

SIERRA RIDGE METROPOLITAN DISTRICT NOS. 1 AND 2

2022 ANNUAL REPORT

Pursuant to section 32-1-207(3)(c), C.R.S., Sierra Ridge Metropolitan District Nos. 1 and 2 (collectively, the "Districts"), hereby submits the following annual report for the year ending December 31, 2022:

A. Boundary changes made.

During the report year, the Districts did not make changes to their boundaries.

B. Intergovernmental agreements entered into or terminated with other governmental entities.

During the report year, the Districts did not enter into or terminate any intergovernmental agreements.

C. Access information to obtain a copy of rules and regulations adopted by the Board.

<https://www.sierraridgemetrodistrict.com/home/>

D. A summary of litigation involving public improvements owned by the Districts.

Litigation involving the Districts and Lennar regarding the pool construction defects was dismissed and the Districts and Lennar are in negotiation of a Settlement Agreement related to the issues.

E. The status of the construction of public improvements by the Districts.

During the report year, the Districts did not construct any public improvements.

F. A list of facilities or improvements constructed by the Districts that were conveyed or dedicated to the county or municipality.

During the report year, the Districts did not convey or dedicate any facilities or improvements to the county or municipality.

G. The final assessed valuation of the Districts as of December 31 of the reporting year.

MD No. 1:	\$0.00
MD No. 2:	\$39,863,340.00

H. A copy of the current year’s budget.

See attached Exhibit A.

I. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, Part 6 of Article 1 of Title 29, or the application for exemption from audit, as applicable.

See attached Exhibit B.

J. Notice of any uncured defaults existing for more than ninety days under any debt instrument of the Districts.

None.

K. Any inability of the Districts to pay their obligations as they come due under any obligation which continues beyond a ninety-day period.

None.

Dated: September 8, 2023

SIERRA RIDGE METROPOLITAN DISTRICT
NOS. 1 AND 2

/s/ Russell W. Dykstra, Esq.

By: Russell W. Dykstra, Esq.

Its: Attorney

EXHIBIT A
BUDGETS

LETTER OF BUDGET TRANSMITTAL

Date: January 17, 2023

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

Attached are the 2023 budget and budget message for SIERRA RIDGE METROPOLIAN DISTRICT NO. 1 in Douglas County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on December 2, 2022. If there are any questions on the budget, please contact:

Simmons and Wheeler, P.C.
Attn: Diane Wheeler
304 Inverness Way South, Suite 490
Englewood, CO 80112
Tel.: 303-689-0833

I, Tom Clark, as President of the Sierra Ridge Metropolitan District No. 1, hereby certify that the attached is a true and correct copy of the 2023 budget.

By: Thomas M Clark

**RESOLUTION
TO ADOPT 2023 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
SIERRA RIDGE METROPOLITAN DISTRICT NO. 1**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SIERRA RIDGE METROPOLITAN DISTRICT NO. 1, DOUGLAS COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023,

WHEREAS, the Board of Directors of the Sierra Ridge Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

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

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on December 2, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$0; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$0; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$0; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2022 valuation for assessment for the District as certified by the County Assessor of Douglas County is \$100; and

WHEREAS, at an election held on November 1, 2005 the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SIERRA RIDGE METROPOLITAN DISTRICT NO. 1 OF DOUGLAS COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Sierra Ridge Metropolitan District No. 1 for calendar year 2023.

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

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2023 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2022.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2023 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each

dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2023 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2023 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2022, to the Board of County Commissioners of Douglas County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of Douglas County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2022 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

[remainder of page intentionally left blank; signature page follows]

ADOPTED this 2nd day of December 2022.

SIERRA RIDGE METROPOLITAN
DISTRICT NO. 1

Thomas M Clark

President

ATTEST:

[Handwritten Signature]

Secretary

ATTACH COPY OF THE ADOPTED BUDGET AND
THE CERTIFICATION OF TAX LEVIES

SIERRA RIDGE METROPOLITAN DISTRICT #1
2023
BUDGET MESSAGE

Attached please find a copy of the adopted 2023 budget for the Sierra Ridge Metropolitan District #1.

The Sierra Ridge Metropolitan District #1 has adopted two separate funds, a General Fund to provide for general operating, maintenance and clubhouse expenditures; and a Capital Projects Fund to provide for the estimated infrastructure costs to be built for the benefit of the district.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenue for the district in 2023 will be working capital and district fees and transfers from Sierra Ridge Metropolitan District No.2. The district does not intend to impose a mill levy on property within the district for 2023.

Sierra Ridge Metropolitan District #1
Adopted Budget
General Fund
For the Year ended December 31, 2023

	Actual 2021	Adopted Budget 2022	Actual 09/30/22	Estimated 2022	Adopted Budget 2023
Beginning fund balance	\$ 855,175	\$ 929,157	\$ 960,416	\$ 960,416	\$ 990,782
Revenues:					
Transfer from District #2	435,171	471,004	488,334	516,657	852,175
District fee	618,247	680,478	512,625	680,478	680,478
Working Capital fee	33,800	36,400	24,700	32,500	32,500
Miscellaneous	18,654	25,000	16,956	16,956	25,000
Lennar Landscape Reimbursement	80,000	-	-	-	-
Miscellaneous - Late fees	14,616	10,000	8,694	11,592	13,000
Miscellaneous - Homeowner Interest	2,896	2,000	2,693	3,590	4,000
Miscellaneous - Clubhouse rental/Billback	3,535	8,400	7,675	10,235	10,000
Miscellaneous - Fines/Fees	8,925	2,500	12,300	16,400	15,000
Miscellaneous - Legal Fees	394	650	595	595	595
Miscellaneous - Credit Cards/Fees	1,635	4,000	112	150	150
Interest income	90	115	1,490	1,986	1,200
Total revenues	1,217,963	1,240,547	1,076,174	1,291,139	1,634,098
Total funds available	2,073,138	2,169,704	2,036,590	2,251,555	2,624,880
Expenditures:					
Accounting	28,510	35,000	24,655	31,856	35,000
Audit	8,150	8,700	8,400	8,400	9,500
Legal	88,383	150,000	90,538	120,538	85,800
Election	-	50,000	2,969	2,969	50,000
Insurance	19,347	20,000	24,063	24,063	26,469
Directors fees	8,100	9,100	6,200	8,500	9,600
Miscellaneous	85	50	145	223	225
Administrative costs	154,272	159,376	107,672	157,648	167,105
Common area	402,678	549,830	323,988	442,621	623,931
Common area utilities	282,931	326,997	250,218	305,763	376,454
Clubhouse	104,740	111,078	110,007	125,704	132,689
Planning and engineering	14,635	45,000	21,740	32,488	45,000
Permits	891	-	-	-	-
Reserve	-	552,844	-	-	641,887
Contingency	-	107,775	-	-	374,367
Emergency reserve (3%)	-	43,954	-	-	46,853
Total expenditures	1,112,722	2,169,704	970,595	1,260,773	2,624,880
Ending fund balance	\$ 960,416	\$ -	\$ 1,065,995	\$ 990,782	\$ -
Assessed valuation		\$ -			\$ 100
Mill Levy		-			-

Sierra Ridge Metropolitan District #1
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Developer advances	-	-	-	-	-
Transfer from District #2	-	3,247,731	-	-	2,945,350
Total revenues	<u>-</u>	<u>3,247,731</u>	<u>-</u>	<u>-</u>	<u>2,945,350</u>
Total funds available	<u>-</u>	<u>3,247,731</u>	<u>-</u>	<u>-</u>	<u>2,945,350</u>
Expenditures:					
Infrastructure repairs	-	-	-	-	-
Capital expenditures	-	3,247,731	-	-	2,945,350
Total expenditures	<u>-</u>	<u>3,247,731</u>	<u>-</u>	<u>-</u>	<u>2,945,350</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Sierra Ridge Metropolitan District #1
Adopted Budget
General Fund Detail of Various Expenses
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
ADMINISTRATIVE EXPENSE					
Collection costs	\$ 9,865	\$ 7,000	\$ 8,275	\$ 10,900	\$ 12,000
Newsletter	1,753	2,500	952	1,743	2,000
Administrative (Posting Printing)	2,919	7,500	2,269	5,302	5,500
Miscellaneous Administrative	6,359	4,000	4,057	3,049	3,500
Management Fees	110,160	114,576	85,564	114,208	120,305
Community Events-General	23,216	23,500	6,555	22,446	23,500
Meeting Expense	-	300	-	-	300
Total Administrative	\$ 154,272	\$ 159,376	\$ 107,672	\$ 157,648	\$ 167,105

Sierra Ridge Metropolitan District #1
Adopted Budget
General Fund Detail of Various Expenses
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
COMMON AREA					
Fence/Wall Repairs 1A	\$ 200	\$ 500	\$ 325	\$ 325	\$ 500
Fence/Wall Repairs 1-B	-	500	-	-	500
Fence/Wall Repairs Filing 2	-	500	-	-	500
Fence/Wall Repairs Filing 3	-	500	-	-	500
Irrigation Repairs 1A	6,456	7,000	6,518	8,367	10,700
Irrigation Repairs 1B	5,956	5,000	7,411	10,511	10,800
Irrigation Repairs Park/Pool	8,551	10,000	14,381	15,978	15,200
Irrigation Repairs Filing 2	3,427	6,000	6,653	8,152	6,900
Irrigation Repairs Filing 3	-	10,000	-	-	14,900
Landscape Maintenance 1A	39,552	41,680	31,260	41,680	46,140
Landscape Maintenance 1B	37,612	39,490	29,617	39,490	44,440
Landscape Maintenance Park/Pool	37,414	39,280	29,460	39,280	43,670
Landscape Maintenance Filing 2	23,352	24,510	18,382	24,510	27,350
Landscape Maintenance Filing 3	-	42,190	-	-	47,290
Landscape repair improvements	80,930	129,217	69,249	93,903	134,258
Backflow Testing	990	1,350	1,350	1,350	1,500
Backflow Repairs	-	-	3,033	3,033	3,000
Winter Watering 1A	1,785	6,731	-	3,366	3,881
Winter Watering 1B	1,488	4,956	-	2,478	3,234
Winter Watering Park/pool	4,559	6,021	-	3,011	3,396
Winter Watering Filing 2	744	2,815	-	1,408	1,617
Winter Watering Filing 3	-	7,103	-	-	4,528
Insect Control 1A	4,409	4,629	4,473	4,473	5,133
Insect Control 1B	2,975	3,124	3,124	3,124	3,451
Insect Control Park/Pool	3,593	3,773	3,657	3,657	4,026
Insect Control Filing 2	1,164	2,669	1,221	1,221	1,363
Insect Control Filing 3	-	4,973	-	-	6,130
Tree wrap - 1A	2,572	2,572	-	2,572	2,928
Tree wrap - 1B	2,418	2,418	-	2,418	2,753
Tree wrap - pool park	4,270	4,270	-	4,270	4,861
Tree wrap - Filing 2	1,029	1,029	-	1,029	1,171
Tree wrap - Filing 3	-	3,730	-	-	3,953
Pet Stations - 12 stations (\$30/wk pls bags)	8,979	9,000	6,779	9,045	9,500
Snow Removal	28,351	20,000	18,196	18,196	25,000
Native maintenance/replanting - 1A	37,707	10,000	30,724	30,724	15,000
Native maintenance/replanting - 1B	-	10,000	4,293	4,293	4,000
Native maintenance/replanting - Pool Park Area	-	5,000	13,476	13,476	10,000
Native maintenance/replanting - Parking lot	-	5,000	-	-	-
Native maintenance/replanting - Filing 2	-	10,000	1,715	1,715	3,000
Native maintenance/replanting - Filing 3	-	-	-	-	10,000
Flowers	11,429	20,000	14,971	14,970	18,500
Mulch top dress	16,198	5,000	-	-	31,098
Holiday Lights	23,074	30,000	-	24,380	30,000
Flag installation	-	1,300	1,260	1,260	1,260
Common area lights	440	2,000	475	2,175	2,000
Miscellaneous	1,053	4,000	1,985	2,780	4,000
Total Common area	\$ 402,678	\$ 549,830	\$ 323,988	\$ 442,621	\$ 623,931

Sierra Ridge Metropolitan District #1
Adopted Budget
General Fund Detail of Various Expenses
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
COMMON AREA UTILITIES					
Water/Sewer 1A	\$ 38,981	\$ 41,965	\$ 43,050	\$ 47,430	\$ 50,000
Water/Sewer 1B	45,024	35,550	25,760	31,410	42,000
Water/Sewer Park/Pool	66,017	67,050	77,139	85,939	86,000
Water/Sewer Filing 2	5,127	6,200	6,300	7,266	7,750
Water/Sewer Filing 3	-	45,000	-	-	50,000
Gas/Electric	1,201	1,425	1,096	1,696	1,450
Trash Removal	126,581	129,807	96,873	132,022	139,254
Total Common Area Utilities	\$ 282,931	\$ 326,997	\$ 250,218	\$ 305,763	\$ 376,454
CLUBHOUSE					
Access Cards	\$ 504	\$ 580	-	-	\$ 600
Surveillance System Monitoring	720	720	540	810	1,080
Internet/Cable	2,503	1,600	1,022	1,435	1,656
Cleaning	3,880	7,200	3,510	5,535	8,500
Gas/Electric	11,778	10,050	13,835	17,335	15,250
HVAC Maintenance	630	1,500	315	675	1,500
Pool Maintenance/Lifeguards	61,385	60,000	67,200	67,200	70,560
Pool Supplies	3,860	4,500	7,568	7,569	7,000
Storage and Moving Pool Furniture	6,574	7,303	5,424	7,608	8,518
Furniture	3,218	5,000	477	477	5,000
Clubhouse / Furnishings / Signs / Camera	1,087	1,500	1,495	5,445	1,500
Maintenance (Plumbing/lights/General	2,736	5,000	3,410	4,910	5,000
Pest Control	800	800	600	800	800
Water/Sewer	5,065	5,325	4,611	5,905	5,725
Window Cleaning	-	-	-	-	-
Total Clubhouse	\$ 104,740	\$ 111,078	\$ 110,007	\$ 125,704	\$ 132,689

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO The County Commissioners of Douglas County, Colorado
 On behalf of the Sierra Ridge Metro District 1
 the Board of Directors
 of the Sierra Ridge Metropolitan District No. 1**

Hereby officially certifies the following mills to be levied against the taxing entity's **GROSS** assessed valuation of: **\$100** Note: If the assessor certified a **NET** assessed valuation (AV) different than the **GROSS AV** due to a Tax Increment Financing (TIF) Area 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: **\$100**

Submitted: John Simmons for budget/fiscal year 2023

PURPOSE	LEVY	REVENUE
1. General Operating Expenses	0.000 mills	\$0
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction	-0.000 mills	-\$0
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$0
3. General Obligation Bonds and Interest	0.000 mills	\$0
4. Contractual Obligations	0.000 mills	\$0
5. Capital Expenditures	0.000 mills	\$0
6. Refunds/Abatements	0.000 mills	\$0
7. Other	0.000 mills	\$0
8. Judgment	0.000 mills	\$0
TOTAL:	0.000 mills	\$0

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, CONTRACT, OTHER, AND/OR JUDGMENT:

BONDS

No Bonds Available

CONTRACTS

No Contracts Available

OTHER

No Other Available

JUDGMENT

No Judgment Available

Explanation of Change:

Generated On Thu, 08 Dec 2022

LETTER OF BUDGET TRANSMITTAL

Date: January 17, 2023

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

Attached are the 2023 budget and budget message for SIERRA RIDGE METROPOLIAN DISTRICT NO. 2 in Douglas County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 3, 2022. If there are any questions on the budget, please contact:

Simmons and Wheeler, P.C.
Attn: Diane Wheeler
304 Inverness Way South, Suite 490
Englewood, CO 80112
Tel.: 303-689-0833

I, Kimberly Barb, as President of the Sierra Ridge Metropolitan District No. 2, hereby certify that the attached is a true and correct copy of the 2023 budget.

By: 

**RESOLUTION
TO ADOPT 2023 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
SIERRA RIDGE METROPOLITAN DISTRICT NO. 2**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SIERRA RIDGE METROPOLITAN DISTRICT NO. 2, DOUGLAS COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023,

WHEREAS, the Board of Directors of the Sierra Ridge Metropolitan District No. 2 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

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

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 3, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$776,167; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$1,358,292; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$0; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2022 valuation for assessment for the District as certified by the County Assessor of Douglas County is \$38,808,340; and

WHEREAS, at an election held on November 1, 2005 the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SIERRA RIDGE METROPOLITAN DISTRICT NO. 2 OF DOUGLAS COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Sierra Ridge Metropolitan District No. 2 for calendar year 2023.

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

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2023 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 20.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2022.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2023 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 35.000 mills upon each

dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2023 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2023 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2022, to the Board of County Commissioners of Douglas County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of Douglas County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2022 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

[remainder of page intentionally left blank; signature page follows]

ADOPTED this 3rd day of November 2022.

SIERRA RIDGE METROPOLITAN
DISTRICT NO. 2



President

ATTEST:



Secretary

ATTACH COPY OF THE ADOPTED BUDGET AND
THE CERTIFICATION OF TAX LEVIES

SIERRA RIDGE METROPOLITAN DISTRICT #2
2023
BUDGET MESSAGE

Attached please find a copy of the adopted 2023 budget for the Sierra Ridge Metropolitan District #2.

The Sierra Ridge Metropolitan District #2 has adopted three separate funds, a General Fund to provide for transfers to Sierra Ridge Metropolitan District No.1 for payment of general operating, maintenance and clubhouse expenditures; a Debt Service Fund to provide for payments on the outstanding General Obligation Bonds; and a Capital Project Fund to provide for transfers to Sierra Ridge Metropolitan District No.1 for payment of the estimated infrastructure costs to be built for the benefit of the district.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenue for the district in 2023 will be property taxes. The district intends to impose a 55.000 mill levy on all property within the district for 2023, of which 20.000 mills will be dedicated to the General Fund and the balance of 35.000 mills will be allocated to the Debt Service Fund.

Sierra Ridge Metropolitan District #2
Adopted Budget
General Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Property taxes	400,731	435,228	435,228	435,228	776,167
Specific ownership taxes	38,646	40,000	29,417	37,960	38,000
Interest income	<u>1,807</u>	<u>2,500</u>	<u>30,220</u>	<u>50,000</u>	<u>50,000</u>
Total revenues	<u>441,184</u>	<u>477,728</u>	<u>494,865</u>	<u>523,188</u>	<u>864,167</u>
Total funds available	<u>441,184</u>	<u>477,728</u>	<u>494,865</u>	<u>523,188</u>	<u>864,167</u>
Expenditures:					
Treasurer fees	6,013	6,528	6,531	6,531	11,643
Transfer to District #1	435,171	471,004	488,334	516,657	852,175
Emergency reserve (3%)	<u>-</u>	<u>196</u>	<u>-</u>	<u>-</u>	<u>349</u>
Total expenditures	<u>441,184</u>	<u>477,728</u>	<u>494,865</u>	<u>523,188</u>	<u>864,167</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 39,863,340</u>			<u>\$ 38,808,340</u>
Mill Levy		<u>10.918</u>			<u>20.000</u>

Sierra Ridge Metropolitan District #2
Adopted Budget
Capital Project Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ 2,945,350	\$ 3,247,731	\$ 2,945,350	\$ 2,945,350	\$ 2,945,350
Revenues:					
System Development fees	-	-	-	-	-
Total revenues	-	-	-	-	-
Total funds available	<u>2,945,350</u>	<u>3,247,731</u>	<u>2,945,350</u>	<u>2,945,350</u>	<u>2,945,350</u>
Expenditures:					
Transfer to District #1	-	<u>3,247,731</u>	-	-	<u>2,945,350</u>
Total expenditures	-	<u>3,247,731</u>	-	-	<u>2,945,350</u>
Ending fund balance	<u>\$ 2,945,350</u>	<u>\$ -</u>	<u>\$ 2,945,350</u>	<u>\$ 2,945,350</u>	<u>\$ -</u>

Sierra Ridge Metropolitan District #2
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2023

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>9/30/2022</u>	Estimated <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ 4,209,162	\$ 4,077,550	\$ 4,203,516	\$ 4,203,516	\$ 326,845
Revenues:					
Property taxes	2,003,693	2,176,180	2,176,181	2,176,180	1,358,292
Specific ownership taxes	193,233	211,089	147,086	190,000	81,498
Bond proceeds	.	.	25,840,000	25,840,000	.
Bond premium	.	.	2,950,896	2,950,896	.
Interest income	<u>2,427</u>	<u>3,000</u>	<u>13,072</u>	<u>6,000</u>	<u>6,000</u>
Total revenues	<u>2,199,353</u>	<u>2,390,269</u>	<u>31,127,235</u>	<u>31,163,076</u>	<u>1,445,790</u>
Total funds available	<u>6,408,515</u>	<u>6,467,819</u>	<u>35,330,751</u>	<u>35,366,592</u>	<u>1,772,635</u>
Expenditures:					
Interest expense 2016 A Bonds	1,352,200	1,343,650	369,504	369,504	.
Bond principal 2016 A Bonds	190,000	315,000	25,300,000	25,300,000	.
Interest expense 2016 B Bonds	627,234	693,476	1,384,885	1,384,885	.
Bond principal 2016 B Bonds	.	.	4,500,000	4,500,000	.
Bond interest 2022 Bonds	.	.	232,560	749,360	980,600
Bond principal 2022 Bonds	.	.	.	1,325,000	475,000
Premium on redemption	.	.	894,000	894,000	.
Costs of bond issuance	.	.	478,855	478,855	.
Treasurer's fees	30,065	32,643	32,656	32,643	20,374
Trustee / paying agent fees	<u>5,500</u>	<u>5,500</u>	<u>.</u>	<u>5,500</u>	<u>4,000</u>
Total expenditures	<u>2,204,999</u>	<u>2,390,269</u>	<u>33,192,460</u>	<u>35,039,747</u>	<u>1,479,974</u>
Ending fund balance	<u>\$ 4,203,516</u>	<u>\$ 4,077,550</u>	<u>\$ 2,138,291</u>	<u>\$ 326,845</u>	<u>\$ 292,661</u>
Assessed valuation		<u>\$ 39,863,340</u>			<u>\$ 38,808,340</u>
Mill Levy		<u>54.591</u>			<u>35.000</u>
Total Mill Levy		<u>65.509</u>			<u>55.000</u>

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO The County Commissioners of Douglas County, Colorado
On behalf of the Sierra Ridge Metro District 2
the Board of Directors
of the Sierra Ridge Metropolitan District No. 2**

Hereby officially certifies the following mills to be levied against the taxing entity's **GROSS** assessed valuation of: **\$38,808,340** Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area 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: **\$38,808,340**

Submitted: John Simmons for budget/fiscal year 2023

PURPOSE	LEVY	REVENUE
1. General Operating Expenses	20.000 mills	\$776,167
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction	-0.000 mills	-\$0
SUBTOTAL FOR GENERAL OPERATING:	20.000 mills	\$776,167
3. General Obligation Bonds and Interest	35.000 mills	\$1,358,292
4. Contractual Obligations	0.000 mills	\$0
5. Capital Expenditures	0.000 mills	\$0
6. Refunds/Abatements	0.000 mills	\$0
7. Other	0.000 mills	\$0
8. Judgment	0.000 mills	\$0
TOTAL:	55.000 mills	\$2,134,459

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, CONTRACT, OTHER, AND/OR JUDGMENT:

BONDS

1. Purpose of Issue: \$25,840,000 Limited Tax (Cionvertible to Unlimited Tax) General
Obligation Refunding Bonds
Series: 2022
Date of Issue: 2022-03-10

Coupon Rate: 4.000
Maturity Date: 2046-12-01
Levy: 35.000
Revenue: \$1,358,292

CONTRACTS

No Contracts Available

OTHER

No Other Available

JUDGMENT

No Judgment Available

Explanation of Change:

Generated On Thu, 08 Dec 2022

EXHIBIT B
AUDITS

Sierra Ridge Metropolitan District No. 1

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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Board of Directors
Sierra Ridge Metropolitan District No. 1
Douglas County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sierra Ridge Metropolitan District No. 1 (the "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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sierra Ridge Metropolitan District No. 1 as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 (GAAP), 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 GAAS, 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 the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

July 6, 2023

Sierra Ridge Metropolitan District No. 1

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 381,679	\$ -	\$ 381,679	\$ -	\$ 381,679
Cash and investments - restricted	46,853	-	46,853	-	46,853
Receivable - Fees	28,194	-	28,194	-	28,194
Receivable - Warranty Work	14,474	-	14,474	-	14,474
Receivable - Companies	290,611	-	290,611	(290,611)	-
Prepaid expenses	4,035	-	4,035	-	4,035
Receivable District #2	465,528	-	465,528	-	465,528
Capital assets not being depreciated	-	-	-	28,183,537	28,183,537
Total Assets	<u>\$ 1,231,374</u>	<u>\$ -</u>	<u>\$ 1,231,374</u>	<u>27,892,926</u>	<u>29,124,300</u>
LIABILITIES					
Accounts payable	\$ 101,473	\$ -	\$ 101,473	-	101,473
Prepaid assessments	103,673	-	103,673	-	103,673
Long-term liabilities:					
Due in more than one year	-	-	-	2,717,468	2,717,468
Total Liabilities	<u>205,146</u>	<u>-</u>	<u>205,146</u>	<u>2,717,468</u>	<u>2,922,614</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepays	4,035	-	4,035	(4,035)	-
Restricted:					
Emergencies	46,853	-	46,853	(46,853)	-
Assigned:					
Subsequent years disbursements	<u>975,340</u>	<u>-</u>	<u>975,340</u>	<u>(975,340)</u>	<u>-</u>
Total Fund Balances	<u>1,026,228</u>	<u>-</u>	<u>1,026,228</u>	<u>(1,026,228)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,231,374</u>	<u>\$ -</u>	<u>\$ 1,231,374</u>		
Net Position:					
Net investment in capital assets				25,466,069	25,466,069
Restricted for:					
Emergencies				46,853	46,853
Unrestricted				<u>688,764</u>	<u>688,764</u>
Total Net Position				<u>\$ 26,201,686</u>	<u>\$ 26,201,686</u>

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

Sierra Ridge Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Accounting and audit	\$ 40,923	\$ -	\$ 40,923	\$ -	\$ 40,923
Insurance	24,063	-	24,063	-	24,063
Legal and election costs	119,561	-	119,561	-	119,561
Director's fees	8,400	-	8,400	-	8,400
Miscellaneous expenses	193	-	193	-	193
Administration	156,328	-	156,328	-	156,328
Common area landscape maintenance	431,311	-	431,311	-	431,311
Common area utilities/trash/snow removal	305,757	-	305,757	-	305,757
Community clubhouse and pool	129,102	-	129,102	-	129,102
Planning and engineering	23,800	-	23,800	-	23,800
Developer advance interest	-	-	-	119,818	119,818
Total Expenditures	<u>1,239,438</u>	<u>-</u>	<u>1,239,438</u>	<u>119,818</u>	<u>1,359,256</u>
PROGRAM REVENUES					
District fee	683,250	-	683,250	-	683,250
Working capital fee	28,600	-	28,600	-	28,600
Total Program Revenues	<u>711,850</u>	<u>-</u>	<u>711,850</u>	<u>-</u>	<u>711,850</u>
Net Program Income (Expenses)	(527,588)	-	(527,588)	(119,818)	(647,406)
GENERAL REVENUES					
Interest income	3,319	-	3,319	-	3,319
Miscellaneous income	59,187	-	59,187	-	59,187
Transfer from District No. 2	530,894	-	530,894	-	530,894
Total General Revenues	<u>593,400</u>	<u>-</u>	<u>593,400</u>	<u>-</u>	<u>593,400</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	65,812	-	65,812	(119,818)	(54,006)
NET CHANGES IN FUND BALANCES					
	65,812	-	65,812	(65,812)	
CHANGE IN NET POSITION					
				(54,006)	(54,006)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	960,416	-	960,416	25,295,276	26,255,692
END OF YEAR	<u>\$ 1,026,228</u>	<u>\$ -</u>	<u>\$ 1,026,228</u>	<u>\$ 25,175,458</u>	<u>\$ 26,201,686</u>

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

Sierra Ridge Metropolitan District No. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2022

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
District fee	\$ 680,478	\$ 683,250	\$ 2,772
Working capital fee	36,400	28,600	(7,800)
Interest income	115	3,319	3,204
Miscellaneous income	52,550	59,187	6,637
Transfer from District No. 2	471,004	530,894	59,890
Total Revenues	1,240,547	1,305,250	64,703
EXPENDITURES			
Accounting and audit	43,700	40,923	2,777
Insurance	20,000	24,063	(4,063)
Legal and election costs	200,000	119,561	80,439
Director's fees	9,100	8,400	700
Miscellaneous expenses	50	193	(143)
Administration	159,376	156,328	3,048
Common area	549,830	431,311	118,519
Common area utilities/trash/snow removal	326,997	305,757	21,240
Community clubhouse and pool	111,078	129,102	(18,024)
Planning and engineering	45,000	23,800	21,200
Reserve	552,844	-	552,844
Contingency	107,775	-	107,775
Emergency reserve	43,954	-	43,954
Total Expenditures	2,169,704	1,239,438	930,266
NET CHANGE IN FUND BALANCE	(929,157)	65,812	994,969
FUND BALANCE:			
BEGINNING OF YEAR	929,157	960,416	31,259
END OF YEAR	\$ -	\$ 1,026,228	\$ 1,026,228

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

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Sierra Ridge Metropolitan District No. 1, (the “District”) located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized in November 2005 as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are District fees and transfers from District No. 2. The District was organized concurrently with Sierra Ridge Metropolitan District No. 2 (“District No. 2”) and is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements December 31, 2022

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the 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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements
December 31, 2022

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The 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 appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and short-term investments with maturities of three months or less from the date of acquisition are considered to be cash on hand. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements December 31, 2022

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements
December 31, 2022

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$4,035 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$46,853 of the General Fund balance has been restricted in compliance with this requirement.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

The assigned fund balance in the General Fund represents the amount appropriated for use in the budget for the year ending December 31, 2023.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements
December 31, 2022

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$381,679
Cash and investments – restricted	<u>46,853</u>
	<u>\$428,532</u>

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

Deposits with financial institutions	\$235,535
Investments - COLOTRUST	<u>192,997</u>
	<u>\$428,532</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements December 31, 2022

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

As of December 31, 2022, the District had the following investment:

COLOTRUST

As of December 31, 2022, the District invested in the Colorado Local Governmental Liquid Asset Trust ("COLOTRUST"), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value ("NAV") of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAM by Standard & Poor's. At December 31, 2022, the District had \$192,997 invested in COLOTRUST PLUS+.

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements
December 31, 2022

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ending December 31, 2022, is as follows:

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>
<u>Capital assets not being depreciated:</u>				
Construction in progress	\$ 28,183,537	\$ -	\$ -	\$ 28,183,537
Total capital assets not being depreciated	<u>28,183,537</u>	<u>-</u>	<u>-</u>	<u>28,183,537</u>
Government type assets, net	<u>\$ 28,183,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,183,537</u>

Upon completion and acceptance, all fixed assets except for park and recreation improvements will be conveyed by the District to other local governments. The District will not be responsible for maintenance of the items conveyed to other governments.

Note 4: Long-Term Debt

A description of the long-term obligations as of December 31, 2022, is as follows:

Reimbursement Agreement

On May 9, 2007, the District entered into a Reimbursement Agreement with R.I. Heritage Inn of Oklahoma City, Inc, and Midwest Heritage Inn of Oklahoma City, Inc. (“Companies”) whereby the Companies agreed to advance funds to the District for the construction of the initial public infrastructure and general operating and administrative functions. The District agreed to reimburse Companies the advances plus interest at 7.5% per annum calculated from January 1 of the year immediately following the year in which the advances are made. Repayment is subject to annual appropriation, and no specific source of funds is pledged. In no event shall this Agreement be construed as or constitute a “debt” of the District in such a manner as would violate the Constitution or other laws of the State of Colorado, but shall in all other events constitute a valid and legally binding obligation of the District. At December 31, 2022, the District has a receivable from the Companies in the amount of \$290,611 and the District received \$0 in advances from the Companies under this agreement during 2022. A total of \$119,818 of interest was incurred on outstanding advances during 2022.

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements
December 31, 2022

On November 10, 2012, the Companies entered into an Assignment of Reimbursement Agreement with Tharaldson Ethanol Plant I, LLC whereby the Companies assigned all rights, obligations and interests in, to and under the Reimbursement Agreement.

Facilities Funding and Acquisition Agreement

On October 31, 2013, the District and District No. 2 (“the Districts”) entered into a Facilities Funding and Acquisition Agreement with Lennar Colorado, LLC. (“Lennar”), whereby Lennar has agreed to either construct improvements or to fund the construction of improvements, and the Districts have agreed to either acquire the improvements or to construct the improvements with funding from Lennar. The Districts will make payment to Lennar for the acquisition or the repayment of funds advanced by using either System Development Fees or by using proceeds of bonds issued by the Districts if Lennar agrees. The Districts will reimburse Lennar the advances or the cost of construction plus interest at 6.5%.

If System Development fees are used as repayment the Districts will make monthly payments to Lennar of all System Development Fees collected in the previous month. In the event the Districts are unable to reimburse Lennar in full within 30 years of the date of the Districts’ acceptance of the improvements or costs, any amount outstanding shall be deemed discharged and satisfied in full. In no event shall this Agreement be construed as or constitute a “debt” of the Districts in such a manner as would violate the Constitution or other laws of the State of Colorado, but shall in all other events constitute a valid and legally binding obligation of the Districts.

A summary of the annual long-term debt principal and interest requirements is not available as principal is paid based upon available revenue.

The following is an analysis of changes in long-term debt for the year ending December 31, 2022:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
<u>Other</u>					
Reimbursement Agreement	\$ 1,597,574	\$ -	\$ -	\$ 1,597,574	\$ -
Interest	1,000,076	119,818	-	1,119,894	-
Total	<u>\$ 2,597,650</u>	<u>\$ 119,818</u>	<u>\$ -</u>	<u>\$ 2,717,468</u>	<u>\$ -</u>

Debt Authorization

First Amendment to Service Plan for Sierra Ridge Metropolitan District No. 1 and Sierra Ridge Metropolitan District No. 2

On March 22, 2016, the District approved the First Amendment to Service Plan for the District and District No. 2 for the purpose of increasing the debt limit issuance in an amount not to exceed \$33,000,000.

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements
December 31, 2022

As of December 31, 2022, the District had remaining voted debt authorization of approximately \$30,000,000. The District has not budgeted to issue new debt during 2023. Per the District's Service Plan, the District, combined with District No. 2, cannot issue debt in excess of \$33,000,000.

Note 5: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with CVPX, LLC ("Developer") and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 6: Other Agreements

Intergovernmental Cost Sharing Agreement

On April 24, 2013, the District entered into an Intergovernmental Cost Sharing Agreement with Rampart Range Metropolitan District ("Rampart"), whereby Rampart agreed to reimburse the District for 50% of the cost of design and construction of public sanitary sewer improvements upon preliminary acceptance of the improvements by Parker Water and Sanitation District.

Construction Agreement

On February 13, 2013, the District entered into a Construction Agreement and an Authorization Agreement with the Developer, whereby, the District agreed to construct both public and private improvements as outlined in the Authorization Agreement.

Construction Project Delivery Agreement

On February 13, 2013, the District entered into a Construction Project Delivery Agreement along with the related Authorization Agreement with True West Construction Services, LLC. ("True West") whereby True West agreed to provide construction administration and onsite construction management services for a fee of 3.5% of the total cost of construction. The District also agreed to pay True West an amount equal to 10% of the total savings of the project.

Facilities Development Agreement

On October 31, 2013, the Districts entered into a Facilities Development Agreement with Lennar, to outline the process for the implementation and construction of the improvements to be either constructed by Lennar and acquired by the Districts or constructed by the Districts and funded by Lennar.

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements
December 31, 2022

Master IGA

On April 7, 2016, the Districts entered into an Intergovernmental Agreement Concerning District Operations and Outstanding Reimbursement Obligations (the "Master IGA") concerning the manner in which the Districts will coordinate and implement the financing, construction, operation and maintenance of the public improvements within the Development. The Master IGA replaced an agreement dated June 1, 2006, and effective as of December 9, 2009. Pursuant to the Master IGA, and in accordance with the Service Plan, the District is obligated to own, operate and maintain public improvements authorized by the Service Plan (except for public improvements which have been dedicated to the County or other governmental entities), subject to District No. 2 providing moneys sufficient to fund the same. In addition, District No. 2 engages the District as the District administrator.

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights ("TABOR"), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District'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 will require judicial interpretation.

In November 2005 a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Sierra Ridge Metropolitan District No. 1

Notes to Financial Statements
December 31, 2022

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the statement of activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue.

SUPPLEMENTAL INFORMATION

Sierra Ridge Metropolitan District No. 1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2022

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES			
Transfer from Sierra Ridge Metropolitan District #2	\$ 3,247,731	\$ -	\$ (3,247,731)
Total Revenues	<u>3,247,731</u>	<u>-</u>	<u>(3,247,731)</u>
EXPENDITURES			
Capital expenditures	<u>3,247,731</u>	<u>-</u>	<u>3,247,731</u>
Total Expenditures	<u>3,247,731</u>	<u>-</u>	<u>3,247,731</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE:			
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Sierra Ridge Metropolitan District No. 2

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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Board of Directors
Sierra Ridge Metropolitan District No. 2
Douglas County, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sierra Ridge Metropolitan District No. 2 (the "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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sierra Ridge Metropolitan District No. 2 as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 (GAAP), 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 GAAS, 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 the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

July 9, 2023

Sierra Ridge Metropolitan District No. 2

**BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2022**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 462,418	\$ -	\$ -	\$ 462,418	\$ -	\$ 462,418
Cash and investments - restricted	349	340,108	2,945,350	3,285,807	-	3,285,807
Receivable - County Treasurer	2,761	13,805	-	16,566	-	16,566
Property taxes receivable	776,167	1,358,292	-	2,134,459	-	2,134,459
Prepaid debt insurance, net of accumulated amortization	-	-	-	-	132,095	132,095
Total Assets	<u>1,241,695</u>	<u>1,712,205</u>	<u>2,945,350</u>	<u>5,899,250</u>	<u>132,095</u>	<u>6,031,345</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	347,113	347,113
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,113</u>	<u>347,113</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,241,695</u>	<u>\$ 1,712,205</u>	<u>\$ 2,945,350</u>	<u>\$ 5,899,250</u>		
LIABILITIES						
Payable to District No. 1	\$ 465,528	\$ -	\$ -	\$ 465,528	-	465,528
Accrued interest	-	-	-	-	81,717	81,717
Long-term liabilities:						
Due within one year	-	-	-	-	475,000	475,000
Due in more than one year	-	-	-	-	26,832,048	26,832,048
Total Liabilities	<u>465,528</u>	<u>-</u>	<u>-</u>	<u>465,528</u>	<u>27,388,765</u>	<u>27,854,293</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	776,167	1,358,292	-	2,134,459	-	2,134,459
Total Deferred Inflows of Resources	<u>776,167</u>	<u>1,358,292</u>	<u>-</u>	<u>2,134,459</u>	<u>-</u>	<u>2,134,459</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	349	-	-	349	(349)	-
Debt service	-	353,913	-	353,913	(353,913)	-
Capital projects	-	-	2,945,350	2,945,350	(2,945,350)	-
Unassigned	(349)	-	-	(349)	349	-
Total Fund Balances	<u>-</u>	<u>353,913</u>	<u>2,945,350</u>	<u>3,299,263</u>	<u>(3,299,263)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,241,695</u>	<u>\$ 1,712,205</u>	<u>\$ 2,945,350</u>	<u>\$ 5,899,250</u>		
Net Position:						
Restricted for:						
Emergencies					349	349
Debt service					272,196	272,196
Capital projects					2,945,350	2,945,350
Unrestricted					(26,828,189)	(26,828,189)
Total Net Position					<u>\$ (23,610,294)</u>	<u>\$ (23,610,294)</u>

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

Sierra Ridge Metropolitan District No. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Treasurer's fees	\$ 6,531	\$ 32,656	\$ -	\$ 39,187	\$ -	\$ 39,187
Issuance costs	-	478,855	-	478,855	(136,467)	342,388
Bond interest expense	-	749,360	-	749,360	324,989	1,074,349
Bond principal	-	1,325,000	-	1,325,000	(1,325,000)	-
Bond insurance amortization	-	-	-	-	4,372	4,372
Transfer to District No. 1	<u>530,894</u>	<u>-</u>	<u>-</u>	<u>530,894</u>	<u>-</u>	<u>530,894</u>
Total Expenditures	<u>537,425</u>	<u>2,585,871</u>	<u>-</u>	<u>3,123,296</u>	<u>(1,132,106)</u>	<u>1,991,190</u>
GENERAL REVENUES						
Property taxes	435,228	2,176,181	-	2,611,409	-	2,611,409
Specific ownership taxes	38,487	192,441	-	230,928	-	230,928
Interest income	<u>63,710</u>	<u>25,139</u>	<u>-</u>	<u>88,849</u>	<u>-</u>	<u>88,849</u>
Total General Revenues	<u>537,425</u>	<u>2,393,761</u>	<u>-</u>	<u>2,931,186</u>	<u>-</u>	<u>2,931,186</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	-	(192,110)	-	(192,110)	1,132,106	939,996
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	25,840,000	-	25,840,000	(25,840,000)	-
Bond premium	-	2,950,896	-	2,950,896	(2,950,896)	-
Transfer to refunding escrow agent	<u>-</u>	<u>(32,448,389)</u>	<u>-</u>	<u>(32,448,389)</u>	<u>32,448,389</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,657,493)</u>	<u>-</u>	<u>(3,657,493)</u>	<u>3,657,493</u>	<u>-</u>
NET CHANGES IN FUND BALANCES						
	-	(3,849,603)	-	(3,849,603)	3,849,603	
CHANGE IN NET POSITION						
					939,996	939,996
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	<u>-</u>	<u>4,203,516</u>	<u>2,945,350</u>	<u>7,148,866</u>	<u>(31,699,156)</u>	<u>(24,550,290)</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 353,913</u>	<u>\$ 2,945,350</u>	<u>\$ 3,299,263</u>	<u>\$ (26,909,557)</u>	<u>\$ (23,610,294)</u>

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

Sierra Ridge Metropolitan District No. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2022

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 435,228	\$ 435,228	\$ 435,228	\$ -
Specific ownership taxes	40,000	59,772	38,487	(21,285)
Interest income	<u>2,500</u>	<u>65,000</u>	<u>63,710</u>	<u>(1,290)</u>
Total Revenues	<u>477,728</u>	<u>560,000</u>	<u>537,425</u>	<u>(22,575)</u>
EXPENDITURES				
Treasurer's fees	6,528	6,531	6,531	-
Transfer to District No. 1	471,004	553,469	530,894	22,575
Emergency reserve	<u>196</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>477,728</u>	<u>560,000</u>	<u>537,425</u>	<u>22,575</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE:				
BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Sierra Ridge Metropolitan District No. 2 (the “District”), located in Douglas County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized in November 2005 as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to issue debt and collect tax revenues to pay off debt and to fund the construction, operations and maintenance of the public services and facilities of the District in coordination with Sierra Ridge Metropolitan District No. 1 (“District No. 1”) pursuant to an intergovernmental agreement between the Districts. The District was organized concurrently with District No. 1 and is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements December 31, 2022

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements December 31, 2022

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The 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 appropriation is at the total fund expenditures level and lapses at year end.

During November 2022 the District amended its appropriations in the General Fund from \$477,728 to \$560,000 primarily due to increased transfers to District No. 1 and amended its appropriations in the Debt Service Fund from \$2,482,123 to \$36,000,000 primarily due to increased costs related to the issuance of the Series 2022 Bonds (See Note 3).

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements December 31, 2022

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. This item is the Deferred Loss on Refunding which resulted from the refunding of the Series 2016 Bonds with the issuance of the Series 2022 Bonds. The total amount is deferred and recognized as an outflow of resources over the term of the Series 2022 Bonds.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns 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 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. 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.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Original Issue Premium, Deferred Cost on Refunding, and Prepaid Bond Insurance

The original issue premium and the deferred cost of refunding from the Series 2022 Bonds are being amortized over the life of the bonds using the effective interest method. The prepaid bond insurance from the Series 2022 Bonds is being amortized over the life of the bonds using the straight-line method. Accumulated amortization of the original issue premium, deferred cost of refunding, and prepaid bond insurance, amounted to \$158,848, \$19,748, and \$4,372, respectively, at December 31, 2022.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$349 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$353,913 is restricted for the payment of future debt service costs.

The restricted fund balance in the Capital Projects Fund in the amount of \$2,945,350 is restricted for the payment of costs in accordance with the Facilities Funding and Acquisition Agreement (see Note 4).

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements
December 31, 2022

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements
December 31, 2022

Note 2: Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 462,418
Cash and investments – Restricted	<u>3,285,807</u>
Total	<u>\$ 3,748,225</u>

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

Deposits with financial institutions	\$ 200
Investments - COLOTRUST	<u>3,748,025</u>
	<u>\$ 3,748,225</u>

Investments

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements
December 31, 2022

As of December 31, 2022, the District had the following investment:

COLOTRUST

As of December 31, 2022, the District invested in the Colorado Local Governmental Liquid Asset Trust (“COLOTRUST”), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (“NAV”) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian’s internal records identify the investments owned by participating governments. COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAM by Standard & Poor’s. At December 31, 2022, the District had \$3,748,025 invested in COLOTRUST PLUS+.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Note 3: Long-Term Debt

\$25,500,000 Limited Tax General Obligation Bonds, Series 2016A and \$4,500,000 Subordinate Limited Tax General Obligation Bonds, Series 2016B

On June 2, 2016, the District issued \$25,500,000 of Limited Tax General Obligation Bonds, Series 2016A (“Series 2016A Bonds”), and \$4,500,000 of Subordinate Limited Tax General Obligation Bonds, Series 2016B (“Series 2016B Bonds”). The Series 2016A Bonds were issued for the purpose of financing public improvements, paying the Capitalized Interest on the 2016A Bonds, funding the Senior Reserve Fund, and paying the costs of issuance of the Bonds. The Series 2016B Bonds were issued to finance additional public improvements and to pay costs of issuance of the Bonds. The Series 2016A Bonds bear interest at rates ranging from 4.5% to 5.5% and mature on December 1, 2046. The Series 2016A Bonds will be secured by a required maximum mill levy of 50.00 mills, the portion of specific ownership taxes attributable to the property taxes used for debt service, and a Reserve Fund.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements
December 31, 2022

The Series 2016B Bonds bear interest at 7.625% and mature on December 15, 2046. The Subordinate Series 2016B Bonds are cash flow bonds with annual payments anticipated to be made on December 15. Unpaid interest compounds annually on December 15 at the rate of 7.625%. Payments toward interest and principal can be made provided the Series 2016A Bonds are current and the Reserve Fund and Surplus Funds for the Series 2016A Bonds are full. The District is required to impose the minimum required mill levy of 50.00 mills until the Subordinate Series 2016B Bonds are fully paid or discharged on December 15, 2056; however, only revenues resulting from the number of mills equal to 50.00 mills less the Senior Required Mill Levy are pledged to payment of the Subordinate Series 2016B Bonds.

The Series 2016A and 2016B Bonds were defeased on March 10, 2022, in conjunction with the issuance of the Series 2022 Bonds.

\$25,840,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2022

On March 10, 2022, the District issued \$25,840,000 of Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding Bonds, Series 2022 ("Series 2022 Bonds") for the purpose of refunding the Series 2016A and Series 2016B Bonds, purchasing a Bond Insurance Policy and Reserve Fund Insurance Policy, and paying the costs of issuance of the Bonds. The Series 2022 Bonds bear interest at a rate of 4.000%, payable semi-annually on June 1 and December 1, commencing June 1, 2022, and mature on December 1, 2046. The Series 2022 Bonds are payable solely from and to the extent of the Pledged Revenue which includes 1) property tax revenues resulting from the Required Mill Levy, 2) the portion of the Specific Ownership Tax collected as the result of the imposition of the Required Mill Levy, and 3) any other amounts as determined by the District. Until the Conversion Date, the Series 2022 Bonds are also secured by amounts on deposit in the Reserve Fund which has been funded by the Municipal Bond Debt Service Reserve Insurance Policy. The Series 2022 Bonds are also subject to optional, mandatory sinking fund and extraordinary mandatory redemption prior to maturity as scheduled in the Indenture. The scheduled payment of principal and interest when due on the Series 2022 Bonds is guaranteed under a Bond Insurance Policy.

Current refunding of debt

The 2022 Bonds were issued to provide resources to purchase securities to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2016A and 2016B Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$366,861. This amount was recorded as a deferred outflow and amortized over remaining life of the new debt issued. The refunding resulted in an economic gain of \$9,215,986 due to the average interest rate of the Series 2022 Bonds being lower than the refunded bonds.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements
December 31, 2022

Events of Default as defined in the Series 2022 Bond Indenture are 1) before the Unlimited Tax Receipt Date, the failure of the District to impose the Required Mill levy, 2) on or after the Unlimited Tax Receipt Date, the failure of the District to pay the principal of, premium, if any, and interest on the Bonds when due, 3) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof, and 4) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds.

Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2022 Bonds is not an available remedy for an Event of Default.

The following is an analysis of changes in long-term debt for the year ending December 31, 2022:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022	Current Portion
<u>General Obligation Bonds</u>					
Series 2016A GO Bonds	\$ 25,300,000	\$ -	\$ 25,300,000	\$ -	\$ -
Series 2016B Subordinate Bonds	4,500,000	-	4,500,000	-	-
Series 2022 GO Bonds	-	25,840,000	1,325,000	24,515,000	475,000
	29,800,000	25,840,000	31,125,000	24,515,000	475,000
<u>Bond Premium</u>					
Series 2016A GO Bonds	532,614	-	532,614	-	-
Series 2022 GO Bonds	-	2,950,896	158,848	2,792,048	-
	532,614	2,950,896	691,462	2,792,048	-
Total	<u>\$ 30,332,614</u>	<u>\$ 28,790,896</u>	<u>\$ 31,816,462</u>	<u>\$ 27,307,048</u>	<u>\$ 475,000</u>

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements
December 31, 2022

The following is a summary of the annual long-term debt principal and interest requirements on the Series 2022 Bonds.

	Principal	Interest	Total
2023	\$ 475,000	\$ 980,600	\$ 1,455,600
2024	525,000	961,600	1,486,600
2025	545,000	940,600	1,485,600
2026	600,000	918,800	1,518,800
2027	625,000	894,800	1,519,800
2028-2032	3,805,000	4,062,600	7,867,600
2033-2037	5,040,000	3,206,800	8,246,800
2038-2042	6,575,000	2,078,800	8,653,800
2043-2046	6,325,000	644,800	6,969,800
	<u>\$ 24,515,000</u>	<u>\$ 14,689,400</u>	<u>\$ 39,204,400</u>

Debt Authorization

First Amendment to Service Plan for Sierra Ridge Metropolitan District No. 1 and Sierra Ridge Metropolitan District No. 2

On March 22, 2016, the District approved the First Amendment to Service Plan for Sierra Ridge Metropolitan District No. 1 and Sierra Ridge Metropolitan District No. 2 for the purpose of increasing the debt limit issuance in an amount not to exceed \$33,000,000.

As of December 31, 2022, the District had remaining voted debt authorization of approximately \$324,160,000. The District has not budgeted to issue new debt during 2023. Per the District's Service Plan, the District combined with District No. 1 cannot issue debt in excess of \$33,000,000.

Note 4: Other Agreements

Facilities Funding and Acquisition Agreement

On October 31, 2013, Sierra Ridge Metropolitan District No. 1 and Sierra Ridge Metropolitan District No. 2 ("the Districts") entered into a Facilities Funding and Acquisition Agreement with Lennar Colorado, LLC. ("Lennar"), whereby Lennar has agreed to either construct improvements or to fund the construction of improvements, and the Districts have agreed to either acquire the improvements or to construct the improvements with funding from Lennar. The Districts will make payment to Lennar for the acquisition or the repayment of funds advanced by using either System Development Fees or by using proceeds of bonds issued by the Districts if Lennar agrees. The Districts will reimburse Lennar the advances or the cost of construction plus interest at 6.5%.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements December 31, 2022

If System Development fees are used as repayment the Districts will make monthly payments to Lennar of all System Development Fees collected in the previous month. No payments are due until the improvements constructed by Lennar are accepted by the District pursuant to the Agreement. In the event the Districts are unable to reimburse Lennar in full within 30 years of the date of the Districts' acceptance of the improvements or costs, any amount outstanding shall be deemed discharged and satisfied in full. In no event shall this Agreement be construed as or constitute a "debt" of the Districts in such a manner as would violate the Constitution or other laws of the State of Colorado, but shall in all other events constitute a valid and legally binding obligation of the Districts.

Facilities Development Agreement

On October 31, 2013, the Districts entered into a Facilities Development Agreement with Lennar, to outline the process for the implementation and construction of the improvements to be either constructed by Lennar and acquired by the Districts or constructed by the Districts and funded by Lennar.

Master IGA

On April 7, 2016, the Districts entered into an Intergovernmental Agreement Concerning District Operations and Outstanding Reimbursement Obligations (the "Master IGA") concerning the manner in which the Districts will coordinate and implement the financing, construction, operation and maintenance of the public improvements within the Development. The Master IGA replaced an agreement dated June 1, 2006, and effective as of December 9, 2009. Pursuant to the Master IGA, and in accordance with the Service Plan, District No. 1 is obligated to own, operate and maintain public improvements authorized by the Service Plan (except for public improvements which have been dedicated to the County or other governmental entities), subject to the District providing moneys sufficient to fund the same. In addition, the District engages District No. 1 as the District administrator.

Note 5: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements
December 31, 2022

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 will require judicial interpretation.

In November 2005 a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution

Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds, and
- 2) unamortized debt insurance, deferred cost on refunding and original issue premium are not financial resources and, therefore are not reported in the funds.

Sierra Ridge Metropolitan District No. 2

Notes to Financial Statements
December 31, 2022

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 2) governmental funds report long-term debt payments as expenditures; however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

Sierra Ridge Metropolitan District No. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 2,176,180	\$ 2,176,180	\$ 2,176,181	\$ 1
Specific ownership taxes	211,089	300,000	192,441	(107,559)
Interest income	<u>3,000</u>	<u>6,000</u>	<u>25,139</u>	<u>19,139</u>
Total Revenues	<u>2,390,269</u>	<u>2,482,180</u>	<u>2,393,761</u>	<u>(88,419)</u>
EXPENDITURES				
Treasurer's fees	32,643	32,643	32,656	(13)
Trustee/paying agent fees	5,500	5,500	-	5,500
Issuance costs	-	478,855	478,855	-
Bond interest expense	2,128,980	3,464,002	749,360	2,714,642
Bond principal	315,000	31,125,000	1,325,000	29,800,000
Bond insurance amortization	<u>-</u>	<u>894,000</u>	<u>-</u>	<u>894,000</u>
Total Expenditures	<u>2,482,123</u>	<u>36,000,000</u>	<u>2,585,871</u>	<u>33,414,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(91,854)	(33,517,820)	(192,110)	33,325,710
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	26,540,000	25,840,000	(700,000)
Bond premium	<u>-</u>	<u>2,950,896</u>	<u>2,950,896</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>29,490,896</u>	<u>(3,657,493)</u>	<u>(33,148,389)</u>
NET CHANGE IN FUND BALANCE	(91,854)	(4,026,924)	(3,849,603)	177,321
FUND BALANCE:				
BEGINNING OF YEAR	<u>4,169,404</u>	<u>4,203,516</u>	<u>4,203,516</u>	<u>-</u>
END OF YEAR	<u>\$ 4,077,550</u>	<u>\$ 176,592</u>	<u>\$ 353,913</u>	<u>\$ 177,321</u>

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

Sierra Ridge Metropolitan District No. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND For the Year Ended December 31, 2022

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
System development fees	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Transfer to District No. 1	3,247,731	-	3,247,731
Total Expenditures	3,247,731	-	3,247,731
NET CHANGE IN FUND BALANCE	(3,247,731)	-	3,247,731
FUND BALANCE:			
BEGINNING OF YEAR	3,247,731	2,945,350	(302,381)
END OF YEAR	\$ -	\$ 2,945,350	\$ 2,945,350

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

Sierra Ridge Metropolitan District No. 2

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2022

<u>Collection Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2007	\$ 64,750	10.000	50.000	\$ 3,886	\$ 3,885	99.97%
2008	\$ 86,660	10.000	45.000	\$ 4,766	\$ 4,767	100.02%
2009	\$ 86,650	10.000	45.000	\$ 4,766	\$ 4,767	100.02%
2010	\$ 84,282	10.000	45.000	\$ 4,636	\$ 4,636	100.00%
2011	\$ 77,310	10.000	45.000	\$ 4,252	\$ 4,252	100.00%
2012	\$ 41,320	10.000	45.000	\$ 2,273	\$ 2,273	100.00%
2013	\$ 41,320	10.000	45.000	\$ 2,273	\$ 2,270	99.87%
2014	\$ 34,290	10.000	45.000	\$ 1,886	\$ 1,886	100.00%
2015	\$ 3,612,970	10.000	45.000	\$ 198,713	\$ 198,721	100.00%
2016	\$ 7,365,500	10.000	45.000	\$ 405,103	\$ 403,534	99.61%
2017	\$ 10,794,770	10.000	50.000	\$ 647,686	\$ 647,688	100.00%
2018	\$ 21,708,080	10.685	53.429	\$ 1,391,792	\$ 1,391,590	99.99%
2019	\$ 27,240,360	10.842	54.212	\$ 1,772,094	\$ 1,766,250	99.67%
2020	\$ 33,434,620	10.918	54.591	\$ 2,190,268	\$ 2,190,271	100.00%
2021	\$ 36,703,700	10.918	54.591	\$ 2,404,423	\$ 2,404,424	100.00%
2022	\$ 39,863,340	10.918	54.591	\$ 2,611,408	\$ 2,611,409	100.00%
Estimated for year ending December 31, 2023	\$ 38,808,340	20.000	35.000	\$ 2,134,459		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements of valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION - UNAUDITED

Sierra Ridge Metropolitan District No. 2

**TEN LARGEST OWNERS OF TAXABLE PROPERTY
WITHIN THE DISTRICT**

December 31, 2022

UNAUDITED

<u>Taxpayer Name</u>	<u>2022 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
PS Mountain West LLC	\$ 1,822,070	4.70%
Avon Townhouse Trust	67,970	0.18%
Private Homeowner #1	55,080	0.14%
Private Homeowner #2	53,340	0.14%
Private Homeowner #3	53,110	0.14%
Private Homeowner #4	52,370	0.13%
Private Homeowner #5	51,590	0.13%
Private Homeowner #6	51,220	0.13%
Private Homeowner #7	51,220	0.13%
Private Homeowner #8	51,100	0.13%
Total	<u>\$ 2,309,070</u>	<u>5.95%</u>

NOTE

Assessed Valuations were obtained from the Douglas County Assessor's Office.

Sierra Ridge Metropolitan District No. 2

**ASSESSED VALUATION OF CLASSES
OF PROPERTY IN THE DISTRICT
December 31, 2022
UNAUDITED**

<u>Class</u>	<u>2022 Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Residential	\$ 36,045,470	92.88%
Commercial	1,822,070	4.70%
State assessed	940,500	2.42%
Natural Resources	300	0.00%
Total	<u>\$ 38,808,340</u>	<u>100.00%</u>

NOTE

Percentage is based on a 2022 certified assessed valuation of \$38,808,340

Sierra Ridge Metropolitan District No. 2

SELECTED DEBT RATIOS OF THE DISTRICT
December 31, 2022
UNAUDITED

	<u>12/31/22</u>
Amount of Direct Debt	\$ 24,515,000
Direct debt	<u>\$ 24,515,000</u>
2022 Certified Assessed Valuation	\$ 38,808,340
Ratio of Direct Debt to 2022 Certified Assessed Valuation	63%
2022 Statutory Actual Value	\$ 528,166,655
Direct Debt to 2022 Statutory Actual Value	5%