

**LANTERNS METROPOLITAN  
DISTRICT NO. 1**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2021**

**LANTERNS METROPOLITAN DISTRICT NO. 1  
SUMMARY  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

10/13/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (16,918)	\$ 11,775,153	\$ 3,093,385
REVENUES			
Property taxes	68	1,033	185,038
Specific ownership taxes	7	85	14,803
Interest income	94,952	56,000	15,000
Bond proceeds	22,120,000	-	10,000,000
Bond premium - 2019A	427,207	-	-
Developer advance	7,703,791	4,028,628	10,020,000
Total revenues	<u>30,346,025</u>	<u>4,085,746</u>	<u>20,234,841</u>
TRANSFERS IN	<u>4,290,000</u>	-	-
Total funds available	<u>34,619,107</u>	<u>15,860,899</u>	<u>23,328,226</u>
EXPENDITURES			
General Fund	70,256	62,425	76,100
Debt Service Fund	314,936	946,513	953,000
Capital Projects Fund	18,168,762	11,758,576	19,972,000
Total expenditures	<u>18,553,954</u>	<u>12,767,514</u>	<u>21,001,100</u>
TRANSFERS OUT	<u>4,290,000</u>	-	-
Total expenditures and transfers out requiring appropriation	<u>22,843,954</u>	<u>12,767,514</u>	<u>21,001,100</u>
ENDING FUND BALANCES	<u>\$ 11,775,153</u>	<u>\$ 3,093,385</u>	<u>\$ 2,327,126</u>
EMERGENCY RESERVE	-	100	900
DEBT SERVICE RESERVE FUND	1,479,000	1,479,000	1,479,000
CAPITALIZED INTEREST/FEES FUND	2,522,105	1,606,543	838,916
TOTAL RESERVE	<u>\$ 4,001,105</u>	<u>\$ 3,085,643</u>	<u>\$ 2,318,816</u>

**LANTERNS METROPOLITAN DISTRICT NO. 1**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

10/13/20

ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
----------------	-------------------	----------------

**ASSESSED VALUATION**

Residential	\$ -	\$ 8,950	\$ -
Agricultural	-	4,710	1,820
State assessed	-	100	200
Natural resources	-	-	310
Vacant land	910	-	2,460,870
	910	13,760	2,463,200
Adjustments	-	-	-
Certified Assessed Value	\$ 910	\$ 13,760	\$ 2,463,200

**MILL LEVY**

General	74.600	11.077	11.077
Debt Service	0.000	64.044	64.044
Total mill levy	74.600	75.121	75.121

**PROPERTY TAXES**

General	\$ 68	\$ 152	\$ 27,285
Debt Service	-	881	157,753
Levied property taxes	68	1,033	185,038
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	\$ 68	\$ 1,033	\$ 185,038

**BUDGETED PROPERTY TAXES**

General	\$ 68	\$ 152	\$ 27,285
Debt Service	-	881	157,753
	\$ 68	\$ 1,033	\$ 185,038

**LANTERNS METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

10/13/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (16,395)	\$ (2,103)	\$ 5,473
REVENUES			
Property taxes	68	152	27,285
Specific ownership tax	7	15	2,183
Developer advance	84,473	69,834	50,000
Total revenues	<u>84,548</u>	<u>70,001</u>	<u>79,468</u>
Total funds available	<u>68,153</u>	<u>67,898</u>	<u>84,941</u>
EXPENDITURES			
General and administrative			
Accounting	25,492	30,000	30,000
County Treasurer's fee	1	2	409
Auditing	-	5,000	5,000
Insurance and dues	3,658	3,573	4,000
District management	2,800	-	-
Legal services	38,305	22,000	30,000
Election expense	-	1,790	-
Banking fees	-	60	100
Contingency	-	-	6,591
Total expenditures	<u>70,256</u>	<u>62,425</u>	<u>76,100</u>
Total expenditures and transfers out requiring appropriation	<u>70,256</u>	<u>62,425</u>	<u>76,100</u>
ENDING FUND BALANCES	<u>\$ (2,103)</u>	<u>\$ 5,473</u>	<u>\$ 8,841</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 900</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 900</u>

**LANERNS METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

10/13/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ 4,001,105	\$ 3,085,543
REVENUES			
Property taxes	-	881	157,753
Specific ownership tax	-	70	12,620
Interest income	26,041	30,000	15,000
Total revenues	<u>26,041</u>	<u>30,951</u>	<u>185,373</u>
TRANSFERS IN			
Transfers from other funds	<u>4,290,000</u>	-	-
Total funds available	<u>4,316,041</u>	<u>4,032,056</u>	<u>3,270,916</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	13	2,366
Paying agent fees	-	9,500	9,500
Contingency	-	-	4,134
Debt Service			
Bond interest	314,936	937,000	937,000
Total expenditures	<u>314,936</u>	<u>946,513</u>	<u>953,000</u>
Total expenditures and transfers out requiring appropriation	<u>314,936</u>	<u>946,513</u>	<u>953,000</u>
ENDING FUND BALANCES	<u>\$ 4,001,105</u>	<u>\$ 3,085,543</u>	<u>\$ 2,317,916</u>
DEBT SERVICE RESERVE FUND	\$ 1,479,000	\$ 1,479,000	\$ 1,479,000
CAPITALIZED INTEREST/FEES FUND	2,522,105	1,606,543	838,916
TOTAL RESERVE	<u>\$ 4,001,105</u>	<u>\$ 3,085,543</u>	<u>\$ 2,317,916</u>

**LANERNS METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

10/13/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (523)	\$ 7,776,151	\$ 2,369
<b>REVENUES</b>			
Bond proceeds	22,120,000	-	10,000,000
Bond premium - 2019A	427,207	-	-
Interest income	68,911	26,000	-
Developer advance	7,619,318	3,958,794	9,970,000
Total revenues	30,235,436	3,984,794	19,970,000
Total funds available	30,234,913	11,760,945	19,972,369
<b>EXPENDITURES</b>			
Repay developer advance	7,618,796	3,939,286	9,970,000
Capital outlay	7,618,796	5,957,789	9,970,000
Bond issue costs	768,806	-	-
Accounting	5,846	5,894	10,000
Intergovernmental - CCMD	509,234	1,762,157	-
Intergovernmental - Town of Castle Rock	1,629,858	79,603	-
Legal services	900	484	2,000
Engineering	16,526	13,363	20,000
Total expenditures	18,168,762	11,758,576	19,972,000
<b>TRANSFERS OUT</b>			
Transfers to other fund	4,290,000	-	-
Total expenditures and transfers out requiring appropriation	22,458,762	11,758,576	19,972,000
ENDING FUND BALANCES	\$ 7,776,151	\$ 2,369	\$ 369

**LANERNS METROPOLITAN DISTRICT NO. 1  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Lanterns Metropolitan District No. 1 , a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Castle Rock in February 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town Council of the Town of Castle Rock, and as modified on September 16, 2014. The District's service area is located in the Town of Castle Rock, in Douglas County. District Nos. 1-3 are authorized to implement the Capital Plan and Financial Plan within their respective boundaries. District No. 4 and District No. 5 are being organized to provide operations and maintenance services to the Service Area and will function as overlay districts that will share boundaries with District Nos. 1-3.

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

The Service Plan for District Nos. 1-3 limits the aggregate amount of debt that they may issue together to \$87,000,000.

The District has no employees and all administrative functions are contracted

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**Developer Advances**

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

**Property Taxes**

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

**LANTERNS METROPOLITAN DISTRICT NO. 1  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected.

**Net Investment Income**

Investments earned on the District's funds available have been estimated at historical interest rates earnings.

**Expenditures**

**General and Administrative Expenditures**

General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and other administrative expenses.

**County Treasurer's Fees**

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

**Capital Outlay**

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedule for the Series 2019A Limited Tax General Obligations Bonds. There is no schedule of debt amortization for the Series 2019B Subordinate Limited Tax General Obligation Bonds and the Series 2019C Junior Lien Limited Taxed General Obligations Bonds as they are structured as cash flow bonds as discussed aforementioned.



**LANERNS METROPOLITAN DISTRICT NO. 1  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

On July 31, 2019, the District issued Series 2019A Limited Tax General Obligation Bonds, Series 2019B Subordinate Limited Tax General Obligation Bonds, and Series 2019C Junior Lien Limited Tax General Obligation Bonds in the total amount of \$22,120,000.

Proceeds of the Senior Bonds will be used to: (i) fund and reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements; (ii) pay capitalized interest on the Senior Bonds; (iii) fund the initial deposit to the Senior Surplus Fund; and (iv) pay other costs in connection with the issuance of the Bonds. Proceeds of the Subordinate Bonds will be used to fund and reimburse additional public improvements related to the Development and pay certain costs of issuance.

The Senior Bonds are two term bonds with respective maturities of December 1, 2039 and December 1, 2049. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Senior Bonds will bear interest at 5.000%, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2019. The Bonds mature on December 1, 2049.

To the extent the principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid or discharged as described below. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Senior Bond. The District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Senior Bonds. In the event any amount of principal of or interest on the Senior Bonds remains unpaid after the application of all available Senior Pledged Revenue on December 1, 2054, the Senior Bonds shall be deemed discharged and shall no longer be due and outstanding.

The Subordinate Bonds will bear interest at 7.750% and mature on December 15, 2049. The Subordinate Bonds constitute subordinate "cash flow" bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Subordinate Pledged Revenue is available for payment. Principal and interest payments are due on the Subordinate Bonds on each December 15 only to the extent of available Subordinate Pledged Revenue.

In the event that the Subordinate Pledged Revenue is insufficient to pay the Subordinate Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually on December 15 until the total repayment obligation of the District for the Subordinate Bonds equals the amount permitted by law and the Election. In the event that any amount of principal of or interest on the Subordinate Bonds remains unpaid after the application of all available Subordinate Pledged Revenue on December 15, 2054, the Subordinate Bonds shall be deemed discharged and shall no longer be due and outstanding.

The Junior Lien Bonds are assumed to bear interest at 10.000% and mature on December 15, 2049. The Junior Lien Bonds constitute junior lien "cash flow" bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Junior Lien Pledged Revenue is available for payment.

**LANTERNS METROPOLITAN DISTRICT NO. 1  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (continued)**

Principal and interest payments are due on the Junior Lien Bonds on each December 15 only to the extent of available Junior Lien Pledged Revenue. In the event that Junior Lien Pledged Revenue is insufficient to pay the Junior Lien Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually on December 15 until the total repayment obligation of the District for the Junior Lien Bonds equals the amount permitted by law and the Election in repayment of the Junior Lien Bonds.

In no event are any amounts to be paid on the Junior Lien Bonds until such time as there has been paid in full or defeased the Subordinate Bonds, and, to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations issued by the District. In the event that any amount or principal of or interest on the Junior Lien Bonds remains unpaid after the application of all available Junior Lien Pledged Revenue on December 15, 2054, the Junior Lien Bonds shall be deemed discharged and shall no longer be due and outstanding.

District has no outstanding debt, nor any operating or capital leases.

**Reserves**

**Emergency Reserve**

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

**Debt Service Reserve**

The Series 2019 Bonds are secured by required funds held by the Trustee in the Reserve Funds.

**This information is an integral part of the accompanying budget.**