719 at December 31, 2020. 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, 2020, the Senior Surplus Fund totaled \$589,113.

The 2018A Bonds were issued with a premium of \$132,709 and 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, 2020

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>
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/>
	\$ 2,475,000
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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, 2020

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
	<hr/>
	\$ 6,725,000
	<hr/> <hr/>

(*) 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, 2020**

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, 2020:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2020</u>	<u>Portion</u>
Bonds payable:					
2018A GO Refunding & Improvement Bonds	\$ 14,490,000	\$ -	\$ 150,000	\$ 14,340,000	\$ 205,000
2018B Subordinate GO Bonds	1,906,000	-	-	1,906,000	-
2018B Accrued and Unpaid Interest	262,461	142,457	-	404,918	-
2018A GO Bond Premium	<u>122,093</u>	<u>-</u>	<u>5,308</u>	<u>116,785</u>	<u>-</u>
	<u>16,780,554</u>	<u>142,457</u>	<u>155,308</u>	<u>16,767,703</u>	<u>205,000</u>
Developer advances:					
On-Site Facilities Funding and Acquisition					
Capital - principal	-	1,683,597	814,419	869,178	-
Capital - interest	-	41,227	-	41,227	-
Off-Site Facilities Funding and Acquisition					
Capital - principal	-	2,721,981	2,634,481	87,500	-
Capital - interest	<u>-</u>	<u>4,150</u>	<u>-</u>	<u>4,150</u>	<u>-</u>
	<u>-</u>	<u>4,450,955</u>	<u>3,448,900</u>	<u>1,002,055</u>	<u>-</u>
Total	<u>\$ 16,780,554</u>	<u>\$ 4,593,412</u>	<u>\$ 3,604,208</u>	<u>\$ 17,769,758</u>	<u>\$ 205,000</u>

As of December 31, 2020, \$3,193,503 of the Service Plan Debt Authorization remains.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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:

	<u>2018A Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 205,000	\$ 719,456	\$ 924,456
2022	260,000	710,232	970,232
2023	270,000	698,532	968,532
2024	305,000	686,382	991,382
2025	315,000	672,656	987,656
2026-2030	2,005,000	3,122,156	5,127,156
2031-2035	2,830,000	2,543,284	5,373,284
2036-2040	3,945,000	1,710,212	5,655,212
2041-2043	4,205,000	498,149	4,703,149
	<u>\$ 14,340,000</u>	<u>\$ 11,361,059</u>	<u>\$ 25,701,059</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, 2020, 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, 2020

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. As of December 31, 2020, the District had a balance due to Richmond for Off-Site Improvements of \$87,500 with accrued interest of \$4,150.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS December 31, 2020

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. As of December 31, 2020, the District had a balance due to Serenity Investors for On-Site Improvements of \$869,178 with related accrued interest of \$41,227.

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, 2020

NOTE 7 – RELATED PARTY

During 2020, 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 / Statement of Net Position includes an adjustments column. Explanation of the adjustments included in the reconciling column is as follows:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds;
- 2) Long-term liabilities such as bonds and developer advances payable and related accrued interest payable, are not due and payable in the current period and, therefore, are not in the funds; and
- 3) Deferred loss on refunding is reported as deferred charges and amortized over the term of the related debt in the government-wide financial statements.

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

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balances / Statement of Activities include an adjustments column. Explanation of the adjustments included in the reconciling column is as follows:

- 1) Governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 3) Governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS December 31, 2020

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, 2020. 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.

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.

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, 2020

	Original / Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,127,893	\$ 1,081,389	\$ (46,504)
Specific ownership taxes	67,674	79,928	12,254
Interest income	-	14,148	
Transfer from District No. 1	-	6,000	6,000
	<u>1,195,567</u>	<u>1,181,465</u>	<u>(28,250)</u>
EXPENDITURES			
Bond principal	150,000	150,000	-
Bond interest	726,207	726,206	1
Audit	6,500	-	6,500
Paying agent fees	5,000	6,000	(1,000)
Miscellaneous expenses	2,500	-	2,500
Treasurer's fees	16,918	16,195	723
	<u>907,125</u>	<u>898,401</u>	<u>8,724</u>
NET CHANGE IN FUND BALANCE	288,442	283,064	(19,526)
FUND BALANCE:			
BEGINNING OF YEAR	<u>2,000,806</u>	<u>2,035,733</u>	<u>34,927</u>
END OF YEAR	<u>\$ 2,289,247</u>	<u>\$ 2,318,797</u>	<u>\$ 15,401</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, 2020

	Original/Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 130,000	\$ 17,890	\$ (112,110)
Total Revenues	<u>130,000</u>	<u>17,890</u>	<u>(112,110)</u>
EXPENDITURES			
Capital improvements	<u>-</u>	<u>4,405,578</u>	<u>(4,405,578)</u>
Total Expenditures	<u>-</u>	<u>4,405,578</u>	<u>(4,405,578)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	130,000	(4,387,688)	4,293,468
OTHER FINANCING SOURCES (USES)			
Developer advance proceeds	-	4,405,578	4,405,578
Repayment of developer advances	<u>-</u>	<u>(3,448,900)</u>	<u>(3,448,900)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>956,678</u>	<u>956,678</u>
NET CHANGE IN FUND BALANCE	130,000	(3,431,010)	5,250,146
FUND BALANCE:			
BEGINNING OF YEAR	<u>6,224,795</u>	<u>3,522,067</u>	<u>(2,702,728)</u>
END OF YEAR	<u>\$ 6,354,795</u>	<u>\$ 91,057</u>	<u>\$ 2,547,418</u>

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

APPLICATION FOR EXEMPTION FROM AUDIT

LONG FORM

FOR LOCAL GOVERNMENTS WITH EITHER REVENUES OR EXPENDITURES MORE THAN \$100,000 BUT NOT MORE THAN \$750,000

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 for the year.

If your local government has either revenues or expenditures of LESS than \$100,000, use the [SHORT FORM](#).

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) for approval.

Any preparer of an Application for Exemption from Audit must be an independent accountant with knowledge of 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 THIS ADDRESS:

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?
- Are all sections of the form complete, including responses to all of the questions?
- 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 [here](#) new policy
- or--
- 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?

Checkout our new [web portal](#). Register your account and submit electronic Applications for Exemption From Audit, Extension of Time to File requests, Audited Financial Statements, and more! See the link below.

[OSA LG Web Portal](#)

FILING METHODS

NEW METHOD!

WEB PORTAL: Register and submit your Applications at our new portal: <https://apps.leg.co.gov/osallg>

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 -- A Budget to GAAP reconciliation is provided in Part 3.

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

LONG 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 Sollen
303-987-0835
dsollen@sdmsi.com

For the Year Ended
12/31/2020
or fiscal year ended:

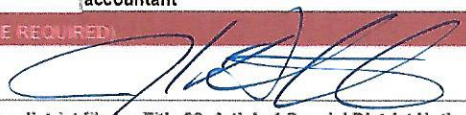
CONTACT PERSON
PHONE
EMAIL
FAX

CERTIFICATION OF PREPARER

I certify that I am an independent accountant with knowledge of governmental accounting and that the information in the Application is complete and accurate to the best of my knowledge. I am aware that the Audit Law requires that a person independent of the entity complete the application if revenues or expenditure are at least \$100,000 but not more than \$750,000, and that independent means someone who is separate from the entity.

NAME:	James H. Ruthven
TITLE	Director of Finance
FIRM NAME (if applicable)	Special District Management Services, Inc.
ADDRESS	141 Union Blvd., Suite 150, Lakewood, CO 80228-1898
PHONE	303-987-0835
DATE PREPARED	3/5/2021
RELATIONSHIP TO ENTITY	accountant

PREPARER SIGNATURE REQUIRED



Has the entity filed for, or has the district filed, a Title 32, Article 1 Special District Notice of Inactive Status during the year? [Applicable to Title 32 special districts only, pursuant to Sections 32-1-103 (9.3) and 32-1-104 (3), C.R.S.]

YES	NO	If Yes, date filed:
<input type="checkbox"/>	<input checked="" type="checkbox"/>	

PART 1 - FINANCIAL STATEMENTS - BALANCE SHEET

*Indicate Name of Fund

NOTE: Attach additional sheets as necessary.

Line #	Description	Governmental Funds		Description	Proprietary/Fiduciary Funds		Please use this space to provide explanation of any items on this page
		General	Fund*		Fund*	Fund*	
Assets				Assets			
1-1	Cash & Cash Equivalents	\$ 4,402	\$ -	Cash & Cash Equivalents	\$ -	\$ -	
1-2	Investments	\$ -	\$ -	Investments	\$ -	\$ -	
1-3	Receivables	\$ -	\$ -	Receivables	\$ -	\$ -	
1-4	Due from Other Entities or Funds	\$ -	\$ -	Due from Other Entities or Funds	\$ -	\$ -	
	All Other Assets [specify...]			Other Current Assets	\$ -	\$ -	
1-5	Prepays	\$ 5,669	\$ -				
1-6		\$ -	\$ -	Capital Assets, net (from Part 6-4)	\$ -	\$ -	
1-7		\$ -	\$ -	Other Long Term Assets [specify...]	\$ -	\$ -	
1-8		\$ -	\$ -		\$ -	\$ -	
1-9		\$ -	\$ -		\$ -	\$ -	
1-10		\$ -	\$ -		\$ -	\$ -	
1-11	(add lines 1-1 through 1-10) TOTAL ASSETS	\$ 10,071	\$ -	(add lines 1-1 through 1-10) TOTAL ASSETS	\$ -	\$ -	
1-12	TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	
1-13	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 10,071	\$ -	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ -	\$ -	
Liabilities				Liabilities			
1-14	Accounts Payable	\$ 8,005	\$ -	Accounts Payable	\$ -	\$ -	
1-15	Accrued Payroll and Related Liabilities	\$ -	\$ -	Accrued Payroll and Related Liabilities	\$ -	\$ -	
1-16	Accrued Interest Payable	\$ -	\$ -	Accrued Interest Payable	\$ -	\$ -	
1-17	Due to Other Entities or Funds	\$ 38,208	\$ -	Due to Other Entities or Funds	\$ -	\$ -	
1-18	All Other Current Liabilities	\$ -	\$ -	All Other Current Liabilities	\$ -	\$ -	
1-19	TOTAL CURRENT LIABILITIES	\$ 46,213	\$ -	TOTAL CURRENT LIABILITIES	\$ -	\$ -	
1-20	All Other Liabilities [specify...]	\$ -	\$ -	Proprietary Debt Outstanding (from Part 4-4)	\$ -	\$ -	
1-21		\$ -	\$ -	Other Liabilities [specify...]:	\$ -	\$ -	
1-22		\$ -	\$ -		\$ -	\$ -	
1-23		\$ -	\$ -		\$ -	\$ -	
1-24		\$ -	\$ -		\$ -	\$ -	
1-25		\$ -	\$ -		\$ -	\$ -	
1-26		\$ -	\$ -		\$ -	\$ -	
1-27		\$ -	\$ -		\$ -	\$ -	
1-28	(add lines 1-19 through 1-27) TOTAL LIABILITIES	\$ 46,213	\$ -	(add lines 1-19 through 1-27) TOTAL LIABILITIES	\$ -	\$ -	
1-29	TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	
Fund Balance				Net Position			
1-30	Nonspendable Prepaid	\$ -	\$ -	Net Investment in Capital Assets	\$ -	\$ -	
1-31	Nonspendable Inventory	\$ -	\$ -				
1-32	Restricted [specify...]	\$ -	\$ -	Emergency Reserves	\$ -	\$ -	
1-33	Committed [specify...]	\$ -	\$ -	Other Designations/Reserves	\$ -	\$ -	
1-34	Assigned [specify...]	\$ -	\$ -	Restricted	\$ -	\$ -	
1-35	Unassigned:	\$ (36,142)	\$ -	Undesignated/Unreserved/Unrestricted	\$ -	\$ -	
1-36	Add lines 1-30 through 1-35 This total should be the same as line 3-33 TOTAL FUND BALANCE	\$ (36,142)	\$ -	Add lines 1-30 through 1-35 This total should be the same as line 3-33 TOTAL NET POSITION	\$ -	\$ -	
1-37	Add lines 1-28, 1-29 and 1-36 This total should be the same as line 1-13 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 10,071	\$ -	Add lines 1-28, 1-29 and 1-36 This total should be the same as line 1-13 TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ -	\$ -	

PART 2 - FINANCIAL STATEMENTS - OPERATING STATEMENT - REVENUES

Line #	Description	Governmental Funds		Description	Proprietary/Fiduciary Funds		
		General	Fund*		Fund*	Fund*	
Tax Revenue				Tax Revenue			
2-1	Property [include mills levied in Question 10-6]	\$ -	\$ -	Property [include mills levied in Question 10-6]	\$ -	\$ -	
2-2	Specific Ownership	\$ -	\$ -	Specific Ownership	\$ -	\$ -	
2-3	Sales and Use Tax	\$ -	\$ -	Sales and Use Tax	\$ -	\$ -	
2-4	Other Tax Revenue [specify...]:	\$ -	\$ -	Other Tax Revenue [specify...]:	\$ -	\$ -	
2-5		\$ -	\$ -		\$ -	\$ -	
2-6		\$ -	\$ -		\$ -	\$ -	
2-7		\$ -	\$ -		\$ -	\$ -	
2-8	Add lines 2-1 through 2-7 TOTAL TAX REVENUE	\$ -	\$ -	Add lines 2-1 through 2-7 TOTAL TAX REVENUE	\$ -	\$ -	
2-9	Licenses and Permits	\$ -	\$ -	Licenses and Permits	\$ -	\$ -	
2-10	Highway Users Tax Funds (HUTF)	\$ -	\$ -	Highway Users Tax Funds (HUTF)	\$ -	\$ -	
2-11	Conservation Trust Funds (Lottery)	\$ -	\$ -	Conservation Trust Funds (Lottery)	\$ -	\$ -	
2-12	Community Development Block Grant	\$ -	\$ -	Community Development Block Grant	\$ -	\$ -	
2-13	Fire & Police Pension	\$ -	\$ -	Fire & Police Pension	\$ -	\$ -	
2-14	Grants	\$ -	\$ -	Grants	\$ -	\$ -	
2-15	Donations	\$ -	\$ -	Donations	\$ -	\$ -	
2-16	Charges for Sales and Services	\$ -	\$ -	Charges for Sales and Services	\$ -	\$ -	
2-17	Rental Income	\$ -	\$ -	Rental Income	\$ -	\$ -	
2-18	Fines and Forfeits	\$ -	\$ -	Fines and Forfeits	\$ -	\$ -	
2-19	Interest/Investment Income	\$ -	\$ -	Interest/Investment Income	\$ -	\$ -	
2-20	Tap Fees	\$ -	\$ -	Tap Fees	\$ -	\$ -	
2-21	Proceeds from Sale of Capital Assets	\$ -	\$ -	Proceeds from Sale of Capital Assets	\$ -	\$ -	
2-22	All Other [specify...]:	\$ -	\$ -	All Other [specify...]:	\$ -	\$ -	
2-23		\$ -	\$ -		\$ -	\$ -	
2-24	Add lines 2-8 through 2-23 TOTAL REVENUES	\$ -	\$ -	Add lines 2-8 through 2-23 TOTAL REVENUES	\$ -	\$ -	
Other Financing Sources				Other Financing Sources			
2-25	Debt Proceeds	\$ -	\$ -	Debt Proceeds	\$ -	\$ -	
2-26	Developer Advances	\$ -	\$ -	Developer Advances	\$ -	\$ -	
2-27	Other - Transfer from Serenity MD #2	\$ 106,200	\$ -	Other [specify...]:	\$ -	\$ -	
2-28	Add lines 2-25 through 2-27 TOTAL OTHER FINANCING SOURCES	\$ 106,200	\$ -	Add lines 2-25 through 2-27 TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	GRAND TOTALS
2-29	Add lines 2-24 and 2-28 TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 106,200	\$ -	Add lines 2-24 and 2-28 TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ -	\$ -	\$ 106,200

Please use this space to provide explanation of any items on this page.

IF GRAND TOTAL REVENUES AND OTHER FINANCING SOURCES for all funds (Line 2-29) are GREATER than \$750,000 - STOP. You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

PART 3 - FINANCIAL STATEMENTS - OPERATING STATEMENT - EXPENDITURES/EXPENSES

Line #	Description	Governmental Funds		Description	Proprietary/Fiduciary Funds		Please use this space to provide explanation of any items on this page
		General	Fund*		Fund*	Fund*	
	Expenditures			Expenses			
3-1	General Government	\$ 94,861	\$ -	General Operating & Administrative	\$ -	\$ -	
3-2	Judicial	\$ -	\$ -	Salaries	\$ -	\$ -	
3-3	Law Enforcement	\$ -	\$ -	Payroll Taxes	\$ -	\$ -	
3-4	Fire	\$ -	\$ -	Contract Services	\$ -	\$ -	
3-5	Highways & Streets	\$ -	\$ -	Employee Benefits	\$ -	\$ -	
3-6	Solid Waste	\$ -	\$ -	Insurance	\$ -	\$ -	
3-7	Contributions to Fire & Police Pension Assoc.	\$ -	\$ -	Accounting and Legal Fees	\$ -	\$ -	
3-8	Health	\$ -	\$ -	Repair and Maintenance	\$ -	\$ -	
3-9	Culture and Recreation	\$ -	\$ -	Supplies	\$ -	\$ -	
3-10	Transfers to other districts	\$ 6,000	\$ -	Utilities	\$ -	\$ -	
3-11	Other [specify...]:	\$ -	\$ -	Contributions to Fire & Police Pension Assoc.	\$ -	\$ -	
3-12		\$ -	\$ -	Other [specify...]	\$ -	\$ -	
3-13		\$ -	\$ -		\$ -	\$ -	
3-14	Capital Outlay	\$ -	\$ -	Capital Outlay	\$ -	\$ -	
	Debt Service			Debt Service			
3-15	Principal	\$ -	\$ -	Principal	\$ -	\$ -	
3-16	Interest	\$ -	\$ -	Interest	\$ -	\$ -	
3-17	Bond Issuance Costs	\$ -	\$ -	Bond Issuance Costs	\$ -	\$ -	
3-18	Developer Principal Repayments	\$ -	\$ -	Developer Principal Repayments	\$ -	\$ -	
3-19	Developer Interest Repayments	\$ -	\$ -	Developer Interest Repayments	\$ -	\$ -	
3-20	All Other [specify...]:	\$ -	\$ -	All Other [specify...]:	\$ -	\$ -	
3-21		\$ -	\$ -		\$ -	\$ -	
3-22	Add lines 3-1 through 3-21	\$ 100,861	\$ -	Add lines 3-1 through 3-21	\$ -	\$ -	GRAND TOTAL
	TOTAL EXPENDITURES			TOTAL EXPENSES			\$ 100,861
3-23	Interfund Transfers (In)	\$ -	\$ -	Net Interfund Transfers (In) Out	\$ -	\$ -	
3-24	Interfund Transfers out	\$ -	\$ -	Other [specify...][enter negative for expense]	\$ -	\$ -	
3-25	Other Expenditures (Revenues):	\$ -	\$ -	Depreciation	\$ -	\$ -	
3-26		\$ -	\$ -	Other Financing Sources (Uses) (from line 2-26)	\$ -	\$ -	
3-27		\$ -	\$ -	Capital Outlay (from line 3-14)	\$ -	\$ -	
3-28		\$ -	\$ -	Debt Principal (from line 3-15, 3-18)	\$ -	\$ -	
3-29	(Add lines 3-23 through 3-28)			(Line 3-26, plus line 3-27, less line 3-24, less line 3-25)			
	TOTAL TRANSFERS AND OTHER EXPENDITURES	\$ -	\$ -	TOTAL GAAP RECONCILING ITEMS	\$ -	\$ -	
3-30	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures			Net Increase (Decrease) in Net Position			
	Line 2-29, less line 3-22, plus line 3-29	\$ 5,339	\$ -	Line 2-29, less line 3-22, plus line 3-29, plus line 3-23, less line 3-24	\$ -	\$ -	
3-31	Fund Balance, January 1 from December 31 prior year report	\$ (41,481)	\$ -	Net Position, January 1 from December 31 prior year report	\$ -	\$ -	
3-32	Prior Period Adjustment (MUST explain)	\$ -	\$ -	Prior Period Adjustment (MUST explain)	\$ -	\$ -	
3-33	Fund Balance, December 31			Net Position, December 31			
	Sum of Line 3-30, 3-31, and 3-32			Line 3-30 plus line 3-31			
	This total should be the same as line 1-36.	\$ (36,142)	\$ -	This total should be the same as line 1-36.	\$ -	\$ -	

IF GRAND TOTAL EXPENDITURES for all funds (Line 3-22) are GREATER than \$750,000 - STOP. You may not use this form. An audit may be required. See Section 29-1-604, C.R.S., or contact the OSA Local Government Division at (303) 869-3000 for assistance.

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

YES NO

Please use this space to provide any explanations or comments:

- 4-1 Does the entity have outstanding debt? YES NO
- 4-2 Is the debt repayment schedule attached? If no, MUST explain: YES NO
- 4-3 Is the entity current in its debt service payments? If no, MUST explain: YES NO

The outstanding debt consists of developer advances for which there is no repayment schedule at this time.

4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)

	Outstanding at beginning of year*	Issued during year	Retired during year	Outstanding at year-end
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ 235,890	\$ -	\$ -	\$ 235,890
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 235,890	\$ -	\$ -	\$ 235,890

*must agree to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

YES NO

- 4-5 Does the entity have any authorized, but unissued, debt? YES NO
 How much? \$ -
 If yes: Date the debt was authorized: _____
- 4-6 Does the entity intend to issue debt within the next calendar year? YES NO
 If yes: How much? \$ -
- 4-7 Does the entity have debt that has been refinanced that it is still responsible for? YES NO
 If yes: What is the amount outstanding? \$ -
- 4-8 Does the entity have any lease agreements? YES NO
 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? YES NO
 What are the annual lease payments? \$ -

PART 5 - CASH AND INVESTMENTS

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

AMOUNT TOTAL

Please use this space to provide any explanations or comments:

5-1 YEAR-END Total of ALL Checking and Savings accounts	\$ 4,402	
5-2 Certificates of deposit	\$ -	
TOTAL CASH DEPOSITS		\$ 4,402

Investments (if investment is a mutual fund, please list underlying investments):

5-3	\$ -	
	\$ -	
	\$ -	
	\$ -	
TOTAL INVESTMENTS		\$ -
TOTAL CASH AND INVESTMENTS		\$ 4,402

Please answer the following question by marking in the appropriate box

YES NO N/A

- 5-4 Are the entity's investments legal in accordance with Section 24-75-601, et. seq., C.R.S.? YES NO N/A
- 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.)? If no, MUST explain: YES NO N/A

PART 6 - CAPITAL ASSETS

Please answer the following question by marking in the appropriate box

YES

NO

Please use this space to provide any explanations or comments:

- 6-1 Does the entity have capitalized 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 Assets table for GOVERNMENTAL FUNDS:

	Balance - beginning of the year*	Additions	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ 7,857,375	\$ -	\$ 7,857,375
Construction In Progress (CIP)	\$ 7,857,375	\$ -	\$ 7,857,375	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 7,857,375	\$ 7,857,375	\$ 7,857,375	\$ 7,857,375

6-4 Complete the following Capital Assets table for PROPRIETARY FUNDS:

	Balance - beginning of the year*	Additions	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation (Enter a negative, or credit, balance)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must agree to prior year ending balance

PART 7 - PENSION INFORMATION

Please answer the following question by marking in the appropriate box

YES

NO

Please use this space to provide any explanations or comments:

- 7-1 Does the entity have an "old hire" firemen's pension plan? YES NO
- 7-2 Does the entity have a volunteer firemen's 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?	\$ -

PART 8 - BUDGET INFORMATION

Please answer the following question by marking in the appropriate box YES NO N/A Please use this space to provide any explanations or comments:

- 8-1 Did the entity file a current year budget with the Department of Local Affairs, in accordance with Section 29-1-113 C.R.S.? If no, MUST explain: 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

Fund Name	Budgeted Expenditures/Expenses
General	\$ 304,055
	\$ -
	\$ -
	\$ -

PART 9 - TAX PAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box YES NO Please use this space to provide any explanations or comments:

- 9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]? YES NO
- Note: An election to exempt the government from the spending limitations of TABOR does not exempt the

PART 10 - GENERAL INFORMATION

Please answer the following question by marking in the appropriate box YES NO Please use this space to provide any explanations or comments:

- 10-1 Is this application for a newly formed governmental entity? YES NO R

If yes: Date of formation:

- 10-2 Has the entity changed its name in the past or current year? YES NO

If Yes: NEW name
 PRIOR name

- 10-3 Is the entity a metropolitan district? YES NO

10-4 Please indicate what services the entity provides:

- 10-5 Does the entity have an agreement with another government to provide services? YES NO

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

- 10-6 Does the entity have a certified mill levy? YES NO

If yes: Please provide the number of mills levied for the year reported (do not enter \$ amounts):

Bond Redemption mills	0.000
General/Other mills	0.000
Total mills	0.000

Please use this space to provide any additional explanations or comments not previously included.

OSA USE ONLY

Entity Wide:		General Fund		Governmental Funds		Notes	
Unrestricted Cash & Investments	\$	4,402	Unrestricted Fund Balan	\$	(36,142)	Total Tax Revenue	-
Current Liabilities	\$	46,213	Total Fund Balance	\$	(36,142)	Revenue Paying Debt Service	-
Deferred Inflow	\$	-	PY Fund Balance	\$	(41,481)	Total Revenue	106,200
			Total Revenue	\$	106,200	Total Debt Service Principal	-
			Total Expenditures	\$	100,861	Total Debt Service Interest	-
			Interfund In	\$	-		
Governmental			Interfund Out	\$	-	Enterprise Funds	
Total Cash & Investments	\$	4,402				Net Position	-
Transfers In	\$	-	Proprietary			- PY Net Position	-
Transfers Out	\$	-	- Current Assets	\$			
Property Tax	\$	-	- Deferred Outflow	\$		Government-Wide	
Debt Service Principal	\$	-	- Current Liabilities	\$		- Total Outstanding Debt	235,890
Total Expenditures	\$	100,861	- Deferred Inflow	\$		- Authorized but Unissued	-
Total Developer Advances	\$	-	- Cash & Investments	\$		- Year Authorized	1/0/1900
Total Developer Repayments	\$	-	- Principal Expense	\$			

PART 12 - 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?

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

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.

Below is the certification and approval of the governing body. By signing, each individual member is certifying they are a duly elected or appointed officer of the local government. Governing members may be verified. Also by signing, the individual member certifies that this Application for Exemption from Audit has been prepared consistent with Section 29-1-604, C.R.S., which states that a governmental agency with revenue and expenditures of \$750,000 or less must have an application prepared by an independent accountant with knowledge of governmental accounting; completed to the best of their knowledge and is accurate and true. Use additional pages if needed.

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

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

	Full Name	
1	Richard Frank	I, <u>Richard Frank</u> , attest that 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>Richard a. Frank</u> Date: <u>03/18/2021</u> My term Expires: <u>May 2022</u>
2	Daniel Frank	I, <u>Daniel Frank</u> , attest that 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>03/17/2021</u> My term Expires: <u>May 2022</u>
3	Marc Cooper	I, <u>Marc Cooper</u> , attest that 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>03/19/2021</u> My term Expires: <u>May 2022</u>
4		I, _____, attest that 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: _____
5		I, _____, attest that 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: _____
6		I, _____, attest that 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: _____
7		I, _____, attest that 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: _____

