LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
Adams County, Colorado

FINANCIAL STATEMENTS
December 31, 2021

TABLE OF CONTENTS

PAGE

INDEPENDENT AUDITORS' REPORT I

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:
- Statement of Net Position 1
- Statement of Activities 2

Fund Financial Statements:
- Balance Sheet - Governmental Funds 3
- Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 4
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 5
- Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund 6

Notes to Financial Statements 7

SUPPLEMENTAL INFORMATION

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - Debt Service Fund 21

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - Capital Projects Fund 22

OTHER INFORMATION

Schedule of Debt Service Requirements to Maturity 23

Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected 24

Haynie & Company
Certified Public Accountants
& Management Consultants

1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120
303-734-4800
303-795-3356
www.HaynieCPAs.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lochbuie Station Residential Metro District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lochbuie Station Residential Metro District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lochbuie Station Residential Metro District, as of December 31, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lochbuie Station Residential Metro District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lochbuie Station Residential Metro District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lochbuie Station Residential Metro District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lochbuie Station Residential Metro District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

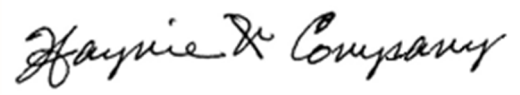
Supplementary Information

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

Other Information

Management is responsible for the other information. The other information comprises the Schedule of Debt Services Requirements to Maturity and Schedule of Assessed Valuation, Mill Levy and Property Taxes Collected but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Littleton, Colorado
July 28, 2022

BASIC FINANCIAL STATEMENTS

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

	Governmental Activities
ASSETS	
Cash and investments - unrestricted	$ 1,797
Cash and investments - restricted	876,658
Property taxes receivable	5,624
Prepaid expenses	2,772
Total assets	886,851
LIABILITIES	
Accounts payable	2,367
Accrued interest payable	98,679
Noncurrent liabilities:	
Bonds payable	4,066,000
Developer advances payable	244,119
Total liabilities	4,411,165
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	5,624
Total deferred inflows of resources	5,624
NET POSITION	
Restricted for:	
Emergencies	1,600
Capital projects	241,309
Unrestricted	(3,772,847)
Total net position	$ (3,529,938)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contribution	Program Revenues: Capital Grants and Contribution	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 53,948	$ -	$ -	$ -	$ (53,948)
Conveyance or dedication of assets	2,771,499	-	-	-	(2,771,499)
Interest and expenses on long-term debt	270,203	-	-	-	(270,203)
	$ 3,095,650	$ -	$ -	$ -	(3,095,650)
General revenues:					
Property taxes					1,352
Interest					515
Total general revenues					1,867
Change in net position					(3,093,783)
Net position - beginning					(436,155)
Net position - ending					$ (3,529,938)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments - unrestricted	$ 1,797	$ -	$ -	$ 1,797
Cash and investments - restricted	-	635,349	241,309	876,658
Property taxes receivable	539	5,085	-	5,624
Prepaid expenditures	2,772	-	-	2,772
Total assets	$ 5,108	$ 640,434	$ 241,309	$ 886,851
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 2,367	$ -	$ -	$ 2,367
Total liabilities	2,367	-	-	2,367
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	539	5,085	-	5,624
Total deferred inflows of resources	539	5,085	-	5,624
FUND BALANCES (DEFICIT)				
Nonspendable:				
Prepaid expenditures	2,772	-	-	2,772
Restricted:				
Emergency reserves	1,600	-	-	1,600
Debt service	-	635,349	-	635,349
Capital projects	-	-	241,309	241,309
Assigned for subsequent year's expenditures	(1,940)	-	-	(1,940)
Unassigned	(230)	-	-	(230)
Total fund balances (deficit)	2,202	635,349	241,309	878,860
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	$ 5,108	$ 640,434	$ 241,309	
Amounts reported for governmental activities in the statement of net position are different because:				
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds				
Bonds payable				(4,066,000)
Developer advances payable				(244,119)
Accrued interest on long-term obligations				(98,679)
Net position of governmental activities				$ (3,529,938)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property taxes	$ 129	$ 1,223	$ -	$ 1,352
Interest	-	375	140	515
Total revenues	129	1,598	140	1,867
EXPENDITURES				
General				
Audit	5,500	-	-	5,500
District management and accounting	38,816	-	-	38,816
Dues and subscriptions	306	-	-	306
Insurance and dues	2,522	-	-	2,522
Legal	6,802	-	-	6,802
Miscellaneous	2	-	-	2
Debt service				
Bond interest	-	203,838	-	203,838
Paying agent and cash management fees	-	7,074	54	7,128
Developer advance repayment - principal	-	-	1,843,985	1,843,985
Total expenditures	53,948	210,912	1,844,039	2,108,899
EXCESS OF EXPENDITURES OVER REVENUES	(53,819)	(209,314)	(1,843,899)	(2,107,032)
OTHER FINANCING SOURCES (USES)				
Developer advances	50,700	-	-	50,700
Transfer to other funds	(5,777)	5,777	-	-
Total other financing sources (uses)	44,923	5,777	-	50,700
NET CHANGE IN FUND BALANCE	(8,896)	(203,537)	(1,843,899)	(2,056,332)
FUND BALANCE - BEGINNING OF YEAR	11,098	838,886	2,085,208	2,935,192
FUND BALANCE - END OF YEAR	$ 2,202	$ 635,349	$ 241,309	$ 878,860

These financial statements should be read only in connection with
the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - Total governmental funds		$ (2,056,332)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:		
Developer advances	(50,700)	
Repayment of developer advances	1,835,995	1,785,295
Some expenses reported in the Statement of Activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:		
Conveyance or dedication of assets		(2,771,499)
Net change in accrued interest on long-term obligations		(51,247)
Change in net position of governmental activities		$ (3,093,783)

These financial statements should be read only in connection with the accompanying notes to financial statements.

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	$ 129	$ 129	$ 129	$ -
Total revenues	129	129	129	-
EXPENDITURES				
Audit	5,500	5,500	5,500	-
District management and accounting	20,000	38,000	38,816	(816)
Dues and subscriptions	500	500	306	194
Insurance and bonds	3,000	3,000	2,522	478
Legal	20,000	15,000	6,802	8,198
Miscellaneous	2,000	2,000	2	1,998
Emergency reserve Tabor 3%	1,500	1,500	-	1,500
Total expenditures	52,500	65,500	53,948	11,552
EXCESS OF EXPENDITURES OVER REVENUES	(52,371)	(65,371)	(53,819)	11,552
OTHER FINANCING SOURCES (USES)				
Developer advances	40,000	66,400	50,700	(15,700)
Transfer to debt service fund	-	(7,000)	(5,777)	1,223
Total other financing sources (uses)	40,000	59,400	44,923	(14,477)
NET CHANGE IN FUND BALANCE	(12,371)	(5,971)	(8,896)	(2,925)
FUND BALANCE - BEGINNING OF YEAR	16,060	11,098	11,098	-
FUND BALANCE - END OF YEAR	$ 3,689	$ 5,127	$ 2,202	$ (2,925)

NOTE 1 - DEFINITION OF REPORTING ENTITY

Lochbuie Station Residential Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on December 21, 2018 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located within Adams County, Colorado. The District was established to provide various public improvements and services for the benefit of the property owners, residents and other taxpayers in the District.

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

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 is not financially accountable for any other District 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. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes.

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds and promissory notes are recorded as a reduction in liabilities.

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 government 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. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 other funds.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest and related expenses on the long-term general obligation debt.

The Capital Projects Fund accounts for financial resources to be used for the construction of certain public improvements, facilities and services.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the Local Government Budget Law of Colorado, 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 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.

For the year ended December 31, 2021, supplementary appropriations approved by the District's Board of Directors modified the appropriation in the General Fund from $52,500 to $72,500 and the Debt Service Fund from $207,338 to $213,838.

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 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.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the county assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the 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 inflows of resources in the year they are levied and measurable. The deferred inflows of resources related to property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance - the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance - the amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

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

Unassigned fund balance - amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying statement of net position as follows:

Statement of net position:		
Cash and investments - unrestricted	$	1,797
Cash and investments - restricted		876,658
Total cash and investments	$	878,455

Cash and investments as of December 31, 2021 consist of the following:

Deposits with financial institutions	$	1,797
Investments		876,658
Total cash and investments	$	878,455

Cash Deposits

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 equal to 102% of the aggregate uninsured deposits.

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

At December 31, 2021, the District's cash deposits had a bank and carrying balance of $1,797.

Investments

Credit Risk

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

* Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities and lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
* Local government investment pools

The District generally limits its concentration of investments to those noted with an asterisk (*) above, 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 disclosure requirements or subject to investment custodial risk 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.

As of December 31, 2021, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	$ 876,658

COLOTRUST

During 2021, the District invested in the Colorado Local Government Liquid Asset Trust (Colotrust) 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 Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to $1.00. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption notice period. Colotrust 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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for ColoTrust portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for ColoTrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust.

As of December 31, 2021, the District had $876,658 invested in COLOTRUST PLUS+ in the name of the District. Colotrust is rated AAAm by S&P Global Ratings.

Cash and investments of $635,349 and $241,309 are restricted in the Debt Service Fund and Capital Projects Fund, respectively for servicing the District's bond debt (Note 5) and financing the District's capital projects.

Investment Valuation

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in Colotrust at yearend for which the investment valuations were determined as follows.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of $1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from $1.00 per share.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

Governmental Activities	Balance at December 31, 2020	Increases	Decreases	Balance at December 31, 2021
Capital assets, not being depreciated:				
Public improvements	$ 2,771,499	$ -	$ 2,771,499	$ -
Total capital assets, not being depreciated	$ 2,771,499	$ -	$ 2,771,499	$ -

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Retirements/ Adjustments	Balance at December 31, 2021	Due Within One Year
Bonded debt					
G.O. Bonds, Series 2020A	$ 3,545,000	$ -	$ -	$ 3,545,000	$ -
Subordinate G.O. Bonds, Series 2020B	521,000	-	-	521,000	-
Total bonded debt	$ 4,066,000	$ -	$ -	$ 4,066,000	$ -
Other long-term liabilities					
Developer advances					
Operations and maintenance	$ 52,589	$ 50,700	$ -	$ 103,289	$ -
Infrastructure and acquisition	1,976,825	-	1,835,995	140,830	-
Total other long-term liabilities	$ 2,029,414	$ 50,700	$ 1,835,995	$ 244,119	$ -
Total	$ 6,095,414	$ 50,700	$ 1,835,995	$ 4,310,119	$ -

A description of the long-term obligations as of December 31, 2021 is as follows:

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020A

On July 16, 2020, the District issued General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2020A (Series 2020A Bonds) in the principal amount of $3,545,000. The Series 2020A Bonds were issued for the purpose of: (i) funding the costs of public improvements for the District, (ii) paying the costs in connection with the issuance of the Series 2020A Bonds, (iii) funding a portion of the initial interest to accrue on the Series 2020A Bonds and (iv) funding an initial deposit to the surplus fund.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2020A Bonds bear interest of 5.75% payable semi-annually on June 1 and December 1 and mature on December 1, 2050. Unpaid interest on the Series 2020A Bonds will compound semiannually on each payment date. The payment of principal on the Series 2020A Bonds begins on December 1, 2026.

The Series 2020A Bonds will convert from limited tax to unlimited tax obligation bonds at such time as (a) the debt to assessed ratio is 50% or less and (b) no amounts of principal or interest on the Series 2020A Bonds are due but unpaid (conversion date).

The Series 2020A Bonds are secured by and payable solely from senior pledged revenue, which includes property taxes derived from the senior required mill levy, net of the costs of collection, senior specific ownership taxes, capital fees and any other legally available moneys of the District transferred to the senior debt fund as senior pledged revenues.

Prior to the conversion date, the senior required mill levy will not be in excess of 50 mills (subject to increases or decreases as a result of constitutional or legislative imposed adjustments), generating an amount, when combined with other sources of senior pledged revenue, sufficient to (1) fund the senior bond fund for the relevant bond year to pay all amounts as they come due and (2) fund the senior surplus fund to the senior maximum surplus amount of $709,000. The District has no obligation to fund the senior surplus fund except to the extent of the availability of senior pledged revenue. On and after the conversion date, the senior required mill levy is without limitation of rate and in amounts sufficient to pay all amounts as they come due, regardless of any subsequent increase in the debt to assessed ratio.

The Series 2020A Bonds are subject to mandatory sinking fund redemption prior to maturity, as well as extraordinary mandatory redemption prior to maturity under certain circumstances and redemption prior to maturity at the option of the District.

Significant events of default under the Series 2020A Bonds include (i) prior to the conversion date, failure to impose the senior required mill levy or to apply senior pledged revenue as required, (ii) on or after the conversion date, failure to pay principal or interest when due, (iii) failure to meet financial performance of the covenants, agreements or conditions and failure to remedy the same after notice and (iv) filing of a petition for bankruptcy or insolvency.

Immediately upon the occurrence and continuance of an event of default, the trustee has rights or remedies including (i) rights to the appointment of a receiver for control of trust assets and (ii) right to file a suit for judgment, action or special proceedings as advised by trustee counsel.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The following table sets forth the estimated debt service payment schedule for the principal and interest on the Series 2020A Bonds:

Year	Principal	Interest	Total
2022	$ -	$ 203,838	$ 203,838
2023	-	203,838	203,838
2024	-	203,838	203,838
2025	-	203,838	203,838
2026	40,000	203,838	243,838
2027-2031	260,000	980,664	1,240,664
2032-2036	420,000	888,950	1,308,950
2037-2041	625,000	746,064	1,371,064
2042-2046	905,000	535,612	1,440,612
2047-2050	1,295,000	217,632	1,512,632
	$ 3,545,000	$ 4,388,112	$ 7,933,112

Subordinate General Obligation Limited Tax Bonds, Series 2020B

On July 16, 2020, the District issued Subordinate General Obligation Limited Tax Bonds, Series 2020B (Series 2020B Bonds) in the principal amount of $521,000. The Series 2020B Bonds are structured as cash flow bonds, have estimated scheduled payments of principal starting in 2043 and are subordinate to the Series 2020A Bonds. The Series 2020B Bonds mature on December 15, 2050 and were issued for the purpose of funding the costs of public improvements for the District and paying the costs in connection with the issuance of the Series 2020B Bonds.

Interest on the Series 2020B Bonds is payable annually on December 15, commencing December 15, 2020 at an interest rate of 8.0% and the Series 2020B bonds mature on December 15, 2050. Unpaid interest on the Series 2020B Bonds will compound annually on each December 15. Both interest and principal are payable solely from and only to the extent of available subordinate pledged revenue which consists of the moneys derived by the District from the following sources: (i) the subordinate required mill levy, (ii)subordinate capital fees, (iii) the portion of the specific ownership taxes attributable to the property taxes imposed for debt service on the Series 2020B Bonds, (iv) amounts available, if any, after termination of the senior surplus fund and (v) any other legally available moneys which the District transfers as subordinate pledged revenue.

The subordinate required mill levy is 50 mills (subject to increases or decreases as a result of constitutional or legislative imposed adjustments) less the amount of the senior required mill levy or such lesser mill levy which will fund the subordinate bond fund in an amount sufficient to pay all of the principal of and interest on the bonds in full. If the senior required mill levy equals the maximum amount in any year, the subordinate required mill levy for that year shall be zero.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2020B Bonds are subject to mandatory sinking fund redemption prior to maturity, as well as extraordinary mandatory redemption prior to maturity under certain circumstances and redemption prior to maturity at the option of the District.

Significant events of default under the Series 2020B Bonds include (i) failure to impose the subordinate required mill levy, (ii) failure to meet financial performance of the covenants, agreements or conditions and failure to remedy the same after notice, (iii) filing of a petition for bankruptcy or insolvency.

Immediately upon the occurrence and continuance of an event of default, the trustee has rights or remedies including (i) rights to the appointment of a receiver for control of trust assets and (ii) right to file a suit for judgment, action or special proceedings as advised by trustee counsel.

The Series 2020B Bonds are cash flow bonds, therefore no debt amortization schedule is presented.

Advance and Reimbursement Agreement for Operation and Maintenance Costs By and Between Lochbuie Station Residential Metropolitan District and CW-Lochbuie, LLC

The District entered into an Advance and Reimbursement Agreement for Operation and Maintenance Costs with CW-Lochbuie, LLC (Developer) on May 21, 2019 to establish the terms and conditions pursuant to which the Developer would make advances for operations and maintenance costs to the District and the District would reimburse the Developer for such advances. Under the Advance and Reimbursement Agreement, the District is required to reimburse the Developer for advances with interest at a rate of seven percent (7%) compounded annually. Payments made by the District are subject to annual appropriation and budget approval and are not to be made from funds otherwise required for operations, capital improvements and debt service costs and expenses of the District. Amounts payable under the Advance and Reimbursement Agreement are subordinate to any bonded indebtedness of the District. As of December 31, 2021, there was $103,289 in principal and $8,020 accrued and unpaid interest outstanding under the District's Advance and Reimbursement Agreement.

Infrastructure Funding and Acquisition Agreement By and Between Lochbuie Station Residential Metropolitan District and CW-Lochbuie

Under the Infrastructure Funding and Acquisition Agreement, the District is required to reimburse the Developer for the cost of public improvements accepted by the District plus interest at a rate of seven percent (7%) per annum. Payments made by the District are subject to annual appropriation and budget approval and are not to be made from funds otherwise required

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

for operations and maintenance or debt service on the District's senior bonds. The District also agreed to provide for the reimbursement from funds available from bonds issued by the District. As of December 31, 2021, there was $140,830 in principal and $11,423 in accrued and unpaid interest outstanding under the District's Infrastructure Funding and Acquisition Agreement.

Infrastructure Acquisition Agreement By and Between Lochbuie Station Residential Metropolitan District, CW- Lochbuie, LLC and Lochbuie Real Estate Partners, LLC

The District entered into an Infrastructure Acquisition Agreement with the Developer and Lochbuie Real Estate Partners, LLC (LREP) on October 31, 2019 to establish the terms and conditions for reimbursement by the District for the costs of design and construction of certain improvements constructed by LREP on behalf of and for the benefit of the District. Under the agreement, all rights of payment related to such improvements are assigned by LREP to the Developer. Interest on unpaid advances accrues at a rate of seven percent (7%) per annum. Payments made by the District are subject to annual appropriation and budget approval and are not to be made from funds otherwise required for operations and maintenance or debt service on the District's senior bonds. There are no outstanding amounts due under this agreement as of December 31, 2021.

Debt Authorization

As of December 31, 2021, the District has authorized but unissued indebtedness of $64,344,000. The District has not budgeted to issue any new debt during 2022.

NOTE 6 – FUND EQUITY

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of $2,772 represents prepaid expenditures for the ensuing fiscal year and is therefore not in a spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of $1,600 is comprised of the emergency reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

The restricted fund balance in the Debt Service Fund in the amount of $635,349 is to be used exclusively for debt service requirements.

The restricted fund balance in Capital Projects Fund in the amount of $241,309 is to be used exclusively for capital projects.

NOTE 6 – FUND EQUITY (CONTINUED)

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of $1,940 is assigned for subsequent year's expenditures.

Unassigned Fund Balance

The District anticipates that the deficit unassigned fund balance in the amount of $230 will be eliminated with developer advances.

NOTE 7 - NET POSITION

The District's net position consists of two components - restricted and unrestricted.

The restricted portion of the net position include amounts that are restricted either externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2021 is as follows:

	Governmental Activities
Restricted net position:	
TABOR emergency reserve (Note 9)	$ 1,600
Capital projects	241,309
	$ 242,909

NOTE 8- RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, the District may be 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 (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, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool

NOTE 8- RISK MANAGEMENT (CONTINUED)

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.

NOTE 9 - 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, except Enterprise.

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

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

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

SUPPLEMENTAL INFORMATION

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	$ 1,225	$ 1,225	$ 1,223	$ (2)
Interest	200	350	375	25
Total revenues	1,425	1,575	1,598	23
EXPENDITURES				
Interest - Series 2020A Bonds	203,838	203,838	203,838	-
Paying agent and cash management fee	3,500	10,000	7,074	2,926
Total expenditures	207,338	213,838	210,912	2,926
EXCESS OF EXPENDITURES OVER REVENUES	(205,913)	(212,263)	(209,314)	2,949
OTHER FINANCING SOURCES				
Transfer from general fund	-	7,000	5,777	(1,223)
Total other financing sources	-	7,000	5,777	(1,223)
NET CHANGE IN FUND BALANCE	(205,913)	(205,263)	(203,537)	1,726
FUND BALANCE - BEGINNING OF YEAR	838,886	838,886	838,886	-
FUND BALANCE - END OF YEAR	$ 632,973	$ 633,623	$ 635,349	$ 1,726

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest	$ 300	$ 140	$ (160)
Total revenues	300	140	(160)
EXPENDITURES			
Developer advance repayments - principal	1,843,985	1,843,985	-
Cash management fees	100	54	46
Total expenditures	1,844,085	1,844,039	46
NET CHANGE IN FUND BALANCE	(1,843,785)	(1,843,899)	(114)
FUND BALANCE - BEGINNING OF YEAR	2,084,846	2,085,208	362
FUND BALANCE - END OF YEAR	$ 241,061	$ 241,309	$ 248

OTHER INFORMATION

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2021

$3,545,000
General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds
Series 2020A
Dated July 16, 2020
Interest Rate 5.75%
Interest payable June 1 and December 1; Principal due December 1

	Principal	Interest	Total
2022	$ -	$ 203,838	$ 203,838
2023	-	203,838	203,838
2024	-	203,838	203,838
2025	-	203,838	203,838
2026	40,000	203,838	243,838
2027	40,000	201,538	241,538
2028	50,000	199,238	249,238
2029	50,000	196,362	246,362
2030	60,000	193,488	253,488
2031	60,000	190,038	250,038
2032	70,000	186,588	256,588
2033	75,000	182,562	257,562
2034	85,000	178,250	263,250
2035	90,000	173,362	263,362
2036	100,000	168,188	268,188
2037	105,000	162,438	267,438
2038	115,000	156,400	271,400
2039	125,000	149,788	274,788
2040	135,000	142,600	277,600
2041	145,000	134,838	279,838
2042	160,000	126,500	286,500
2043	165,000	117,300	282,300
2044	180,000	107,812	287,812
2045	190,000	97,462	287,462
2046	210,000	86,538	296,538
2047	220,000	74,462	294,462
2048	240,000	61,812	301,812
2049	255,000	48,012	303,012
2050	580,000	33,346	613,346
	$ 3,545,000	$ 4,388,112	$ 7,933,112

LOCHBUIE STATION RESIDENTIAL METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2021

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Total Property Taxes Levied	Total Property Taxes Collected	Percentage Collected to Levied
2020	$ 10	55.277	$ 1	$ 1	100.00%
2021	$ 24,320	55.663	$ 1,354	$ 1,352	100.00%
Estimated for the year ending December 31, 2022	$ 100,990	55.681	$ 5,624		

NOTE:
Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the county treasurer does not permit identification of specific year of assessment.