



REGULAR BOARD MEETING AGENDA AND NOTICE

WEDNESDAY, November 15, 2023

5:30 PM

Please join my meeting from your computer, tablet, or smartphone.

<https://video.cloudoffice.avaya.com/join/590205827>

You can also dial in using your phone.

United States: +1 (213) 463-4500

Access Code: 590-205-827

Board of Director	Title	Term
Elizabeth Douglass	President	May 2027
Lanny Hoel	Secretary	May 2027
Martin Lempecki	Treasurer	May 2025
Edith Coffman	Assistant Secretary	May 2027
Jennifer Shepard	Assistant Secretary	May 2025

NOTICE IS HEREBY GIVEN that a Meeting of the Board of Directors of ARABIAN ACRES METROPOLITAN DISTRICT, Teller County, Colorado has been scheduled pursuant to emergency rules and regulations for Wednesday, November 15, 2023, at 5:30 p.m. via tele/videoconference for the purpose of addressing those matters in the agenda set forth below.

Management Team

Lynn Willow, ORC

Rebecca Harris, WSDM – District Managers

1) ADMINISTRATIVE MATTERS

- a) Call to Order & Declaration of Quorum
- b) Confirm any Potential Conflicts of Interest
- c) Discussion and Approval of the Agenda
- d) Consider Approval of Meeting Minutes from October 18, 2023 (enclosed)

2) FINANCIAL MATTERS

- a) Review of Billing and Collection Status
- b) Review and accept October 31, 2023, Unaudited Financial Status (enclosed)
- c) Review and Approve the Payment of Claims (enclosed)
- d) Discuss and Review Financial Analysis
- e) Public Hearing on 2023 Amended Budget and 2024 Proposed Budget
 - i) Review and Consider Adoption for Resolution 2023 Amended Budget and 2024 Budget (enclosed)

3) MANAGEMENT MATTERS

- a) Discuss the Arabian Logo

4) LEGAL MATTERS

- a) Review and Consider the Adoption of WSDM 2024 Annual Engagement Letter (enclosed)
- b) Review and Consider approval of BiggsKofford 2023 Audit Engagement Letter (under separate cover)
- c) Consider Adoption of Annual Administrative Resolution (under separate cover)
- d) Discuss July 1, 2024, Website ADA Compliance

5) OPERATIONS

- a) ORC Report
- b) Water Loss Data Report

6) PUBLIC COMMENT - Comments will be limited to 3 minutes. Please remain respectful of the Board of Directors as well as of your fellow residents.

7) ADJOURNMENT

- a) THE NEXT REGULARLY SCHEDULED MEETING IS SCHEDULED FOR
DECEMBER 20, 2023, AT 5:30 PM





**MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
ARABIAN ACRES METROPOLITAN DISTRICT**

October 18, 2023, at 5:30 P.M.

Via Telephone and Video Conference Call

In attendance were Directors:

Edith Coffman
Elizabeth Douglass
Lanny Hoel (Excused)
Martin Lempecki
Jennifer Shepard

Also in attendance were:

Rebecca Harris, WSDM District Managers
Rylee DeLong, WSDM District Managers
Lynn Willow, ORC
Bryan Johnson,
Andrea, Resident
Elric Winterer, Resident

1. ADMINISTRATIVE MATTERS

- a. Call to Order & Declaration of Quorum: President Douglass called the meeting to order at 5:30 p.m. and confirmed a quorum was present. Director Coffman moved to excuse Director Hoel's absence; seconded by President Douglass. Motion passed unanimously.
- b. Confirm any Potential Conflicts of Interest: The Directors each confirmed there were no potential conflicts of interest.
- c. Discussion and Approval of the Agenda: Ms. Harris added 6.a. Discuss Main Line Issue at 287 Donzi. Director Lempecki moved to approve the Agenda as amended; seconded by Director Shepard. Motion passed unanimously.
- d. Consider Approval of Meeting Minutes from September 20, 2023: Director Coffman moved to approve the September 20, 2023 Minutes as written; seconded by Director Lempecki. Motion passed unanimously.

2. FINANCIAL MATTERS

- a. Review of Billing and Collection Status: Ms. Harris presented a review of the current billing and collection status.
- b. Review and accept the September 30, 2023 Unaudited Financial Status: Ms. Harris presented the September 30, 2023 Unaudited Financial Statements. After review, Director Lempecki moved to accept the September 30, 2023 Unaudited Financial Statements as presented; seconded by Director Shepard. Motion passed unanimously. Ms. Harris noted she will provide a detailed analysis at the next meeting on how much cash the District is required to keep on hand per the bond documents, and if there is a possibility of lowering the service fee.

- c. Review and Approve the Payment of Claims: Ms. Harris presented the Payment of Claims. After review, Director Lempecki moved to approve the payment of claims; seconded by Director Coffman. Motion passed unanimously. The Board discussed that if the District incurs costs associated with damage caused by the service line freezing from the meter pit to the house, it can be billed back to the property.
- d. Review Draft 2024 Budget: Ms. Harris presented the draft 2024 budget. She discussed Proposition HH and how it could impact property tax revenue and the budget if it passes in November. She discussed the option of lowering the mill levy if Proposition HH does not pass to help offset the increase in property taxes. The Budget Hearing will be held at the November 15, 2023 Board meeting.

3. MANAGEMENT MATTERS

- a. Discuss AAMD Logo: Ms. Harris discussed a resident that inquired about the Arabian Acres logo that is being used by both the District and the POA. Ms. Harris confirmed the logo is not trademarked and was created by the developer. Ms. Andrea, the resident commented that residents of the POA mix up the POA and District. President Douglass will reach out to the President of the POA to discuss further.

4. LEGAL MATTERS: There were no legal matters.

6. OPERATIONS

- a. Discuss Main Line Issue at 287 Donzi: The Board discussed that the main service line was only installed at 5'11" deep on Donzi and it should have been at least 7' deep. The shallow depth was possibly due to granite in the area. The Board discussed the possibility of having Native Sun fix the situation. Ms. Harris noted she is waiting to hear back from the Project Engineers.
- b. ORC Report: Mr. Willow presented the Operator's Report. President Douglass discussed curb damage and road erosion on Kutsu Ridge Road that was posted about on Nextdoor. Ms. Harris confirmed that it would be Teller County's responsibility, but Mr. Willow will investigate as well.
- c. Water Loss Data Report: Ms. Harris presented the Water Loss Data Report.

7. PUBLIC COMMENT: Mr. Winterer commented that his water bill has come down now after the leak he had which he is happy about. He apologized for missing the beginning of the meeting and asked about the budget. Ms. Harris provided a brief review of the draft 2024 budget.

8. ADJOURNMENT: Director Coffman moved to adjourn the meeting at 6:45 p.m.; seconded by Director Shepard. Motion passed unanimously.

- a. THE ANNUAL TOWN HALL MEETING IS SCHEDULED FOR NOVEMBER 15, 2023 AT 5:00 PM; FOLLOWING AFTER THE REGULARLY SCHEDULED MEETING IS SCHEDULED FOR NOVEMBER 15, 2023, AT 5:30 PM.

Respectfully Submitted,
WSDM District Managers

By: Recording Secretary

THESE MINUTES ARE APPROVED AS THE OFFICIAL OCTOBER 18, 2023 REGULAR MEETING MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Edith Coffman

Elizabeth Douglass

Lanny Hoel

Martin Lempecki

Jennifer Shepard



Arabian Acres Metropolitan District
Balance Sheet
 As of October 31, 2023

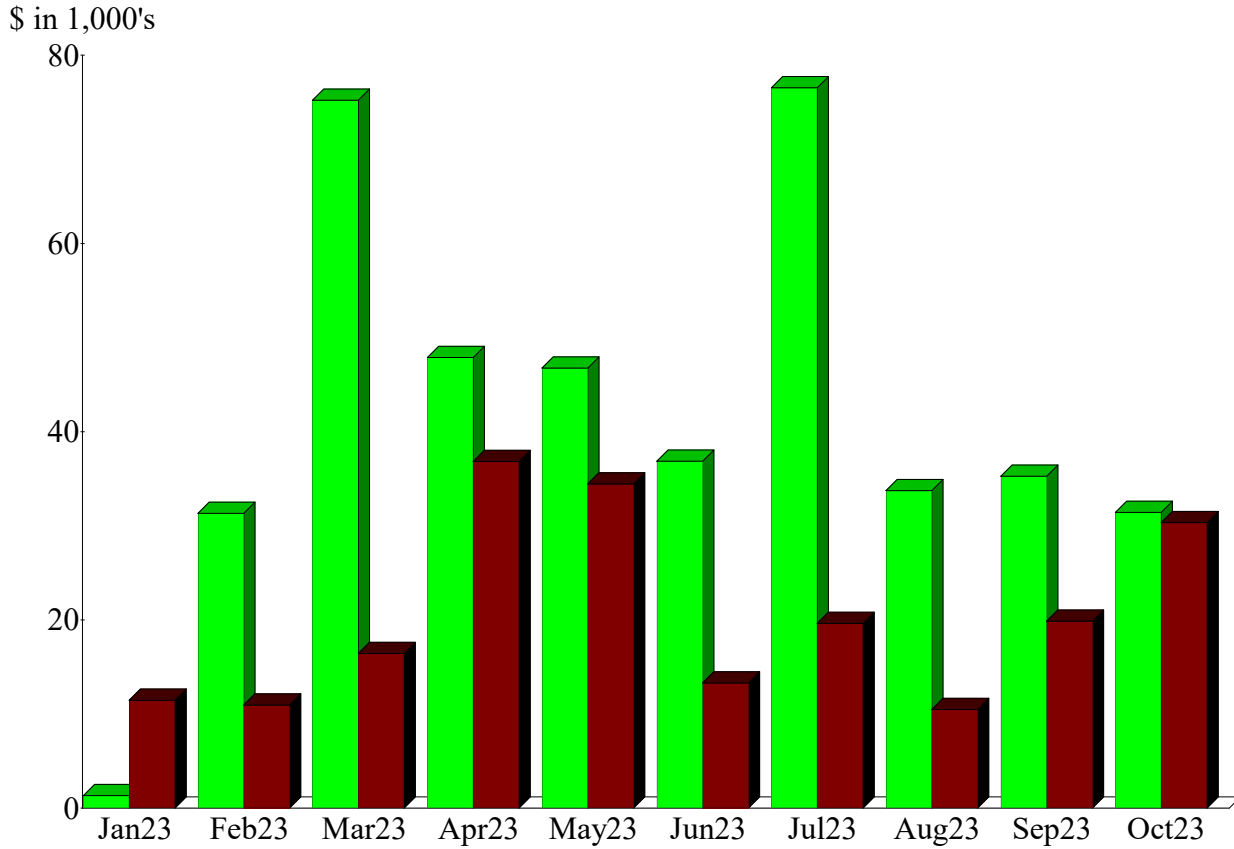
	Oct 31, 23
ASSETS	
Current Assets	
Checking/Savings	
ECB Checking	526,313.74
2-1000 · COLOTRUST 4001	210,453.75
2-1020 · COLOTRUST Reserve 8002	33,965.62
3-1000 · COLOTRUST-Capital Reserve 8003	252,246.37
Total Checking/Savings	1,022,979.48
Accounts Receivable	
1-1200 · Accounts Receivable	11,313.15
Total Accounts Receivable	11,313.15
Other Current Assets	
1-1300 · Property Tax Receivable	7,676.41
Total Other Current Assets	7,676.41
Total Current Assets	1,041,969.04
Fixed Assets	
1-1850 · Construction in Progress	2,515,552.23
Total Fixed Assets	2,515,552.23
Other Assets	
3-1500 · Capital Assets	1,263,742.90
3-1520 · Equipment	702,724.49
3-1540 · Land	101,000.00
3-1560 · Water Rights	172,588.00
3-1590 · Accumulated Depreciation	-613,015.00
Total Other Assets	1,627,040.39
TOTAL ASSETS	5,184,561.66
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
1-2000 · Accounts Payable	27,055.61
Total Accounts Payable	27,055.61
Other Current Liabilities	
1-2020 · Accrued Interest	7,427.30
2-2200 · Deferred Revenue-Property Taxes	7,676.41
Total Other Current Liabilities	15,103.71
Total Current Liabilities	42,159.32
Long Term Liabilities	
DWRP 1.5 Million Loan	1,010,323.76
2-2400 · 2007 Bonds Payable	895,000.00
2-2440 · Natural Rural Water	19,712.64
3-4090 · CWCB Meter Loan 400K	154,568.42
Total Long Term Liabilities	2,079,604.82
Total Liabilities	2,121,764.14
Equity	
30000 · Opening Balance Equity	215,933.51
32000 · Retained Earnings	2,634,329.28
Net Income	212,534.73
Total Equity	3,062,797.52
TOTAL LIABILITIES & EQUITY	5,184,561.66

Arabian Acres Metropolitan District Profit & Loss Budget vs. Actual January through October 2023

	TOTAL					
	Sep 23	Oct 23	Jan - Oct 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense						
Income						
2-4455 · Delinquent Taxes	0.00	0.00	890.76			
1-4000 · Capital Improvement Fees	8,721.35	9,186.47	96,494.92	106,000.00	-9,505.08	91.03%
1-4030 · Late Fee Revenue	254.65	251.79	2,690.38			
1-4050 · Water Service Fee	8,323.61	8,913.26	69,000.58	100,000.00	-30,999.42	69.0%
1-4070 · Water Tap Fees	8,000.00	0.00	8,000.00			
1-4080 · Water Usage	5,738.03	8,959.60	69,907.70	90,000.00	-20,092.30	77.68%
1-4090 · Trout Haven Exclusion Deposits	0.00	0.00	1,655.50			
2-4400 · Property Tax Revenue	680.17	514.80	130,968.47	138,644.88	-7,676.41	94.46%
2-4450 · Specific Ownership Tax	1,347.07	1,301.66	11,516.83	9,705.14	1,811.69	118.67%
2-4460 · Restitution	16.77	16.77	167.70			
2-4470 · State Senior/ Veteran Funds	0.00	0.00	6,408.60			
Total Income	33,081.65	29,144.35	397,701.44	444,350.02	-46,648.58	89.5%
Gross Profit	33,081.65	29,144.35	397,701.44	444,350.02	-46,648.58	89.5%
Expense						
1-6110 · Audit	0.00	0.00	8,225.00	8,225.00	0.00	100.0%
1-6020 · Bank Service Charges	0.00	20.00	68.00	100.00	-32.00	68.0%
1-6040 · Computer and Internet Expense	0.00	0.00	3.00			
1-6120 · Directors Fees	400.00	400.00	3,900.00	7,500.00	-3,600.00	52.0%
1-6050 · District Management-Operating	5,271.00	5,271.00	47,690.59	54,000.00	-6,309.41	88.32%
1-6060 · Dues Fees and Subscriptions	36.12	43.86	2,565.31	2,500.00	65.31	102.61%
1-6070 · Election Expense	0.00	0.00	837.72	5,000.00	-4,162.28	16.75%
1-6080 · Insurance Expense-Operating	0.00	12,574.00	12,574.00	14,000.00	-1,426.00	89.81%
1-6130 · Legal						
1-6135 · Trout Haven Exclusions	5,511.10	0.00	6,754.26			
1-6130 · Legal - Other	860.75	0.00	860.75	10,000.00	-9,139.25	8.61%
Total 1-6130 · Legal	6,371.85	0.00	7,615.01	10,000.00	-2,384.99	76.15%
1-6090 · Office Supplies	71.67	0.00	370.51			
1-6180 · ORC Fees-Operating	3,522.87	3,472.87	34,467.22	48,000.00	-13,532.78	71.81%
1-6100 · Postage and Copies-Operating	131.27	132.53	1,616.22	4,000.00	-2,383.78	40.41%
1-6170 · Chemicals and Supplies	0.00	0.00	0.00	2,000.00	-2,000.00	0.0%
1-6190 · Repairs and Maintenance	3,112.57	5,237.37	39,675.60	35,000.00	4,675.60	113.36%
1-6210 · Utilities	521.06	539.38	7,161.45	12,500.00	-5,338.55	57.29%
1-6150 · Water Billing	0.00	3.00	3.00	10,000.00	-9,997.00	0.03%
1-6220 · Water Distribution Purchases	0.00	0.00	0.00	10,000.00	-10,000.00	0.0%
1-6230 · Water Testing	356.00	63.00	1,257.00	4,000.00	-2,743.00	31.43%
2-6240 · Treasurer Collection Fee	21.02	16.21	3,957.82	4,159.35	-201.53	95.16%
63400 · Interest Expense	0.00	2,569.45	5,182.43			
63500 · Bond Principal Payment	0.00	0.00	0.00	75,000.00	-75,000.00	0.0%
Total Expense	19,815.43	30,342.67	177,169.88	305,984.35	-128,814.47	57.9%
Net Ordinary Income	13,266.22	-1,198.32	220,531.56	138,365.67	82,165.89	159.38%
Other Income/Expense						
Other Income						
1-7020 · Interest Income - Operating	0.00	0.00	10.00			
2-7000 · Interest Income	2,184.96	2,289.48	18,519.42			
2-7040 · Miscellaneous Income	0.00	0.00	153.00			
Total Other Income	2,184.96	2,289.48	18,682.42			
Other Expense						
2-8000 · Bond Interest	0.00	0.00	22,375.00	48,500.00	-26,125.00	46.13%
2-8050 · National Rural Water Interest	49.39	0.00	451.57	990.81	-539.24	45.58%
2-8055 · Interest Expense - CWCD	0.00	0.00	3,602.68	5,356.10	-1,753.42	67.26%
2-8080 · Trustee Fees	0.00	0.00	250.00	500.00	-250.00	50.0%
Total Other Expense	49.39	0.00	26,679.25	55,346.91	-28,667.66	48.2%
Net Other Income	2,135.57	2,289.48	-7,996.83	-55,346.91	47,350.08	14.45%
Net Income	15,401.79	1,091.16	212,534.73	83,018.76	129,515.97	256.01%

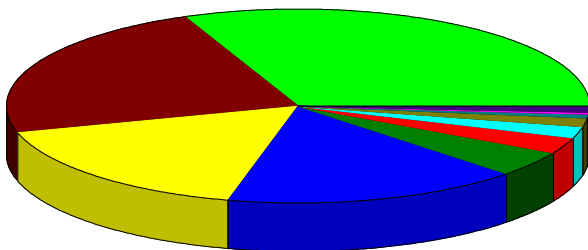
Income and Expense by Month
January through October 2023

Income
Expense



Income Summary
January through October 2023

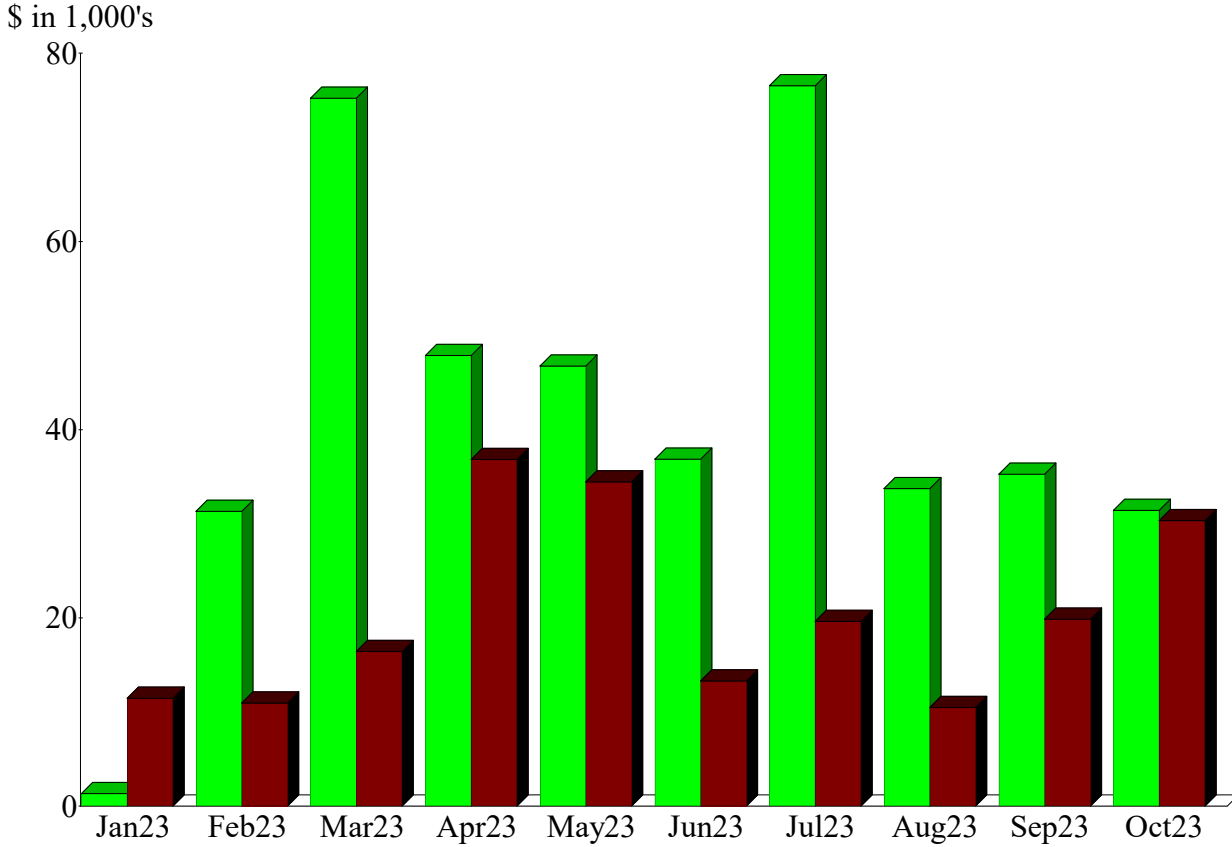
2-4400 · Property Tax Revenue	31.45%
1-4000 · Capital Improvement Fees	23.17
1-4080 · Water Usage	16.79
1-4050 · Water Service Fee	16.57
2-7000 · Interest Income	4.45
2-4450 · Specific Ownership Tax	2.77
1-4070 · Water Tap Fees	1.92
2-4470 · State Senior/ Veteran Funds	1.54
1-4030 · Late Fee Revenue	0.65
1-4090 · Trout Haven Exclusion Deposits	0.40
Other	0.29
Total	\$416,383.86



By Account

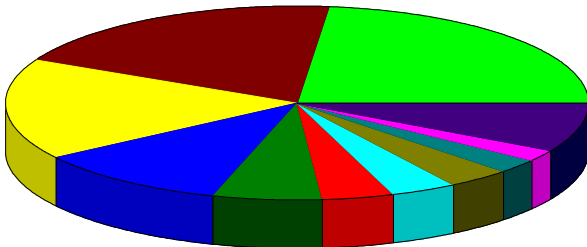
Income and Expense by Month
January through October 2023

Income
Expense



Expense Summary
January through October 2023

1-6050 · District Management-Operating	23.40%
1-6190 · Repairs and Maintenance	19.46
1-6180 · ORC Fees-Operating	16.91
2-8000 · Bond Interest	10.98
1-6080 · Insurance Expense-Operating	6.17
1-6110 · Audit	4.03
1-6130 · Legal	3.74
1-6210 · Utilities	3.51
63400 · Interest Expense	2.54
2-6240 · Treasurer Collection Fee	1.94
Other	7.32
Total	\$203,849.13



By Account



Arabian Acres Metropolitan District

PAYMENT REQUEST

11/15/2023

GENERAL FUND

Company	Invoice	Date	Amount	Comments
Edith Coffman	111523EC	11/15/2023	\$ 100.00	
Lanny Hoel	111523LH	11/15/2023	\$ 100.00	
Elizabeth Douglas	111523ED	11/15/2023	\$ 100.00	
Jennifer Shepard	111523JS	11/15/2023	\$ 100.00	
Martin Lempecki	111523ML	11/15/2023	\$ 100.00	
CO Special Districts Prop & Liab Pool	24PL-60210-2331	10/22/2023	\$ 12,574.00	
Continental Utility Solutions	R17359	10/19/2023	\$ 3.00	
Core Electric Coop	40032202	10/23/2023	\$ 159.98	ACH
Core Electric Coop	43183502	10/23/2023	\$ 128.21	ACH
Core Electric Coop	40299901	10/23/2023	\$ 130.23	ACH
Core Electric Coop	40045402	10/23/2023	\$ 107.46	ACH
Core Electric Coop	43071702	10/23/2023	\$ 13.50	ACH
El Paso County Public Health	EHS202112004	8/31/2023	\$ 21.00	
El Paso County Public Health	EHS202112281	9/30/2023	\$ 21.00	
El Paso County Public Health	EHS202112763	10/17/2023	\$ 63.00	
J.A. Excavation & Septic's LLC	103123	10/31/2023	\$ 472.87	Paid by the 15th
J.A. Excavation & Septic's LLC	103123-1	10/31/2023	\$ 3,000.00	Paid by the 15th
Mailing Services Inc	18589	10/16/2023	\$ 132.53	
National Rural Water Association	120123	5/3/2205	\$ 924.10	
UNCC	223100062	10/31/2023	\$ 43.86	
WSDM District Manager	7718	10/31/2023	\$ 5,271.00	
TOTAL			\$ 23,565.74	

DEBT SERVICE FUND

Company	Invoice	Date	Amount	Comments
Zions Bank	Bond Pmt	10/24/2023	\$ 102,375.00	Paid From Colotrust
TOTAL			\$ 102,375.00	

Director _____

\$ 125,940.74

ECB Checking Before Withdraw	\$ 529,045.57
Payable's	\$ 23,565.74
After Withdraw	\$ 505,479.83



RESOLUTION
ARABIAN ACRES METROPOLITAN DISTRICT

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, AND APPROPRIATING SUMS OF MONEY TO THE FUNDS AND IN THE AMOUNTS SET FORTH HEREIN FOR THE ARABIAN ACRES METROPOLITAN DISTRICT (THE “DISTRICT”), TELLER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2024 AND ENDING ON THE LAST DAY OF DECEMBER 2024 AND AMENDING THE 2023 BUDGET.

WHEREAS, the Board of Directors of the District has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time;

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration;

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held November 15, 2023, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF ARABIAN ACRES METROPOLITAN DISTRICT, TELLER COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF COLORADO:

Section 1. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. Budget Expenditures. That estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget. That the budget as submitted and attached and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of District for the year stated above and the 2023 budget is approved as amended.

Section 4. Levy of General Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget for general operating expenses is \$278,325 and the amount of money necessary to balance the budget for bonds and interest is \$50,000. The current assessed valuation is \$7,484,967.

Section 5. Mill Levy. That for the purpose of meeting all expenses of operations of Arabian

Acres Metropolitan District for the budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the Arabian Acres Metropolitan District. That for the purpose of meeting all expenses of contractual obligations of Arabian Acres Metropolitan District for the budget year, there is hereby levied a tax of 21 mills upon each dollar of the total valuation of assessment of all taxable property within the Arabian Acres Metropolitan District. The total valuation of assessment, budget, assessment and mill levy are all subject to modification, per state law.

Section 6. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budgets do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 7. Certification. The Arabian Acres Metropolitan District agents are hereby authorized and directed to immediately certify to the County Commissioners of Teller County, Colorado the mill levies for the Arabian Acres Metropolitan District hereinabove determined and set.

Section 8. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated and no other.

ADOPTED AND APPROVED this 15th day of November 2023.

DISTRICT
BOARD OF DIRECTORS

By: _____

ATTEST:

Secretary

**ARABIAN ACRES METROPOLITAN DISTRICT
2023 AMENDED AND 2024 BUDGET
GENERAL FUND**

	2022 ACTUAL	2023 ACTUAL 9/25/2023	2023 PROJECTED	2023 BUDGET	2024 BUDGET
GENERAL FUND: BEGINNING BALANCE	\$ 347,469	\$ 501,126	\$ 501,126	\$ 501,126	\$ 543,197
REVENUES					
CAPITAL IMPROVEMENT FEE	\$ 113,906	\$ 78,587	\$ 106,000	\$ 106,000	\$ 110,000
CORA REQUESTS	\$ -	\$ -	\$ -	\$ -	\$ -
INTEREST INCOME	\$ -	\$ -	\$ -	\$ -	\$ -
LATE FEES	\$ 2,946	\$ 2,184	\$ 2,300	\$ -	\$ -
MISCELLANEOUS (Trout Haven Exclusions)	\$ 6,205	\$ 1,655	\$ 1,655	\$ -	\$ -
RESTITUTION	\$ 413	\$ 151	\$ 151	\$ -	\$ -
TAP FEE	\$ 24,000	\$ 8,000	\$ 8,000	\$ -	\$ -
WATER SERVICE FEE	\$ 133,846	\$ 43,764	\$ 100,000	\$ 100,000	\$ 100,000
WATER USAGE	\$ 81,743	\$ 74,031	\$ 80,000	\$ 90,000	\$ 80,000
TOTAL REVENUES	\$ 363,060	\$ 208,372	\$ 298,106	\$ 296,000	\$ 290,000
TOTAL FUNDS AVAILABLE	\$ 710,528	\$ 709,498	\$ 799,232	\$ 797,126	\$ 833,197
EXPENSES					
AUDIT	\$ 7,600	\$ 8,225	\$ 8,225	\$ 8,225	\$ 8,500
BANK SERVICE CHARGES	\$ 104	\$ 48	\$ 100	\$ 100	\$ 100
CHEMICALS & SUPPLIES	\$ 377	\$ -	\$ 500	\$ 2,000	\$ 2,000
DIRECTOR FEES	\$ 6,200	\$ 3,600	\$ 5,100	\$ 7,500	\$ 6,000
DISTRICT MANAGEMENT	\$ 46,900	\$ 30,482	\$ 54,000	\$ 54,000	\$ 56,000
DUES, FEES, SUBSCRIPTIONS	\$ 2,494	\$ 2,489	\$ 2,486	\$ 2,500	\$ 3,000
ELECTION - TABOR/BOD	\$ 267	\$ 838	\$ 838	\$ 5,000	\$ -
ENGINEERING	\$ 755	\$ -	\$ -	\$ -	\$ 1,000
INSURANCE	\$ 13,970	\$ -	\$ 14,000	\$ 14,000	\$ 14,000
LEGAL	\$ 5,064	\$ 861	\$ 10,000	\$ 10,000	\$ 10,000
LOCATES	\$ -	\$ -	\$ -	\$ -	\$ 1,000
ORC FEES	\$ 39,873	\$ 27,471	\$ 48,000	\$ 48,000	\$ 48,000
OTHER (TROUT HAVEN EXCLUSIONS)	\$ 3,127	\$ 6,754	\$ 1,243	\$ -	\$ -
POSTAGE & COPIES	\$ 2,999	\$ 1,651	\$ 2,000	\$ 4,000	\$ 2,000
REPAIRS & MAINTENANCE	\$ 21,090	\$ 31,693	\$ 35,000	\$ 35,000	\$ 40,000
UTILITIES	\$ 9,159	\$ 6,101	\$ 10,000	\$ 12,500	\$ 12,000
WATER BILLING	\$ 8,100	\$ 6,667	\$ 10,000	\$ 10,000	\$ 10,000
WATER DISTRIBUTION/ PURCHASE	\$ 7,425	\$ -	\$ -	\$ 10,000	\$ 10,000
WATER SHARES	\$ -	\$ 543	\$ 543	\$ -	\$ 600
WATER TAPS	\$ -	\$ -	\$ -	\$ -	\$ -
WATER TESTING	\$ 3,899	\$ 1,152	\$ 4,000	\$ 4,000	\$ 4,000
CONTINGENCY	\$ -	\$ -	\$ -	\$ 20,000	\$ 50,000
TOTAL EXPENSES	\$ 179,402	\$ 128,575	\$ 206,035	\$ 246,825	\$ 278,200
OTHER FINANCING SOURCES					
TRANSFERS OUT - DEBT SERVICE	\$ 30,000	\$ 32,005	\$ 50,000	\$ 50,000	\$ 50,000
TRANSFERS OUT - CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -
GENERAL FUND: ENDING BALANCE	\$ 501,126	\$ 548,918	\$ 543,197	\$ 500,301	\$ 504,997
EMERGENCY RESERVE: State Required at 3%	\$ 5,382	\$ 3,857	\$ 6,181	\$ 7,405	\$ 8,346

DRAFT

**ARABIAN ACRES METROPOLITAN DISTRICT
2023 AMENDED AND 2024 BUDGET
DEBT SERVICE FUND**

	2022 ACTUAL	9/25/2023 2023 ACTUAL	2023 PROJECTED	2023 BUDGET	2024 BUDGET
DEBT SERVICE FUND: BEGINNING BALANCE	\$ 316,550.41	\$ 315,167	\$ 315,167	\$ 315,167	\$ 321,785
REVENUE					
INTEREST INCOME	\$ -	\$ 14,055	\$ 14,055	\$ -	
MISCELLANEOUS		\$ 153	\$ 153		\$ -
PROPERTY TAX REVENUE	\$ 135,555	\$ 130,664	\$ 138,645	\$ 138,645	\$ 157,184
SPECIFIC OWNERSHIP TAX	\$ 14,501	\$ 8,868		\$ 9,705	\$ 11,003
STATE SENIOR/ VETERAN FUNDS	\$ 6,551	\$ 6,409	\$ 6,500	\$ -	\$ -
TRANSFERS IN FROM GENERAL FUND	\$ 30,000	\$ 32,005	\$ 50,000	\$ 50,000	\$ 50,000
TOTAL REVENUE	\$ 186,607	\$ 192,154	\$ 209,353	\$ 198,350	\$ 218,187
EXPENSES					
2007 BOND INTEREST	\$ 48,500	\$ 22,375	\$ 48,500	\$ 48,500	\$ 40,750
2007 BOND PRINCIPAL	\$ 75,000		\$ 75,000	\$ 75,000	\$ 85,000
NATIONAL RURAL WATER INTEREST	\$ 966	\$ 452	\$ 991	\$ 991	\$ 367
NATIONAL RURAL WATER PRINCIPAL	\$ 9,800		\$ 10,098	\$ 10,098	\$ 10,722
CO WATER RESOURCES & POWER DEV A	\$ 3,603	\$ 3,603	\$ 5,356	\$ 5,356	\$ 5,008
CO WATER RESOURCES & POWER DEV A	\$ 20,117	\$ -	\$ 34,693	\$ 34,693	\$ 35,041
CWCD METER LOAN	\$ 23,688	\$ 20,024	\$ 23,688	\$ 23,688	\$ 23,688
TREASURER COLLECTION FEE	\$ 4,066	\$ 3,921	\$ 4,159	\$ 4,159	\$ 4,716
TRUSTEE FEES	\$ 250	\$ 250	\$ 250	\$ 500	\$ 500
CONTINGENCY	\$ 2,000			\$ 2,000	\$ 5,000
TOTAL EXPENSES	\$ 187,991	\$ 50,625	\$ 202,735	\$ 204,985	\$ 210,791
DEBT SERVICE: ENDING BALANCE	\$ 315,167	\$ 456,696	\$ 321,785	\$ 308,531	\$ 329,180
ASSESSED VALUATION	\$ 5,928,830	\$ 5,776,870	\$ 5,776,870	\$ 5,776,870	\$ 7,484,967
MILL LEVY	24.000	24.000	24.000	24.000	21.00

DRAFT

**ARABIAN ACRES METROPOLITAN DISTRICT
2023 AMENDED AND 2024 BUDGET
CAPITAL GRANT FUND**

	2022 ACTUAL	2023 ACTUAL	2023 AMEND/PROJ	2023 BUDGET	2024 BUDGET
CAPITAL GRANT FUNDS		\$ -		\$ -	\$ -
REVENUES-SERIES 2015 BOND PROCEEDS					
CDPHE PLANNING & DESIGN GRANT 10k				\$ -	
CDPHE DESIGN & ENGINEERING GRANT 300k				\$ -	
CWCB METER LOAN 400K				\$ -	
EIAF WATER METER GRANT 200K				\$ -	
CAPITAL LOAN DOLA					
CAPITAL GRANT DOLA	\$ 70,800				
POSTAGE & COPIES					
TRANSFER IN FROM GENERAL FUND	\$ -				
TOTAL REVENUES	\$ 70,800	\$ -		\$ -	\$ -
TOTAL REVENUE & FUND BALANCE	\$ 70,800	\$ -		\$ -	\$ -
EXPENSES					
BID ADVERTISING				\$ -	
CAPITAL OUTLAY	\$ 70,800			\$ -	
DISTRICT MANAGEMENT	\$ -			\$ -	
ORC FEES	\$ -			\$ -	
TRANSFER TO GENERAL FUND				\$ -	
TOTAL EXPENSES	\$ 70,800	\$ -		\$ -	\$ -
GRANT FUND: ENDING BALANCE	\$ -	\$ -		\$ -	\$ -

DRAFT

BUDGET MESSAGE
(Pursuant to § 29-1-103(1) (e), C.R.S.)

Arabian Acres Metropolitan District

The attached 2024 Budget for Arabian Acres Metropolitan District includes these important features:

- The primary sources of revenue for the District are tax revenues, fees, rates, tolls, penalties, and charges.
- No increase in commercial and residential rates and fees.
- Continued maintenance of the system to ensure ongoing levels of service to existing customers.
- Payment of debt service obligations.

The Budgetary basis of the accounting timing measurement method used is:

- Cash basis
- Modified accrual basis
- Encumbrance basis
- Accrual basis

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 is paid.

The services to be provided/ delivered during the budget year are the following:

- Potable water to customers.
- Contracted legal and management services, including state-required reporting, financial and accounting reports, billing and other services.
- Contracted Operator in Responsible Charge (ORC) to operate including required monitoring, testing, repair and other operational activities as well as payroll and other employment training and expenses.





RE: 2024 Annual Engagement Letter

This agreement constitutes a Statement of Work (“SOW”) to the Original Service Agreement made by and between WSDM – District Managers and **Arabian Acres Metropolitan District** (“the District”). This engagement letters serves as a renewal to the service provided or additional service to be provided as prescribed below.

Management Services

1. Meeting and Reporting Services – WSDM will continue to provide the following services:
 - a. Coordinate Board meetings, prepare and distribute meeting agenda. Preparation, filing and posting of legal notices required in conjunction with the meeting.
 - b. Ensure meeting notices are properly and timely posted.
 - c. Contact Board members 72 hours prior to a scheduled meeting to ensure a quorum will be present. In the event of a cancelation of a meeting, contact and advise all parties of the cancelation and any changes to the meeting date, time and place, if available.
 - d. Meeting packets will be distributed by U.S. Mail and/or email, as determined by the Board
 - e. Prepare for and attend regular and special meetings of the Board.
 - f. Draft, revise and finalize the minutes of the meeting and circulate for review and comment to ensure all statutory requirements have been met.
 - g. Prepare and maintain a record of all Board members, consultants and vendors. Direct and oversee all service providers, consultants and employees.
 - h. Prepare and make annual compliance filings (but not judicial filings) with the various State and County officials, as required. Coordinate review and approval of annual compliance filings with the attorney.
 - i. Respond to inquiries made by various officials, property owners or consultants in a timely and professional manner.
 - j. Set up and maintain the official records of the District and service as official custodian for same pursuant to the Colorado Open Records Act.
 - k. Monitor requirements pertaining to HB 1343 (Illegal Aliens).
 - l. Insurance administration, including evaluating risks, comparing coverage, process claims, completing applications, monitoring expiration dates, processing routine written and telephone correspondence. Ensure that all District contractors and subcontractors maintain required coverage for the District's benefit. Obtain quotes for insurance annually.

2. Elections – Service as a Designated Election Official (DEO) for district elections with familiarity with various laws, including, but not limited to the Special District Act, the Colorado Local Government Election Code, the Uniform Election Code of 1992, to the extent not in conflict with the Colorado Local Government Election Code, and Article X, § 20 of the Colorado Constitution ("TABOR")
3. Construction Oversight – we may provide extensive construction management. Our current experience principals have funded and managed over \$100,000,000 in public infrastructure including roads, water, wastewater, electric, gas, telecommunications and stormwater facilities.
4. Website Administration – continue extensive experience with creating and updating the District websites, specifically including the State Internet Portal Authority funded sites (SIPA). Or continue hosting the district website under www.wsdistricts.co.
5. Employee management – management of full or part time employees including Operators in Responsible Control (ORC), field and operations employees, administrative employees, part time seasonal employees, Certified Pool Operators, etc. Maintain compliance with Human Resource aspects like; labor statutes, insurance, training, safety, etc. issues. Also, automated payroll services
- ~~6. Covenant enforcement and CCR Management – WSDM will continue to provide the following services:

 - ~~a. Management of Architectural Control Committees or Design Review Committees, including, but not limited to, coordination of meetings and preparation of meetings.~~
 - ~~b. Community inspections and review of proposed improvements or architectural requests.~~
 - ~~c. Provide enforcement of the recorded CCRs (Covenant, Conditions, and Restrictions) and Design Guidelines including, but not limited to, violation tracking and imposition of fines.~~~~
7. Insurance – WSDM will continue to be the liaison for the annual insurance renewal and payment, as well coordination for any insurance claims, as needed, and complete the annual insurance audit to ensure the district is properly covered.
8. Inclusion/ Exclusions of Property – WSDM will provide, assistance with Legal Counsel, to coordinate any property inclusions into the District Boundaries or any property exclusions out of the District Boundaries. Determine property eligibility, present to the Board for approval, and file with property local governing body.

Accounting and bookkeeping

1. Standard Service – WSDM will continue to provide the following services (with a Certified Public Accountant):
 - a. Accounting:
 - i. Prepare monthly, quarterly and annual financial statements for the monthly meeting packets.
 - ii. Reconcile bank statements and trustee statements on a monthly basis.

- iii. Coordinate bank account setup and maintenance of signature cards.
 - iv. Prepare and file Continuing Disclosure Notices with the Trustee and other required parties. Coordinate review with legal counsel.
 - v. Coordinate capital project draws and requisitions.
 - vi. Prepare and review all payments of claims prior to release to ensure funds are available.
 - vii. Monthly review of all expenditures and coordinate preparation and distribution of same with the manager for the District to monitor the district is on track with the budget and appropriated expenditures.
- b. Accounts Payable:
- i. Receive and review invoices for accuracy and appropriateness for payment. Code the invoices in accordance with the budgeted line item.
 - ii. Prepare issuance of checks (or virtual checks) to be presented to the Board for approval and signatures. The claims (Payables) list will be included in the monthly meeting packets.
 - iii. Prepare funding requests, if required.
 - iv. Release checks to vendors when all approvals and funding have been received.
- c. Accounts Receivable:
- i. Process deposit of revenues
 - ii. Process bank charges and other miscellaneous accounts receivable matters.
- d. Financial Projections:
- i. Provide multi-year forecasting on Board request
 - ii. Provide a Utility consumption versus rate analysis, and possible water loss calculations
 - iii. Provide commercial billing and rate structure analysis.
- e. Budgets:
- i. Prepare annual budget and budget message for approval by the Board and coordinate with legal counsel for same.
 - ii. Prepare or assist in the preparation of supplemental and/or amended budgets and accompanying documents, if required.
 - iii. Prepare and assist in the compliance of filing the annual Budget, or amendment, as needed.
- f. Audits:
- i. Obtain proposals for conducting the annual audit for consideration at budget hearing meeting. Proposals should be included in the meeting packet.
 - ii. Coordinate and participate in audit bids, engagements, fieldwork and audit draft review.
 - iii. Assist the auditor in performing the annual audit, to accomplish timely completion and filing by statutory deadline.
 - iv. Help present the Annual Audit for approval by the Board to be file din compliance with State, local, and federal requirements.
- g. Bonds and/ or Loans:
- i. Monitor and comply with Bond documents, State Statute, and Auditing requirements
 - ii. Transfer debt obligated funds to correct Reserve Funding accounts as applicable

- iii. Coordinate principal and interest payments as required by the governing documents.
- iv. Coordinate with Bond counsel to issue bonds as directed by the Board of Directors
- v. Coordinate the proper compliance filing including but not limited to the DLG-30, etc.
- ~~h. Developer Reimbursements/ Advances:

 - i. Coordinate with Developers to ensure all advances are received, tracked, or accounted for to fund the district as needed.
 - ii. Monitor and comply with Developer Reimbursement agreements and Auditing requirements
 - iii. Coordinate principal and interest payments required by the Reimbursement agreement~~

Billing and Collections

1. Standard Services—WSDM will continue to utilize the Continental Utility Solutions, Inc. (CUSI) billing software system for the residents, BILL billing software for, or QuickBooks billing software.
 - a. CUSI system is compatible with the Automatic Meter Reading (AMR), Badger Beacon systems as well as state of the art integration with direct payment options (Customer Web Portals, ACH, and Credit Card).
2. Additional Standard Services will include:
 - a. Provide resolution of re-reads for meter reads, if necessary.
 - b. Customize billing system to download meter readings directly into accounting software to allow for automatic updates to customer accounts.
 - c. Produce and transmit customer invoices to a mailing facility or perform the mailing in house, whichever is more economical.
 - d. Process and make daily deposits of all receipts mailed directly to the billing company, as necessary.
 - e. Communicate with customers and transmit Automated Clearing House ("ACH") authorization forms allowing the District to initiate an ACH withdrawal of the customer bill directly from their checking or savings account. Initiate ACH batches using dual controls.
 - f. Coordinate and provide correspondence regarding terminations, delinquencies, payment plans and shut-off notices in compliance with the District's collection policies and in coordination with the District's legal counsel.
 - g. Process payoff requests from title company for closings and set up new ownership information.
 - h. Collect transfer fee due upon the transfer of and account or property.
 - i. Process payment arrangements for customers facing economic hardship at the direction of the Board.
 - j. Process and transmit delinquent notices.
 - k. Process shutoff notices and direct the District's operator to proceed with shutoff.

- l. Certify delinquent accounts with the County, as applicable, in coordination with the District's legal counsel.
- m. Coordinate processing of statements of liens with the District's legal counsel, and release of liens as account are paid current.
- n. Respond to customer calls and inquiries in a timely and professional manner.
- o. Track tap fee payments and coordinate with the Water Operator to provide installation of a new Tap for water utility.

Customer Service

1. WSDM will continue to provide customer service support by phone, email, social media, and text messaging, and fax to help all customers with their inquiries, questions, or request for information.
2. WSDM will continue to provide access to a 24-hour emergency number at 719-447-4840.
3. WSDM will continue to collaborate with security teams and monitor any security camera's as needed.
4. All customer inquiries will have a response to them within 1 hour during regular business hours or immediately the following business day, if not an emergency.

Hourly Rates

WSDM will continue to provide all applicable services as listed to the District at a monthly cost or not to exceed contractual monthly limit of **\$5,500/ month.**

Principal	\$225.00
Senior Manager	\$180.00
Senior Accountant (CPA)	\$190.00
Assistant Manager	\$150.00
Bookkeeper	\$ 75.00
Administrative/ Supporting Staff	\$ 50.00

- *Signature page to follow* -

Thank you,



Kevin Walker,
President of WSDM

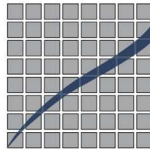
APPROVED AS SIGNED:

Signature

Title

Date





BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

November 13, 2023

Board of Directors
Arabian Acres Metropolitan District
Teller County, Colorado

We are pleased to confirm our understanding of the services we are to provide for Arabian Acres Metropolitan District ("District") as of and for the year ended December 31, 2023.

Audit Scope and Objectives

We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2023. Accounting principles generally accepted in the United States of America ("US GAAP") provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A") to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by US GAAP and will be subjected to certain limited procedures, but will not be audited:

- You have informed us that the MD&A will be omitted. Our report will be modified accordingly.

We have also been engaged to report on supplementary information ("SI") other than RSI that accompanies the District's financial statements, as applicable. We will subject the SI to the auditing procedures applied in our audit of the basic 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 US GAAS, and will provide an opinion on it in relation to the basic financial statements as a whole.

- Schedule of revenues and expenditures – budget and actual for enterprise funds, as applicable
- Enterprise funds reconciliation of amounts from budgetary basis to cash basis, as applicable

In connection with our audit of the basic financial statements, we will read any other information included with the financial statements and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with US GAAP; and report on the fairness of the SI referred to above when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Users of the Financial Statements

We understand that these financial statements will be used by the State of Colorado and Teller County to assist with regulatory oversight, and by management to provide assurance on the financial statements to enhance management decision-making. You agree that you will discuss the suitability of this presentation with us if you intend to submit these financial statements to other users or to any of the identified users for different purposes.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with US GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with US GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with US GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

If circumstances occur which, in our professional judgment, prevent us from completing the audit or forming opinions on the financial statements, we retain the right to withdraw from the engagement without issuing an opinion or a report, as permitted by our professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will

take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures – Internal Control

We will obtain an understanding of the District and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance any matters related to internal control that are required to be communicated under professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

We will also prepare the financial statements of the entity in conformity with US GAAP based on information provided by you. We will perform the services in accordance with applicable professional standards.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with US GAAP with the oversight of those charged with governance.

Management is responsible for making drafts of the financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

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

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws and regulations.

With regard to including the auditor's report in an offering document, you agree that the aforementioned auditor's report, or reference to BiggsKofford, P.C., will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an offering document, including an agreement to provide permission or consent, will be a separate engagement.

You are responsible for the preparation of the SI in conformity with US GAAP. You agree to include our report on the SI in any document that contains, and indicates that we have reported on, the SI. You also agree to include the audited financial statements with any presentation of the SI that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for the presentation of the SI in accordance with US GAAP; (2) you believe the SI, including its form and content, is fairly presented in accordance with US GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the SI.

You agree to assume all management responsibilities for the other services listed above and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

You are responsible to notify us in advance of your intent to reproduce our report for any reason, in whole or in part, and to give us the opportunity to review any printed material containing our report before its issuance. Such notification does not constitute an acknowledgement on our part of any third party's intent to rely on the financial statements. With regard to financial statements published electronically or on your internet website(s), you understand that electronic sites are a means to reproduce and distribute information. We are not required to read the information contained in your sites, or to consider the consistency of other information in the electronic site with the original document.

You agree that you will not use our firm's name or the name of an employee of the firm in a communication containing a financial presentation without the written permission of our firm. If you do use our firm name or the name of an employee of the firm in a communication containing a financial presentation, you agree to include an "accountant's report" or a "disclaimer" on the financial presentation(s) which we specify. Further, you agree to provide us with printers' proofs or masters of any document that contains our firm name or the name of an employee of the firm and a financial presentation for our review and approval before printing/publishing of the document. You also agree to provide us with a copy of the final reproduced material that contains either our firm's name and/or the name of an employee of the firm and a financial presentation for our approval before it is distributed.

We value each and every one of our clients as well as each and every one of our employees. We have spent a great deal of time and resources to locate, train, and retain our employees. We respectfully request that you not solicit our employees to work for you. You agree that if you or your agents do hire one of our employees within three months of when they last worked for BiggsKofford, P.C., we will be due a finder's fee equal to 50% of the greater of the annual salary they were earning as of their last day of employment or their starting salary with the District. Payment will be due within 10 days of your receipt of our invoice. To ensure that our independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement principal before entering into any substantive employment discussions with any of our personnel.

You understand that we provide clients with services specifically focused on identifying and addressing deficiencies in internal controls, and on searching for the existence of fraud within the entity. If you would like us to perform

these services, we would be happy to discuss that opportunity with you. However, you acknowledge that those services are outside the scope of this engagement and are not included in the fees detailed below.

It is our policy to retain engagement documentation for a period of at least five years, after which time we may commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement. The balance of our engagement file, other than the compiled financial statement, which we will provide you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony related to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our standard hourly rates for the time we expend in connection with such response, and to reimburse us for all related out-of-pocket costs incurred.

You and BiggsKofford, P.C. both agree that any dispute that may arise from this engagement will, prior to resorting to litigation, be submitted for mediation before the American Arbitration Association. Both parties further agree that any such mediation shall be administered within El Paso County, Colorado, and the results of any such mediation shall be binding upon agreement of each party to be bound. Further, both parties agree that any potential legal action between you and BiggsKofford, P.C. shall be resolved in El Paso County District Court according to Colorado law. Our engagement ends on delivery of our audit report and any claim made concerning our services will be limited to the fees charged for those services. You agree to indemnify, defend, and hold BiggsKofford and its owners, heirs, executors, personal representatives, successors, and assigns harmless from any liability and costs resulting from knowing misrepresentations by management.

This engagement letter is contractual in nature and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all parties.

We want you to clearly understand that this type of financial statement presentation is not designed for, and should not be used for, any purpose subject to regulation by the United States Securities and Exchange Commission ("SEC") or the securities division of any state.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of BiggsKofford, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Colorado Office of the State Auditor or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of BiggsKofford, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to Colorado Office of the State Auditor or its designee. The Colorado Office of the State Auditor or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Braden Hammond is the engagement principal and is responsible for supervising the engagement and for signing the report or authorizing another individual to sign it.

Our fees for this engagement are not contingent on the results of our services. We estimate that our fees for these services will be \$8,625. You will also be billed for travel and other out-of-pocket expenses. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will keep you informed of any problems we encounter, and our fees will be adjusted accordingly. Our invoices for these fees will be rendered semi-monthly as work progresses and are payable on presentation. Any remaining balance will be due upon delivery of your financial statements. In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment or for any other reason provided for in this letter, our engagement will be deemed to have been

completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenses through the date of the termination.

We understand this engagement letter is contingent on Walker Schooler District Managers acting as the manager for the District and, in the event of a change in manager, the terms outlined in this letter are subject to revision. This engagement letter is valid for 60 days from the date of this letter and is subject to revision or withdrawal if an executed copy is not received by BiggsKofford, P.C. within that timeframe.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the board of directors of the District. Circumstances may arise in which our report may differ from its expected content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report or, if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, **PLEASE INITIAL EACH PAGE, SIGN THE LAST PAGE**, and return a copy to us.

Sincerely,

BiggsKofford, P.C.

BiggsKofford, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Arabian Acres Metropolitan District.

Officer signature: _____ Title: _____ Date: _____



**ANNUAL ADMINISTRATIVE RESOLUTION OF
ARABIAN ACRES METROPOLITAN DISTRICT (2024)**

STATE OF COLORADO)
) ss.
COUNTY OF TELLER)

At the regular meeting of the Board of Directors (“Board”) of the ARABIAN ACRES Metropolitan District (“District”), Teller County, Colorado, held at 5:30 P.M., on November 15, 2023, virtually via the following link: <https://video.cloudoffice.avaya.com/join/590205827> and/or by telephone call to United States: + +1 (213) 4634500 United States (Los Angeles, CA), it was moved to adopt the following Resolution:

WHEREAS, the District was organized as a special district pursuant to an Order and Decree of the District Court in and for the County of Teller, Colorado (the “County); and

WHEREAS, the Board has a duty to perform certain obligations in order to assure the efficient operation of the District and hereby directs its consultants to take the following actions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Board directs the District Manager to cause an accurate map of the District’s boundaries to be prepared in accordance with the standards specified by the Division of Local Government (“Division”) and to be filed in accordance with § 32-1-306, C.R.S.
2. The Board directs the District Manager to notify the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder, the governing body of any municipality in which the District is located, and the Division of the name of the chairman of the Board, the contact person, telephone number and business address of the District, and all other information as required by § 32-1-104(2), C.R.S, or other applicable law.
3. The Board directs the District Manager to prepare and file with the Division, within thirty (30) days of a written request from the Division, an informational listing of all contracts in effect with other political subdivisions, in accordance with § 29-1-205, C.R.S.
4. The Board directs the District Manager to cause the preparation of and to file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year, as required by §§ 11-58-101, *et seq.*, C.R.S.
5. The Board directs the District’s accountant to: 1) obtain proposals for auditors to be presented to the Board; 2) to cause an audit of the annual financial statements of the District to be prepared and submitted to the Board on or before June 30; and 3) to cause the audit to be filed with the State Auditor by July 31, or by the filing deadline permitted under any extension thereof, all in

accordance with §§ 29-1-603(1) and 29-1-606, C.R.S. Alternatively, if warranted by § 29-1-604, C.R.S., the Board directs the District's accountant to apply for and obtain an audit exemption from the State Auditor on or before March 31 in accordance with § 29-1-604, C.R.S.

6. The Board directs the District Manager, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, to cause to be submitted to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District, the District's audit report or a copy of its application for exemption from audit in accordance with § 29-1-606(7) C.R.S.

7. The Board directs the District's accountant to submit a proposed budget to the Board by October 15, to prepare the final budget and budget message, including any amendments thereto, if necessary, and directs accountant to schedule a public hearing on the proposed budget and/or amendments, and to post or publish notices thereof, directs the District Manager to prepare all budget resolutions and to file the budget, budget resolution and budget message with the Division on or before January 30, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

8. The Board directs the District's accountant to monitor expenditures and contracted expenditures and, if necessary, to notify the District Manager, and the Board when expenditures or contracted expenditures are expected to exceed appropriated amounts, and directs the District Manager to prepare all budget amendment resolutions and directs the District Manager to schedule a public hearing on a proposed budget amendment and to post or publish notices thereof and to file the amended budget with the Division on or before the date of making such expenditure or contracting for such expenditure, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

9. The Board directs the District Manager to cause the preparation of the Unclaimed Property Act report and submission of the same to the State Treasurer by November 1 if there is property presumed abandoned and subject to custody as unclaimed property, in accordance with § 38-13-101, *et seq.*, C.R.S.

10. The Board directs the District's accountant to prepare the mill levy certification form and directs the District Manager to file the mill levy certification forms with the Board of County Commissioners on or before December 15, in accordance with § 39-5-128, C.R.S.

11. The Board designates The Gazette as a newspaper of general circulation within the boundaries of the District and directs that all legal notices shall be published in accordance with § 32-1-103(15), C.R.S., in The Gazette, unless otherwise designated by the Board or District Manager.

12. The Board determines that each director shall receive compensation for their services as directors subject to the limitations set forth in §§ 32-1-902(3)(a)(I) & (II), C.R.S.

13. The District hereby acknowledges, in accordance with § 32-1-902, C.R.S., the following officers for the District:

<u>Board of Directors:</u>	<u>Office</u>	<u>Term/Expires</u>
Elizabeth Douglass	President	2027
Lanny Hoel	Secretary	2027
Martin Lempecki	Treasurer	2025
Edith Coffman	Assistant Secretary	2027
Jennifer Shepard	Assistant Secretary	2025

14. The Board hereby determines that each member of the Board shall, for any potential or actual conflicts of interest, complete conflicts of interest disclosures and directs District Manager to file the conflicts of interest disclosures with the Board and with the Colorado Secretary of State at least seventy-two (72) hours prior to every regular and special meeting of the Board, in accordance with §§ 32-1-902(3)(b) and 18-8-308, C.R.S. Written disclosures provided by Board members required to be filed with the governing body in accordance with § 18-8-308, C.R.S. shall be deemed filed with the Board when filed with the Secretary of State. Additionally, at the beginning of each year, each Board member shall submit information to District Manager regarding any actual or potential conflicts of interest and, throughout the year, each Board member shall provide District Manager with any revisions, additions, corrections or deletions to said conflicts of interest disclosures unless the Board Member is a resident of the District.

15. The Board confirms its obligations under § 24-10-110(1), C.R.S., with regards to the defense and indemnification of its public employees, which, by definition, includes elected and appointed officers.

16. The Board hereby appoints the District Manager as the official custodian for the maintenance, care and keeping of all public records of the District which are in their respective possession, in accordance with §§ 24-72-101, *et seq.*, C.R.S.

17. Pursuant to § 32-1-903(2) and § 24-6-402(2)(c), C.R.S., the Board hereby designates <https://arabianacresmd.colorado.gov> as the District’s website for the posting of its regular and special meeting notices at least twenty-four (24) hours in advance of the meeting, and hereby directs the District Manager, to the extent feasible, to make the notices accessible at no charge to the public, searchable by the type of meeting, date of meeting, time of meeting, agenda contents, and any other categories deemed appropriate by the Board and the District Manager and to consider linking the notice to any appropriate social media accounts of the District. The Board also hereby designates such website as the place for posting meeting notices, although the District at its discretion, and in addition, may determine any location within the District’s Boundaries as another location the District will post notices of meetings at least twenty-four (24) hours prior to the meeting in the event of exigent or emergency circumstances which prevent the District from posting notice of the meeting on the District’s website; the District hereby designates <https://wsdistricts.co> as such location. The Board directs the District Manager to provide the website address set forth above to the Department of Local Affairs for inclusion in the inventory maintained pursuant to § 24-32-116, C.R.S.

18. The Board determines to hold regular meetings on the third Wednesday of every month at 5:30 P.M. virtually via <https://video.cloudoffice.avaya.com/join/590205827> and/or by telephone call to United States: +1

(213) 463-4500 (Access Code: 590-205-827). Notice of the time and place for all regular meetings shall be posted in accordance with § 32-1-903, C.R.S. The Board, at its discretion, may determine whether to allow Public Comments at meetings and the length of time each member of the public is allowed to speak. Members of the Public that interrupt Board discussion and functioning or whose comments exceed the limit placed by the Board (currently at 3 minutes) will be requested to leave the meeting. If the Board loses control of the meeting the President will terminate the meeting immediately.

19. In the event of an emergency, the Board may conduct a meeting outside of the limitations prescribed in § 24-6-402(2)(c), C.R.S., provided that any actions taken at such emergency meeting are ratified at the next regular meeting of the Board or at a special meeting conducted after proper notice has been given to the public.

20. For the convenience of the electors of the District, and pursuant to its authority set forth in § 1-13.5-1101, C.R.S., the Board hereby deems that all regular and special elections of the District shall be conducted as independent mail ballot elections in accordance with §§ 1-13.5 1101, *et seq.*, C.R.S., unless otherwise deemed necessary and expressed in a separate election resolution adopted by the Board.

21. Pursuant to the authority set forth in § 1-1-111, C.R.S., the Board hereby appoints Jason Downie of the law firm of Susemihl, McDermott and Downie, Attorneys at Law, as the Designated Election Official (the “DEO”) of the District for any elections called by the Board, or called on behalf of the Board by the DEO, and hereby authorizes and directs the DEO to take all actions necessary for the proper conduct of the election, including, if applicable, cancellation of the election in accordance with § 1-13.5-513, C.R.S.

22. In accordance with § 1-11-103(3), C.R.S., the Board hereby directs the DEO to certify to the Division the results of any elections held by the District and, pursuant to § 32-1- 1101.5(1), C.R.S., to certify results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the district and file a copy of such certification with the Division of Securities.

23. The Board directs the District Manager to cause a notice of authorization of or notice to incur general obligation debt to be recorded with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness, in accordance with § 32-1-1604, C.R.S.

24. The Board directs the District Manager to cause the preparation of and the filing with the Board of County Commissioners or the governing body of any municipality in which the District is located, the Division, the State Auditor, the County Clerk and Recorder and any interested parties entitled to notice, an annual report, if requested, in accordance with § 32-1-207(3), C.R.S. with a copy of such report posted on the District’s website.

25. The Board directs the District Manager to obtain proposals and/or renewals for insurance, as applicable, to insure the District against all or any part of the District’s liability, in accordance with §§ 24-10-115, *et seq.*, C.R.S. The Board directs the District’s accountant to pay the annual

SDA membership dues, agency fees and insurance premiums, as applicable, in a timely manner. The Board appoints the District Manager to designate the proxy for the SDA Annual meeting for voting and quorum purposes.

26. The Board hereby opts to include elected or appointed officials as employees within the meaning of § 8-40-202(1)(a)(I)(A), C.R.S., and hereby directs the District Manager to obtain workers' compensation coverage for the District.

27. The Board hereby directs the District Manager to prepare the disclosure notice required by § 32-1-809, C.R.S., and to disseminate the information to the electors of the District accordingly.

28. The Board hereby directs its District Manager, accountant, and all other consultants to adhere to the Colorado Special District Records Retention Schedule as adopted by the District.

29. The Board hereby directs the District Manager to prepare and record with the County Clerk and Recorder updates to the disclosure statement notice and map required by § 32-1-104.8, C.R.S., if additional property is included within the District's boundaries.

30. The Board directs the District's accountant to prepare and submit the documentation required by any continuing disclosure obligation signed in conjunction with the issuance of debt by the District.

31. The District hereby appoints the following persons or companies in the following roles:

District Manager WSDM - District Managers (WSDM, LLC)
District Legal Counsel Susemihl, McDermott and Downie, Attorneys at Law
Designated Election Official Jason Downie

[Remainder of page intentionally left blank.]

ADOPTED AND APPROVED THIS 15th DAY OF NOVEMBER 2022.

ARABIAN ACRES METROPOLITAN DISTRICT

By: _____
President, Elizabeth Douglass

Attest:

CERTIFICATION

I, Rebecca Harris, District Manager of the Board of the Arabian Acres Metropolitan District, Teller County, Colorado, do hereby certify that the attached and foregoing Resolution is a true copy from the records of the proceedings of the Board of said District, on file with WSDM - District Managers, the District's Manager.

IN WITNESS WHEREOF, I have hereunto set my hand, County of Teller, Colorado, this 15th day of November 2023.

[SEAL]

Rebecca Harris, District Manager