

**2022 ANNUAL REPORT
DAKOTA RIDGE METROPOLITAN DISTRICT**

As required by Section 32-1-207(3)(c), C.R.S. and Section XIV of the District's Service Plan, the following report of the activities of Dakota Ridge Metropolitan District (the "**District**") from January 1, 2022 to December 31, 2022 is hereby submitted.

A. Boundary changes made:

The District had no boundary changes in 2022.

B. Intergovernmental Agreements entered into or terminated:

The District did not enter into or terminate any intergovernmental agreements in 2022.

C. Access information to obtain a copy of rules and regulations adopted:

The District's rules and regulations, including its design guidelines and other covenant enforcement related documents may be accessed on the District's website, under the "Documents" tab at <https://dakotaridgemd.com/documents>. Further information may be obtained from the district Manager, c/o CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111. Further contact information may be obtained on the District's website under More > Contact Us tab.

D. Summary of litigation involving the District's public improvements:

The District was not involved in any litigation during 2022.

E. Status of the District's construction of public improvements:

The District anticipates to grant initial acceptance of the detention pond in Tract B, the dog park in Tract B, and perimeter landscaping and fencing in Tract E and ROW landscaping.

F. Conveyances or dedications of facilities or improvements, constructed by the District, to Jefferson County:

There were no conveyances or dedications of facilities or improvements constructed by the District to Jefferson County in 2022.

G. Final assessed valuation of the District for the report year:

The final assessed valuation of the District for 2022 was \$691,783.00.

H. Current year's budget, including a description of the Public Improvements to be constructed in such year:

A copy of the District's 2023 budget is attached hereto as **Exhibit A**.

- I. Audited financial statements for the reporting year (or application for exemption from audit):

A copy of the 2022 Audit is attached hereto as **Exhibit B**.

- J. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument:

To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.

- K. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period:

To our knowledge, the District has been able to pay its obligations as they come due.

Exhibit A

LETTER OF BUDGET TRANSMITTAL

Date: January 26, 2023

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2023 budget and budget message for DAKOTA RIDGE METROPOLITAN DISTRICT of Jefferson County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 2, 2022. If there are any questions on the budget, please contact:

CliftonLarsonAllen LLP
Attn: Denise Denslow, District Manager
8390 E. Crescent Parkway, Suite 300
Greenwood Village, CO 80111
Telephone number: 303-779-5710
Denise.denslow@claconnect.com

I, Denise Denslow, District Manager of the Dakota Ridge Metropolitan District hereby certify that the attached is a true and correct copy of the 2023 budget.

By: 

Denise Denslow, District Manager

RESOLUTION NO. 2022-11-03

**RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY
RESOLUTION OF THE BOARD OF DIRECTORS OF DAKOTA RIDGE
METROPOLITAN DISTRICT, JEFFERSON COUNTY, COLORADO, PURSUANT TO
SECTION 29-1-108, C.R.S., SUMMARIZING EXPENDITURES AND REVENUES FOR
EACH FUND, ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY
FOR THE BUDGET YEAR 2023**

A. The Board of Directors of Dakota Ridge Metropolitan District (the “**District**”) has appointed CliftonLarsonAllen, LLP to prepare and submit a proposed budget to said governing body at the proper time.

B. CliftonLarsonAllen, LLP has submitted a proposed budget to this governing body on or before October 15, 2022 for its consideration.

C. Upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 2, 2022, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.

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

E. 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.

F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.

G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DAKOTA RIDGE METROPOLITAN DISTRICT, JEFFERSON COUNTY, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.

2. The budget is hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

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


**[SIGNATURE PAGE TO RESOLUTION TO ADOPT
BUDGET AND APPROPRIATE SUMS OF MONEY]**

RESOLUTION APPROVED AND ADOPTED on November 2, 2022.

**DAKOTA RIDGE METROPOLITAN
DISTRICT**

By: 

President

Attest:
By: 

Secretary

EXHIBIT A

Budget

I, Jarrod Walker, hereby certify that I am the duly appointed Secretary of the Dakota Ridge Metropolitan District, and that the foregoing is a true and correct copy of the budget for the budget year 2023, duly adopted at a meeting of the Board of Directors of the Dakota Ridge Metropolitan District held on November 2, 2022.

DocuSigned by:

Jarrod Walker

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Secretary

DAKOTA RIDGE METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**DAKOTA RIDGE METRO DISTRICT
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/8/22

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ - | \$ - | \$ 115,905 |
| REVENUES | | | |
| Property taxes | - | 2,140 | 53,267 |
| Specific ownership tax | - | 107 | 3,728 |
| Interest income | - | 1,400 | 300 |
| Other revenue | - | 758,908 | - |
| Bond proceeds | - | 2,339,000 | - |
| O&M Fees | - | - | 56,760 |
| Transfer Fees | - | - | 34,800 |
| Developer advance | - | 2,075,000 | 50,000 |
| Total revenues | - | 5,176,555 | 198,856 |
| TRANSFERS IN | - | 119,658 | - |
| Total funds available | - | 5,296,213 | 314,760 |
| EXPENDITURES | | | |
| General Fund | - | 75,000 | 157,000 |
| Debt Service Fund | - | 6,000 | 150,868 |
| Capital Projects Fund | - | 4,979,650 | - |
| Total expenditures | - | 5,060,650 | 307,868 |
| TRANSFERS OUT | - | 119,658 | - |
| Total expenditures and transfers out requiring appropriation | - | 5,180,308 | 307,868 |
| ENDING FUND BALANCES | \$ - | \$ 115,905 | \$ 6,892 |

No assurance provided. See summary of significant assumptions.

**DAKOTA RIDGE METRO DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/8/22

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|--------------------------------|----------------|-------------------|----------------|
| ASSESSED VALUATION | | | |
| State assessed | \$ - | \$ - | \$ 21,901 |
| Vacant land | - | 27,798 | 669,882 |
| Certified Assessed Value | \$ - | \$ 27,798 | \$ 691,783 |
| MILL LEVY | | | |
| General | 0.000 | 77.000 | 27.000 |
| Debt Service | 0.000 | 0.000 | 50.000 |
| Total mill levy | 0.000 | 77.000 | 77.000 |
| PROPERTY TAXES | | | |
| General | \$ - | \$ 2,140 | \$ 18,678 |
| Debt Service | - | - | 34,589 |
| Budgeted property taxes | \$ - | \$ 2,140 | \$ 53,267 |
| BUDGETED PROPERTY TAXES | | | |
| General Fund | \$ - | \$ 2,140 | \$ 18,678 |
| Debt Service | - | - | 34,589 |
| | \$ - | \$ 2,140 | \$ 53,267 |

No assurance provided. See summary of significant assumptions.

**DAKOTA RIDGE METRO DISTRICT
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/8/22

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ 2,247 |
| REVENUES | | | |
| Property taxes | - | 2,140 | 18,678 |
| Specific ownership tax | - | 107 | 1,307 |
| Interest income | - | - | 100 |
| Developer advance | - | 75,000 | 50,000 |
| O&M Fees | - | - | 56,760 |
| Transfer Fees | - | - | 34,800 |
| Total revenues | - | 77,247 | 161,646 |
| Total funds available | - | 77,247 | 163,892 |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | - | 20,000 | 23,000 |
| County Treasurer's fee | - | 32 | 280 |
| Insurance and bonds | - | 2,507 | 3,000 |
| District management | - | 12,000 | 20,000 |
| Legal services | - | 18,000 | 20,000 |
| Miscellaneous | - | - | - |
| Election expense | - | 2,000 | 3,000 |
| Contingency | - | 8,461 | 5,220 |
| Operations and maintenance | | | |
| Engineering | - | 12,000 | 15,000 |
| Landscaping | - | - | 20,000 |
| Reserves | - | - | 11,500 |
| Snow removal | - | - | 8,000 |
| Trash removal | - | - | 13,000 |
| Utilities | - | - | 15,000 |
| Total expenditures | - | 75,000 | 157,000 |
| Total expenditures and transfers out requiring appropriation | - | 75,000 | 157,000 |
| ENDING FUND BALANCE | \$ - | \$ 2,247 | \$ 6,892 |
| EMERGENCY RESERVE | \$ - | \$ 2,400 | \$ 3,900 |
| TOTAL RESERVE | \$ - | \$ 2,400 | \$ 3,900 |

No assurance provided. See summary of significant assumptions.

**DAKOTA RIDGE METRO DISTRICT
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/8/22

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ 113,658 |
| REVENUES | | | |
| Property taxes | - | - | 34,589 |
| Specific ownership tax | - | - | 2,421 |
| Interest income | - | - | 200 |
| Total revenues | <u>-</u> | <u>-</u> | <u>37,210</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>-</u> | <u>119,658</u> | <u>-</u> |
| Total funds available | <u>-</u> | <u>119,658</u> | <u>150,868</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | - | - | 519 |
| Paying agent fees | - | 6,000 | 6,000 |
| Contingency | - | - | 4,691 |
| Debt Service | | | |
| Bond interest | - | - | 139,658 |
| Total expenditures | <u>-</u> | <u>6,000</u> | <u>150,868</u> |
| Total expenditures and transfers out requiring appropriation | <u>-</u> | <u>6,000</u> | <u>150,868</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ 113,658</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**DAKOTA RIDGE METRO DISTRICT
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/8/22

| | ACTUAL 2021 | ESTIMATED 2022 | BUDGET 2023 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Interest income | - | 1,400 | - |
| Developer advance | - | 2,000,000 | - |
| Other revenue | - | 758,908 | - |
| Bond Proceeds | - | 2,339,000 | - |
| Total revenues | - | 5,099,308 | - |
| Total funds available | - | 5,099,308 | - |
| EXPENDITURES | | | |
| General and Administrative | | | |
| Repay developer advance | - | 1,988,392 | - |
| Capital outlay | - | 2,758,908 | - |
| Cost of issuance | - | 232,350 | - |
| Total expenditures | - | 4,979,650 | - |
| TRANSFERS OUT | | | |
| Transfers to other fund | - | 119,658 | - |
| Total expenditures and transfers out requiring appropriation | - | 5,099,308 | - |
| ENDING FUND BALANCE | \$ - | \$ - | \$ - |

No assurance provided. See summary of significant assumptions.

**DAKOTA RIDGE METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

SERVICES PROVIDED

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by Jefferson County on September 28, 2021.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

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

REVENUES

Property Taxes

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

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

**DAKOTA RIDGE METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

EXPENDITURES

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense. Estimated expenditures related to street repairs and maintenance, street lights, street sweeping, landscaping, mowing, parks and open space maintenance, utilities and snow removal were also included the General Fund budget.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

Debt and Leases

General Obligation Limited Tax Bonds, Series 2022A(3) (the "Series 2022A(3) Bonds"). The District issued the Series 2022A(3) Bonds on March 15, 2022, in the par amount of \$2,339,000. Proceeds from the sale of the Series 2022A(3) Bonds will be used for (a) financing or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the Development; and (b) paying the costs of issuing the Bonds. The Series 2022A(3) Bonds bear interest at the rate of 6.000% and are payable annually December 1, commencing December 1, 2022. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. The Series 2022A(3) Bonds mature on December 1, 2052 and are subject to mandatory redemption to the extent of available Pledged Revenues.

The 2022A(3) Bonds are secured by and payable from Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy, (2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and (3) any other legally available monies which the District determines to be treated as Pledged Revenue. The Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the 2022A(3) Bonds as the same become due and payable but not in excess of 50.00 mills, provided however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2021, the maximum mill levy will be increased or decreased to reflect such changes.

**DAKOTA RIDGE METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

The Series 2022A(3) Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2027, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|-------------------------------------|---------------------------|
| March 1, 2027, to February 29, 2028 | 3.00% |
| March 1, 2028, to February 28, 2029 | 2.00 |
| March 1, 2029, to February 28, 2030 | 1.00 |
| March 1, 2030, and thereafter | 0.00 |

The District has no operating or capital leases

This information is an integral part of the accompanying budget.

RESOLUTION NO. 2022-11-04

RESOLUTION TO SET MILL LEVIES

**RESOLUTION OF THE DAKOTA RIDGE METROPOLITAN DISTRICT LEVYING
GENERAL PROPERTY TAXES, PURSUANT TO SECTION 39-1-111, C.R.S., FOR THE
YEAR 2022, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE 2023
BUDGET YEAR**

A. The Board of Directors of the Dakota Ridge Metropolitan District (the “**District**”) has adopted an annual budget in accordance with the Local Government Budget Law, on November 2, 2022.

B. The adopted budget is attached as Exhibit A to the Resolution of the Board of Directors of the District to Adopt Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference.

C. The amount of money necessary to balance the budget for general operating expenses from property tax revenue is identified in the budget.

D. The amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget.

NOW, THEREFORE, PURSUANT TO SECTIONS 39-1-111(5) and 39-5-128(1), C.R.S., BE IT RESOLVED by the Board of Directors of the Dakota Ridge Metropolitan District, Jefferson County, Colorado, that:

1. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purpose of meeting all debt retirement expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That for the purpose of meeting all contractual obligation expenses of the District during the 2023 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

4. That the Secretary is hereby authorized and directed to immediately certify to the Board of County Commissioners of Jefferson County, Colorado, the mill levies for the District as set forth in the District’s Certification of Mill Levies, attached hereto as **Exhibit 1** and incorporated herein by reference, recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

[SIGNATURE PAGE OF RESOLUTION TO SET MILL LEVIES]

RESOLUTION APPROVED AND ADOPTED on November 2, 2022.

DAKOTA RIDGE METROPOLITAN
DISTRICT

By: DocuSigned by:
Chelsey Green
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President

Attest:

By: DocuSigned by:
Jarrod Walker
31DE4E34B35D48F...

Secretary

EXHIBIT 1

Certification of Tax Levies

I, Jarrod Walker, hereby certify that I am the duly appointed Secretary of the Dakota Ridge Metropolitan District, and that the foregoing is a true and correct copy of the Certification of Mill Levies for the budget year 2023, duly adopted at a meeting of the Board of Directors of the Dakota Ridge Metropolitan District held on November 2, 2022.

DocuSigned by:

Jarrod Walker

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Secretary

CERTIFICATION OF TAX LEVIES¹ for NON-SCHOOL Governments

TO: County Commissioners¹ of JEFFERSON COUNTY, Colorado.

On behalf of the DAKOTA RIDGE METROPOLITAN DISTRICT,
(taxing entity)^A

the BOARD OF DIRECTORS
(governing body)^B

of the DAKOTA RIDGE METROPOLITAN DISTRICT
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 691,783 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 691,783 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/08/2022 for budget/fiscal year 2023.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

| PURPOSE (see end notes for definitions and examples) | LEVY ² | REVENUE ² |
|---|---------------------|----------------------|
| 1. General Operating Expenses ^H | 27.000 mills | \$ 18,678 |
| 2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I | < > mills | \$ < > |
| SUBTOTAL FOR GENERAL OPERATING: | 27.000 mills | \$ 18,678 |
| 3. General Obligation Bonds and Interest ^J | 50.000 mills | \$ 34,589 |
| 4. Contractual Obligations ^K | mills | \$ |
| 5. Capital Expenditures ^L | mills | \$ |
| 6. Refunds/Abatements ^M | mills | \$ |
| 7. Other ^N (specify): _____ | mills | \$ |
| _____ | mills | \$ |
| TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7] | 77.000 mills | \$ 53,267 |

Contact person: Chelsey Green Daytime phone: 303-779-5710
(print)

Signed: _____ Title: Board Member

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|----|-------------------|---|
| 1. | Purpose of Issue: | <u>Limited Tax General Obligation Bonds</u> |
| | Series: | <u>2022A</u> |
| | Date of Issue: | <u>03/02/2022</u> |
| | Coupon Rate: | <u>6.000%</u> |
| | Maturity Date: | <u>12/01/2052</u> |
| | Levy: | <u>50.000</u> |
| | Revenue: | <u>34,589</u> |
| | | |
| 2. | Purpose of Issue: | _____ |
| | Series: | _____ |
| | Date of Issue: | _____ |
| | Coupon Rate: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

CONTRACTS^K:

- | | | |
|----|----------------------|-------|
| 3. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |
| | | |
| 4. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

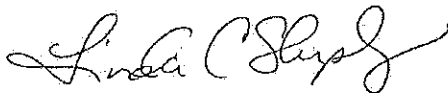
Colorado Community Media
750 W. Hampden Ave. Suite 225
Englewood, CO 80110

Dakota Ridge Metro District (cla) **
c/o CliftonLarsonAllen, LLP
8390 E. Crescent Pkwy, Suite 300
Greenwood Village 80111

AFFIDAVIT OF PUBLICATION

State of Colorado }
County of Jefferson } ss

This Affidavit of Publication for the Canyon Courier, a weekly newspaper, printed and published for the County of Jefferson, State of Colorado, hereby certifies that the attached legal notice was published in said newspaper once in each week, for 1 successive week(s), the last of which publication was made 10/20/2022, and that copies of each number of said paper in which said Public Notice was published were delivered by carriers or transmitted by mail to each of the subscribers of said paper, according to their accustomed mode of business in this office.



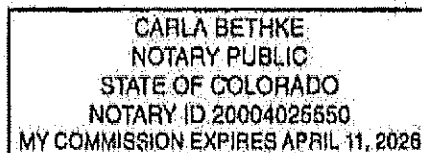
For the Canyon Courier

State of Colorado }
County of Jefferson } ss

The above Affidavit and Certificate of Publication was subscribed and sworn to before me by the above named Linda Shapley, publisher of said newspaper, who is personally known to me to be the identical person in the above certificate on 10/20/2022. Linda Shapley has verified to me that she has adopted an electronic signature to function as her signature on this document.

20004025550-539570

Carla Bethke
Notary Public
My commission ends April 11, 2026



Public Notice

NOTICE AS TO PROPOSED 2023 BUDGET AND AMENDMENT OF 2022 BUDGET DAKOTA RIDGE METROPOLITAN DISTRICT JEFFERSON COUNTY, COLORADO

NOTICE IS HEREBY GIVEN, pursuant to Sections 29-1-108 and 109, C.R.S., that a proposed budget has been submitted to the Board of Directors of the Dakota Ridge Metropolitan District (the "District") for the ensuing year of 2023. The necessity may also arise for the amendment of the 2022 budget of the District. Copies of the proposed 2023 budget and 2022 amended budget (if appropriate) are on file in the office of the District's Accountant, CliftonLarsonAllen, where same are available for public inspection. Such proposed 2023 budget and 2022 amended budget will be considered at a regular meeting to be held on November 2, 2022 at 8:00 p.m. via video and teleconference. The meeting will be open to the public.

You can attend the meeting in any of the following ways:

To attend via video conference, enter the following link:

https://teams.microsoft.com/j/meetup-join/19%3ameeting_N2RmOTJhMDQtM2U3ZS00ZDFmLWl3MDItNmJlMjZhOGI3Mjgw%40hread.v2?context=%7b%22Tid%22%3a%224aaa468e-93ba-4ee3-ab9f-6a247aa3ade0%22%2c%22Oid%22%3a%229b4c29b-a9c8-46b4-a8c0-c1ed7cba4824%22%7d

To attend via telephone conference, dial 1-720-547-5281 and when prompted, enter the following information:

Phone Conference ID: 527 854 268#

Any interested elector within the District may, at any time prior to the final adoption of the 2023 budget or the 2022 amended budget, inspect the 2023 budget and the 2022 amended budget and file or register any objections thereto.

DAKOTA RIDGE METROPOLITAN DISTRICT
/s/ Denise Denslow
Manager for the District

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Publisher: Canyon Courier

Exhibit B

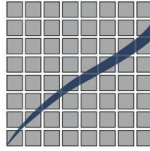
**DAKOTA RIDGE METROPOLITAN
DISTRICT
Jefferson County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**DAKOTA RIDGE METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2022**

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dakota Ridge Metropolitan District
Jefferson County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Dakota Ridge Metropolitan District ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 the District as of December 31, 2022, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 auditing standards generally accepted in the United States of America will always detect a material misstatement when it

exists. 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, 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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America 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 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
May 31, 2023

BASIC FINANCIAL STATEMENTS

**DAKOTA RIDGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and Investments - Unrestricted | \$ 10,231 |
| Cash and Investments - Restricted | 654 |
| Accounts Receivable - County Treasurer | 10 |
| Property Taxes Receivable | 53,267 |
| Prepaid Expenses | 2,571 |
| Capital Assets, Not Being Depreciated: | 2,103,906 |
| Total Assets | 2,170,639 |
| LIABILITIES | |
| Accounts Payable | 8,834 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 2,520,227 |
| Total Liabilities | 2,529,061 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Tax Revenue | 53,267 |
| Total Deferred Inflows of Resources | 53,267 |
| NET POSITION | |
| Restricted For: | |
| Emergency Reserves | 100 |
| Capital | 554 |
| Unrestricted | (412,343) |
| Total Net Position | \$ (411,689) |

See accompanying Notes to Basic Financial Statements.

**DAKOTA RIDGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position |
|---|------------|----------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 60,724 | \$ - | \$ - | \$ - | \$ (60,724) |
| Interest and Related Costs on Long-Term Debt | 357,067 | - | - | - | (357,067) |
| Total Governmental Activities | \$ 417,791 | \$ - | \$ - | \$ - | (417,791) |
| GENERAL REVENUES | | | | | |
| Property Taxes | | | | | 2,140 |
| Specific Ownership Taxes | | | | | 147 |
| Net Investment Income | | | | | 3,815 |
| Total General Revenues | | | | | 6,102 |
| CHANGE IN NET POSITION | | | | | |
| | | | | | (411,689) |
| Net Position - Beginning of Year | | | | | - |
| NET POSITION - END OF YEAR | | | | | |
| | | | | | \$ (411,689) |

See accompanying Notes to Basic Financial Statements.

**DAKOTA RIDGE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|--|------------------|------------------|---------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Investments - Unrestricted | \$ 10,231 | \$ - | \$ - | \$ 10,231 |
| Cash and Investments - Restricted | 100 | - | 554 | 654 |
| Accounts Receivable - County Treasurer | 10 | - | - | 10 |
| Property Taxes Receivable | 18,678 | 34,589 | - | 53,267 |
| Prepaid Insurance | 2,571 | - | - | 2,571 |
| | <u>\$ 31,590</u> | <u>\$ 34,589</u> | <u>\$ 554</u> | <u>\$ 66,733</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 8,834 | \$ - | \$ - | \$ 8,834 |
| Total Liabilities | 8,834 | - | - | 8,834 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property Tax Revenue | 18,678 | 34,589 | - | 53,267 |
| Total Deferred Inflows of Resources | 18,678 | 34,589 | - | 53,267 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid Expenses | 2,571 | - | - | 2,571 |
| Restricted For: | | | | |
| Emergencies (TABOR) | 100 | - | - | 100 |
| Capital Projects | - | - | 554 | 554 |
| Unassigned | 1,407 | - | - | 1,407 |
| Total Fund Balances | <u>4,078</u> | <u>-</u> | <u>554</u> | <u>4,632</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 31,590</u> | <u>\$ 34,589</u> | <u>\$ 554</u> | |
| Amounts reported for governmental activities in the statement of net position are different because: | | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | 2,103,906 |
| Long-term liabilities, including Developer advances payable and bonds payable are not due and payable in the current period and, therefore, are not reported in the funds. | | | | |
| Bonds Payable | | | | (2,339,000) |
| Accrued Interest Payable - Bonds | | | | (116,950) |
| Developer Advance Payable | | | | (62,510) |
| Developer Advance Payable - Accrued Interest | | | | (1,767) |
| Net Position of Governmental Activities | | | | <u>\$ (411,689)</u> |

See accompanying Notes to Basic Financial Statements.

**DAKOTA RIDGE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|---|-----------------|-----------------|---------------------|--------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 2,140 | \$ - | \$ - | \$ 2,140 |
| Specific Ownership Taxes | 147 | - | - | 147 |
| Interest Income | 5 | - | 3,810 | 3,815 |
| Total Revenues | <u>2,292</u> | <u>-</u> | <u>3,810</u> | <u>6,102</u> |
| EXPENDITURES | | | | |
| General: | | | | |
| Accounting | 17,327 | - | - | 17,327 |
| County Treasurer's Fees | 32 | - | - | 32 |
| District Management | 12,498 | - | - | 12,498 |
| Election | 2,175 | - | - | 2,175 |
| Engineering | 6,386 | - | - | 6,386 |
| Insurance | 2,507 | - | - | 2,507 |
| Legal | 19,746 | - | - | 19,746 |
| Miscellaneous | 53 | - | - | 53 |
| Debt Service: | | | | |
| Paying Agent Fees | - | 6,000 | - | 6,000 |
| Bond Issue Costs | - | - | 232,350 | 232,350 |
| Capital Projects: | | | | |
| Capital Outlay | - | - | 2,103,906 | 2,103,906 |
| Total Expenditures | <u>60,724</u> | <u>6,000</u> | <u>2,336,256</u> | <u>2,402,980</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (58,432) | (6,000) | (2,332,446) | (2,396,878) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer Advance | 62,510 | - | 1,785,000 | 1,847,510 |
| Repay Developer Advances | - | - | (1,785,000) | (1,785,000) |
| Bond Proceeds | - | - | 2,339,000 | 2,339,000 |
| Transfers from Other Funds | - | 6,000 | - | 6,000 |
| Transfers to Other Funds | - | - | (6,000) | (6,000) |
| Total Other Financing Sources (Uses) | <u>62,510</u> | <u>6,000</u> | <u>2,333,000</u> | <u>2,401,510</u> |
| NET CHANGE IN FUND BALANCES | 4,078 | - | 554 | 4,632 |
| Fund Balances - Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 4,078</u> | <u>\$ -</u> | <u>\$ 554</u> | <u>\$ 4,632</u> |

See accompanying Notes to Basic Financial Statements.

**DAKOTA RIDGE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ 4,632

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Capital outlay, the conveyance of capital assets to other governments and depreciation expense in the current period are as follows:

Capital Outlay 2,103,906

The issuance of long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Issuance (2,339,000)
Developer Advances (62,510)
Developer Advance - Infrastructure (1,785,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Repayment of Developer Advances 1,785,000
Accrued Interest on Bonds - Change in Liability (116,950)
Accrued Interest on Developer Advance - Change in Liability (1,767)

Change in Net Position of Governmental Activities \$ (411,689)

**DAKOTA RIDGE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------------------|-------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 2,140 | \$ 2,140 | \$ - |
| Specific Ownership Taxes | - | 147 | 147 |
| Net Investment Income | - | 5 | 5 |
| Total Revenues | <u>2,140</u> | <u>2,292</u> | <u>152</u> |
| EXPENDITURES | | | |
| General: | | | |
| Accounting | 20,000 | 17,327 | 2,673 |
| County Treasurer's Fees | - | 32 | (32) |
| District Management | 18,000 | 12,498 | 5,502 |
| Election | 3,000 | 2,175 | 825 |
| Engineering | - | 6,386 | (6,386) |
| Insurance | 3,000 | 2,507 | 493 |
| Landscaping | 20,000 | - | 20,000 |
| Legal | 25,000 | 19,746 | 5,254 |
| Miscellaneous | - | 53 | (53) |
| Reserve | 11,500 | - | 11,500 |
| Snow Removal | 8,000 | - | 8,000 |
| Trash Collection | 11,000 | - | 11,000 |
| Utilities | 15,000 | - | 15,000 |
| Contingency | 7,000 | - | 7,000 |
| Total Expenditures | <u>141,500</u> | <u>60,724</u> | <u>80,776</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (139,360) | (58,432) | 80,928 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advances | 150,000 | 62,510 | (87,490) |
| Total Other Financing Sources (Uses) | <u>150,000</u> | <u>62,510</u> | <u>(87,490)</u> |
| NET CHANGE IN FUND BALANCE | 10,640 | 4,078 | (6,562) |
| Fund Balance - Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ 10,640</u> | <u>\$ 4,078</u> | <u>\$ (6,562)</u> |

See accompanying Notes to Basic Financial Statements.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Dakota Ridge Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court for Jefferson County, Colorado recorded on September 28, 2021, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

The District follows the Governmental Accounting Standards Board (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 has no employees, and all operations and administrative functions are contracted.

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:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and inter-governmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

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 both 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 fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District has amended its annual budget for the year ended December 31, 2022.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments 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 and investments.

Property Taxes

Property taxes are levied by the District's 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 put the tax lien on 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 if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are 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 inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress. Construction in progress is not being depreciated and is not included in the calculation of Net Investment in Capital Assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation on property that will remain assets of the District is reported on the statement of activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2022.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. 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 criteria described above.

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

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|-----------------------------------|-----------|
| Cash and Investments | \$ 10,231 |
| Cash and Investments - Restricted | 654 |
| Total Cash and Investments | \$ 10,885 |

Cash and investments as of December 31, 2022, consist of the following:

| | |
|--------------------------------------|-----------|
| Deposits with Financial Institutions | \$ 10,293 |
| Investments | 592 |
| Total Cash and Investments | \$ 10,885 |

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. 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.

At December 31, 2022, the District's cash deposits had a bank balance and a carrying balance of \$10,293.

Investments

The District has adopted a formal investment policy and follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

As of December 31, 2022, the District has the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|---|-----------------------------------|---------------|
| Colorado Local Government Liquid Asset Trust (COLOTRUST) | Weighted-Average Under 60 Days | \$ 592 |

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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 any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by *Standard & Poor's*. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. 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 or weekly, 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, 2022 follows:

| <u>By Classification</u> | <u>Balance - December 31, 2021</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance - December 31, 2022</u> |
|--|--|---------------------|--------------------|--|
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in Process | \$ - | \$ 2,103,906 | \$ - | \$ 2,103,906 |
| Total Capital Assets, Not Being Depreciated | <u>\$ -</u> | <u>\$ 2,103,906</u> | <u>\$ -</u> | <u>\$ 2,103,906</u> |

No depreciation expense was recognized in 2022.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

| | <u>Balance - December 31, 2021</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance - December 31, 2022</u> | <u>Due Within One Year</u> |
|--|--|---------------------|---------------------|--|--------------------------------|
| Limited Tax General Obligation Bonds: | | | | | |
| Senior - Series 2022A | \$ - | \$ 2,339,000 | \$ - | \$ 2,339,000 | \$ - |
| Accrued Interest on | | | | | |
| Senior - Series 2022A | - | 116,950 | - | 116,950 | - |
| Developer Advances - O&M | - | 62,510 | - | 62,510 | - |
| Developer Advances - Capital | - | 1,785,000 | 1,785,000 | - | - |
| Accrued Interest on | | | | | |
| Developer Advances - O&M | - | 1,767 | - | 1,767 | - |
| Total | <u>\$ -</u> | <u>\$ 4,305,227</u> | <u>\$ 1,785,000</u> | <u>\$ 2,520,227</u> | <u>\$ -</u> |

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's general obligation bonds outstanding during 2022 are as follows:

General Obligation Limited Tax Bonds, Series 2022A(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on March 15, 2022, in the par amount of \$2,339,000. Proceeds from the sale of the Bonds were used to pay the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development and to pay the costs of issuing the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 6.00% per annum and are payable annually on December 1, beginning on December 1, 2022, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2052 and are subject to mandatory redemption to the extent of available Pledged Revenue.

Termination Events

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. Unpaid interest on the Bonds compounds annually on each December 1. All of the Bonds and interest thereon shall be deemed to be paid and discharged on December 2, 2062, regardless of the amount of principal and interest paid prior to this date.

The Bonds may be subject to acceleration only pursuant to mandatory redemption provisions as described in the Indenture. The Bonds do not have any unused lines of credit. No assets have been pledged as collateral on the Senior Bonds.

Events of Default of the Bonds

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2027, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|------------------------------------|---------------------------|
| March 1, 2027 to February 29, 2028 | 3.00% |
| March 1, 2028 to February 28, 2029 | 2.00 |
| March 1, 2029 to February 28, 2030 | 1.00 |
| March 1, 2030 and thereafter | 0.00 |

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2021) or such lesser mill levy which is sufficient to pay all of the principal of and interest on the Bonds in full. The Required Mill levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Unused Lines of Credit

The Series 2022A Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Series 2022A Bonds.

Acceleration

Except as disclose above, the Series 2022A Bonds are not subject to acceleration.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

At an election held November 2, 2021, a majority of the qualified electors of the District who voted in the elections authorized the issuance of general obligation indebtedness in an amount not to exceed \$45,500,000 for providing public improvements.

| | Authorized November 2, 2021 Election | Authorization Used, Series 2022 Bonds | Remaining at December 31, 2022 |
|-----------------------|--|---|--------------------------------------|
| Streets | \$ 3,500,000 | \$ 935,600 | \$ 2,564,400 |
| Parks and Recreation | 3,500,000 | 116,950 | 3,383,050 |
| Water | 3,500,000 | 584,750 | 2,915,250 |
| Sanitary | 3,500,000 | 701,700 | 2,798,300 |
| Sanitary Sewer | 3,500,000 | - | 3,500,000 |
| Public Transportation | 3,500,000 | - | 3,500,000 |
| Mosquito Control | 3,500,000 | - | 3,500,000 |
| Safety Protection | 3,500,000 | - | 3,500,000 |
| Television Relay | 3,500,000 | - | 3,500,000 |
| Security Services | 3,500,000 | - | 3,500,000 |
| O&M Debt | 3,500,000 | - | 3,500,000 |
| Refundings | 3,500,000 | - | 3,500,000 |
| IGA Debt | 3,500,000 | - | 3,500,000 |
| Total | <u>\$ 45,500,000</u> | <u>\$ 2,339,000</u> | <u>\$ 43,161,000</u> |

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$3,500,000. Following the issuance of the Series 2022A(3) Bonds, there is \$1,161,000 Service Plan debt authorization remaining. The limitations of the Service Plan may be modified or amended.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2022, as follows:

| | |
|-------------------------------|---------------|
| Restricted Net Position: | |
| Emergencies | \$ 100 |
| Capital | 554 |
| Total Restricted Net Position | <u>\$ 654</u> |

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 AGREEMENTS

Operation Funding Agreement

On November 18, 2021, the District entered into Operation Funding Agreement (the Agreement) with Meritage Homes of Colorado Inc. (“Developer”), to repay advances made by the Developer for Operations costs of the District. Pursuant to the Operation Funding Agreement, the District has determined to provide funding for the District’s Operations Costs on behalf of or to the District consistent with the public objectives and purpose of the District. The Developer agreed to advance or expend funds on behalf of the District in maximum advance amount of \$300,000 which funds would be available to the District through December 31, 2023.

The District agreed to repay Developer for such advances plus accrued interest at the rate of 8.00%. The parties agreed and acknowledged that the Developer has incurred costs on behalf of the District prior to execution of the Agreement in anticipation that the same would be reimbursed by the District. As of December 31, 2022, the District acknowledged that the Developer has made Advances to the District in the total amount of \$62,510.

The term of this Agreement shall commence on November 18, 2021, and shall expire on December 31, 2023, unless terminated earlier by the mutual agreement of the Parties. Any obligation of Developer to advance funds will expire on March 15, 2024. Any obligation of District to reimburse Developer shall expire on December 31, 2063. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to this Agreement on or before December 31, 2063, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Facilities Funding and Acquisition Agreement

On November 18, 2021, the District entered into Advance and Reimbursement and Facilities Acquisition Agreement (the FFAA) with Developer. The FFAA establishes the terms and conditions (a) upon which Developer may advance funds to or expend funds on behalf of the District for District Eligible Costs, and (b) upon which the District may make reimbursement to Developer for such advances and/or expenditures. The Parties acknowledge that the District does not presently have the funds to construct the Public Improvements, but in furtherance of the purposes of the District as expressed in the Service Plan, the FFAA provides a means by which the District may reimburse the Developer for certain Certified District Eligible Costs of Public Improvements financed and constructed by the Developer or for which the Developer advanced funds to the District to finance and construct. The District is authorized to accept any Public Improvements and/or District Eligible Costs for reimbursement.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 AGREEMENTS (CONTINUED)

Facilities Funding and Acquisition Agreement (continued)

The Developer agreed to advance funds or expend funds on behalf of the District for District Eligible Costs in one or more installments, provided that in no event shall the total amount that the Developer shall be obligated to advance to the District or expend on behalf of the District, exceed \$3,500,000 (the Maximum Advance Amount), which amount is set to be equivalent to the total debt issuance limitation set forth in the District's Service Plan since the proceeds from debt issuances are contemplated to be the source of funds for reimbursements hereunder. The Maximum Advance Amount constitutes the maximum amount that may be advanced or expended hereunder for which reimbursement may be made, notwithstanding any payment or prepayment of any portion of the funds advanced or expended pursuant to the terms hereof, unless this Agreement is further supplemented or amended.

The District agreed to repay Developer for such advances plus accrued interest at the rate of 8.00%. The parties agreed and acknowledged that the Developer has incurred costs on behalf of the District prior to execution of the Agreement in anticipation that the same would be reimbursed by the District.

The term of this Agreement shall commence on November 18, 2021, and shall expire on December 31, 2025, unless terminated earlier by the mutual agreement of the Parties. Any obligation of District to reimburse Developer shall expire on December 31, 2065. In the event the District has not reimbursed the Developer for any Developer Advance(s) made pursuant to this Agreement on or before December 31, 2065, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

At December 31, 2022, there were no outstanding amounts under this agreement.

NOTE 8 RELATED PARTIES

The Developer of the property with constitutes the District is Meritage Homes of Colorado. The majority members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; 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 (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' 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.

On November 2, 2021, a majority of the District's electors authorized the District to increase property taxes up to \$3,500,000 annually to pay the District's administration and operations and maintenance expenses and capital expenses without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

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's management believes 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 may require judicial interpretation.

SUPPLEMENTARY INFORMATION

**DAKOTA RIDGE METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

| | Original And Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|-------------------|---|
| EXPENDITURES | | | |
| General: | | | |
| Bond Interest | \$ 88,199 | \$ - | \$ 88,199 |
| Paying Agent Fees | 4,000 | 6,000 | (2,000) |
| Transfer to the Town of Frederick | - | - | - |
| Contingency | 2,801 | - | 2,801 |
| Total Expenditures | <u>95,000</u> | <u>6,000</u> | <u>89,000</u> |
| NET CHANGE IN FUND BALANCE | (95,000) | (6,000) | 89,000 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from Other Funds | 393,908 | 6,000 | (387,908) |
| Total Other Financing Sources (Uses) | <u>393,908</u> | <u>6,000</u> | <u>(387,908)</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | 298,908 | - | (298,908) |
| Fund Balance - Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 298,908</u> | <u>\$ -</u> | <u>\$ (298,908)</u> |

**DAKOTA RIDGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest Income | \$ - | \$ - | \$ 3,810 | \$ 3,810 |
| Other Revenue | - | 758,908 | - | (758,908) |
| Total Revenues | <u>-</u> | <u>758,908</u> | <u>3,810</u> | <u>(755,098)</u> |
| EXPENDITURES | | | | |
| Capital Projects: | | | | |
| Capital Outlay | 2,000,000 | 2,758,908 | 2,103,906 | 655,002 |
| Cost of Issuance | 252,700 | 252,700 | 232,350 | 20,350 |
| Total Expenditures | <u>2,252,700</u> | <u>3,011,608</u> | <u>2,336,256</u> | <u>675,352</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (2,252,700) | (2,252,700) | (2,332,446) | (79,746) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer Advances | 2,000,000 | 2,000,000 | 1,785,000 | (215,000) |
| Repay Developer Advances | (1,988,392) | (1,988,392) | (1,785,000) | 203,392 |
| Transfers to Other Fund | (393,908) | (393,908) | (6,000) | 387,908 |
| Bond Proceeds | 2,635,000 | 2,635,000 | 2,339,000 | (296,000) |
| Total Other Financing Sources (Uses) | <u>2,252,700</u> | <u>2,252,700</u> | <u>2,333,000</u> | <u>80,300</u> |
| NET CHANGE IN FUND BALANCE | - | - | 554 | 554 |
| Fund Balance - Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 554</u> | <u>\$ 554</u> |

OTHER INFORMATION

**DAKOTA RIDGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

\$2,339,000 Limited Tax General Obligation Bonds
Series 2022A(3)
Dated March 15, 2022
Principal Due December 1
Interest Rates 6.000% Payable
June 1 and December 1

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|---------------------|
| 2023 | \$ - | \$ 8,790 | \$ 8,790 |
| 2024 | - | 72,142 | 72,142 |
| 2025 | - | 142,173 | 142,173 |
| 2026 | - | 150,944 | 150,944 |
| 2027 | - | 150,944 | 150,944 |
| 2028 | - | 160,240 | 160,240 |
| 2029 | - | 160,240 | 160,240 |
| 2030 | - | 170,095 | 170,095 |
| 2031 | - | 170,095 | 170,095 |
| 2032 | - | 180,540 | 180,540 |
| 2033 | - | 180,540 | 180,540 |
| 2034 | - | 191,613 | 191,613 |
| 2035 | - | 191,613 | 191,613 |
| 2036 | - | 203,349 | 203,349 |
| 2037 | - | 203,349 | 203,349 |
| 2038 | - | 215,790 | 215,790 |
| 2039 | 4,000 | 210,852 | 214,852 |
| 2040 | 89,000 | 140,100 | 229,100 |
| 2041 | 95,000 | 134,760 | 229,760 |
| 2042 | 113,000 | 129,060 | 242,060 |
| 2043 | 121,000 | 122,280 | 243,280 |
| 2044 | 143,000 | 115,020 | 258,020 |
| 2045 | 151,000 | 106,440 | 257,440 |
| 2046 | 176,000 | 97,380 | 273,380 |
| 2047 | 187,000 | 86,820 | 273,820 |
| 2048 | 214,000 | 75,600 | 289,600 |
| 2049 | 228,000 | 62,760 | 290,760 |
| 2050 | 259,000 | 49,080 | 308,080 |
| 2051 | 274,000 | 33,540 | 307,540 |
| 2052 | 285,000 | 17,100 | 302,100 |
| Total | <u>\$ 2,339,000</u> | <u>\$ 3,933,249</u> | <u>\$ 6,272,249</u> |

Amounts shown are forecasted. The Bonds are cash flow bonds and have no fixed principal or interest payment schedule.

**DAKOTA RIDGE METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2022**

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Tax Levy | Mills Levied | | Total Property Taxes | | Percent Collected to Levied |
|---|--|--------------|-----------------|----------------------|-----------|-----------------------------------|
| | | General | Debt Service | Levied | Collected | |
| 2021 | \$ - | 0.000 | 0.000 | \$ - | \$ - | N/A |
| 2022 | 27,798 | 77.000 | 0.000 | 2,140 | 2,140 | 100.00 |
| Estimated for the Year Ending December 31, 2023 | \$ 691,783 | 27.000 | 50.000 | \$ 53,267 | | |

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
(UNAUDITED)**

**DAKOTA RIDGE METROPOLITAN DISTRICT
DEBT TO ASSESSED VALUATION RATIO
DECEMBER 31, 2022**

| Property Class | "Actual" Valuation | Assessed Valuation | Percentage of Total Assessed Valuation |
|----------------|-----------------------|-----------------------|---|
| Vacant Land | \$ 2,309,928 | \$ 669,882 | 96.83% |
| State Assessed | 75,521 | 21,901 | 3.17% |
| Total | <u>\$ 2,385,449</u> | <u>\$ 691,783</u> | <u>100.00%</u> |

Source: Jefferson County Assessor's Office