

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**DAKOTA RIDGE METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2023**

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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, 2023, 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, 2023, 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 opinions.

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 21, 2024

BASIC FINANCIAL STATEMENTS

**DAKOTA RIDGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 28,826 |
| Cash and Investments - Restricted | 38,257 |
| Prepaid Insurance | 2,526 |
| Property Tax Receivable | 118,767 |
| Receivable from County Treasurer | 236 |
| Capital Assets: | |
| Capital Assets Not Being Depreciated | 523,806 |
| Capital Assets Net of Depreciation | 1,474,760 |
| Total Assets | 2,187,178 |
| LIABILITIES | |
| Accounts Payable | 12,744 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 2,740,236 |
| Total Liabilities | 2,752,980 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Property Tax | 118,767 |
| Unearned Revenue | 6,005 |
| Total Deferred Inflows of Resources | 124,772 |
| NET POSITION | |
| Invested in Capital Assets, Net of Related Debt | (864,240) |
| Restricted for: | |
| Emergency Reserve | 1,700 |
| Debt Service | 37,826 |
| Capital | 584 |
| Net Position - Unrestricted | 133,556 |
| Total Net Position | \$ (690,574) |

See accompanying Notes to Basic Financial Statements.

**DAKOTA RIDGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| | | Program Revenues | | | Net Revenues (Expenses) and Changes in Net Position |
|---|------------|----------------------------|--|--|--|
| FUNCTIONS/PROGRAMS | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 208,877 | \$ 30,388 | \$ - | \$ - | \$ (178,490) |
| Interest on Long-Term Debt and Related Costs | 159,008 | - | - | - | (159,008) |
| Total Governmental Activities | \$ 367,885 | \$ 30,388 | \$ - | \$ - | (337,498) |
| GENERAL REVENUES | | | | | |
| Property Taxes | | | | | 53,268 |
| Specific Ownership Taxes | | | | | 3,811 |
| Interest Income | | | | | 1,534 |
| Total General Revenues | | | | | 58,613 |
| CHANGES IN NET POSITION | | | | | |
| Net Position - Beginning of Year | | | | | (411,689) |
| NET POSITION - END OF YEAR | | | | | |
| | | | | | \$ (690,574) |

See accompanying Notes to Basic Financial Statements.

**DAKOTA RIDGE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|--|------------------|-------------------|---------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 28,826 | \$ - | \$ - | \$ 28,826 |
| Cash and Investments - Restricted | - | 37,673 | 584 | 38,257 |
| Receivable from County Treasurer | 83 | 153 | - | 236 |
| Prepaid Insurance | 2,526 | - | - | 2,526 |
| Property Tax Receivable | 41,645 | 77,122 | - | 118,767 |
| | <u>\$ 73,080</u> | <u>\$ 114,948</u> | <u>\$ 584</u> | <u>\$ 188,612</u> |
| Total Assets | | | | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 12,744 | \$ - | \$ - | \$ 12,744 |
| Total Liabilities | 12,744 | - | - | 12,744 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Property Tax | 41,645 | 77,122 | - | 118,767 |
| Unearned Revenue | 6,005 | - | - | 6,005 |
| Total Deferred Inflows of Resources | 47,650 | 77,122 | - | 124,772 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid Expense | 2,526 | - | - | 2,526 |
| Restricted for: | | | | |
| Emergency Reserves | 1,500 | - | - | 1,500 |
| Debt Service | - | 37,826 | - | 37,826 |
| Capital Projects | - | - | 584 | 584 |
| Assigned to: | | | | |
| Subsequent Year's Expenditures | 325 | - | - | 325 |
| Unassigned | 8,335 | - | - | 8,335 |
| Total Fund Balances | 12,686 | 37,826 | 584 | 51,096 |
| | <u>\$ 73,080</u> | <u>\$ 114,948</u> | <u>\$ 584</u> | <u>\$ 188,612</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |

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.

1,998,566

Long-term liabilities, including 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 Bond Interest | (264,433) |
| Developer Advance Payable | (127,510) |
| Accrued Developer Advance Interest | (9,293) |
| | <u>(2,739,236)</u> |

Net Position of Governmental Activities

\$ (690,574)

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, 2023**

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|---|------------------|------------------|---------------------|--------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 18,678 | \$ 34,590 | \$ - | \$ 53,268 |
| Specific Ownership Taxes | 1,336 | 2,475 | - | 3,811 |
| Operations and Maintenance Fee | 12,388 | - | - | 12,388 |
| Interest Income | 224 | 1,280 | 30 | 1,534 |
| Transfer Fees | 18,000 | - | - | 18,000 |
| Total Revenues | <u>50,626</u> | <u>38,345</u> | <u>30</u> | <u>89,001</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Accounting | 31,360 | - | - | 31,360 |
| Auditing | 4,850 | - | - | 4,850 |
| Billing | 11,851 | - | - | 11,851 |
| County Treasurer's Fee | 280 | 519 | - | 799 |
| District Management | 17,592 | - | - | 17,592 |
| Dues and Membership | 400 | - | - | 400 |
| Election | 1,540 | - | - | 1,540 |
| Insurance | 3,021 | - | - | 3,021 |
| Legal | 24,704 | - | - | 24,704 |
| Miscellaneous | 2,046 | - | - | 2,046 |
| Snow Removal | 3,687 | - | - | 3,687 |
| Trash Collection | 1,687 | - | - | 1,687 |
| Paying Agent Fees | - | 4,000 | - | 4,000 |
| Total Expenditures | <u>103,018</u> | <u>4,519</u> | <u>-</u> | <u>107,537</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (52,392) | 33,826 | 30 | (18,536) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer Advance | 61,000 | 4,000 | - | 65,000 |
| Total Other Financing Sources | <u>61,000</u> | <u>4,000</u> | <u>-</u> | <u>65,000</u> |
| NET CHANGE IN FUND BALANCES | 8,608 | 37,826 | 30 | 46,464 |
| Fund Balances - Beginning of Year | <u>4,078</u> | <u>-</u> | <u>554</u> | <u>4,632</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 12,686</u> | <u>\$ 37,826</u> | <u>\$ 584</u> | <u>\$ 51,096</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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 46,464

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. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.

Depreciation Expense (105,340)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Developer Advance (65,000)

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.

Accrued Interest Payable - Change in Liability (147,483)

Accrued Interest Payable Developer Advance - Change in Liability (7,526)

Changes in Net Position of Governmental Activities \$ (278,885)

**DAKOTA RIDGE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------------------|-------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 18,678 | \$ 18,678 | \$ - |
| Specific Ownership Taxes | 1,307 | 1,336 | 29 |
| Operations and Maintenance Fee | 56,760 | 12,388 | (44,372) |
| Interest Income | 100 | 224 | 124 |
| Transfer Fees | 34,800 | 18,000 | (16,800) |
| Total Revenues | <u>111,645</u> | <u>50,626</u> | <u>(61,019)</u> |
| EXPENDITURES | | | |
| Accounting | 23,000 | 31,360 | (8,360) |
| Auditing | - | 4,850 | (4,850) |
| Billing | - | 11,851 | (11,851) |
| Contingency | 5,220 | - | 5,220 |
| County Treasurer's Fee | 280 | 280 | - |
| Engineering | 15,000 | - | 15,000 |
| District Management | 20,000 | 17,592 | 2,408 |
| Dues and Membership | - | 400 | (400) |
| Election | 3,000 | 1,540 | 1,460 |
| Insurance | 3,000 | 3,021 | (21) |
| Landscaping | 20,000 | - | 20,000 |
| Legal | 20,000 | 24,704 | (4,704) |
| Miscellaneous | - | 2,046 | (2,046) |
| Reserves | 11,500 | - | 11,500 |
| Snow Removal | 8,000 | 3,687 | 4,313 |
| Trash Collection | 13,000 | 1,687 | 11,313 |
| Utilities | 15,000 | - | 15,000 |
| Total Expenditures | <u>157,000</u> | <u>103,018</u> | <u>53,982</u> |
| EXCESS OF REVENUES UNDER EXPENDITURES | (45,355) | (52,392) | (7,037) |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advance | 50,000 | 61,000 | 11,000 |
| Total Other Financing Sources | <u>50,000</u> | <u>61,000</u> | <u>11,000</u> |
| NET CHANGE IN FUND BALANCE | 4,645 | 8,608 | 3,963 |
| Fund Balance - Beginning of Year | <u>2,247</u> | <u>4,078</u> | <u>1,831</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 6,892</u> | <u>\$ 12,686</u> | <u>\$ 5,794</u> |

See accompanying Notes to Basic Financial Statements.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 November 18, 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, 2023**

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, 2023**

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.

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.

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.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Grading, Drainage, Streets, Lighting, Water/Sanitary Sewer – 15 Years

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 two items that qualify for reporting in this category. Accordingly, *deferred property tax revenue*, is deferred, and recognized as an inflow of resources in the period that the amount becomes available. Also accordingly, *unearned revenue*, is unearned, 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.

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.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|-----------------------------------|-----------|
| Cash and Investments | \$ 28,826 |
| Cash and Investments - Restricted | 38,257 |
| Total Cash and Investments | \$ 67,083 |

Cash and investments as of December 31, 2023, consist of the following:

| | |
|--------------------------------------|-----------|
| Deposits with Financial Institutions | \$ 26,383 |
| Investments | 40,700 |
| Total Cash and Investments | \$ 67,083 |

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.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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, 2023, the District's cash deposits had a bank balance and a carrying balance of \$26,383.

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.

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, 2023, 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 | \$ 40,700 |
| | | <u>\$ 40,700</u> |

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

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 AA Af/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.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

| | Balance at December 31, 2022 | Increases | Decreases | Balance at December 31, 2023 |
|--|------------------------------------|---------------------|---------------------|------------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in Progress | \$ 2,103,906 | \$ - | \$ 1,580,100 | \$ 523,806 |
| Total Capital Assets, Not Being Depreciated | 2,103,906 | - | 1,580,100 | 523,806 |
| Capital Assets, Being Depreciated: | | | | |
| Grading, Drainage, Streets, Lighting, Water/Sanitary Sewer | - | 1,580,100 | - | 1,580,100 |
| Total Capital Assets, Being Depreciated | - | 1,580,100 | - | 1,580,100 |
| Less Accumulated Depreciation for: | | | | |
| Accumulated Depreciation | - | (105,340) | - | (105,340) |
| Total Accumulated Depreciation | - | (105,340) | - | (105,340) |
| Total Capital Assets, Being Depreciated, Net | - | 1,474,760 | - | 1,474,760 |
| Governmental Activities Capital Assets, Net | <u>\$ 2,103,906</u> | <u>\$ 1,474,760</u> | <u>\$ 1,580,100</u> | <u>\$ 1,998,566</u> |

Depreciation expense was \$105,340 in 2023.

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, 2023:

| | Balance at December 31, 2022 | Additions | Reductions | Balance at December 31, 2023 | Due Within One Year |
|-------------------------------|------------------------------------|-------------------|-------------|------------------------------------|---------------------------|
| Bonds Payable | | | | | |
| General Obligation Bonds | | | | | |
| Series 2022A | \$ 2,339,000 | \$ - | \$ - | \$ 2,339,000 | \$ - |
| Accrued Interest | | | | | |
| Series 2022A | 116,950 | 147,483 | - | 264,433 | - |
| Subtotal Bonds Payable | 2,455,950 | 147,483 | - | 2,603,433 | - |
| Other Debts | | | | | |
| Developer Advance - Operating | 62,510 | 65,000 | - | 127,510 | - |
| Developer Advance - Capital | - | - | - | - | - |
| Accrued Interest on: | | | | | |
| Developer Advance - Operating | 1,767 | 7,526 | - | 9,293 | - |
| Developer Advance - Capital | - | - | - | - | - |
| Subtotal Other Debts | 64,277 | 72,526 | - | 136,803 | - |
| Total Long-Term Obligations | <u>\$ 2,520,227</u> | <u>\$ 220,009</u> | <u>\$ -</u> | <u>\$ 2,740,236</u> | <u>\$ -</u> |

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's general obligation bonds outstanding during 2023 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 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, 2023**

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 Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the Bonds.

Acceleration

Except as disclosed above, the Bonds are not subject to acceleration.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 Sewer | 3,500,000 | 701,700 | 2,798,300 |
| Fire Protection | 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 three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation. As of December 31, 2023, the District had a deficit in net investment in capital assets of (\$864,240).

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 NET POSITION (CONTINUED)

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, 2023, as follows:

| | Governmental Activities |
|-------------------------------|----------------------------|
| Restricted Net Position: | |
| Emergencies | \$ 1,700 |
| Debt Service Reserve | 37,826 |
| Capital Projects Reserve | 584 |
| Total Restricted Net Position | \$ 40,110 |

The District have a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for repayment of debt issued for public improvements.

NOTE 7 AGREEMENTS

Imposition of District Fees Resolution

Pursuant to resolution 2022-03-01, the District has adopted Operation and Maintenance Fees and Transfer Fees on each residential lot to support the cost of operation and maintaining District Improvements. The District is authorized pursuant to Section 32-1-1001(1)(j)(I), C.R.S., and its Service Plan to fix fees and charges for operation and maintenance costs. The Operation and Maintenance Fees are quarterly fees of \$330 per lot, due and payable within thirty days of the bill date. The Transfer Fee is \$600 due and payable at the time of any sale, transfer or re-sale of any single-family dwelling unit constructed on a Lot which has a certificate of occupancy.

NOTE 8 RELATED PARTIES

The developer of the property which constitutes the District is Meritage Homes of Colorado, Inc. 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.

Operation Funding Agreement

On December 7, 2021, with an effective date of November 18, 2021, the District entered into that certain Operation Funding Agreement (the OFA) with Meritage Homes of Colorado Inc. (Developer), to repay advances made by the Developer for operations and maintenance expenses of the District. Pursuant to the OFA, 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.

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, 2023, the District acknowledged that the Developer has made advances to the District pursuant to the OFA in the total amount of \$136,803.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 RELATED PARTIES (CONTINUED)

Operation Funding Agreement (Continued)

The term of this OFA 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 the 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 December 7, 2021, with an effective date of November 18, 2021, the District entered into that certain Facilities Funding and 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 certain Organizational Expenses (as defined therein) and Verified Costs (as defined therein), 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 (as defined therein), 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 Construction Related Expenses (as defined therein) for 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 for reimbursement.

The Developer agreed to advance funds or expend funds on behalf of the District for certain Organization Expenses and Construction Related Expenses in one or more installments, provided that in no event shall the total amount that the Developer 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 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 FFAA in anticipation that the same would be reimbursed by the District.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 RELATED PARTIES (CONTINUED)

Facilities Funding and Acquisition Agreement (Continued)

The term of this Agreement expires on December 31, 2025, unless terminated earlier by the mutual agreement of the Parties. Any obligation of the 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, 2023, there were no outstanding amounts under this agreement.

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.

**DAKOTA RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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, 2023**

| | Budget Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------|-------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 34,589 | \$ 34,590 | \$ 1 |
| Specific Ownership Taxes | 2,421 | 2,475 | 54 |
| Interest Income | 200 | 1,280 | 1,080 |
| Total Revenues | <u>37,210</u> | <u>38,345</u> | <u>1,135</u> |
| EXPENDITURES | | | |
| County Treasurer's Fee | 519 | 519 | - |
| Paying Agent Fees | 6,000 | 4,000 | 2,000 |
| Bond Interest | 139,658 | - | 139,658 |
| Contingency | 4,691 | - | 4,691 |
| Total Expenditures | <u>150,868</u> | <u>4,519</u> | <u>146,349</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (113,658) | 33,826 | 147,484 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advance | - | 4,000 | 4,000 |
| Total Other Financing Sources | <u>-</u> | <u>4,000</u> | <u>4,000</u> |
| NET CHANGE IN FUND BALANCE | (113,658) | 37,826 | 151,484 |
| Fund Balance - Beginning of Year | <u>113,658</u> | <u>-</u> | <u>(113,658)</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ 37,826</u> | <u>\$ 37,826</u> |

**DAKOTA RIDGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

| | Orginal And Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------------------|-------------------|---|
| REVENUES | | | |
| Interest Income | \$ - | \$ 30 | \$ 30 |
| Total Revenues | <u>-</u> | <u>30</u> | <u>30</u> |
| EXPENDITURES | | | |
| Accounting | - | - | - |
| Engineering | - | - | - |
| Legal | - | - | - |
| Contingency | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | - | 30 | 30 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer Advance | - | - | - |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | 30 | 30 |
| Fund Balance - Beginning of Year | <u>-</u> | <u>554</u> | <u>554</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ 584</u> | <u>\$ 584</u> |

OTHER INFORMATION

**DAKOTA RIDGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

| Bonds/Loans and Interest Maturing in the Year Ending December 31, | \$2,339,000 Limited Tax General Obligation Bonds Interest Rate - 6.000% Series 2022A(3) Dated March 15, 2022 Interest Payable June 1 and December 1 Principal Payable December 1 | | |
|---|---|--------------|--------------|
| | Principal | Interest | Total |
| 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 | \$ 2,339,000 | \$ 3,924,459 | \$ 6,263,459 |

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, 2023**

| Year Ended December 31, | Prior Year Assessed Valuation For Current Year Tax Levy | Total Mills Levied | | | Total Property Taxes | | Percent Collected to Levied |
|---|---|-----------------------|-----------------|--------|----------------------|-----------|-----------------------------------|
| | | General Operations | Debt Service | Total | Levied | Collected | |
| 2021 | \$ - | - | - | - | \$ - | \$ - | N/A |
| 2022 | 27,798 | 77.000 | - | 77.000 | 2,140 | 2,140 | 100.00 % |
| 2023 | 691,783 | 27.000 | 50.000 | 77.000 | 53,267 | 53,268 | 100.00 % |
| Estimated for Year Ending December 31, 2024 | \$ 1,484,572 | 28.052 | 51.949 | 80.001 | \$ 118,767 | | |

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Treasurer does not permit identification of specific year of levy.

Source: Jefferson County Assessor and Treasurer.

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

**DAKOTA RIDGE METROPOLITAN DISTRICT
DEBT TO ASSESSED VALUATION RATIO
DECEMBER 31, 2023**

| Property Class | "Actual" Valuation | Assessed Valuation | Percentage of Total Assessed Valuation |
|----------------|-----------------------|-----------------------|---|
| Vacant Land | \$ 4,183,390 | \$ 1,167,144 | 78.62% |
| Residential | 4,622,968 | 309,736 | 20.86% |
| State Assessed | 27,570 | 7,692 | 0.52% |
| Total | <u>\$ 8,833,928</u> | <u>\$ 1,484,572</u> | <u>100.00%</u> |

Source: Jefferson County Assessor and Treasurer.