

LYONS RIDGE METROPOLITAN DISTRICT
Jefferson County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020

**LYONS RIDGE METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2020**

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lyons Ridge Metropolitan District
Jefferson County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lyons Ridge Metropolitan District as of and for the year 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 of America; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lyons Ridge Metropolitan District, as of December 31, 2020, and the respective changes in financial position and the budgetary comparisons for the General Fund, the Architectural Control Special Revenue Fund and the Montane Design Review Committee Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lyons Ridge Metropolitan District's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – for the Debt Service and Capital Projects Funds (the Supplementary Information), and the Schedule of Debt Service Requirements to Maturity and the Summary of Assessed Valuation, Mill Levy and Property Taxes Collected (the Other Information), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Duggio & Associates, P.C.

July 13, 2021

BASIC FINANCIAL STATEMENTS

**LYONS RIDGE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 626,508
Cash and Investments - Restricted	447,664
Receivable - County Treasurer	5,219
Property Taxes Receivable	691,793
Prepaid Expenses	2,529
Warranty Deposit	158,185
Capital Assets Being Depreciated, Net	<u>2,926,715</u>
Total Assets	<u>4,858,613</u>
LIABILITIES	
Accounts Payable	42,308
Security Deposits	86,200
Accrued Interest Payable	128,171
Noncurrent Liabilities:	
Due Within One Year	45,000
Due in More Than One Year	<u>11,220,000</u>
Total Liabilities	<u>11,521,679</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	<u>691,793</u>
Total Deferred Inflows of Resources	<u>691,793</u>
NET POSITION	
Net Investment in Capital Assets	(777,808)
Restricted for:	
Emergency Reserves	5,200
Debt Service	318,642
Capital Projects	158,185
Unrestricted	<u>(7,059,078)</u>
Total Net Position	<u>\$ (7,354,859)</u>

See accompanying Notes to Basic Financial Statements.

**LYONS RIDGE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 411,298	\$ 25,100	\$ -	\$ -	\$ (386,198)
Interest and Related Costs on Long-Term Debt	606,889	-	-	-	(606,889)
Total Governmental Activities	\$ 1,018,187	\$ 25,100	\$ -	\$ -	(993,087)
GENERAL REVENUES					
Property Taxes					785,175
Specific Ownership Taxes					58,682
Net Investment Income					4,387
Total General Revenues					848,244
CHANGE IN NET POSITION					
Net Position - Beginning of Year					(7,210,016)
NET POSITION - END OF YEAR					
					\$ (7,354,859)

See accompanying Notes to Basic Financial Statements.

**LYONS RIDGE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

ASSETS	General	Architectural Control	Montane Design Review Committee	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 464,085	\$ 22,956	\$ 139,467	\$ -	\$ -	\$ 626,508
Cash and Investments - Restricted	4,300	100	800	442,464	-	447,664
Receivable From County	870	-	-	4,349	-	5,219
Property Taxes Receivable	152,389	-	-	539,404	-	691,793
Prepaid Expenses	2,529	-	-	-	-	2,529
Warranty Deposit	-	-	-	-	158,185	158,185
Total Assets	\$ 624,173	\$ 23,056	\$ 140,267	\$ 986,217	\$ 158,185	\$ 1,931,898
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 10,753	\$ -	\$ 31,555	\$ -	\$ -	\$ 42,308
Security Deposits	-	200	86,000	-	-	86,200
Total Liabilities	10,753	200	117,555	-	-	128,508
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Tax Revenue	152,389	-	-	539,404	-	691,793
Total Deferred Inflows of Resources	152,389	-	-	539,404	-	691,793
FUND BALANCES						
Nonspendable:						
Prepaid Expenses	2,529	-	-	-	-	2,529
Restricted For:						
Emergency Reserves	4,300	100	800	-	-	5,200
Debt Service	-	-	-	446,813	-	446,813
Capital Projects	-	-	-	-	158,185	158,185
Committed For:						
Reserves	-	22,756	21,912	-	-	44,668
Assigned to:						
Subsequent Year's Expenditures	61,770	-	-	-	-	61,770
Unassigned	392,432	-	-	-	-	392,432
Total Fund Balances	461,031	22,856	22,712	446,813	158,185	1,111,597
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 624,173	\$ 23,056	\$ 140,267	\$ 986,217	\$ 158,185	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,926,715
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:	
Loan Payable	(11,265,000)
Accrued Interest Payable	(128,171)
Net Position of Governmental Activities	\$ (7,354,859)

See accompanying Notes to Basic Financial Statements.

**LYONS RIDGE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General	Architectural Control	Montane Design Review Committee	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Property Taxes	\$ 130,863	\$ -	\$ -	\$ 654,312	\$ -	\$ 785,175
Specific Ownership Taxes	9,780	-	-	48,902	-	58,682
Landscaping Fees	-	-	11,000	-	-	11,000
Minor Application Income	-	700	850	-	-	1,550
New Development Fees	-	50	12,500	-	-	12,550
Net Investment Income	31	-	-	4,356	-	4,387
Total Revenues	<u>140,674</u>	<u>750</u>	<u>24,350</u>	<u>707,570</u>	<u>-</u>	<u>873,344</u>
EXPENDITURES						
Current:						
Accounting	17,951	-	-	-	-	17,951
Audit	4,500	-	-	-	-	4,500
County Treasurer's Fee	1,963	-	-	9,817	-	11,780
District Management	12,900	-	-	-	-	12,900
Dues and Membership	517	-	-	-	-	517
Insurance and Bonds	2,510	-	-	-	-	2,510
Legal	14,564	-	-	-	-	14,564
Miscellaneous	40	-	-	-	-	40
Operations and Maintenance						
Drainage/Detention	1,800	-	-	-	-	1,800
Ejector Pump Contract	28,775	-	-	-	-	28,775
Landscaping Improvements	40,809	-	-	-	-	40,809
Miscellaneous Landscaping	8,310	-	-	-	-	8,310
Miscellaneous Repairs	10,720	-	-	-	-	10,720
O&M Labor	15,472	-	-	-	-	15,472
Snow Removal	3,422	-	-	-	-	3,422
Utilities	19,523	-	-	-	-	19,523
Operating Expenditures	-	168	30,009	-	-	30,177
Covenant Enforcement - Legal	-	-	2,288	-	-	2,288
Debt Service:						
Loan Interest	-	-	-	325,775	-	325,775
Loan Principal	-	-	-	10,709,915	-	10,709,915
Loan Issue Costs	-	-	-	166,500	-	166,500
Paying Agent Fees	-	-	-	1,500	-	1,500
Capital Outlay/Expenditures	-	-	-	-	5,025	5,025
Total Expenditures	<u>183,776</u>	<u>168</u>	<u>32,297</u>	<u>11,213,507</u>	<u>5,025</u>	<u>11,434,773</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(43,102)	582	(7,947)	(10,505,937)	(5,025)	(10,561,429)
OTHER FINANCING SOURCES (USES)						
Loan Proceeds	-	-	-	11,265,000	-	11,265,000
Developer Advance	22,500	-	-	-	-	22,500
Repay Developer Advance - Interest	(32,464)	-	-	-	-	(32,464)
Repay Developer Advance - Principal	(267,500)	-	-	-	-	(267,500)
Transfers (to) from Other Funds	748,822	-	-	(750,000)	1,178	-
Total Other Financing Sources (Uses)	<u>471,358</u>	<u>-</u>	<u>-</u>	<u>10,515,000</u>	<u>1,178</u>	<u>10,987,536</u>
NET CHANGE IN FUND BALANCES	428,256	582	(7,947)	9,063	(3,847)	426,107
Fund Balances - Beginning of Year	<u>32,775</u>	<u>22,274</u>	<u>30,659</u>	<u>437,750</u>	<u>162,032</u>	<u>685,490</u>
FUND BALANCES - END OF YEAR	<u>\$ 461,031</u>	<u>\$ 22,856</u>	<u>\$ 22,712</u>	<u>\$ 446,813</u>	<u>\$ 158,185</u>	<u>\$ 1,111,597</u>

See accompanying Notes to Basic Financial Statements.

**LYONS RIDGE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds	\$ 426,107
 Amounts reported for governmental activities in the statement of activities are different because:	
 Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset.	
Depreciation	(190,032)
 Long-term debt (e.g., issuance of loans, the receipt of Developer Advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Current Year Loan Principal Payment	10,709,915
Loan Proceeds	(11,265,000)
Developer Advances	(22,500)
Repayment of Developer Advances	299,964
 Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest on Developer Advance - Change in Liability	(11,915)
Accrued Interest on Loan - Change in Liability	(91,382)
	(103,297)
Change in Net Position of Governmental Activities	\$ (144,843)

See accompanying Notes to Basic Financial Statements.

**LYONS RIDGE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 130,633	\$ 130,633	\$ 130,863	\$ 230
Specific Ownership Taxes	10,451	8,883	9,780	897
Net Investment Income	200	25	31	6
Total Revenues	<u>141,284</u>	<u>139,541</u>	<u>140,674</u>	<u>1,133</u>
EXPENDITURES				
Current:				
Accounting	18,000	18,000	17,951	49
Audit	5,000	4,500	4,500	-
County Treasurer's Fee	1,959	1,959	1,963	(4)
District Management	12,978	12,900	12,900	-
Dues and Membership	650	550	517	33
Election	500	-	-	-
Insurance and Bonds	2,610	2,510	2,510	-
Legal	20,000	20,000	14,564	5,436
Miscellaneous	500	500	40	460
Operations and Maintenance				
Contingency	10,000	26,845	-	26,845
Drainage/Detention	-	1,800	1,800	-
Ejector Pump Contract	30,000	30,000	28,775	1,225
Landscaping Improvements	55,000	55,000	40,809	14,191
Miscellaneous Landscaping	20,000	20,000	8,310	11,690
Miscellaneous Repairs	5,000	5,000	10,720	(5,720)
O&M Labor	15,936	15,936	15,472	464
Snow Removal	10,000	7,500	3,422	4,078
Utilities	12,000	12,000	19,523	(7,523)
Total Expenditures	<u>220,133</u>	<u>235,000</u>	<u>183,776</u>	<u>51,224</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(78,849)	(95,459)	(43,102)	52,357
OTHER FINANCING SOURCES (USES)				
Developer Advance	85,000	22,500	22,500	-
Repay Developer Advance - Interest	-	(32,500)	(32,464)	36
Repay Developer Advance - Principal	(1,000)	(267,500)	(267,500)	-
Transfers (to) from Other Funds	(20)	750,000	748,822	(1,178)
Total Other Financing Sources (Uses)	<u>83,980</u>	<u>472,500</u>	<u>471,358</u>	<u>(1,142)</u>
NET CHANGE IN FUND BALANCES	5,131	377,041	428,256	51,215
Fund Balance - Beginning of Year	<u>39,788</u>	<u>32,775</u>	<u>32,775</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 44,919</u>	<u>\$ 409,816</u>	<u>\$ 461,031</u>	<u>\$ 51,215</u>

See accompanying Notes to Basic Financial Statements.

**LYONS RIDGE METROPOLITAN DISTRICT
ARCHITECTURAL CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines	\$ 250	\$ -	\$ (250)
Landscaping Fees	2,000	-	(2,000)
Minor Application Income	150	700	550
New Development Fees	200	50	(150)
Permits and Fees	2,000	-	(2,000)
Total Revenues	<u>4,600</u>	<u>750</u>	<u>(3,850)</u>
EXPENDITURES			
Application Review - Contract Services	500	-	500
Contingency	1,000	-	1,000
Covenant Enforcement	5,000	-	5,000
DRC Management	7,200	-	7,200
Operating Expenditures	1,000	168	832
Total Expenditures	<u>14,700</u>	<u>168</u>	<u>14,532</u>
NET CHANGE IN FUND BALANCES	(10,100)	582	10,682
Fund Balance - Beginning of Year	<u>15,139</u>	<u>22,274</u>	<u>7,135</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,039</u>	<u>\$ 22,856</u>	<u>\$ 17,817</u>

See accompanying Notes to Basic Financial Statements.

**LYONS RIDGE METROPOLITAN DISTRICT
MONTANE DESIGN REVIEW COMMITTEE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Building Permits	\$ 1,500	\$ -	\$ -	\$ -
Landscaping Fees	7,000	7,000	11,000	4,000
Minor Application Income	300	300	850	550
New Development Fees	5,000	17,500	12,500	(5,000)
Total Revenues	<u>13,800</u>	<u>24,800</u>	<u>24,350</u>	<u>(450)</u>
EXPENDITURES				
Application Review - Contract Services	5,000	-	-	-
Contingency	2,000	-	-	-
Covenant Enforcement	8,000	-	-	-
Covenant Enforcement - Legal	-	2,500	2,288	212
DRC Management	7,350	-	-	-
Operating Expenditures	1,000	35,000	30,009	4,991
Total Expenditures	<u>23,350</u>	<u>37,500</u>	<u>32,297</u>	<u>5,203</u>
NET CHANGE IN FUND BALANCES	(9,550)	(12,700)	(7,947)	4,753
Fund Balance - Beginning of Year	<u>23,745</u>	<u>30,659</u>	<u>30,659</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 14,195</u>	<u>\$ 17,959</u>	<u>\$ 22,712</u>	<u>\$ 4,753</u>

See accompanying Notes to Basic Financial Statements.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 DEFINITION OF REPORTING ENTITY

Lyons Ridge Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court of Jefferson County on November 17, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the Amended and Restated Service Plan dated May 28, 2010. The District's service area is located in Jefferson County, Colorado. The District was established to provide the following services: streets and drainage, water, sanitary sewer, parks and recreation, traffic safety protection, and public transportation.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Architectural Control Fund (Special Revenue Fund) accounts for the resources accumulated and payments for services associated with design review and covenant enforcement within the Lyons Ridge community of the District.

The Montane Design Review Committee Fund (Special Revenue Fund) accounts for the resources accumulated and payments for services associated with design review and covenant enforcement within the Montane community of the District.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its annual budget for the year ended December 31, 2020.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

It is the policy of the County to accept maintenance responsibility for all capital improvements within the County, except for certain landscaping improvements specified in the District's Service Plan, upon the District's completion and conveyance of such improvements provided they meet the County's specifications.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Drainage/Detention Improvements	25 Years
Park and Open Space	15 to 35 Years

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 626,508
Cash and Investments - Restricted	447,664
Total Cash and Investments	<u>\$ 1,074,172</u>

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	\$ 264,086
Investments	<u>810,086</u>
Total Cash and Investments	<u><u>\$ 1,074,172</u></u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a bank balance of \$272,296 and a carrying balance of \$264,086.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	\$ 810,084
Treasury Money Market Fund	Weighted Average Under 60 Days	2
Total		<u>\$ 810,086</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

U.S. Treasury Money Market Fund

The debt service money that is included in the debt service reserve trust account at Zions Bank is invested in the JPMorgan 100% U.S. Treasury Securities Money Market Fund. This fund is a money market fund that is managed by JPMorgan and each share is equal in value to \$1.00. The funds are invested in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 180 days or less and repurchase agreements collateralized by U.S. Treasury obligations. The JPMorgan 100% U.S. Treasury Securities Money Market Fund is rated Aaa by Moody's. The fund and the District record this investment using the net asset value method.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
<u>Governmental Activities</u>				
Capital Assets, Being				
Depreciated:				
Parks and Open Space	\$ 1,327,562	\$ -	\$ -	\$ 1,327,562
Bergen Ditch	388,145	-	-	388,145
Drainage and Detention	1,692,580	-	-	1,692,580
Total Capital Assets, Being				
Depreciated	3,408,287	-	-	3,408,287
Less Accumulated				
Depreciation for:				
Parks and Open Space	(127,103)	(106,800)	-	(233,903)
Bergen Ditch	(38,817)	(15,528)	-	(54,345)
Drainage and Detention	(125,620)	(67,704)	-	(193,324)
Total Accumulated				
Depreciation	(291,540)	(190,032)	-	(481,572)
Governmental Activities				
Capital Assets, Net	<u>\$ 3,116,747</u>	<u>\$ (190,032)</u>	<u>\$ -</u>	<u>\$ 2,926,715</u>

During 2018, a significant portion of the capital assets constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records. There is a two-year warranty period on the capital assets conveyed. The District anticipates that the costs, if any, associated with the warranty will be insignificant.

Depreciation expense of \$190,032 was charged to the general government function on the statement of activities.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020	Due Within One Year
<u>Governmental Activities</u>					
Notes from Direct Borrowings:					
2015A General Obligation Loan	\$ 10,709,915	\$ -	\$ 10,709,915	\$ -	\$ -
Series 2020A General Obligation Loan	-	765,000	-	765,000	45,000
Series 2020B General Obligation Refunding Loan	-	10,500,000	-	10,500,000	-
Total Loans Payable	<u>10,709,915</u>	<u>11,265,000</u>	<u>10,709,915</u>	<u>11,265,000</u>	<u>45,000</u>
Other Debts:					
Developer Advances	245,000	22,500	267,500	-	-
Accrued Interest on Developer Advances	20,549	11,915	32,464	-	-
Total of Other Debts	<u>265,549</u>	<u>34,415</u>	<u>299,964</u>	<u>-</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 10,975,464</u>	<u>\$ 11,299,415</u>	<u>\$ 11,009,879</u>	<u>\$ 11,265,000</u>	<u>\$ 45,000</u>

The details of the District's long-term obligations are as follows:

Series 2015A – \$10,000,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Loan

On October 16, 2015, the District entered into the 2015A Loan Agreement (the Series 2015A Loan) with Zions Bank (successor of Vectra Bank) in an amount not to exceed \$10,000,000, with a maturity date of December 1, 2045. The interest rate is calculated as 3.25% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the Advance and is reset on December 1, 2020, and each five-year anniversary of such date until maturity. Payments are due semi-annually on June 1 and December 1 of each year, commencing June 1, 2016, through December 1, 2045. Repayment of principal amounts commences on December 1, 2017. The District may prepay the outstanding principal commencing on the second anniversary with a 1% penalty. Prepayments may occur after the third anniversary without penalty. The Series 2015A Loan was executed to reimburse the Developer for infrastructure acquired by the District.

The District may make advance requests once each calendar year quarter in amounts not less than \$250,000, and not to exceed the aggregate amount of \$10,000,000 and has been fully drawn upon.

The Series 2015A Loan is secured and payable from the Pledged Revenue, consisting of monies derived by property and specific ownership taxes, as derived by the debt mill levy, and any other legally available monies of the District credited to the Loan Fund. On August 26, 2020 the Series 2015A Loan was fully refunded and defeased.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2015B – \$1,200,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Loan

On October 16, 2015, the District entered into the 2015B Loan Agreement (the Series 2015B Loan) with Zions Bank (successor of Vectra Bank) in an amount not to exceed \$1,200,000, with a maturity date of December 1, 2045. The interest rate is calculated as 3.25% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the Advance and is reset on December 1, 2020, and each five-year anniversary of such date until maturity. Payments are due semi-annually on June 1 and December 1 of each year, commencing the first June 1 or December 1 after the date of the first advance through December 1, 2045. The Series 2015B Loan was executed to reimburse the Developer for infrastructure acquired by the District.

The District may make advance requests once each calendar year quarter in amounts not less than \$250,000, and not to exceed the maximum advance amount.

The Series 2015B Loan is secured and payable from the Pledged Revenue, consisting of monies derived by property taxes, specific ownership taxes, and any other legally available monies of the District credited to the Loan Fund. The Series 2015B Loan is parity debt to the Series 2015A Loan. On August 26, 2020 the Series 2015A Loan was fully refunded and defeased.

General Obligation Taxable New Money Loan (Convertible to Unlimited Tax) (Series 2020A) (the Series 2020A Loan), General Obligation Tax-Exempt Refunding Loan (Convertible to Unlimited Tax) (Series 2020B) (the Series 2020B Loan, the 2020 Loans)

2020 Loans

The District entered into a Loan Agreement on August 26, 2020 with Zions Bank (successor of Vectra Bank) which is evidenced by promissory notes the District issued in the amounts of \$765,000 for the Series 2020A Loan and \$10,500,000 for the Series 2020B Loan.

Proceeds from the issuance of the Series 2020A Loan were used to: 1) repay Operating and Maintenance Developer Advances; and 2) fund an Operating and Maintenance reserve. Proceeds from the issuance of the Series 2020B Loan were used to: 1) refund the District's outstanding General Obligation Loan, Series 2015A Loan; and 2) refund the District's outstanding General Obligation Loan, Series 2015B Loan.

Interest payments on the 2020 Loans are due on June 1 and December 1 (each an Interest Payment Date) of each year, beginning on June 1, 2021. Interest is calculated on the basis of a 360-day year and actual days elapsed. Interest not paid when due shall remain due and owing, but shall not compound or bear additional interest. Principal on the 2020 Loans is due on December 1 of each year, beginning on December 1, 2021, for the Series 2020A Loan and beginning on December 1, 2025, for the Series 2020B Loan. The 2020 Loans bear interest at 3.20%. Upon any Determination of Taxability, the Series 2020B Loan will bear interest at 4.00%.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

2020 Loans (Continued)

Prepayment

The District may, at its option, prepay the Series 2020B Loan in whole or part on or after December 1, 2025. The prepayment price equals the principal amount of the Series 2020B Loan prepaid plus accrued interest to the date of prepayment together with the following prepayment penalty:

- (i) the following applicable prepayment premium (expressed as a percentage of par):
 - a. December 1, 2025 and November 30, 2026, 2.00%
 - b. December 1, 2026 and November 30, 2027, 1.00%
 - c. December 1, 2027 and thereafter, 0.00%.

Pledged Revenue

The 2020 Loans are secured and payable from the Pledged Revenue, consisting of monies derived by property and specific ownership taxes, as derived by the debt mill levy, and any other legally available monies of the District credited to the Loan Fund.

Events of Default

The District's outstanding 2020 Loans from direct borrowings and direct placements related to governmental activities of \$11,265,000 contain a provision regarding certain events of default, for which acceleration is not a remedy. Events of default occur if the District does not impose the Required Mill levy, does not make payments of principal and interest when due, and other customary terms and conditions consistent with normal municipal financings.

The District's long-term obligations will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 45,000	\$ 462,616	\$ 507,616
2022	205,000	364,027	569,027
2023	210,000	357,376	567,376
2024	245,000	351,523	596,523
2025	255,000	342,614	597,614
2026-2030	1,460,000	1,580,585	3,040,585
2031-2035	1,715,000	1,328,060	3,043,060
2036-2040	2,010,000	1,031,724	3,041,724
2041-2045	2,350,000	683,290	3,033,290
2046-2050	2,770,000	275,443	3,045,444
Total	<u>\$ 11,265,000</u>	<u>\$ 6,777,258</u>	<u>\$ 18,042,259</u>

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 2, 2010, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$68,590,000 at an interest rate not to exceed 15% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized November 2, 2010	Authorization Used 2015A and 2015B Loan	Remaining at December 31, 2020
Street Improvements	\$ 11,265,000	\$ 4,200,995	\$ 7,064,005
Water Improvements	11,265,000	2,599,982	8,665,018
Sanitation and Storm Drainage	11,265,000	2,613,484	8,651,516
Parks and Recreation	11,265,000	1,785,539	9,479,461
Safety Protection	11,265,000	-	11,265,000
Public Transportation	11,265,000	-	11,265,000
Operations and Maintenance	1,000,000	-	1,000,000
Refunding of Debt	33,795,000	-	33,795,000
Total	<u>\$ 102,385,000</u>	<u>\$ 11,200,000</u>	<u>\$ 91,185,000</u>

Pursuant to the Service Plan dated May 28, 2010, the District can issue bond indebtedness of up to \$11,265,000. The 2020 Loans did not change the amount of authorized debt utilized. In addition, the maximum debt service mill levy for the District is 55.090 mills, as adjusted for changes in the ratio of actual value to assessed value property within the District. As of December 31, 2021, the calculated adjusted debt service mill levy was 39.000 mills.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area within the limitations of the District's Service Plan.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2020, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 2,926,715
Current Portion of Outstanding Long-Term Obligations	(14,798)
Noncurrent Portion of Outstanding Long-Term Obligations	(3,689,725)
Unspent Loan Proceeds	-
Net Investment in Capital Assets	\$ (777,808)

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2020, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 5,200
Debt Service	318,642
Capital Projects	158,185
Total Restricted Net Position	\$ 482,027

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of debt issued for public improvements that have been conveyed to other governments.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Shea Properties Management Company, Inc. Two of the members of the Board of Directors are officers, employees or associated with the Developer and may have conflicts of interest in dealing with the District. See Note 8 concerning reimbursements made to the Developer.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 RELATED PARTIES (CONTINUED)

Developer Advances

On November 1, 2017 the District entered into the Operations and Administrative Reimbursement Agreement with Shea Properties Management Company, Inc. (Developer). The Developer agrees to advance funds to the District to provide needed facilities and services for the operations and administration of the District. Repayment of these advances will be made by the District to the Developer when sufficient revenue has been collected by the District. Interest will accumulate starting on the date the Developer incurred the cost at the annual rate of 7.00%. As of December 31, 2020, all amounts owed to the Developer have been paid.

NOTE 8 AGREEMENTS AND COMMITMENTS

Construction and Acquisition Agreement

On September 1, 2012, the District entered into a Construction and Acquisition Agreement with Shea Properties Management Company, Inc. (Shea). Shea will coordinate and construct certain District improvements which will result in economies in construction costs and timely construction of the development. Actual construction costs are not to exceed \$11,200,000. The improvements will be transferred to the District upon completion. Some of the improvements will then be transferred to other entities. As of December 31, 2020, the District has reimbursed Shea \$10,301,279 for actual construction costs. Of this amount, \$-0- was payable at December 31, 2020.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**LYONS RIDGE METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

On November 2, 2010, the District's electors authorized the District to collect, spend or retain the full amount of revenue authorized by law or contract collected or received by the District during 2011 and each fiscal year thereafter without regards to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses.

On November 2, 2010, the District's electors authorized the District to increase taxes \$1,000,000 annually (first full fiscal year dollar increase) and by the same amount annually thereafter plus inflation and local growth consisting of an ad valorem mill levy imposed on all taxable property within the District without limitation of rate and in an amount sufficient to fund annual expenses related to the operations and maintenance of the District.

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 11 INTERFUND TRANSFERS

The \$750,000 transfer from the Debt Service Fund to the General Fund was related to the use of the Series 2020A Loan proceeds per the Series 2020A Loan agreement.

The \$1,178 transfer from the General Fund to the Capital Project Fund was made to cover expenditures incurred by the Capital Project Fund.

SUPPLEMENTARY INFORMATION

**LYONS RIDGE METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 653,163	\$ 653,163	\$ 654,312	\$ 1,149
Specific Ownership Taxes	52,253	44,415	48,902	4,487
Net Investment Income	20,000	5,500	4,356	(1,144)
Other Revenue	10,000	-	-	-
Total Revenues	<u>735,416</u>	<u>703,078</u>	<u>707,570</u>	<u>4,492</u>
EXPENDITURES				
Contingency	10,000	18,592	-	18,592
County Treasurer's Fee	9,797	9,797	9,817	(20)
Loan Interest	441,464	325,776	325,775	1
Loan Principal	345,805	10,709,915	10,709,915	-
Loan Issue Costs	-	171,420	166,500	4,920
Paying Agent Fees	3,000	4,500	1,500	3,000
Total Expenditures	<u>810,066</u>	<u>11,240,000</u>	<u>11,213,507</u>	<u>26,493</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(74,650)	(10,536,922)	(10,505,937)	30,985
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	11,265,000	11,265,000	-
Transfers (to) from Other Funds	-	(750,000)	(750,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>10,515,000</u>	<u>10,515,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(74,650)	(21,922)	9,063	30,985
Fund Balance - Beginning of Year	<u>434,963</u>	<u>437,750</u>	<u>437,750</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 360,313</u>	<u>\$ 415,828</u>	<u>\$ 446,813</u>	<u>\$ 30,985</u>

**LYONS RIDGE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Capital Outlay	261,050	5,025	256,025
Fence replacement	10	-	10
Tree replacement	10	-	10
Total Expenditures	<u>261,070</u>	<u>5,025</u>	<u>256,045</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(261,070)	(5,025)	256,045
OTHER FINANCING SOURCES (USES)			
Transfers (to) from Other Funds	20	1,178	1,158
Total Other Financing Sources (Uses)	<u>20</u>	<u>1,178</u>	<u>1,158</u>
NET CHANGE IN FUND BALANCES	(261,050)	(3,847)	257,203
Fund Balance - Beginning of Year	<u>261,050</u>	<u>162,032</u>	<u>(99,018)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 158,185</u>	<u>\$ 158,185</u>

OTHER INFORMATION

**LYONS RIDGE METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020**

\$765,000 Taxable General Obligation Loan - Series 2020A
\$10,500,000 Tax-Exempt General Obligation Refunding Loan - Series 2020B
Interest Rate 3.200%
Dated August 26, 2020
Principal Payable Annually, Beginning December 1, 2021
Interest Payable Semi-Annually, June 1 and December 1

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 45,000	\$ 462,616	\$ 507,616
2022	205,000	364,027	569,027
2023	210,000	357,376	567,376
2024	245,000	351,523	596,523
2025	255,000	342,614	597,614
2026	275,000	334,340	609,340
2027	285,000	325,417	610,417
2028	290,000	317,037	607,037
2029	300,000	306,762	606,762
2030	310,000	297,029	607,029
2031	320,000	286,971	606,971
2032	330,000	277,347	607,347
2033	345,000	265,882	610,882
2034	355,000	254,689	609,689
2035	365,000	243,171	608,171
2036	375,000	231,962	606,962
2037	390,000	219,162	609,162
2038	400,000	206,509	606,509
2039	415,000	193,531	608,531
2040	430,000	180,560	610,560
2041	440,000	166,116	606,116
2042	455,000	151,840	606,840
2043	470,000	137,078	607,078
2044	485,000	122,163	607,163
2045	500,000	106,093	606,093
2046	520,000	89,871	609,871
2047	535,000	73,000	608,000
2048	555,000	55,795	610,795
2049	570,000	37,636	607,636
2050	590,000	19,142	609,142
Total	<u>\$ 11,265,000</u>	<u>\$ 6,777,258</u>	<u>\$ 18,042,259</u>

**LYONS RIDGE METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Property Taxes		Percent Collected to Levied
		General	Debt	Levied	Collected	
2016	\$ 4,729,260	10.000	50.000	\$ 283,756	\$ 279,406	98.47 %
2017	5,741,242	10.000	50.000	344,474	347,666	100.93
2018	7,924,097	10.908	54.540	518,616	519,768	100.22
2019	9,162,777	10.971	54.855	603,149	603,245	100.02
2020	11,856,283	11.018	55.090	783,796	785,175	100.18
Estimated for the Year Ending December 31, 2021	\$ 13,830,872	11.018	39.000	\$ 691,793		