

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

2021 ANNUAL REPORT

TO

THE TOWN OF SUPERIOR

Pursuant to the Service Plan of Lanterns Rock Creek Metropolitan District, and Section 32-1-207(3)(c)(I), C.R.S., special district annual reporting mandate, the District is required to submit an annual report to the Town of Superior within six months of the close of the fiscal year.

This report is submitted to the Town of Superior with regard to the following matters:

1. Annual audited financial statements, or exemptions to audited financial statements;

The 2021 Audit will be forwarded when completed.

2. The District's annual budget, and any budget amendments;

The 2021 Budget is attached.

3. Architectural plans, if any;

N/A

4. Bid documents and construction contracts, if any;

None. The Developer of the project is performing the public improvement construction and will apply for reimbursement from the District. The District has an engineer who will review applications and certify public improvement costs to be reimbursed.

5. Intergovernmental agreements, and any amendments thereto;

There are no intergovernmental agreements other than the existing IGA with the Town of Superior which was done in conjunction with the approval of the Service Plan and is on file with the Town.

6. Ballot questions;

There was no election in 2021.

7. Resolutions authorizing Debt;

In August 2020 the District issued limited tax general obligation bonds Series 2021A₍₃₎ in the amount of \$1,495,000.

8. Financing documents related to the issuance of Debt; and

Attached hereto are the following Series 2021A₍₃₎ Bond documents: Indenture of Trust, Bond Resolution and Limited Offering Memorandum

9. Credit agreements, and any amendments thereto.

None.

10. Boundary changes made or proposed.

None.

11. Copies of rules and regulations, if any.

None.

12. A summary of any litigation which involves the District's Public Improvements as of December 31.

To our actual knowledge, based on a review of the court records in Arapahoe County, Colorado, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts as of December 31, 2021.

13. Status of the District's construction of the Public Improvements as of December 31.

Developer previously completed and constructed all of the public improvements needed for the project. The public improvement construction costs were verified and reimbursed by the District.

14. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town as of December 31.

Developer constructed and dedicated all public improvements to the Town as applicable and pursuant to Developer/Town development agreements.

15. The assessed valuation of the District for the current year.

The District received a certification of 2021 valuation from the County Assessor in the amount of \$3,709,881.

16. Notice of any uncured events of default by the District that continue beyond a ninety (90) day period, under any Debt instrument.

None.

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

None.

Attachments: 2021 Budget, 2020 Audit

LANTERNS ROCK CREEK METROPOLITAN DISTRICT
2021
BUDGET MESSAGE

Attached please find a copy of the adopted 2021 budget for the Lanterns Rock Creek Metropolitan District.

The Lanterns Rock Creek Metropolitan District has adopted three funds, a General Fund to provide for the payment of general operating expenditures; a Capital Project Fund to provide for the estimated infrastructure costs that are to be built for the benefit of the District; and a Debt Service Fund to provide for payments on the proposed general obligation debt.

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 2021 will be property taxes and developer advances. The District intends to impose a mill levy of 37.832 mills on all property within the District for 2021, of which 10.000 mills will be dedicated to the General Fund and the balance of 27.832 mills will be allocated to the Debt Service Fund.

Lanterns Rock Creek Metropolitan District
Adopted Budget
General Fund
For the Year ended December 31, 2021

| | Actual <u>2019</u> | Adopted Budget <u>2020</u> | Actual <u>6/30/2020</u> | Estimate <u>2020</u> | Adopted Budget <u>2021</u> |
|--------------------------|-----------------------|----------------------------------|----------------------------|-------------------------|----------------------------------|
| Beginning fund balance | \$ - | \$ - | \$ - | \$ - | \$ 120 |
| Revenues: | | | | | |
| Property taxes | 4,260 | 13,466 | 13,466 | 13,466 | 12,036 |
| Specific ownership taxes | 227 | 674 | 287 | 600 | 603 |
| Misc Income | 829 | - | - | - | - |
| Interest Income | 1 | - | 44 | 44 | - |
| Developer advances | <u>10,338</u> | <u>35,860</u> | <u>-</u> | <u>13,000</u> | <u>36,501</u> |
| Total revenues | <u>15,655</u> | <u>50,000</u> | <u>13,797</u> | <u>27,110</u> | <u>49,140</u> |
| Total funds available | <u>15,655</u> | <u>50,000</u> | <u>13,797</u> | <u>27,110</u> | <u>49,260</u> |
| Expenditures: | | | | | |
| Accounting/Audit | 3,325 | 5,000 | 2,940 | 7,500 | 8,000 |
| Insurance/ SDA Dues | 2,134 | 3,000 | 3,288 | 3,288 | 4,000 |
| Legal | 10,132 | 25,000 | 4,830 | 15,000 | 20,000 |
| Miscellaneous | - | 5,000 | - | 1,000 | 5,000 |
| Treasurer's Fees | 64 | 202 | 202 | 202 | 181 |
| Contingency | - | 10,652 | - | - | 10,964 |
| Emergency Reserve | - | 1,146 | - | - | 1,115 |
| Total expenditures | <u>15,655</u> | <u>50,000</u> | <u>11,260</u> | <u>26,990</u> | <u>49,260</u> |
| Ending fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,537</u> | <u>\$ 120</u> | <u>\$ -</u> |
| Assessed valuation | | <u>\$ 1,346,615</u> | | | <u>\$ 1,203,645</u> |
| Mill Levy | | <u>10.000</u> | | | <u>10.000</u> |

Lanterns Rock Creek Metropolitan District
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2021

| | Actual <u>2019</u> | Adopted Budget <u>2020</u> | Actual <u>6/30/2020</u> | Estimate <u>2020</u> | Adopted Budget <u>2021</u> |
|--------------------------|-----------------------|----------------------------------|----------------------------|-------------------------|----------------------------------|
| Beginning fund balance | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenues: | | | | | |
| Bond proceeds | - | 1,800,000 | - | 1,495,000 | - |
| Developer advances | - | - | <u>7,044</u> | <u>7,044</u> | - |
| Total revenues | <u>-</u> | <u>1,800,000</u> | <u>7,044</u> | <u>1,502,044</u> | <u>-</u> |
| Total funds available | <u>-</u> | <u>1,800,000</u> | <u>7,044</u> | <u>1,502,044</u> | <u>-</u> |
| Expenditures: | | | | | |
| Issuance costs | - | - | 7,044 | 249,044 | - |
| Organization costs | - | 210,000 | - | - | - |
| Capital expenditures | - | 1,154,000 | - | 1,253,000 | - |
| Transfer to Debt Service | - | <u>436,000</u> | - | - | - |
| Total expenditures | <u>-</u> | <u>1,800,000</u> | <u>7,044</u> | <u>1,502,044</u> | <u>-</u> |
| Ending fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Lanterns Rock Creek Metropolitan District
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2021

| | Actual <u>2019</u> | Adopted Budget <u>2020</u> | Actual <u>6/30/2020</u> | Estimate <u>2020</u> | Adopted Budget <u>2021</u> |
|--------------------------------|-----------------------|----------------------------------|----------------------------|-------------------------|----------------------------------|
| Beginning fund balance | \$ - | \$ 412,331 | \$ 12,224 | \$ 49,941 | \$ 37,945 |
| Revenues: | | | | | |
| Property taxes | 11,774 | 37,479 | 37,479 | 37,479 | 33,500 |
| Specific ownership taxes | 627 | 1,874 | 800 | 1,600 | 1,675 |
| Transfer from Capital Projects | - | 436,000 | - | - | - |
| Development fees | - | - | - | - | - |
| Total revenues | <u>12,401</u> | <u>475,353</u> | <u>38,279</u> | <u>39,079</u> | <u>35,175</u> |
| Total funds available | <u>12,401</u> | <u>887,684</u> | <u>50,503</u> | <u>89,020</u> | <u>73,120</u> |
| Expenditures: | | | | | |
| Bond interest expense | - | 60,000 | - | 48,398 | 60,000 |
| Treasurer's fees | 177 | 562 | 562 | 177 | 503 |
| Trustee / paying agent fees | - | 48 | - | 2,500 | 2,500 |
| Total expenditures | <u>177</u> | <u>60,610</u> | <u>562</u> | <u>51,075</u> | <u>63,003</u> |
| Ending fund balance | <u>\$ 12,224</u> | <u>\$ 827,074</u> | <u>\$ 49,941</u> | <u>\$ 37,945</u> | <u>\$ 10,117</u> |
| Assessed valuation | | <u>\$ 1,346,615</u> | | | <u>\$ 1,203,645</u> |
| Mill Levy | | <u>27.832</u> | | | <u>27.832</u> |
| Total Mill Levy | | <u>37.832</u> | | | <u>37.832</u> |

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

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Independent Auditor's Report

Board of Directors
Lanterns Rock Creek Metropolitan District
Boulder County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Lanterns Rock Creek Metropolitan District (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lanterns Rock Creek Metropolitan District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The 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.

Sincerely,



Wipfli LLP
Lakewood, Colorado

September 30, 2021

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

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

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|---|------------------|-------------------------|-----------------------------|-------------------|---------------------|--|
| ASSETS | | | | | | |
| Cash and investments - restricted | \$ - | \$ 17,579 | \$ - | \$ 17,579 | \$ - | \$ 17,579 |
| Receivable - County Treasurer | 57 | 159 | - | 216 | - | 216 |
| Property taxes receivable | 12,036 | 33,500 | - | 45,536 | - | 45,536 |
| Developer receivable | 17,775 | - | 15,019 | 32,794 | (32,794) | - |
| Due to/from other funds | - | 11,197 | - | 11,197 | - | 11,197 |
| Capital assets not being depreciated | - | - | - | - | 3,662,665 | 3,662,665 |
| Total Assets | <u>\$ 29,868</u> | <u>\$ 62,435</u> | <u>\$ 15,019</u> | <u>\$ 107,322</u> | <u>3,629,871</u> | <u>3,737,193</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 6,635 | \$ - | \$ 15,019 | \$ 21,654 | - | 21,654 |
| Due to other funds | 11,197 | - | - | 11,197 | - | 11,197 |
| Accrued interest | - | - | - | - | 7,786 | 7,786 |
| Long-term liabilities: | | | | | | |
| Due in more than one year | - | - | - | - | 3,977,864 | 3,977,864 |
| Total Liabilities | <u>17,832</u> | <u>-</u> | <u>15,019</u> | <u>32,851</u> | <u>3,985,650</u> | <u>4,018,501</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred property taxes | <u>12,036</u> | <u>33,500</u> | <u>-</u> | <u>45,536</u> | <u>-</u> | <u>45,536</u> |
| Total Deferred Inflows of Resources | <u>12,036</u> | <u>33,500</u> | <u>-</u> | <u>45,536</u> | <u>-</u> | <u>45,536</u> |
| FUND BALANCES/NET POSITION | | | | | | |
| Fund Balances: | | | | | | |
| Restricted: | | | | | | |
| Emergencies | 1,115 | - | - | 1,115 | (1,115) | - |
| Debt service | - | 28,935 | - | 28,935 | (28,935) | - |
| Unassigned | <u>(1,115)</u> | <u>-</u> | <u>-</u> | <u>(1,115)</u> | <u>1,115</u> | <u>-</u> |
| Total Fund Balances | <u>-</u> | <u>28,935</u> | <u>-</u> | <u>28,935</u> | <u>(28,935)</u> | <u>-</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 29,868</u> | <u>\$ 62,435</u> | <u>\$ 15,019</u> | <u>\$ 107,322</u> | | |
| Net Position: | | | | | | |
| Net investment in capital assets | | | | | (315,199) | (315,199) |
| Restricted for: | | | | | | |
| Emergencies | | | | | 1,115 | 1,115 |
| Debt service | | | | | 21,149 | 21,149 |
| Unrestricted | | | | | <u>(33,909)</u> | <u>(33,909)</u> |
| Total Net Position | | | | | <u>\$ (326,844)</u> | <u>\$ (326,844)</u> |

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

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|--|----------------|-------------------------|-----------------------------|------------------|---------------------|--|
| EXPENDITURES | | | | | | |
| Accounting | \$ 6,548 | \$ - | \$ - | \$ 6,548 | \$ - | \$ 6,548 |
| Insurance | 3,288 | - | - | 3,288 | - | 3,288 |
| Legal | 16,773 | - | - | 16,773 | - | 16,773 |
| Miscellaneous expenses | 54 | - | - | 54 | - | 54 |
| Planning and engineering | - | - | 8,019 | 8,019 | - | 8,019 |
| Capital improvements | - | - | 3,662,665 | 3,662,665 | (3,662,665) | - |
| Bond issuance costs | - | - | 246,624 | 246,624 | - | 246,624 |
| Treasurer's fees | 202 | 562 | - | 764 | - | 764 |
| Bond interest expense | - | 24,398 | - | 24,398 | 7,786 | 32,184 |
| Repay developer advances - principal | - | - | 1,252,197 | 1,252,197 | (1,252,197) | - |
| Interest on developer advances | - | - | 803 | 803 | 66,988 | 67,791 |
| Total Expenditures | <u>26,865</u> | <u>24,960</u> | <u>5,170,308</u> | <u>5,222,133</u> | <u>(4,840,088)</u> | <u>382,045</u> |
| GENERAL REVENUES | | | | | | |
| Property taxes | 13,466 | 37,479 | - | 50,945 | - | 50,945 |
| Specific ownership taxes | 652 | 1,814 | - | 2,466 | - | 2,466 |
| Interest and other income | 78 | 1 | - | 79 | - | 79 |
| Total General Revenues | <u>14,196</u> | <u>39,294</u> | <u>-</u> | <u>53,490</u> | <u>-</u> | <u>53,490</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (12,669) | 14,334 | (5,170,308) | (5,168,643) | 4,840,088 | (328,555) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Bond proceeds | - | - | 1,495,000 | 1,495,000 | (1,495,000) | - |
| Developer advances | 12,669 | - | 3,677,684 | 3,690,353 | (3,690,353) | - |
| Transfers (to)/from other funds | - | 2,376 | (2,376) | - | - | - |
| Total Other Financing Sources (Uses) | <u>12,669</u> | <u>2,376</u> | <u>5,170,308</u> | <u>5,185,353</u> | <u>(5,185,353)</u> | <u>-</u> |
| NET CHANGES IN FUND BALANCES | - | 16,710 | - | 16,710 | (16,710) | |
| CHANGE IN NET POSITION | | | | | (328,555) | (328,555) |
| FUND BALANCES/NET POSITION: | | | | | | |
| BEGINNING OF YEAR | - | 12,225 | - | 12,225 | (10,514) | 1,711 |
| END OF YEAR | <u>\$ -</u> | <u>\$ 28,935</u> | <u>\$ -</u> | <u>\$ 28,935</u> | <u>\$ (355,779)</u> | <u>\$ (326,844)</u> |

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

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2020

| | Original & Final <u>Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|--|-----------------------------------|-----------------|---|
| REVENUES | | | |
| Property taxes | \$ 13,466 | \$ 13,466 | \$ - |
| Specific ownership taxes | 674 | 652 | (22) |
| Interest and other income | <u>-</u> | <u>78</u> | <u>78</u> |
| Total Revenues | <u>14,140</u> | <u>14,196</u> | <u>56</u> |
| EXPENDITURES | | | |
| Accounting | 5,000 | 6,548 | (1,548) |
| Insurance | 3,000 | 3,288 | (288) |
| Legal | 25,000 | 16,773 | 8,227 |
| Miscellaneous expenses | 5,000 | 54 | 4,946 |
| Treasurer's fees | 202 | 202 | - |
| Contingency | 10,652 | - | 10,652 |
| Emergency reserve | <u>1,146</u> | <u>-</u> | <u>1,146</u> |
| Total Expenditures | <u>50,000</u> | <u>26,865</u> | <u>23,135</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (35,860) | (12,669) | 23,191 |
| OTHER FINANCING SOURCES (USES) | | | |
| Developer advances | <u>35,860</u> | <u>12,669</u> | <u>(23,191)</u> |
| Total Other Financing Sources (Uses) | <u>35,860</u> | <u>12,669</u> | <u>(23,191)</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.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Lanterns Rock Creek Metropolitan District (“District”), located in the Town of Superior, (“Town”) in Boulder 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 on November 13, 2018, as a quasi-municipal organization established under the State of Colorado Special District Act. The District operates pursuant to a service plan approved by the Town on August 27, 2018 (the “Service Plan”). The District was established to provide for the financing and refinancing of the planning, design, acquisition, construction, installation, relocation, redevelopment and maintenance of the Service Plan Contemplated Public Infrastructure. The District’s primary sources of revenues are developer advances and property taxes. The District 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.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

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.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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. Subsequent to year end the District Amended the total appropriations in the Capital Projects Fund from \$1,364,000 to \$5,178,000 due to the acquisition of improvements.

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, 2020, 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.

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.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

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 no 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 has one item that qualifies for reporting in this category. 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 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.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

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:

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 \$1,115 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$28,935 is restricted for the payment of the debt service costs associated with the Series 2020A Bonds (see Note 4).

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.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

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.

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 or 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, 2020, cash is classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|-----------------------------------|------------------|
| Cash and investments - restricted | \$ <u>17,579</u> |
| Total | \$ <u>17,579</u> |

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

| | |
|--------------------------------------|------------------|
| Deposits with financial institutions | \$ 6,798 |
| Investments – COLOTRUST | <u>10,781</u> |
| | \$ <u>17,579</u> |

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

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.

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

Investments

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding 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.

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.

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 in COLOTRUST 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.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

As of December 31, 2020, the District had the following investment:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. COLOTRUST operates similarly to a money market fund with each share maintaining a value of \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$10,781 invested in COLOTRUST.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020, follows:

| Governmental Type Activities: | Balance 1/1/2020 | Additions | Deletions | Balance 12/31/2020 |
|--|---------------------|--------------|-----------|-----------------------|
| <u>Capital assets not being depreciated:</u> | | | | |
| Construction in progress | \$ - | \$ 3,662,665 | \$ - | \$ 3,662,665 |
| Total capital assets not being depreciated | - | 3,662,665 | - | 3,662,665 |
| Government type assets, net | \$ - | \$ 3,662,665 | \$ - | \$ 3,662,665 |

Pursuant to the Service Plan, all public improvements are to be owned and maintained by the Town upon their completion and acceptance by the Town. The District is not authorized to operate or maintain any improvements.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

\$1,495,000 Limited Tax General Obligation Bonds, Series 2020A3

On August 27, 2020, the District \$1,495,000 Limited Tax General Obligation Bonds, Series 2020A3 (“Series 2020A Bonds”). The Series 2020A Bonds were issued for the purpose of paying or reimbursing Project Costs, and paying the cost of issuance of the Series 2020A Bonds. The Series 2020A Bonds bear interest at the rate of 6.25%, payable annually on December 1, commencing on December 1, 2020 to the extent Pledged Revenue is available. The Series 2020A Bonds mature on August 1, 2045. The Series 2020A Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on September 1, 2025, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%.

The 2020A bonds are “cash flow” bonds meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest not paid will accrue and compound until there is sufficient Pledged Revenue for payment. In the event any amounts due and owing on the 2020A Bonds remain outstanding on December 2, 2053, such amounts shall be deemed discharged and shall no longer be due and outstanding.

The Series 2020A Bonds are secured by the Senior Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Required Mill Levy, and any other legally available moneys as determined by the District.

Because of the uncertainty of the timing of the principal and interest payment on the Series 2020A Bonds, no schedule of principal and interest payments is presented.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

The following is an analysis of changes in long-term debt for the year ending December 31, 2020:

| | Balance 1/1/2020 | Additions | Deletions | Balance 12/31/2020 | Current Portion |
|---------------------------------------|---------------------|---------------------|---------------------|-----------------------|--------------------|
| <u>General Obligation Bond</u> | | | | | |
| Series 2020A Bonds | \$ - | \$ 1,495,000 | \$ - | \$ 1,495,000 | \$ - |
| <u>Other</u> | | | | | |
| Developer Advance - Operations | | | | | |
| Principal | 5,232 | - | - | 5,232 | - |
| Accrued Interest | 176 | 420 | - | 596 | - |
| Developer Advance - Capital | | | | | |
| Principal | - | 3,662,665 | 1,252,197 | 2,410,468 | - |
| Accrued Interest | - | 67,371 | 803 | 66,568 | - |
| | <u>\$ 5,408</u> | <u>\$ 5,225,456</u> | <u>\$ 1,253,000</u> | <u>\$ 3,977,864</u> | <u>\$ -</u> |

Debt Authorization

On November 13, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in the amount not to exceed \$22,815,000 for the purpose of financing the costs of acquiring, construction, relocating, installing, completing and otherwise providing public improvements. As of December 31, 2020, \$21,320,000 of this authorization remains unissued. The Service Plan provides that the District shall not issue bonds or other debt in excess of \$2,281,500. At December 31, 2020, \$786,500 of this authorization remains unissued.

Note 5: **Other Agreements**

Funding, Acquisition and Reimbursement Agreement

On December 13, 2018, the District entered into a Funding, Acquisition and Reimbursement Agreement with Boulder Creek Lanterns LLC (the “Developer”). Pursuant to this agreement, the Developer agrees to advance funds to and/or on behalf of the District for costs incurred or to be incurred by the District related to the installation, construction, operation, maintenance, repair and replacement of certain public infrastructure, and the related engineering, architectural, surveying, construction planning, construction management, and related legal, accounting and other professional services in order for the District to provide the public infrastructure, improvements and services as set forth in the Service Plan. Advances made by the Developer under this agreement bear simple interest at the rate of 8.0% per annum. This agreement terminates on December 31, 2021, provided, however, that the District’s obligations thereunder remain until repayment in full of Developer Advances. At December 31, 2020 the district owed a total of \$2,477.036 under this agreement consisting of \$2,410,468 of principal and \$66,568 of interest.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Operations Funding Agreement

On December 13, 2018, the District entered into an Administrative, Operations and Maintenance Advance and Reimbursement Agreement with the Developer (the “Operations Funding Agreement”). The Operations Funding Agreement sets forth the rights, obligations and procedures for the Developer to advance funds to the District for funding Operating Costs, and for the District to reimburse the Developer for such advances. The Developer agreed, to incur and or advance funds in a maximum amount not to exceed a total amount of \$50,000 per year for a period of three years to December 31, 2021, unless otherwise agreed to by the Developer, during the term of the Operations Funding Agreement as may be reasonably requested by the District to pay Operating Costs. The Developer agreed to make an Operations Advance for the reasonable Funding Shortfall for the period requested within 30 days from receipt of the written request. The District agreed that it will, from available sources, reimburse the Developer for all respective Operations Advances, together with simple interest thereon at a rate of 8.0% per annum commencing as of the date of each Operations Advance. The Operations Funding Agreement terminates on December 31, 2021; provided, however, that the District’s obligations thereunder remain until repayment in full of the Operations Advances. At December 31, 2020 the district owed a total of \$5,828 under this agreement consisting of \$5,232 of principal and \$596 of interest.

Intergovernmental Agreement Regarding the Service Plan

On December 13, 2018, the District and the Town entered into an Intergovernmental Agreement Regarding the Service Plan for the District (“the IGA”) which restates provisions of the Service Plan regarding the limitations on the District’s exercise of powers.

Note 6: 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.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

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.

On November 13, 2018, 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 7: 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 ("the 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 8: Economic Dependency

The District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer pursuant to the Operations Funding Agreement. (See Note 5)

Note 9: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the 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 10: Interfund and Operating Transfers

The transfer of \$2,376 from the Capital Projects Fund to the Debt Service Fund was transferred for the purpose of transferring unused project funds.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 11: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Government 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, developer advances payable and accrued interest on bonds and developer advances 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 progress 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 in the statement of activities; and,
- 3) governmental funds report developer advances and/or bond proceeds as revenue and report interest as expenditures; however, these are reported as changes to long-term liabilities on the government-wide financial statements.

SUPPLEMENTAL INFORMATION

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2020

| | Original & Final | | Variance |
|--|------------------|-----------|----------------------------|
| | Budget | Actual | Favorable (Unfavorable) |
| REVENUES | | | |
| Property taxes | \$ 37,479 | \$ 37,479 | \$ - |
| Specific ownership taxes | 1,874 | 1,814 | (60) |
| Interest and other income | - | 1 | 1 |
| Total Revenues | 39,353 | 39,294 | (59) |
| EXPENDITURES | | | |
| Bond interest expense | 60,000 | 24,398 | 35,602 |
| Miscellaneous expenses | 48 | - | 48 |
| Treasurer's fees | 562 | 562 | - |
| Total Expenditures | 60,610 | 24,960 | 35,650 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | |
| | (21,257) | 14,334 | 35,591 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (to)/from other funds | 436,000 | 2,376 | (433,624) |
| Total Other Financing Sources (Uses) | 436,000 | 2,376 | (433,624) |
| NET CHANGE IN FUND BALANCE | 414,743 | 16,710 | (398,033) |
| FUND BALANCE: | | | |
| BEGINNING OF YEAR | 412,331 | 12,225 | (400,106) |
| END OF YEAR | \$ 827,074 | \$ 28,935 | \$ (798,139) |

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

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2020

| | <u>Original</u> <u>Budget</u> | <u>Final</u> <u>Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|--|----------------------------------|-------------------------------|--------------------|---|
| REVENUES | | | | |
| Interest and other income | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Planning and engineering | - | 10,000 | 8,019 | 1,981 |
| Capital improvements | 1,154,000 | 3,665,000 | 3,662,665 | 2,335 |
| Bond issuance costs | 210,000 | 250,000 | 246,624 | 3,376 |
| Repay developer advances - principal | - | 1,253,000 | 1,252,197 | 803 |
| Interest on developer advances | <u>-</u> | <u>-</u> | <u>803</u> | <u>(803)</u> |
| Total Expenditures | <u>1,364,000</u> | <u>5,178,000</u> | <u>5,170,308</u> | <u>7,692</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,364,000) | (5,178,000) | (5,170,308) | 7,692 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | 1,800,000 | 1,500,000 | 1,495,000 | (5,000) |
| Developer advances | - | 3,678,000 | 3,677,684 | (316) |
| Transfers (to)/from other funds | <u>(436,000)</u> | <u>-</u> | <u>(2,376)</u> | <u>(2,376)</u> |
| Total Other Financing Sources (Uses) | <u>1,364,000</u> | <u>5,178,000</u> | <u>5,170,308</u> | <u>(7,692)</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.

LANTERNS ROCK CREEK METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED

December 31, 2020

| <u>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</u> | <u>Debt Service</u> | <u>Levied</u> | <u>Collected</u> | |
| 2019 | \$ 426,010 | 10.000 | 27.638 | \$ 16,034 | \$ 16,034 | 100.00% |
| 2020 | \$ 1,346,615 | 10.000 | 27.832 | \$ 50,945 | \$ 50,945 | 100.00% |
| Estimated for year ending December 31, 2021 | \$ 1,203,645 | 10.000 | 27.832 | \$ 45,536 | | |

NOTE

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