

**LANTERNS METROPOLITAN DISTRICT  
NOS. 1 & 2**

**2022 CONSOLIDATED ANNUAL REPORT**

## LANTERNS METROPOLITAN DISTRICT NOS. 1 & 2

### 2022 CONSOLIDATED ANNUAL REPORT TO THE TOWN OF CASTLE ROCK, COLORADO

Pursuant to §32-1-207(3)(c), C.R.S. and the Second Amended and Restated Service Plan for Lanterns Metropolitan District No. 1 (“**District No. 1**”) and the First Amended and Restated Service Plan for Lanterns Metropolitan District No. 2 (“**District No. 2**” together with District No. 1 the “**Districts**”), the Districts are required to provide an annual report to the Town of Castle Rock (the “**Town**”) reflecting activity and financial events through the preceding December 31<sup>st</sup> and shall include information required by Section 11.02.040 of the Town Code.

For the year ending December 31, 2022 (the “**Report Year**”), the Districts make the following report:

#### §32-1-207(3) Statutory Requirements

**1. Boundary changes made.**

There were no boundary changes made to the District’s boundaries in 2022.

**2. Intergovernmental Agreements entered into or terminated with other governmental entities.**

The Districts did not enter into or terminate any Intergovernmental Agreements in 2022.

**3. Access information to obtain a copy of rules and regulations adopted by the board.**

As of December 31, 2022, the Districts had not adopted any rules and regulations.

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

To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts’ public improvements as of December 31, 2022.

**5. The status of the construction of public improvements by the Districts.**

As of December 31, 2022, the Districts had not constructed any Public Improvements.

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

The Districts did not construct any facilities or improvements dedicated to or accepted by the Town in 2022.

7. **The final assessed valuation of the Districts as of December 31<sup>st</sup> of the reporting year.**

The Districts' final assessed valuations are attached hereto as **Exhibit A**.

8. **A copy of the current year's budget.**

A copy of the Districts' 2023 Budgets are attached hereto as **Exhibit B**

9. **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.**

The 2022 Audits are not yet completed and will be provided as a supplement to this report upon completion.

10. **Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the Districts.**

To our actual knowledge, the Districts did not receive notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the Districts.

11. **Any inability of the Districts to pay their obligations as they come due under any obligation which continues beyond a ninety (90) day period.**

To our actual knowledge, there was not any inability of the Districts to pay their obligations as they came due under any obligation which continued beyond a ninety (90) day period.

#### **Section 11.02.040 of the Town Code and Service Plan Requirements**

1. **A narrative summary of the progress of the Districts in implementing the Service Plan for the Report Year.**

The Districts continue to finance and reimburse for the construction of public improvements as contemplated in the Service Plan. Additional information is provided in Question 3 below.

2. **Except when an exemption from audit has been granted for the Report Year under the Local Government Audit Law, the audited financial statements of the District for the Report Year including a statement of financial condition (i.e. balance sheet) as of December 31 of the Report Year and the statement of operations (i.e. revenues and expenditures) for the Report Year.**

The 2022 Audits are not yet completed and will be provided as a supplement to this report upon completion.

**3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of public facilities in a Report Year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the Report Year.**

Capital expenditures incurred by the Districts in development of public facilities in the Report Year will be included in the 2022 Audits.

During 2022, District No. 2 reimbursed Toll Southwest LLC (“Toll”) for \$11,252,839.37 in capital expenditures for water, sanitation, and street improvements.

According to Toll, construction of the public improvements to serve the development have been completed as follows:

- For Phase I of the development, commenced in October 2019, and completed in 2020.
- For Phase II of the development, completed in fall of 2021.
- For Phase III of the development, completed in spring of 2022
- For Phase IV of the development, completed in the fall of 2022
- For Phase V of the development, expected to be completed in the spring of 2024.

In the 5 years following the Report Year, it is expected that the Districts will continue to finance the construction and acquisition of all or a part of the public improvements within their respective boundaries.

**4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the Report Year, including the amount of outstanding indebtedness, the amount and terms of any new Districts indebtedness or long-term obligations issued in the Report Year, the amount of payment or retirement of existing indebtedness of the Districts in the Report Year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the Report Year, and the current mill levy of the Districts pledged to debt retirement in the Report Year.**

A summary of the financial obligations of the Districts will be provided in the Districts’ 2022 Audits.

The Districts’ total assessed valuation of all taxable properties within the Districts as of January 1<sup>st</sup> of the Report Year are attached hereto as **Exhibit A**.

The current mill levy of the Districts pledged to debt retirement in the Report Year is shown in the 2023 Budgets, attached hereto as **Exhibit C**.

**5. The Districts’ budgets for the calendar year in which the annual report is submitted.**

A copy of Districts’ 2023 budgets are attached as **Exhibit B**.

**6. A summary of residential and commercial development which has occurred within the Districts for the Report Year.**

No commercial development occurred within the Districts during the Report Year.

For a summary of residential development occurring within the District during the Report Year, please see the response to Question 3, above.

**7. A summary of all fees, charges and assessments imposed by the Districts as of January 1 of the Report Year.**

There are no fees, charges or assessments imposed by the Districts as of January 1 of the Report Year.

**8. Certification of the Boards of Directors of the Districts that no action, event or condition enumerated in Section 11.02.060 of the Town Code has occurred in the Report Year.**

The Boards of Directors of the Districts hereby certify, to the best of their actual knowledge, that no action, event or condition enumerated in Section 11.02.060 of the Town Code has occurred in the Report Year.

**9. The name, business address and telephone number of each member of the Boards and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Boards.**

Boards of Directors:

Reggie Carveth, Director

10 Inverness Drive East, Suite 125

Englewood, CO 80112

303-708-0730

[boarddistrict1@lanternsmetrodistrict.org](mailto:boarddistrict1@lanternsmetrodistrict.org)

[boarddistrict2@lanternsmetrodistrict.org](mailto:boarddistrict2@lanternsmetrodistrict.org)

Nathaniel Both, President

10 Inverness Drive East, Suite 125

Englewood, CO 80112

303-708-0730

[boarddistrict1@lanternsmetrodistrict.org](mailto:boarddistrict1@lanternsmetrodistrict.org)

[boarddistrict2@lanternsmetrodistrict.org](mailto:boarddistrict2@lanternsmetrodistrict.org)

Tim Westbrook, Treasurer

10 Inverness Drive East, Suite 125

Englewood, CO 80112

303-708-0730

[boarddistrict1@lanternsmetrodistrict.org](mailto:boarddistrict1@lanternsmetrodistrict.org)

[boarddistrict2@lanernsmetrodistrict.org](mailto:boarddistrict2@lanernsmetrodistrict.org)

Eric Lehman, Director  
10 Inverness Drive East, Suite 125  
Englewood, CO 80112  
303-708-0730

[boarddistrict1@lanernsmetrodistrict.org](mailto:boarddistrict1@lanernsmetrodistrict.org)

[boarddistrict2@lanernsmetrodistrict.org](mailto:boarddistrict2@lanernsmetrodistrict.org)

Chris Osler, Secretary  
10 Inverness Drive East, Suite 125  
Englewood, CO 80112  
303-708-0730

[boarddistrict1@lanernsmetrodistrict.org](mailto:boarddistrict1@lanernsmetrodistrict.org)

[boarddistrict2@lanernsmetrodistrict.org](mailto:boarddistrict2@lanernsmetrodistrict.org)

General Counsel:

Clint C. Waldron, Esq.

Megan J. Murphy, Esq.

White Bear Ankele Tanaka & Waldron, Attorneys at Law

2154 E Commons Ave., Suite 2000

Centennial, CO 80122

Telephone: 303-858-1800

2023 Regular Meetings:

Date: Third Thursday of January, April, July and October

Place: via teleconference.

Time: 11:00 A.M.

**EXHIBIT A**

Final Assessed Valuations

# CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4444 - Lanterns Metro District 1

IN DOUGLAS COUNTY ON 11/18/2022

New Entity: No

<b>USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY</b>
--

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$9,189,540
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$14,735,810
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$14,735,810
5. NEW CONSTRUCTION: **	\$4,897,970
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND ( 29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

\* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

\*\* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

# Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

## Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

<b>USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY</b>
---

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$124,782,961
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$64,836,144
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
--	-----

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5)C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	\$0
--	-----

\*\* The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.



# CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4563 - Lanterns Metro District 2

IN DOUGLAS COUNTY ON 11/18/2022

New Entity: No

<b>USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY</b>
--

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$3,351,130
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$5,985,700
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$5,985,700
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND ( 29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

\* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

\*\* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

# Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

## Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

<b>USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY</b>
---

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$20,639,533
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
--	-----

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5)C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	\$0
--	-----

\*\* The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.

**EXHIBIT B**

2023 Budgets

**LANTERNS METROPOLITAN DISTRICT NO. 1**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2023**

**LANTERNS METROPOLITAN DISTRICT NO. 1  
SUMMARY  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/23/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 3,072,796	\$ 2,322,233	\$ 2,056,192
REVENUES			
Property taxes	185,039	667,204	1,117,608
Specific ownership taxes	17,844	61,047	100,585
Interest income	286	8,750	31,800
Developer advance	68,502	5,030	-
Total revenues	<u>271,671</u>	<u>742,031</u>	<u>1,249,993</u>
TRANSFERS IN	<u>2,315</u>	-	-
Total funds available	<u>3,346,782</u>	<u>3,064,264</u>	<u>3,306,185</u>
EXPENDITURES			
General Fund	65,862	53,036	100,000
Debt Service Fund	948,866	955,036	965,000
Capital Projects Fund	7,506	-	-
Total expenditures	<u>1,022,234</u>	<u>1,008,072</u>	<u>1,065,000</u>
TRANSFERS OUT	<u>2,315</u>	-	-
Total expenditures and transfers out requiring appropriation	<u>1,024,549</u>	<u>1,008,072</u>	<u>1,065,000</u>
ENDING FUND BALANCES	<u>\$ 2,322,233</u>	<u>\$ 2,056,192</u>	<u>\$ 2,241,185</u>
EMERGENCY RESERVE	900	3,300	5,400
DEBT SERVICE RESERVE FUND	1,479,000	1,479,000	1,479,000
CAPITALIZED INTEREST/FEES FUND	821,079	494,909	598,480
TOTAL RESERVE	<u>\$ 2,300,979</u>	<u>\$ 1,977,209</u>	<u>\$ 2,082,880</u>

**LANTERNS METROPOLITAN DISTRICT NO. 1**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2023 BUDGET**  
**WITH 2021 ACTUAL AND 2022 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/23/23

ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
----------------	-------------------	----------------

**ASSESSED VALUATION**

Residential	\$ -	\$ 798,310	\$ 6,829,830
Commercial	-	222,020	708,740
Agricultural	1,820	170	-
State assessed	200	-	-
Natural resources	310	310	310
Vacant land	2,460,870	7,974,110	6,979,870
Personal property	-	194,620	217,060
Certified Assessed Value	\$ 2,463,200	\$ 9,189,540	\$ 14,735,810

**MILL LEVY**

General	11.077	11.077	11.183
Debt Service	64.044	64.044	64.660
Total mill levy	75.121	75.121	75.843

**PROPERTY TAXES**

General	\$ 27,285	\$ 101,793	\$ 164,791
Debt Service	157,753	588,535	952,817
Levied property taxes	185,038	690,328	1,117,608
Adjustments to actual/rounding	1	1	-
Refunds and abatements	-	(23,125)	
Budgeted property taxes	\$ 185,039	\$ 667,204	\$ 1,117,608

**BUDGETED PROPERTY TAXES**

General	\$ 27,285	\$ 98,383	\$ 164,791
Debt Service	157,754	568,821	952,817
	\$ 185,039	\$ 667,204	\$ 1,117,608

**LANTERNS METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/23/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 7,248	\$ 22,154	\$ 82,283
<b>REVENUES</b>			
Property taxes	27,285	98,383	164,791
Specific ownership tax	2,631	9,002	14,831
Interest income	-	750	1,800
Developer advance	50,852	5,030	-
Total revenues	80,768	113,165	181,422
Total funds available	88,016	135,319	263,705
<b>EXPENDITURES</b>			
Accounting	27,104	25,000	33,000
Auditing	4,900	5,400	5,800
County Treasurer's fee	409	1,476	2,472
Insurance and dues	3,052	2,862	4,000
Legal services	28,985	15,000	45,000
Miscellaneous	1,400	500	500
Banking fees	12	-	-
Election expense	-	2,798	3,000
Contingency	-	-	6,228
Total expenditures	65,862	53,036	100,000
Total expenditures and transfers out requiring appropriation	65,862	53,036	100,000
ENDING FUND BALANCES	\$ 22,154	\$ 82,283	\$ 163,705
EMERGENCY RESERVE	\$ 900	\$ 3,300	\$ 5,400
TOTAL RESERVE	\$ 900	\$ 3,300	\$ 5,400

**LANTERNS METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/23/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 3,073,377	\$ 2,300,079	\$ 1,973,909
REVENUES			
Property taxes	157,754	568,821	952,817
Specific ownership tax	15,213	52,045	85,754
Interest income	286	8,000	30,000
Total revenues	<u>173,253</u>	<u>628,866</u>	<u>1,068,571</u>
TRANSFERS IN			
Transfers from other funds	<u>2,315</u>	<u>-</u>	<u>-</u>
Total funds available	<u>3,248,945</u>	<u>2,928,945</u>	<u>3,042,480</u>
EXPENDITURES			
County Treasurer's fee	2,366	8,536	14,292
Paying agent fees	9,500	9,500	9,500
Contingency	-	-	4,208
Bond interest	937,000	937,000	937,000
Total expenditures	<u>948,866</u>	<u>955,036</u>	<u>965,000</u>
Total expenditures and transfers out requiring appropriation	<u>948,866</u>	<u>955,036</u>	<u>965,000</u>
ENDING FUND BALANCES	<u>\$ 2,300,079</u>	<u>\$ 1,973,909</u>	<u>\$ 2,077,480</u>
DEBT SERVICE RESERVE FUND	\$ 1,479,000	\$ 1,479,000	\$ 1,479,000
CAPITALIZED INTEREST/FEES FUND	821,079	494,909	598,480
TOTAL RESERVE	<u>\$ 2,300,079</u>	<u>\$ 1,973,909</u>	<u>\$ 2,077,480</u>

**LANERNS METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/23/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ (7,829)	\$ -	\$ -
REVENUES			
Developer advance	17,650	-	-
Total revenues	<u>17,650</u>	<u>-</u>	<u>-</u>
Total funds available	<u>9,821</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Engineering	7,506	-	-
Total expenditures	<u>7,506</u>	<u>-</u>	<u>-</u>
TRANSFERS OUT			
Transfers to other fund	<u>2,315</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>9,821</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**LANTERNS METROPOLITAN DISTRICT NO. 1  
2023 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**

**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 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.

**LANERNS METROPOLITAN DISTRICT NO. 1  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

**Property Taxes**

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

**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 9.00% 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 1.50% of property tax collections.

**Capital Outlay**

The District does not anticipate any 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.

**LANTERNS METROPOLITAN DISTRICT NO. 1  
2023 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 5.00%, 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 7.75% 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 10.00% 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  
2023 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.

**LANERNS METROPOLITAN DISTRICT NO. 1  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (continued)**

The following is a summary of the District’s long-term obligations:

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022
<b>Bonds Payable:</b>				
Limited Tax General Obligation Bonds:				
Subordinate - Series 2019B	\$ 2,051,000	\$ -	\$ -	\$ 2,051,000
Junior Lien - Series 2019C	1,329,000	-	-	1,329,000
Accrued Interest on:				
Series 2019B Bonds	406,620	189,952	-	596,572
Series 2019C Bonds	345,564	166,902	-	512,466
Subtotal of Bonds Payable	<u>4,132,184</u>	<u>356,854</u>	<u>-</u>	<u>4,489,038</u>
<b>Other Debts:</b>				
Developer Advances - Organization Costs - Toll Brothers	145,171	-	-	145,171
Developer Advances - O&M - Toll Brothers	269,618	5,030	-	274,648
Developer Advances - Capital - Toll Brothers	54,351	-	-	54,351
Developer Advances - O&M - Toll Brothers (Assigned)	92,368	-	-	92,368
Developer Advances - Capital - Toll Brothers (Assigned)	105,686	-	-	105,686
Developer Advances - Infrastructure - Toll Brothers	-	-	-	-
Accrued Interest on:				
Developer Advances - Organization Costs - Jefferson	122,076	-	-	122,076
Developer Advances - O&M - Toll Brothers	42,059	21,933	-	63,992
Developer Advances - Capital - Toll Brothers	10,400	4,348	-	14,748
Developer Advances - O&M - Jefferson	61,732	7,390	-	69,122
Developer Advances - Capital - Jefferson	74,301	8,455	-	82,756
Developer Advances - Infrastructure - Toll Brothers	12,462	-	-	12,462
Subtotal of Other Debts	<u>990,224</u>	<u>47,156</u>	<u>-</u>	<u>1,037,380</u>
Total Long-Term Obligation	<u>\$ 5,122,408</u>	<u>\$ 404,010</u>	<u>\$ -</u>	<u>\$ 5,526,418</u>
	Balance - December 31, 2022	Additions	Reductions	Balance - December 31, 2023
<b>Bonds Payable:</b>				
Limited Tax General Obligation Bonds:				
Subordinate - Series 2019B	\$ 2,051,000	\$ -	\$ -	\$ 2,051,000
Junior Lien - Series 2019C	1,329,000	-	-	1,329,000
Accrued Interest on:				
Series 2019B Bonds	596,572	204,674	-	801,246
Series 2019C Bonds	512,466	183,593	-	696,059
Subtotal of Bonds Payable	<u>4,489,038</u>	<u>388,267</u>	<u>-</u>	<u>4,877,305</u>
<b>Other Debts:</b>				
Developer Advances - Organization Costs - Toll Brothers	145,171	-	-	145,171
Developer Advances - O&M - Toll Brothers	274,648	-	-	274,648
Developer Advances - Capital - Toll Brothers	54,351	-	-	54,351
Developer Advances - O&M - Toll Brothers (Assigned)	92,368	-	-	92,368
Developer Advances - Capital - Toll Brothers (Assigned)	105,686	-	-	105,686
Developer Advances - Infrastructure - Toll Brothers	-	-	-	-
Accrued Interest on:				
Developer Advances - Organization Costs - Jefferson	122,076	-	-	122,076
Developer Advances - O&M - Toll Brothers	63,992	21,972	-	85,964
Developer Advances - Capital - Toll Brothers	14,748	4,348	-	19,096
Developer Advances - O&M - Jefferson	69,122	7,389	-	76,511
Developer Advances - Capital - Jefferson	82,756	8,454	-	91,210
Developer Advances - Infrastructure - Toll Brothers	12,462	-	-	12,462
Subtotal of Other Debts	<u>1,037,380</u>	<u>42,163</u>	<u>-</u>	<u>1,079,543</u>
Total Long-Term Obligation	<u>\$ 5,526,418</u>	<u>\$ 430,430</u>	<u>\$ -</u>	<u>\$ 5,956,848</u>

**LANTERNS METROPOLITAN DISTRICT NO. 1  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**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 District maintains a Debt Service Reserve of \$1,479,000 as required with the issuance of the Series 2019 Bonds.

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

**LANTERNS METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$18,740,000</b>		
	<b>Limited Tax General Obligation Bonds</b>		
	<b>Series 2019A</b>		
	<b>Dated July 31, 2019</b>		
	<b>Interest Rates: 5.000%</b>		
	<b>Interest Payable June 1 and December 1</b>		
	<b>Principal Due December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ -	\$ 937,000	\$ 937,000
2024	95,000	937,000	1,032,000
2025	220,000	932,250	1,152,250
2026	270,000	921,250	1,191,250
2027	285,000	907,750	1,192,750
2028	320,000	893,500	1,213,500
2029	340,000	877,500	1,217,500
2030	380,000	860,500	1,240,500
2031	400,000	841,500	1,241,500
2032	445,000	821,500	1,266,500
2033	465,000	799,250	1,264,250
2034	515,000	776,000	1,291,000
2035	540,000	750,250	1,290,250
2036	590,000	723,250	1,313,250
2037	620,000	693,750	1,313,750
2038	680,000	662,750	1,342,750
2039	715,000	628,750	1,343,750
2040	775,000	593,000	1,368,000
2041	815,000	554,250	1,369,250
2042	880,000	513,500	1,393,500
2043	925,000	469,500	1,394,500
2044	1,000,000	423,250	1,423,250
2045	1,050,000	373,250	1,423,250
2046	1,130,000	320,750	1,450,750
2047	1,190,000	264,250	1,454,250
2048	1,275,000	204,750	1,479,750
2049	2,820,000	141,000	2,961,000
	<b>\$ 18,740,000</b>	<b>\$ 17,821,250</b>	<b>\$ 36,561,250</b>

No assurance provided. See summary of significant assumption.

**LANTERNS METROPOLITAN DISTRICT NO. 2**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2022**



**LANTERNS METROPOLITAN DISTRICT NO. 2  
SUMMARY  
2023 BUDGET  
WITH 2021 ACTUAL AND 2022 ESTIMATED  
For the Years Ended and Ending December 31,**

1/23/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ 13,323,216	\$ 2,090,011
<b>REVENUES</b>			
Property taxes	-	251,740	446,533
Specific ownership tax	-	20,453	40,188
Interest income	1,710	83,275	2,500
Developer advance	11,367,874	11,264,260	2,065,467
Other revenue	2	-	-
Bond proceeds	25,482,000	-	-
Total revenues	<u>36,851,586</u>	<u>11,619,728</u>	<u>2,554,688</u>
Total funds available	<u>36,851,586</u>	<u>24,942,944</u>	<u>4,644,699</u>
<b>EXPENDITURES</b>			
General Fund	19,189	47,756	70,000
Debt Service Fund	-	233,219	418,423
Capital Projects Fund	23,509,181	22,571,958	4,130,934
Total expenditures	<u>23,528,370</u>	<u>22,852,933</u>	<u>4,619,357</u>
Total expenditures and transfers out requiring appropriation	<u>23,528,370</u>	<u>22,852,933</u>	<u>4,619,357</u>
ENDING FUND BALANCES	<u>\$ 13,323,216</u>	<u>\$ 2,090,011</u>	<u>\$ 25,342</u>
EMERGENCY RESERVE	\$ 100	\$ 1,300	\$ 2,200
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 1,300</u>	<u>\$ 2,200</u>

**LANTERNS METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2023 BUDGET**  
**WITH 2021 ACTUAL AND 2022 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/23/23

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

**ASSESSED VALUATION**

Commercial	\$ -	\$ 430	\$ 430
Agricultural	1,990	730	-
Vacant land	3,040	3,349,970	5,985,270
Certified Assessed Value	\$ 5,030	\$ 3,351,130	\$ 5,985,700

**MILL LEVY**

General	0.000	11.077	11.000
Debt Service	0.000	64.044	63.600
Total mill levy	0.000	75.121	74.600

**PROPERTY TAXES**

General	\$ -	\$ 37,120	\$ 65,843
Debt Service	-	214,620	380,690
Levied property taxes	-	251,740	446,533
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	\$ -	\$ 251,740	\$ 446,533

**BUDGETED PROPERTY TAXES**

<b>General</b>	<b>\$ -</b>	<b>\$ 37,120</b>	<b>\$ 65,843</b>
<b>Debt Service</b>	<b>\$ -</b>	<b>\$ 214,620</b>	<b>\$ 380,690</b>
	<b>\$ -</b>	<b>\$ 251,740</b>	<b>\$ 446,533</b>

**LANTERNS METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**2023 BUDGET**  
**WITH 2021 ACTUAL AND 2022 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/23/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ 18,630	\$ 23,073
<b>REVENUES</b>			
Property taxes	-	37,120	65,843
Specific ownership tax	-	3,283	5,926
Interest income	-	375	500
Developer advance	37,817	11,421	-
Other revenue	2	-	-
Total revenues	37,819	52,199	72,269
Total funds available	37,819	70,829	95,342
<b>EXPENDITURES</b>			
General and administrative			
Accounting	9,781	22,000	25,000
County Treasurer's fee	-	557	988
Auditing	-	5,400	6,000
Dues and licenses	400	316	2,000
Election expense	-	1,950	2,000
Insurance and bonds	1,856	2,533	7,000
Legal services	7,152	15,000	25,000
Contingency	-	-	2,012
Total expenditures	19,189	47,756	70,000
Total expenditures and transfers out requiring appropriation	19,189	47,756	70,000
ENDING FUND BALANCES	\$ 18,630	\$ 23,073	\$ 25,342
EMERGENCY RESERVE	\$ 100	\$ 1,300	\$ 2,200
TOTAL RESERVE	\$ 100	\$ 1,300	\$ 2,200

**LANTERNS METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**2023 BUDGET**  
**WITH 2021 ACTUAL AND 2022 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/23/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 1,471
<b>REVENUES</b>			
Property taxes	-	214,620	380,690
Specific ownership tax	-	17,170	34,262
Interest income	-	2,900	2,000
Total revenues	-	234,690	416,952
Total funds available	-	234,690	418,423
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fee	-	3,219	5,710
Paying agent fees	-	4,000	6,000
Contingency	-	-	3,250
Debt Service			
Bond interest	-	226,000	403,463
Total expenditures	-	233,219	418,423
Total expenditures and transfers out requiring appropriation	-	233,219	418,423
ENDING FUND BALANCES	\$ -	\$ 1,471	\$ -

**LANTERNS METROPOLITAN DISTRICT NO. 2**  
**CAPITAL PROJECTS FUND**  
**2023 BUDGET**  
**WITH 2021 ACTUAL AND 2022 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/23/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ 13,304,586	\$ 2,065,467
<b>REVENUES</b>			
Bond proceeds	25,482,000	-	-
Interest income	1,710	80,000	-
Developer advance	11,330,057	11,252,839	2,065,467
Total revenues	36,813,767	11,332,839	2,065,467
Total funds available	36,813,767	24,637,425	4,130,934
<b>EXPENDITURES</b>			
General and Administrative			
Accounting	1,984	6,250	-
Bond issue costs	822,176	-	-
Capital outlay	11,330,057	11,252,839	2,065,467
Engineering	23,845	60,000	-
Legal services	1,062	30	-
Repay developer advance	11,330,057	11,252,839	2,065,467
Total expenditures	23,509,181	22,571,958	4,130,934
Total expenditures and transfers out requiring appropriation	23,509,181	22,571,958	4,130,934
ENDING FUND BALANCES	\$ 13,304,586	\$ 2,065,467	\$ -

**LANTERNS METROPOLITAN DISTRICT NO. 2  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Lanterns Metropolitan District No. 2, 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.

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 Plans 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, a significant portion of the operating and administrative expenditures are 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 sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**LANERNS METROPOLITAN DISTRICT NO. 2  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (Continued)**

**Property Taxes (continued)**

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

**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 9.00% 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**

**Administrative and Operating Expenditures**

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, and other administrative expenditures.

**County Treasurer's Fees**

County Treasurer's collection fees have been computed at 1.50% of property taxes.

**Capital Outlay**

Anticipated expenditures for capital outlay are reflected in the Capital Projects fund page of the budget.

**Debt Service**

There is no schedule of debt amortization for the Series 2021A(3) Limited Tax General Obligation Bonds as they are structured as cash flow bonds as discussed in the Bond Details.

**LANERNS METROPOLITAN DISTRICT NO. 2  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

**Series 2021A(3) Bonds**

The District issued Limited Tax General Obligation Bonds, Series 2021A(3) on August 19, 2021, in the par amount of \$25,482,000 (the Bonds). Proceeds from the sale of the Bonds were used to (a) pay or reimburse Project Costs and (b) pay other costs in connection with the issuance of the Bonds.

**Bond Details**

The Bonds bear interest at 4.50% and mature on December 1, 2050. The Bonds constitute Senior “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 Pledged Revenue is available for payment. Principal and interest payments are due on the Bonds on December 1 of each year, beginning on December 1, 2021, only to the extent of available Pledged Revenue.

In the event that the Pledged Revenue is insufficient to pay the Bonds when due, the unpaid principal will continue to bear interest and the unpaid interest will compound annually on each December 1, at the rate then borne by the Bond; provided however, that notwithstanding anything hereinto the contrary, the District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

**Optional Redemption**

The 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 on September 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
September 1, 2026, to August 31, 2027	3.00%
September 1, 2027, to August 31, 2028	2.00
September 1, 2028, to August 31, 2029	1.00
September 1, 2029, and thereafter	0.00

**Pledged Revenue**

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue, generally consisting of:

- (a) the Property Tax Revenues;
- (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and
- (c) any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

The Indenture defines “Property Tax Revenues” as the ad valorem property taxes derived from the District’s imposition of the Required Mill Levy, net of the costs of collection of the County and any tax refunds or abatements authorized by or on behalf of the County.



**LANTERNS METROPOLITAN DISTRICT NO. 2  
2023 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (Continued)**

**Required Mill Levy**

The District has covenanted to impose an ad valorem debt service mill levy upon all taxable property of the District each year in the amount equal to 63.600 mills or such lesser amount (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2018) that will generate Property Tax Revenues which, when combined with moneys then on deposit in the Bond fund, will pay the Bonds in full in the year such levy is collected

The District has no operating or capital leases

The following is a summary of the District's long-term obligations:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022
Series 2021A Cashflow Bonds	\$ 25,482,000	\$ -	\$ -	\$ 25,482,000
Developer Advance - O&M	37,817	11,421	-	49,238
Accrued Interest on:				
Series 2021A Cashflow Bonds	421,672	1,165,665	226,000	1,361,337
Developer Advance - O&M	268	1,926	-	2,194
Total	<u>\$ 25,941,757</u>	<u>\$ 1,179,012</u>	<u>\$ 226,000</u>	<u>\$ 26,894,769</u>

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023
Series 2021A Cashflow Bonds	\$ 25,482,000	\$ -	\$ -	\$ 25,482,000
Developer Advance - O&M	49,238	-	-	49,238
Accrued Interest on:				
Series 2021A Cashflow Bonds	1,361,337	1,433,912	403,463	2,391,786
Developer Advance - O&M	2,194	1,969	-	4,163
Total	<u>\$ 26,894,769</u>	<u>\$ 1,435,881</u>	<u>\$ 403,463</u>	<u>\$ 27,927,187</u>

**Reserves**

**Emergency Reserve**

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2023 as defined under TABOR.

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