

LARKRIDGE METROPOLITAN DISTRICT NO. 2

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
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Website: <https://larkridgemd1-2.colorado.gov/>

NOTICE OF REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Jonathan Perlmutter	President	2023/May 2023
Shell D. Cook	Assistant Secretary	2022/May 2022
Doug Ernst	Treasurer	2022/May 2022
Jay Perlmutter	Assistant Secretary	2023/May 2023
Brain Heinze	Assistant Secretary	2023/May 2022
Ann E. Finn	Secretary	

DATE: June 8, 2021

TIME: 11:00 a.m.

PLACE: DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD VIA ZOOM WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE SEE THE BELOW REFERENCED ZOOM MEETING INFORMATION.

<https://us02web.zoom.us/j/88049710223?pwd=WUY2eTUyQ3IHK1NlaGJYVDNIaXZnZz09>

Phone: 1 (346) 248-7799 or 1 (669) 900-9128

Meeting ID: 880 4971 0223

Password: 352893

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Confirm quorum, location of the meeting and posting of meeting notices and designate 24 hour posting location. Approve Agenda

C. Review and approve the Minutes of the November 3, 2020 Special Meeting (enclosure).

- D. Consider authorizing interested Board Members to attend the 2021 Special District Association’s Annual Conference in Keystone on September 14, 15 and 16, 2021.
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II. PUBLIC COMMENTS

- A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.
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III. FINANCIAL MATTERS

- A. Review and ratify approval of payment of claims for periods indicated below (enclosures):

Fund	Period ending Nov. 12, 2020	Special Check Nov. 16, 2020	Period ending Dec. 9, 2020	Period ending January 20, 2021
General	\$ 12,716.09	\$ 297.00	\$ 16,351.11	\$ 4,229.84
Capital	\$ -0-	\$ -0-	\$ 2,030.00	\$ -0-
Total	\$ 12,716.09	\$ 297.00	\$ 18,381.11	\$ 4,229.84

Fund	Period ending February 8, 2021	Period ending March 26, 2021	Period ending April 23, 2021	Period ending May 25, 2021
General	\$ 3,209.00	\$ 5,402.50	\$ 2,416.91	\$ 2,572.07
Capital	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Debt	\$ 4,000.00	\$ -0-	\$ -0-	\$ -0-
Total	\$ 7,209.00	\$ 5,402.50	\$ 2,416.91	\$ 2,572.07

- B. Review and accept unaudited quarterly financial statements through the period ending March 31, 2021 and the schedule of cash position statement dated March 31, 2021 (enclosure).
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- C. Conduct Public Hearing to consider amendment of the 2020 Budget. Consider adoption of Second Amendment to Resolution to Amend the 2020 Budget (enclosure).
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- D. Review and consider approval of 2020 (draft audit – enclosed) Audit and authorize execution of Representations Letter (enclosure).
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- E. Consider setting the date for a Public Hearing to adopt the 2022 Budget for October 12, 2021, at 11:00 a.m., to be held at Jordon Perlmutter & Co., 1601 Blake St. Suite 600, Denver, CO 80202 or virtually pending COVID-19 restrictions.
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- F. Acknowledge direction for the District to pay reasonable attorney's fees of Thornton 164 LLC relative to conveyance of public improvements to the District.
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IV. LEGAL MATTERS

- A. Review and consider approval of Operation Funding Agreement by and between Larkridge Metropolitan District No. 2 (the "District") and Thornton 164 LLC (to be distributed).
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- B. Discuss status of conveyance of Easements.
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- C. Review and consider adoption of Second Amendment to Resolution No. 2013-11-03; Resolution Regarding Colorado Open Records Act Requests (enclosure).
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V. OPERATIONS

- A. Discuss Operation and Maintenance Agreement by and between the District and Thornton 164 LLC (referenced in the Easement Agreements).
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- B. Discuss need for Service Agreement for Locate Services.
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VI. CAPITAL MATTERS

- A. _____
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VII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR
OCTOBER 12, 2021 – BUDGET HEARING.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE LARKRIDGE METROPOLITAN DISTRICT NO. 2 HELD NOVEMBER 3, 2020

A Special Meeting of the Board of Directors (referred to hereafter as the “Board”) of the Larkridge Metropolitan District No. 2 (the “District”) was convened on Tuesday, the 3rd day of November, 2020 at 11:00 a.m. Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to the control of the spread of the virus by limiting in-person contact, the District Board meeting was held and properly noticed to be held via telephone conference. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Shell D. Cook
Jonathan Perlmutter
Jay Perlmutter
Douglas Ernst

Also In Attendance Were:

Ann E. Finn and Matt Cohrs; Special District Management Services, Inc.

MaryAnn M. McGeady, Esq. and Kate Olson, Esq.; McGeady Becher P.C.

Alex Fink; CliftonLarsonAllen LLP

David Dansky; Foster Graham Milstein & Calisher, LLP (for a portion of the meeting)

Brian S. Heinze; Board Candidate

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Ms. Finn noted that a quorum was present and requested that members of the Board disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. It was noted that all Directors’ Disclosure Statements had been filed.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: Ms. Finn distributed for the Board's review and approval a proposed Agenda for the District's Special Meeting.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Cook and, upon vote, unanimously carried, the Agenda was approved, as presented.

Confirm Location of Meeting/Posting of Meeting Notices: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. It was noted that due to concerns regarding the spread of the COVID-19 and the benefits to the control of the spread of the virus by limiting in-person contact, the District Board meeting was held and properly noticed to be held via telephone conference, without any individuals (neither District representatives nor the general public) attending in person. The Board further noted that notice providing the conference bridge information was duly posted and that they have not received any objections or any requests that the means of hosting the meeting be changed by taxpaying electors within the District's boundaries.

Board Appointment: The Board discussed the vacancy on the Board. It was noted that pursuant to Section 32-1-808(2)(a)(I), C.R.S., publication of a Notice of Vacancy on the Board was published in a newspaper having general circulation in the District and that no Letters of Interest from qualified eligible electors were received within ten (10) days of the date of such publication.

As such, eligible elector, Brian Heinze, was nominated to serve on the Board. Following discussion, upon motion duly made by Director Jonathan Perlmutter, seconded by Director Jay Perlmutter, and upon vote unanimously carried, the Board appointed Brian Heinze to fill the vacancy on the Board. The Oath of Office was administered. The Board retained the same slate of officers, with Director Heinze being appointed as an Assistant Secretary.

Resolution No. 2020-11-01; Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices: The Board discussed Resolution No. 2020-11-01; Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices.

The Board determined to meet on June 8, 2021 and October 12, 2021 at 11:00 a.m. at the offices of Jordon Perlmutter & Co., 1601 Blake Street, Suite 600, Denver, Colorado 80202.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Cook and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-11-01; Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices.

§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2021: The Board discussed §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2021.

Following discussion, upon motion duly made by Director Jonathan Perlmutter, seconded by Director Ernst and, upon vote, unanimously carried, the Board determined to post the required transparency notice information on the Special District Association's website.

Minutes: The Board reviewed the Minutes of the June 9, 2020 Special Meeting.

Following discussion, upon motion duly made by Director Ernst, seconded by Director Jay Perlmutter and, upon vote, unanimously carried, the Board approved the Minutes of the June 9, 2020 Special Meeting.

**PUBLIC
COMMENTS**

There were no public comments.

**FINANCIAL
MATTERS**

Claims: The Board considered ratifying the approval of the payment of claims as follows:

Fund	Period ending June 17, 2020	Period ending July 9, 2020	Period ending Aug. 17, 2020	Period ending Sept. 14, 2020
General	\$ 14,796.72	\$ 1,794.85	\$ 11,962.70	\$ 4,113.08
Capital	\$ -0-	\$ 2,170.00	\$ -0-	\$ -0-
Total	\$ 14,796.72	\$ 3,964.85	\$ 11,962.70	\$ 4,113.08

Fund	Period ending Oct. 7, 2020
General	\$ 2,372.54
Capital	\$ -0-
Total	\$ 2,372.54

Following discussion, upon motion duly made by Director Ernst, seconded by Director Jonathan Perlmutter and, upon vote, unanimously carried, the Board ratified the approval of the payment of claims, as presented.

Unaudited Financial Statements: Mr. Fink reviewed with the Board the unaudited quarterly financial statements of the District through the period ending June 30, 2020 and the schedule of cash position statement dated November 2, 2020.

RECORD OF PROCEEDINGS

Following review and discussion, upon motion duly made by Director Ernst, seconded by Jay Perlmutter and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending June 30, 2020 and the schedule of cash position statement dated November 2, 2020.

2020 Audit Preparation: Mr. Fink reviewed with the Board the Audit Engagement Letter from Dazzio & Associates, PC to perform the 2020 Audit.

Following review and discussion, upon motion duly made by Director Ernst, seconded by Director Jay Perlmutter and, upon vote, unanimously carried, the Board approved the engagement of Dazzio & Associates, PC to perform the 2020 Audit, for an amount not to exceed \$5,000.

2020 Budget Amendment Hearing: The Board opened the public hearing to consider a Resolution to Amend the 2020 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2020 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to or at this public hearing. No public comments were received and the President closed the public hearing.

Following review and discussion, Director Jay Perlmutter moved to adopt the Resolution to Amend 2020 Budget, Director Ernst seconded the motion and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-11-02 to Amend the 2020 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

2021 Budget Hearing: The President opened the public hearing to consider the proposed 2021 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2021 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received and the public hearing was closed.

Mr. Fink reviewed the estimated 2020 expenditures and the proposed 2021 expenditures with the Board.

Following discussion, the Board considered the adoption of Resolution No. 2020-11-03 to Adopt the 2021 Budget and Appropriate Sums of Money and Resolution No. 2020-11-04 to Set Mill Levies (for the General Fund at 7.500 mills and the Debt Service Fund at 40.000 mills, for a total of 47.5 mills). Upon motion duly made by

RECORD OF PROCEEDINGS

Director Jay Perlmutter, seconded by Director Ernst and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2020. Ms. Finn was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Adams County not later than December 15, 2020. Ms. Finn was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2021. Copies of the adopted Resolutions are attached hereto and incorporated herein by this reference.

Payment of Legal Fees: Following discussion, the Board authorized the District to pay the Developer's legal fees, as long as reasonable, for work associated with the conveyance of public improvements to the District, noting that the Developer is only getting paid a nominal amount for the conveyance of those public improvements.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Cook, seconded by Director Ernst and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Preparation of the 2022 Budget: The Board discussed preparation of the 2022 Budget.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2022 Budget.

Cost Verification Letter from EVO Consulting Services, Inc., dated September 18, 2020: The Board reviewed the Engineer's Cost Verification Letter from EVO Consulting Services, Inc., dated September 18, 2020.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Jonathan Perlmutter and, upon vote, unanimously carried, the Board approved the Engineer's Cost Verification Letter from EVO Consulting Services, Inc., dated September 18, 2020, for the amount of \$252,011.52.

RECORD OF PROCEEDINGS

Operation Funding Agreement between the District and Thornton 164 LLC:

The Board deferred discussion of an Operation Funding Agreement between the District and Thornton 164 LLC.

LEGAL MATTERS

Conveyance of Easements:

Easement Agreement (District Road – Parcel 4) between WashCo LLC and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (District Road – Parcel 4) between WashCo LLC and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (District Road – Parcel 4) between WashCo LLC and the District.

Easement Agreement (Sidewalks and Landscaping – Parcel K) between Costco Wholesale Corporation and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Sidewalks and Landscaping – Parcel K) between Costco Wholesale Corporation and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Sidewalks and Landscaping – Parcel K) between Costco Wholesale Corporation and the District.

Easement Agreement (Sidewalks and Landscaping – Parcels A, G and N) between Pedcor Investments–2017-CLXII, L.P. and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Sidewalks and Landscaping – Parcels A, G and N) between Pedcor Investments–2017-CLXII, L.P. and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Sidewalks and Landscaping – Parcels A, G and N) between Pedcor Investments–2017-CLXII, L.P. and the District.

Easement Agreement (Sidewalks and Landscaping – Parcel B) between Kaiser Foundation Health Plan of Colorado and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Sidewalks and Landscaping – Parcel B) between Kaiser Foundation Health Plan of Colorado and the District.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Sidewalks and Landscaping – Parcel B) between Kaiser Foundation Health Plan of Colorado and the District.

Easement Agreement (Sidewalks and Landscaping – Parcel L) between Larkridge F&D LLC and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Sidewalks and Landscaping – Parcel L) between Larkridge F&D LLC and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Sidewalks and Landscaping – Parcel L) between Larkridge F&D LLC and the District.

Easement Agreement (Storm Drainage – Parcels 43, 44 and 45) between Pedcor Investments–2017-CLXII, L.P. and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Storm Drainage – Parcels 43, 44 and 45) between Pedcor Investments–2017-CLXII, L.P. and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Storm Drainage – Parcels 43, 44 and 45) between Pedcor Investments–2017-CLXII, L.P. and the District.

Easement Agreement (Storm Drainage – Parcels 39, 40, 41 and 42) between Kaiser Foundation Health Plan of Colorado and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Storm Drainage – Parcels 39, 40, 41 and 42) between Kaiser Foundation Health Plan of Colorado and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Storm Drainage – Parcels 39, 40, 41 and 42) between Kaiser Foundation Health Plan of Colorado and the District.

Easement Agreement (Storm Drainage – Parcel 49) between EPR Thornton Holdings, LLC and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Storm Drainage – Parcel 49) between EPR Thornton Holdings, LLC and the District.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Storm Drainage – Parcel 49) between EPR Thornton Holdings, LLC and the District.

Easement Agreement (Storm Drainage – Parcels 22, 36 and 47) between WashCo LLC and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Storm Drainage – Parcels 22, 36 and 47) between WashCo LLC and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Storm Drainage – Parcels 22, 36 and 47) between WashCo LLC and the District.

Easement Agreement (Storm Drainage – Parcels 4 and 5) between Larkridge F&D LLC and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Storm Drainage – Parcels 4 and 5) between Larkridge F&D LLC and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Storm Drainage – Parcels 4 and 5) between Larkridge F&D LLC and the District.

Easement Agreement (Storm Drainage – Parcel 35) between Site C LLC and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Storm Drainage – Parcel 35) between Site C LLC and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Storm Drainage – Parcel 35) between Site C LLC and the District.

Easement Agreement (Storm Drainage – Parcels 25 and 26) between Costco Wholesale Corporation and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement (Storm Drainage – Parcels 25 and 26) between Costco Wholesale Corporation and the District.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement (Storm Drainage – Parcels 25 and 26) between Costco Wholesale Corporation and the District.

Easement Agreement [to remove Parcels 25 and 26, which are owned by Costco Wholesale Corporation] (Storm Drainage – 1, 2, 3, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24, 27, 33, 34, 37, and 38) between Thornton 164 LLC and the District: Attorneys McGeady and Olson reviewed with the Board an Easement Agreement [to remove Parcels 25 and 26, which are owned by Costco Wholesale Corporation] (Storm Drainage – 1, 2, 3, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24, 27, 33, 34, 37, and 38) between Thornton 164 LLC and the District.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Ernst, and upon vote, unanimously carried, the Board approved the Easement Agreement [to remove Parcels 25 and 26, which are owned by Costco Wholesale Corporation] (Storm Drainage – 1, 2, 3, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24, 27, 33, 34, 37, and 38) between Thornton 164 LLC and the District.

Monuments:

Monument (along I-25):

First Amendment to Monument Funding and Acquisition Agreement by and between the District and Thornton 164 LLC: The Board reviewed a First Amendment to Monument Funding and Acquisition Agreement by and between the District and Thornton 164 LLC.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Cook and, upon vote, unanimously carried, the Board approved the First Amendment to Monument Funding and Acquisition Agreement by and between the District and Thornton 164 LLC.

Monument (corner of E. 164th Ave. and N. Washington St.):

First Amendment to Monument Funding and Acquisition Agreement by and between the District and Thornton 164 LLC: The Board reviewed a First Amendment to Monument Funding and Acquisition Agreement by and between the District and Thornton 164 LLC.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Cook and, upon vote, unanimously carried, the Board approved the First Amendment to Monument Funding and Acquisition Agreement by and between the District and Thornton 164 LLC.

Bill of Sale between the District and Thornton 164 LLC: The Board reviewed a Bill of Sale between the District and Thornton 164 LLC.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Cook and, upon vote, unanimously carried, the Board approved the Bill of Sale between the District and Thornton 164 LLC referenced in the Easement Agreements.

Monument (corner of E. 162nd Ave. and N. Washington St.):

Monument Funding and Acquisition Agreement by and between the District and Thornton 164 LLC: The Board reviewed a Monument Funding and Acquisition Agreement by and between the District and Thornton 164 LLC.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Cook and, upon vote, unanimously carried, the Board ratified approval of the First Amendment to Monument Funding and Acquisition Agreement by and between the District and Thornton 164 LLC

Bill of Sale between the District and Thornton 164 LLC: The Board reviewed a Bill of Sale between the District and Thornton 164 LLC.

Following discussion, upon motion duly made by Director Jay Perlmutter, seconded by Director Cook and, upon vote, unanimously carried, the Board ratified approval of the Bill of Sale between the District and Thornton 164 LLC referenced in the Easement Agreements.

Operation and Maintenance Agreement between the District and Thornton 164 LLC referenced in the Easement Agreements: The Board deferred discussion of an Operations and Maintenance Agreement between the District and Thornton 164 LLC referenced in the Easement Agreements.

OPERATIONS

Service Agreement for Locate Services: The Board entered into discussion regarding a Service Agreement for Locate Services between the District and Diversified Underground, Inc.

RECORD OF PROCEEDINGS

Following discussion, the Board deferred consideration of the Service Agreement for Locate Services between the District and Diversified Underground, Inc.

CAPITAL MATTERS

There were no capital matters.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Jay Perlmutter, seconded by Director Cook and, upon vote, unanimously carried, the Special Meeting was adjourned.

Respectfully submitted,

By: _____
Secretary for the Meeting

Check No/Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1744						
11/12/2020	CliftonLarsonAllen LLP	2636154	Accounting	1-7000	1,041.71	1,041.71
11/12/2020	CliftonLarsonAllen LLP	2669856	Accounting	1-7000	1,125.95	1,125.95
Total 1744:						<u>2,167.66</u>
1745						
11/12/2020	Colorado Community Media	9099	Miscellaneous	1-7480	10.90	10.90
Total 1745:						<u>10.90</u>
1746						
11/12/2020	Colorado Special Districts P	POL-0004662	Insurance and B	1-7360	3,353.00	3,353.00
Total 1746:						<u>3,353.00</u>
1747						
11/12/2020	McGeady Becher P.C.	699M 09/2020	Legal Services	1-7460	4,674.66	4,674.66
Total 1747:						<u>4,674.66</u>
1748						
11/12/2020	Special Dist Mgmt Services	10/2020	District Manage	1-7440	2,014.87	2,014.87
Total 1748:						<u>2,014.87</u>
1749						
11/12/2020	T Charles Wilson Insurance	9196	Insurance and B	1-7360	495.00	495.00
Total 1749:						<u>495.00</u>
Grand Totals:						<u><u>12,716.09</u></u>

Larkridge Metropolitan District No. 2
November-20

	General	Capital	Totals
Disbursements	\$ 12,716.09		\$ 12,716.09
Total Disbursements from Checking Acct	\$ 12,716.09	\$ -	\$ 12,716.09

• Special Check •

Larkridge Metropolitan
District No. 2

Check Register - LRMD2
Check Issue Dates: 11/16/2020 - 11/30/2020

Page: 1
Nov 16, 2020 10:43AM

Check No/Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1750						
11/16/2020	Colorado Special Districts P	POL-0001824 A	Insurance and B	1-7360	297.00	<u>297.00</u>
Total 1750:						<u>297.00</u>
Grand Totals:						<u><u>297.00</u></u>

Larkridge Metropolitan District No. 2

November-20

SPECIAL CHECK

	General	Capital	Totals
Disbursements	\$ 297.00		\$ 297.00
<u>Total Disbursements from Checking Acct</u>	<u>\$ 297.00</u>	<u>\$ -</u>	<u>\$ 297.00</u>

Check No/Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1751						
12/09/2020	CliftonLarsonAllen LLP	2691587	Accounting	1-7000	1,445.80	1,445.80
Total 1751:						1,445.80
1752						
12/09/2020	EVO Consulting Services, In	1191	Engineering	3-7350	2,030.00	2,030.00
Total 1752:						2,030.00
1753						
12/09/2020	Foster Graham Milstein & C	172915	Legal Services	1-7460	973.50	973.50
12/09/2020	Foster Graham Milstein & C	175981	Legal Services	1-7460	1,881.00	1,881.00
Total 1753:						2,854.50
1754						
12/09/2020	McGeady Becher P.C.	699M 10/2020	Legal Services	1-7460	10,629.24	10,629.24
Total 1754:						10,629.24
1755						
12/09/2020	Special Dist Mgmt Services	11/2020	District Manage	1-7440	1,421.57	1,421.57
Total 1755:						1,421.57
Grand Totals:						18,381.11

Larkridge Metropolitan District No. 2

December-20

	General	Capital	Totals
Disbursements	\$ 16,351.11	\$ 2,030.00	\$ 18,381.11
<u>Total Disbursements from Checking Acct</u>	<u>\$ 16,351.11</u>	<u>\$ 2,030.00</u>	<u>\$ 18,381.11</u>

Check No/Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1756						
01/20/2021	CliftonLarsonAllen LLP	2717448	Accounting	1-7000	553.09	<u>553.09</u>
Total 1756:						<u>553.09</u>
1757						
01/20/2021	Foster Graham Milstein & C	177202	Legal Services	1-7460	280.50	<u>280.50</u>
Total 1757:						<u>280.50</u>
1758						
01/20/2021	McGeady Becher P.C.	699M 11/2020	Legal Services	1-7460	2,656.40	<u>2,656.40</u>
Total 1758:						<u>2,656.40</u>
1759						
01/20/2021	Special Dist Mgmt Services	12/2020	District Manage	1-7440	739.85	<u>739.85</u>
Total 1759:						<u>739.85</u>
Grand Totals:						<u><u>4,229.84</u></u>

Larkridge Metropolitan District No. 2

January-21

	General	Capital	Totals
Disbursements	\$ 4,229.84		\$ 4,229.84
Total Disbursements from Checking Acct	\$ 4,229.84	\$ -	\$ 4,229.84

Check No/Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1760						
02/08/2021	CliftonLarsonAllen LLP	2737928	Accounting	1-7000	1,759.50	<u>1,759.50</u>
Total 1760:						<u>1,759.50</u>
1761						
02/08/2021	McGeady Becher P.C.	699M 12/2020	Legal Services	1-7460	266.76	<u>266.76</u>
Total 1761:						<u>266.76</u>
1762						
02/08/2021	Special Dist Mgmt Services	01/2021	District Manage	1-7440	835.86	<u>835.86</u>
Total 1762:						<u>835.86</u>
1763						
02/08/2021	Special District Association	2021 DUES	Dues and Subsc	1-7365	346.88	<u>346.88</u>
Total 1763:						<u>346.88</u>
1764						
02/08/2021	UMB Bank, N.A.	814525	Paying agent / tr	2-7450	4,000.00	<u>4,000.00</u>
Total 1764:						<u>4,000.00</u>
Grand Totals:						<u><u>7,209.00</u></u>

Larkridge Metropolitan District No. 2
February-21

	General	Capital	Debt	Totals
Disbursements	\$ 3,209.00		\$ 4,000.00	\$ 7,209.00
<u>Total Disbursements from Checking Acct</u>	<u>\$ 3,209.00</u>	<u>\$ -</u>	<u>\$</u>	<u>\$ 7,209.00</u>

Check No/Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1765						
03/26/2021	CliftonLarsonAllen LLP	2767994	Accounting	1-7000	4,279.54	4,279.54
Total 1765:						<u>4,279.54</u>
1766						
03/26/2021	McGeady Becher P.C.	699M 01/2021	Legal Services	1-7460	310.65	310.65
03/26/2021	McGeady Becher P.C.	699M 02/2021	Legal Services	1-7460	246.91	246.91
Total 1766:						<u>557.56</u>
1767						
03/26/2021	Special Dist Mgmt Services	02/2021	District Manage	1-7440	565.40	565.40
Total 1767:						<u>565.40</u>
Grand Totals:						<u><u>5,402.50</u></u>

Larkridge Metropolitan District No. 2
March-21

	General	Capital	Debt	Totals
Disbursements	\$ 5,402.50			\$ 5,402.50
Total Disbursements from Checking Acct	\$ 5,402.50	\$ -		\$ 5,402.50

Check No/Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1768						
04/23/2021	CliftonLarsonAllen LLP	2813356	Accounting	1-7000	1,485.75	<u>1,485.75</u>
Total 1768:						<u>1,485.75</u>
1769						
04/23/2021	McGeady Becher P.C.	699M 03/21	Legal Services	1-7460	396.76	<u>396.76</u>
Total 1769:						<u>396.76</u>
1770						
04/23/2021	Special Dist Mgmt Services	03/2021	District Manage	1-7440	534.40	<u>534.40</u>
Total 1770:						<u>534.40</u>
Grand Totals:						<u><u>2,416.91</u></u>

Larkridge Metropolitan District No. 2
April-21

	General	Capital	Debt	Totals
Disbursements	\$ 2,416.91			\$ 2,416.91
<u>Total Disbursements from Checking Acct</u>	<u>\$ 2,416.91</u>	<u>\$ -</u>		<u>\$ 2,416.91</u>

Check No/Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1771						
05/25/2021	CliftonLarsonAllen LLP	2863325	Accounting	1-7000	1,576.96	1,576.96
Total 1771:						1,576.96
1772						
05/25/2021	McGeady Becher P.C.	699M 04/2021	Legal Services	1-7460	620.11	620.11
Total 1772:						620.11
1773						
05/25/2021	Special Dist Mgmt Services	04/2021	District Manage	1-7440	375.00	375.00
Total 1773:						375.00
Grand Totals:						2,572.07

Larkridge Metropolitan District No. 2
May-21

	General	Capital	Debt	Totals
Disbursements	\$ 2,572.07			\$ 2,572.07
Total Disbursements from Checking Acct	\$ 2,572.07	\$ -		\$ 2,572.07

LARKRIDGE METROPOLITAN DISTRICT NO. 2

FINANCIAL STATEMENTS

MARCH 31, 2021

LARKRIDGE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2021

	General	Debt Service	Total
ASSETS			
Wells Fargo checking	\$ 1,070	\$ -	\$ 1,070
CSAFE	1,592	10,886	12,478
UMB - 2019 Bond Fund	-	883,196	883,196
UMB - 2019 Reserve Fund	-	1,275,424	1,275,424
Property tax receivable from TDA	32,019	170,857	202,876
Receivable from County Treasurer	692	3,691	4,383
UMB - 2019 Surplus Fund	-	707,343	707,343
TOTAL ASSETS	\$ 35,373	\$ 3,051,397	\$ 3,086,770
 LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 24,314	\$ 4,000	\$ 28,314
Total Liabilities	24,314	4,000	28,314
 FUND BALANCES			
Total Fund Balances	11,059	3,047,397	3,058,456
TOTAL LIABILITIES AND FUND BALANCES	\$ 35,373	\$ 3,051,397	\$ 3,086,770

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

GENERAL FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Interest income	\$ -	\$ 81	\$ 81
Property taxes	1,520	500	(1,020)
Property taxes received through TDA	97,378	32,019	(65,359)
Specific ownership tax	7,027	1,337	(5,690)
TOTAL REVENUES	<u>105,925</u>	<u>33,937</u>	<u>(71,988)</u>
EXPENDITURES			
Accounting	25,000	7,527	17,473
Audit	5,250	-	5,250
Contingency	5,327	-	5,327
County Treasurer's fee	23	9	14
District management	20,000	1,936	18,064
Dues and membership	400	347	53
Fence and sign maintenance	10,000	-	10,000
Insurance and bonds	3,000	4,584	(1,584)
Legal	30,000	954	29,046
Miscellaneous	1,000	46	954
TOTAL EXPENDITURES	<u>100,000</u>	<u>15,403</u>	<u>84,597</u>
NET CHANGE IN FUND BALANCES	5,925	18,534	12,609
FUND BALANCES - BEGINNING	<u>2,100</u>	<u>(7,475)</u>	<u>(9,575)</u>
FUND BALANCES - ENDING	<u>\$ 8,025</u>	<u>\$ 11,059</u>	<u>\$ 3,034</u>

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SUPPLEMENTARY INFORMATION

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

DEBT SERVICE FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Interest income	\$ 6,900	\$ 873	\$ (6,027)
Property taxes	8,111	2,668	(5,443)
Property taxes received through TDA	519,351	170,857	(348,494)
Specific ownership tax	37,476	7,129	(30,347)
TOTAL REVENUES	<u>571,838</u>	<u>181,527</u>	<u>(390,311)</u>
EXPENDITURES			
Banking fees	1,000	-	1,000
Bond interest - Series 2019	801,675	-	801,675
Contingency	15,203	-	15,203
County Treasurer's fee	122	46	76
Paying agent fees	5,000	4,000	1,000
TOTAL EXPENDITURES	<u>823,000</u>	<u>4,046</u>	<u>818,954</u>
NET CHANGE IN FUND BALANCES	(251,162)	177,481	428,643
FUND BALANCES - BEGINNING	<u>2,874,533</u>	<u>2,869,916</u>	<u>(4,617)</u>
FUND BALANCES - ENDING	<u>\$ 2,623,371</u>	<u>\$ 3,047,397</u>	<u>\$ 424,026</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order of the District Court in May 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Thornton, Colorado.

The District was established to provide public streets, traffic and safety protection, water, storm sewer, sanitary sewer, park and recreation, transportation, and mosquito control facilities and improvements for the use and benefit of the inhabitants and taxpayers of the District.

At the organizational election for the District, the voters approved authorization to increase property taxes up to \$100,000 annually, as necessary, to pay for the operations and maintenance expenditures of the District. Total debt authorization was also approved in the amount of \$500,000 for operations; \$5,254,772 for streets; \$1,124,512 for water; \$4,815,716 for sanitary sewer; \$11,695,000 for intergovernmental agreements; and \$11,695,000 for refunding debt. At elections on May 6, 2008 and May 8, 2012, a majority of the qualified electors of the District authorized the issuance of additional indebtedness in an amount not to exceed \$136,000,000 at an interest rate not to exceed 12% per annum, for each election.

On November 6, 2018, a majority of the qualified electors of the District approved authorization to increase property taxes up to \$23,000,000 to pay for public improvement debt, operations and maintenance debt, refunding debt, and intergovernmental agreements as debt, for a total of \$322,000,000.

The District received a loan in 2007 in the amount of \$5,200,000, the proceeds of which were allocated to some of the voted debt authorization (the "2007 Refunded Loan"). When the District received a loan in 2014 to in part refund the 2007 Refunded Loan, \$2,050,000 of authorization was re-instated due to a reduction of a reserve fund requirement relating to the 2007 Refunded Loan as follows: \$750,000 for water; \$800,000 for sanitary sewer; and \$500,000 for streets.

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

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

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Property Taxes

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

The calculation of the taxes levied is displayed on the property tax summary information page.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7.0% of the property taxes collected by the General and Debt Service Funds, including the Property taxes received through TDA (see below).

Property Taxes Received Through TDA

The District has entered into a Tax Increment Sharing Agreement with the Thornton Development Authority (Authority), dated as of June 9, 2004, regarding the sharing of Tax Increment Revenues generated within the District. The Tax Increment Sharing Agreement provides that in consideration for the District providing public improvements and services, the Authority agrees that the portion of revenues which it receives as a result of ad valorem property tax increments, which are attributable to the District's current and future levy of ad valorem taxes on property within the Development and encompassed by the Urban Renewal Plan, shall be segregated upon receipt and shall be remitted by the Authority to the District within 45 days of the end of each quarter. The District will use such property tax revenue primarily to pay debt service on the Series 2019 General Obligation Refunding Bonds (discussed under Debts and Leases).

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.25%.

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, meeting expense, landscaping, maintenance and other administrative expenses.

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

County Treasurer's Fees

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

Debt Service

Principal and interest payments in 2021 are provided based on the debt amortization schedule from the Series 2019 General Obligation Refunding Bonds (discussed under Debt and Leases).

Repayment of Developer Advances

In accordance with the Operations Funding and Facilities Acquisition and Reimbursement Agreements, the District has documented claims for cash advances and expenditures made on behalf of the District by the Developer and acquisition of assets from the Developer or related parties. The District is to reimburse the Developer at such time that the District has funds not otherwise required for debt service or operations of the District. At December 31, 2020, the outstanding and unreimbursed contingent liability for these advances or acquisitions totaled \$9,521,537, principal and interest.

Debt and Leases

Series 2019 Bonds

On January 15, 2019, the District issued \$15,270,000 of General Obligation Refunding Bonds Series 2019. Proceeds from the sale of the Bonds will be used to (i) refund the 2014 Loan; (ii) pay project costs; (iii) partially fund the Reserve Fund; and, (iv) pay costs of issuance of the Bonds. The Bonds were issued at a rate of 5.250% per annum, payable semi-annually on June 1 and December 1, beginning on June 1, 2019. Annual mandatory fund principal payments are due on December 1, beginning on December 1, 2024. The Bonds mature on December 1, 2048.

The Bonds are secured by and payable solely from and to the extent of Pledged Revenue which is defined generally in the Indenture as:

- (a) moneys derived by the District from imposition of the Required Mill Levy, net of any costs of collection, whether received from the TDA pursuant to the TDA Cooperation Agreement, directly from the Adams County Treasurer, or otherwise;
- (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy, net any costs of collection; and
- (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

The Bonds are further secured by the Reserve Fund which is to be funded upon issuance of the Bonds in the amount of the Required Reserve equal to \$1,275,213 and by the Surplus Fund. Prior to the date the Conversion Date, Pledged Revenue that is not needed to pay debt service on the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$1,488,000. Upon the Conversion Date, both the Reserve Fund and the Surplus Fund will be terminated and any moneys therein remitted to the District for application to any lawful purpose of the District.

The District's current debt service schedule is attached. The District has no operating or capital leases.

Reserves

Emergency Reserve Funds

The District has provided for an Emergency Reserve equal to at least 3.0% of fiscal year spending for 2021 as defined under TABOR.

Debt Service Reserves

The Debt Service Reserve Fund Requirement is \$1,275,213.

The Maximum Surplus Amount is \$1,488,000.

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$15,270,000 General Obligation Refunding Bonds
Series 2019**

Interest 5.250%

Dated January 15, 2019

Interest Payable June 1 and December 1

Year Ended December 31,	Principal Due December 1		
	Principal	Interest	Total
2021	\$ -	\$ 801,675	\$ 801,675
2022	-	801,675	801,675
2023	-	801,675	801,675
2024	55,000	801,675	856,675
2025	225,000	798,788	1,023,788
2026	260,000	786,975	1,046,975
2027	270,000	773,325	1,043,325
2028	305,000	759,150	1,064,150
2029	325,000	743,138	1,068,138
2030	360,000	726,075	1,086,075
2031	380,000	707,175	1,087,175
2032	425,000	687,225	1,112,225
2033	445,000	664,913	1,109,913
2034	490,000	641,550	1,131,550
2035	515,000	615,825	1,130,825
2036	565,000	588,788	1,153,788
2037	595,000	559,125	1,154,125
2038	650,000	527,888	1,177,888
2039	685,000	493,763	1,178,763
2040	745,000	457,800	1,202,800
2041	780,000	418,688	1,198,688
2042	850,000	377,738	1,227,738
2043	890,000	333,113	1,223,113
2044	965,000	286,388	1,251,388
2045	1,015,000	235,725	1,250,725
2046	1,090,000	182,438	1,272,438
2047	1,150,000	125,213	1,275,213
2048	1,235,000	64,838	1,299,838
	<u>\$ 15,270,000</u>	<u>\$ 15,762,344</u>	<u>\$ 31,032,344</u>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

Larkridge Metropolitan District No. 2
Schedule of Developer Advances

	Balance at December 31, 2019*	Additions*	Payments*	Balance at December 31, 2020*
Developer advance payable	\$ 8,393,173	\$ 277,012	\$ -	\$ 8,670,185
Accrued interest on advances	404,213	447,139	-	851,352
	<u>\$ 8,797,386</u>	<u>\$ 724,151</u>	<u>\$ -</u>	<u>\$ 9,521,537</u>
	Balance at December 31, 2020*	Additions*	Payments*	Balance at December 31, 2021*
Developer advance payable	\$ 8,670,185	\$ -	\$ -	\$ 8,670,185
Accrued interest on advances	851,352	460,387	-	1,311,739
	<u>\$ 9,521,537</u>	<u>\$ 460,387</u>	<u>\$ -</u>	<u>\$ 9,981,924</u>

*Estimated amounts

LARKRIDGE METROPOLITAN DISTRICT NO. 2
Schedule of Cash Position
March 31, 2021
Updated as of May 20, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>Wells Fargo - Checking</u>			
Balance as of 3/31/21	\$ 1,070.27	\$ -	\$ 1,070.27
Subsequent activities:			
04/12/21 - Banking Fee	(29.56)	-	(29.56)
05/12/20 - Transfer from CSAFE - Savings	34,302.40	-	34,302.40
05/13/21 - Released Checks #1754, 1758, 1760-1770	(28,314.05)	-	(28,314.05)
<i>Anticipated Balance</i>	<u>7,029.06</u>	<u>-</u>	<u>7,029.06</u>
<u>CSAFE - Savings</u>			
Balance as of 3/31/21	1,591.83	10,886.29	12,478.12
Subsequent activities:			
04/10/21 - March PPTX Received	691.98	3,691.19	4,383.17
04/28/20 - TDA Q1 2020 Deposit	32,018.59	170,857.10	202,875.69
04/30/21 - Interest Income	-	0.53	0.53
05/12/20 - Transfer to Wells Fargo Checking	(34,302.40)	-	(34,302.40)
05/10/21 - April PPTX Received	1,253.20	6,685.66	7,938.86
<i>Anticipated transfer to the 2019 Bond Fund</i>	-	(192,120.77)	(192,120.77)
<i>Anticipated Balance</i>	<u>1,253.20</u>	<u>-</u>	<u>1,253.20</u>
<u>UMB Series 2019 - Bond Fund - 149225.1</u>			
Balance as of 3/31/21	-	883,195.99	883,195.99
Subsequent activities:			
04/01/21 - Transfer to Bond Fund	-	201.16	201.16
04/30/21 - Interest Income	-	21.92	21.92
<i>Anticipated transfer from CSAFE Savings</i>	-	192,120.77	192,120.77
<i>Anticipated 6/01 Debt Service Payment 2019</i>	-	(400,837.50)	(400,837.50)
<i>Anticipated Balance</i>	<u>-</u>	<u>674,702.34</u>	<u>674,702.34</u>
<u>UMB Series 2019 - Reserve Fund - 149225.2</u>			
Balance as of 3/31/21	-	1,275,424.24	1,275,424.24
Subsequent activities:			
04/01/21 - Transfer to Bond Fund	-	(201.16)	(201.16)
04/30/21 - Interest Income	-	31.61	31.61
<i>Anticipated Balance</i>	<u>-</u>	<u>1,275,254.69</u>	<u>1,275,254.69</u>
<u>UMB Series 2019 - Surplus Fund - 149225.3</u>			
Balance as of 3/31/21	-	707,342.82	707,342.82
Subsequent activities:			
04/30/21 - Interest Income	-	17.57	17.57
<i>Anticipated Balance</i>	<u>-</u>	<u>707,360.39</u>	<u>707,360.39</u>
<i>Total Anticipated Balance</i>	<u>\$ 8,282.26</u>	<u>\$ 2,657,317.42</u>	<u>\$ 2,665,599.68</u>

Yield Information as of 4/30/21

CSAFE - 0.03%

UMB invested in C-Safe - 0.03%

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
Property Taxes Reconciliation
2021

	Current Year									Prior Year			
	Property Taxes	Delinquent Taxes, Rebates and Abatements	TIF Increment	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received		
								Monthly	Y-T-D		Monthly	Y-T-D	
January	\$ -	\$ -	\$ -	\$ 2,478.57	\$ -	\$ -	\$ 2,478.57	0.00%	0.00%	\$ 2,472.28	0.00%	0.00%	
February	134,497.43	-	(132,459.69)	3,208.47	-	(30.57)	5,215.64	21.16%	21.16%	\$ 3,936.71	19.27%	19.27%	
March	74,636.28	-	(73,505.48)	2,778.49	498.31	(24.43)	4,383.17	11.74%	32.90%	\$ 2,334.85	2.47%	21.74%	
April	294,564.50	-	(290,101.61)	3,437.30	107.22	(68.55)	7,938.86	46.34%	79.24%	\$ 4,680.70	49.04%	70.78%	
May	-	-	-	-	-	-	-	0.00%	79.24%	\$ 3,402.86	0.55%	71.33%	
June	-	-	-	-	-	-	-	0.00%	79.24%	\$ 3,537.90	21.23%	92.55%	
July	-	-	-	-	-	-	-	0.00%	79.24%	\$ 3,007.16	0.21%	92.76%	
August	-	-	-	-	-	-	-	0.00%	79.24%	\$ 4,254.95	5.53%	98.29%	
September	-	-	-	-	-	-	-	0.00%	79.24%	\$ 3,019.14	1.51%	99.79%	
October	-	-	-	-	-	-	-	0.00%	79.24%	\$ 2,776.66	0.00%	99.79%	
November	-	-	-	-	-	-	-	0.00%	79.24%	\$ 2,893.62	0.00%	99.79%	
December	-	-	-	-	-	-	-	0.00%	79.24%	\$ 2,318.62	0.00%	99.79%	
Total	\$ 503,698.21	\$ -	\$ (496,066.78)	\$ 11,902.83	\$ 605.53	\$ (123.55)	\$ 20,016.24	79.24%	79.24%	\$ 38,635.45	99.79%	99.79%	

	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	Mills	Assessed Valuation
Property Tax						
General Fund	\$ 1,520	15.78%	\$ 1,204.42	79.24%	7.500	\$ 8,917,080
Debt Service Fund	\$ 8,111	84.22%	\$ 6,427.01	79.24%	40.000	(8,775,650)
	\$ 9,631	100.00%	\$ 7,631.43	79.24%	47.500	\$ 141,430
Specific Ownership Tax						
General Fund	\$ 7,027	15.79%	\$ 1,879.45	26.75%		
Debt Service Fund	\$ 37,476	84.21%	\$ 10,023.38	26.75%		
	\$ 44,503	100.00%	\$ 11,902.83	26.75%		
Treasurer's Fees						
General Fund	\$ 23	15.78%	\$ 19.50	84.78%		
Debt Service Fund	\$ 122	84.22%	\$ 104.05	85.29%		
	\$ 145	100.00%	\$ 123.55	85.21%		

SECOND AMENDMENT TO RESOLUTION TO AMEND 2020 BUDGET
LARKRIDGE METROPOLITAN DISTRICT NO. 2

WHEREAS, the Board of Directors of the Larkridge Metropolitan District No. 2 adopted a Resolution to Amend 2020 Budget on November 3, 2020 as follows:

General Fund	\$	90,000
Debt Service Fund	\$	820,000
Capital Project Fund	\$	300,000

WHEREAS, the necessity has arisen for additional expenditures in the General Fund requiring the unanticipated expenditure of funds in excess of those appropriated for the fiscal year 2020; and

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of adoption of the amended budget; and

WHEREAS, funds are available for such expenditures in the General Fund from developer advances;

WHEREAS, funds are available for such expenditures in Capital Project Fund from developer advances.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Larkridge Metropolitan District No. 2 shall and hereby does amend the amended Budget for the fiscal year 2020 and adopts a supplemental budget and appropriation for the General Fund for the fiscal year 2020, as follows:

General Fund:	\$	110,000
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BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the proper funds for the purposes stated.

DATED this 8th day of June, 2021.

LARKRIDGE METROPOLITAN DISTRICT NO. 2

By: _____

Secretary

**LARKRIDGE METROPOLITAN
DISTRICT NO. 2
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
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INSERT INDEPENDENT AUDITOR'S REPORT

BASIC FINANCIAL STATEMENTS

LARKRIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 8,242
Cash and Investments - Restricted	2,870,163
Receivable - County Treasurer	2,319
Property Tax Receivable	9,631
Prepaid Expenses	4,595
Capital Assets, Net:	
Construction in Progress	<u>12,702,643</u>
Total Assets	<u>15,597,593</u>
LIABILITIES	
Accounts Payable	22,878
Accrued Interest Payable	66,806
Noncurrent Liabilities:	
Due in More Than One Year	<u>24,665,948</u>
Total Liabilities	<u>24,755,632</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>9,631</u>
Total Deferred Inflows of Resources	<u>9,631</u>
NET POSITION	
Restricted:	
Emergency Reserves	2,200
Debt Service	1,042,539
Unrestricted	<u>(10,212,409)</u>
Total Net Position	<u><u>\$ (9,167,670)</u></u>

See accompanying Notes to Basic Financial Statements.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
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	\$ 98,367	\$ -	\$ 64,713	\$ -	\$ (33,654)
Interest and Related Costs on Long-Term Debt	1,259,298	-	345,032	-	(914,266)
Total Governmental Activities	\$ 1,357,665	\$ -	\$ 409,745	\$ -	(947,920)
GENERAL REVENUES					
Property Taxes					6,704
Specific Ownership Taxes					31,085
Net Investment Income					19,116
Total General Revenues					56,905
CHANGE IN NET POSITION					(891,015)
Net Position - Beginning of Year					(8,276,655)
NET POSITION - END OF YEAR					\$ (9,167,670)

See accompanying Notes to Basic Financial Statements.

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

ASSETS	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 8,242	\$ -	\$ -	\$ 8,242
Cash and Investments - Restricted	2,200	2,867,963	-	2,870,163
Receivable - County Treasurer	366	1,953	-	2,319
Property Taxes Receivable	1,520	8,111	-	9,631
Prepaid Expense	4,595	-	-	4,595
Total Assets	\$ 16,923	\$ 2,878,027	\$ -	\$ 2,894,950
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 22,878	\$ -	\$ -	\$ 22,878
Total Liabilities	22,878	-	-	22,878
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	1,520	8,111	-	9,631
Total Deferred Inflows of Resources	1,520	8,111	-	9,631
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	4,595	-	-	4,595
Restricted For:				
Emergency Reserves	2,200	-	-	2,200
Debt Service	-	2,869,916	-	2,869,916
Assigned to:				
Subsequent Year's Expenditures	-	-	-	-
Unassigned	(14,270)	-	-	(14,270)
Total Fund Balances	(7,475)	2,869,916	-	2,862,441
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,923	\$ 2,878,027	\$ -	

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.	12,702,643
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(15,144,411)
Accrued Bond Interest Payable	(66,806)
Developer Advance Payable	(8,670,185)
Accrued Interest on Developer advance	(851,352)
Net Position of Governmental Activities	\$ (9,167,670)

See accompanying Notes to Basic Financial Statements.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 1,059	\$ 5,645	\$ -	\$ 6,704
Property Taxes from TDA	64,713	345,032	-	409,745
Specific Ownership Taxes	4,908	26,177	-	31,085
Net Investment Income	150	18,966	-	19,116
Total Revenues	70,830	395,820	-	466,650
EXPENDITURES				
Current:				
Accounting	18,956	-	-	18,956
Audit	5,000	-	-	5,000
County Treasurer's Fee	18	97	-	115
District Management	14,658	-	2,268	16,926
Dues and Subscriptions	319	-	-	319
Election	904	-	-	904
Insurance and Bonds	2,910	-	-	2,910
Legal	37,621	-	8,479	46,100
Miscellaneous	2,334	-	-	2,334
Engineering	2,730	-	2,170	4,900
Capital Outlay	-	-	252,012	252,012
Debt Service:				
Paying Agent Fees	-	4,000	-	4,000
Interest Expense - Bond	-	801,675	-	801,675
Total Expenditures	85,450	805,772	264,929	1,156,151
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,620)	(409,952)	(264,929)	(689,501)
OTHER FINANCING SOURCES (USES)				
Developer Advance	12,083	-	264,929	277,012
Total Other Financing Sources (Uses)	12,083	-	264,929	277,012
NET CHANGE IN FUND BALANCES	(2,537)	(409,952)	-	(412,489)
Fund Balances (Deficits) - Beginning of Year				
	(4,938)	3,279,868	-	3,274,930
FUND BALANCES (DEFICITS) - END OF YEAR	\$ (7,475)	\$ 2,869,916	\$ -	\$ 2,862,441

See accompanying Notes to Basic Financial Statements.

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - Total governmental funds	\$ (412,489)
Amounts reported for governmental activities in the statement of activities are different because:	
<p>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. During the current period, there were no depreciable assets. Therefore, this is the amount of capital outlay in the current period.</p>	
Capital Outlay	252,012
<p>The issuance of long-term debt (e.g., bonds, loans, leases) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Developer Advances	(277,012)
<p>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.</p>	
Amortization/Expense of Bond Discount	(6,387)
Accrued Interest on Developer Advance	(447,139)
	(453,526)
Change in Net Position of Governmental Activities	\$ (891,015)

See accompanying Notes to Basic Financial Statements.

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,061	1,059	\$ 1,059	\$ -
Property Taxes from TDA	64,830	64,713	64,713	-
Specific Ownership Taxes	5,350	4,908	4,908	-
Interest Income	-	150	150	-
Other Income	-	35,600	-	(35,600)
Total Revenues	<u>71,241</u>	<u>106,430</u>	<u>70,830</u>	<u>(35,600)</u>
EXPENDITURES				
Current:				
Accounting	25,000	18,956	18,956	-
Audit	5,250	5,000	5,000	-
County Treasurer's Fee	16	18	18	-
District Management	15,000	14,658	14,658	-
Dues and Subscriptions	400	319	319	-
Election	1,500	904	904	-
Engineering	-	2,730	2,730	-
Insurance and Bonds	3,000	2,910	2,910	-
Legal	15,000	37,621	37,621	-
Miscellaneous	1,000	2,334	2,334	-
Contingency	3,834	24,550	-	24,550
Total Expenditures	<u>70,000</u>	<u>110,000</u>	<u>85,450</u>	<u>24,550</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,241</u>	<u>(3,570)</u>	<u>(14,620)</u>	<u>(11,050)</u>
OTHER FINANCING SOURCES (USES)				
Developer advance	-	12,083	12,083	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>12,083</u>	<u>12,083</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,241	8,513	(2,537)	(11,050)
Fund Balance (Deficit) - Beginning of Year	<u>8,419</u>	<u>(4,938)</u>	<u>(4,938)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 9,660</u>	<u>\$ 3,575</u>	<u>\$ (7,475)</u>	<u>\$ (11,050)</u>

See accompanying Notes to Basic Financial Statements.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

Larkridge Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County on May 18, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Thornton, Colorado. The District was established to provide water, storm sewer and sanitary sewer, streets and traffic and safety protection, parks and recreation, transportation, mosquito control and other powers.

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 assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation, if any, is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds, loans, notes and developer advances 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 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 interest on 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation 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.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 has 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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type 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. 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.

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.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the fund balance sheet 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.

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.

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2020. The deficit will be eliminated with the receipt of property tax funds in 2021.

NOTE 3 CASH AND INVESTMENTS

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

Cash and Investments	\$ 8,242
Cash and Investments - Restricted	2,870,163
Total Cash and Investments	\$ 2,878,405

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

Deposits with Financial Institutions	\$ 10,442
Investments	2,867,963
Total Cash and Investments	\$ 2,878,405

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.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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 \$10,937 and a carrying balance of \$10,442.

Investments

The District has adopted a formal investment policy that 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
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	<u>\$ 2,867,963</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

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

	Balance December 31, 2019	Additions	Retirements/ Reclassifications	Balance December 31, 2020
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 12,450,631	\$ 252,012	\$ -	\$ 12,702,643

LARKRIDGE METROPOLITAN DISTRICT NO. 2
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 at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Bonds Payable					
General Obligation Bonds:					
Series 2019	\$ 15,270,000	\$ -	\$ -	\$ 15,270,000	\$ -
Discount	(131,976)	-	6,387	(125,589)	-
Subtotal of Bonds Payable	15,138,024	-	6,387	15,144,411	-
Other Debts					
Developer Advances	8,393,173	277,012	-	8,670,185	-
Accrued Interest on Developer Advances	404,213	447,139	-	851,352	-
Subtotal of Other Debts	8,797,386	724,151	-	9,521,537	-
Total Long-Term Obligations	\$ 23,935,410	\$ 724,151	\$ 6,387	\$ 24,665,948	\$ -

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

General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding and Improvement Bonds, Series 2019

Series 2019 Bonds Details

The District issued the Series 2019 Bonds on January 15, 2019, in the par amount of \$15,270,000. Proceeds from the sale of the Series 2019 Bonds were used to (i) refund the 2014 Loan; (ii) pay project costs; (iii) fund a Reserve Fund; (iv) fund capitalized interest; and, (v) pay costs of issuance of the Series 2019 Bonds.

The Series 2019 Bonds bear interest at 5.25% which is payable semiannually on June 1 and December 1, beginning on June 1, 2019. Annual mandatory fund principal payments are due on December 1, beginning on December 1, 2024. The Series 2019 Bonds mature on December 1, 2048. To the extent the principal of any bond is not paid when due, such principal shall remain outstanding until paid and shall continue to bear interest at the rate borne by the bond. To the extent interest on any Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the bond.

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Redemption

The Series 2019 Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00

Series 2019 Bonds Pledged Revenue

The Series 2019 Bonds are secured by and payable solely from and to the extent of Pledged Revenue which means the money derived by the District from the following sources, net of any costs of collection: (a) the Required Mill Levy, whether received from the Thornton Development Authority (“TDA”) pursuant to the TDA Cooperation Agreement, directly from the County Treasurer, or otherwise; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Series 2019 Bonds Required Mill Levy

Prior to the Conversion Date, the District is to impose a Required Mill Levy in an amount sufficient to pay the Series 2019 Bonds when due (in determining such Required Mill Levy, the District may take into account amounts in the Surplus Fund in excess of the Minimum Surplus Amount if it elects to use such moneys for payment of debt service) and, if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Reserve Requirement, but (i) not in excess of 50.000 mills, and (ii) if the Surplus Fund is less than the Maximum Surplus Amount, not less than 40.000 mills, or such lesser mill levy that will pay the Series 2019 Bonds when due, will replenish the Reserve Fund to the amount of the Reserve Requirement, and will fund the Surplus Fund up to the Maximum Surplus Amount.

If the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement is changed with respect to commercial property (or any other class of property on which the District is authorized to certify its mill levy) after the date of issuance of the Series 2019 Bonds, such mill levy shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by such mill levy are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of assessed valuation to statutory actual value shall be deemed to be a change in the method of calculating assessed valuation.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2019 Bonds Required Mill Levy (Continued)

On and after the Conversion Date, the District is to impose a Required Mill Levy each year in an amount sufficient to pay the principal of, premium if any, and interest on the Series 2019 Bonds when due, without limitation of rate and in amounts sufficient to make such payments when due. The Conversion Date is the first date on which all of the following conditions are met: (a) the Debt to Assessed Ratio is 50% or less; and (b) no amounts of principal or interest on the Series 2019 Bonds are due but unpaid. On and after the Conversion Date, the definition of Required Mill Levy shall be determined exclusively by this paragraph regardless of any subsequent increase in the Debt to Assessed Ratio.

Series 2019 Bonds Reserve Fund

The Series 2019 Bonds are also secured by amounts on deposit in the Reserve Fund which was funded upon issuance of the Series 2019 Bonds in the amount of the Reserve Requirement of \$1,275,213. The balance in the Reserve Fund as of December 31, 2020, was \$1,275,466.

Series 2019 Bonds Surplus Fund

The Series 2019 Bonds are further secured by amounts on deposit in the Surplus Fund, if any. Prior to the Conversion Date, Pledged Revenue that is not needed to pay debt service on the Series 2019 Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$1,527,000. Amounts in the Surplus Fund in excess of the Minimum Surplus Amount of \$850,000 may be applied to debt service, if needed, in order to maintain the minimum mill levy. The balance in the Surplus Fund as of December 31, 2020, was \$707,231.

Upon the Conversion Date, both the Reserve Fund and the Surplus Fund will be terminated and any moneys therein remitted to the District for application to any lawful purpose of the District.

Series 2019 Bonds Debt Service

The outstanding principal and interest of the Series 2019 Bonds are due as follows:

LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2019 Bonds Debt Service (Continued)

<u>Year Ending December 31,</u>	Governmental Activities		
	Bonded Debt		Total
	Principal	Interest	
2021	\$ -	\$ 801,675	\$ 801,675
2022	-	801,675	801,675
2023	-	801,675	801,675
2024	55,000	801,675	856,675
2025	225,000	798,788	1,023,788
2026 - 2030	1,520,000	3,788,663	5,308,663
2031 - 2035	2,255,000	3,316,688	5,571,688
2036 - 2040	3,240,000	2,627,364	5,867,364
2041 - 2045	4,500,000	1,651,652	6,151,652
2046 - 2048	3,475,000	372,489	3,847,489
Total	<u>\$ 15,270,000</u>	<u>\$ 15,762,344</u>	<u>\$ 31,032,344</u>

Authorized Debt

On November 6, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$322,000,000 at an interest rate not to exceed 18% per annum. This authorization constituted a restatement and replacement of all authorization for debt approved by the District's electorate at prior elections.

At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	November 6, 2018 Authorization	Authorization Used for 2019 Bonds	Authorized But Unissued
Street Improvements	\$ 23,000,000	\$ 5,749,726	\$ 17,250,274
Water	23,000,000	972,044	\$ 22,027,956
Sanitary Sewer	23,000,000	3,812,012	\$ 19,187,988
Park and Recreation	23,000,000	1,173,178	\$ 21,826,822
Transportation	23,000,000	-	\$ 23,000,000
Mosquito Control	23,000,000	-	\$ 23,000,000
Safety Protection	23,000,000	-	\$ 23,000,000
Fire Protection	23,000,000	-	\$ 23,000,000
Television Relay	23,000,000	-	\$ 23,000,000
Security	23,000,000	-	\$ 23,000,000
Operations	23,000,000	-	\$ 23,000,000
Refunding	23,000,000	3,563,040	\$ 19,436,960
IGA	23,000,000	-	\$ 23,000,000
Telephone, Satellite and Fiber Optics	23,000,000	-	\$ 23,000,000
Total	<u>\$ 322,000,000</u>	<u>\$ 15,270,000</u>	<u>\$ 306,730,000</u>

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

The District's Second Amended and Restated Service Plan (Service Plan) establishes a mill levy cap of 50.000 mills for debt service (the Maximum Debt Mill Levy). The Maximum Debt Mill Levy may be increased or decreased to reflect any change in law for calculating assessed valuation on property for taxation purposes.

The District's Service Plan establishes a limit on the issuance of debt in the amount of \$23,000,000. Any increase in the debt limit will be considered a material modification of the District's Service Plan which would require approval from the City of Thornton.

In the future, the District may issue a portion 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.

NOTE 6 NET POSITION

The District has net position consisting of two components - restricted, and unrestricted.

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	\$ 2,200
Debt Service	1,042,539
Total Restricted Net Position	\$ 1,044,739

The District's unrestricted net position as of December 31, 2020 is \$(10,212,409). This deficit amount is a result of the District being responsible for the repayment of both bonds issued and developer advances received for public improvements, which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 DISTRICT AGREEMENTS

Tax Increment Sharing Agreement

The District has entered into the Tax Increment Sharing Agreement with the Thornton Development Authority (Authority), dated as of June 9, 2004, regarding the sharing of Tax Increment Revenues generated within the District. The Tax Increment Sharing Agreement provides that in consideration for the District providing public improvements and services, the Authority agrees that the portion of revenues which it receives as a result of ad valorem

LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 DISTRICT AGREEMENTS (CONTINUED)

Tax Increment Sharing Agreement (Continued)

property tax increments, which are attributable to the District's current and future levy of ad valorem taxes on property within the Development and encompassed by the Urban Renewal Plan, shall be segregated upon receipt and shall be remitted by the Authority to the District within 45 days of the end of each quarter.

Facilities Acquisition and Reimbursement Agreement

The District and Thornton 164, LLC (the Landowner) have entered into an Amended and Restated Facilities Acquisition and Reimbursement Agreement dated November 13, 2007, as further amended November 28, 2012 and June 13, 2017 (the Agreement). Pursuant to the Agreement, the Landowner has agreed to advance funds to the District for the construction of Project Improvements (as such term is defined in the Agreement). The District has agreed to reimburse the Landowner for funds advanced under the Agreement, together with simple interest thereon to be accrued at a rate of 5.310%, from the proceeds of the bonds to the extent of the amounts advanced for the Project Improvements. The Landowner may design, construct and complete certain of the Improvements, pursuant to construction contract requirements in the Agreement. Subject to receipt of funding, the District agrees to make payment to the Landowner for costs verified by an independent engineer. As of December 31, 2020, outstanding advances under the Agreement totaled \$8,670,185 and accrued interest totaled \$851,352.

Monument Funding and Acquisition Agreement

The District and Thornton 164 LLC (the Landowner) entered into a Monument Funding and Acquisition Agreement (2018 Monument Funding Agreement) dated July 17, 2018. Pursuant to the 2018 Monument Funding Agreement, Landowner agrees to construct and convey the Monument (defined therein) to the District upon the completion of construction, subject to certain conditions described therein, while reserving to itself the Panels (defined therein) located on the face of the Monument over which the Landowner shall retain all rights of ownership and responsibility for operation and maintenance. Subject to the receipt of funding as set forth in Section 6 of the 2018 Monument Funding Agreement, the District agrees to reimburse the Landowner for certified construction costs. No payment will be due under the 2018 Monument Funding Agreement unless and until the District issues bonds in an amount sufficient to reimburse the Development for all or a portion of its costs. In the event that the District has not reimbursed the Landowner for any portion of the costs incurred pursuant to the 2018 Monument Funding Agreement by December 31, 2048, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Monument Funding and Acquisition Agreement

The District and Thornton 164 LLC (the Landowner) entered into a Monument Funding and Acquisition Agreement (2019 Monument Agreement) dated April 11, 2019. Pursuant to the 2019 Monument Funding Agreement, Landowner agrees to construct the Monument (defined therein) and to convey the Monument, subject to certain conditions described therein, as well as install landscaping within the Monument Easement Property (defined therein), and to convey to the District the completed Monument while reserving to itself the Panels (defined therein) located on the face of the monument over with the Landowner shall

LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 DISTRICT AGREEMENTS (CONTINUED)

Monument Funding and Acquisition Agreement (Continued)

retain all rights of ownership and responsibility for operation and maintenance. Subject to the receipt of funding as set forth in Section 7 of the 2019 Monument Funding Agreement, the District agrees to reimburse the Landowner for certified construction costs up to a maximum of \$105,400.00, together with interest at a rate of 5.310% annum. No payment will be due under the 2019 Monument Funding Agreement unless and until the District issues bonds in an amount sufficient to reimburse the Development for all or a portion of its costs. In the event that the District has not reimbursed the Landowner for any portion of the costs incurred pursuant to the 2019 Monument Funding Agreement by December 31, 2049, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Retaining Wall Funding and Acquisition Agreement

The District and Thornton 164 LLC (the Landowner) entered into a Retaining Wall Funding and Acquisition Agreement (Retaining Wall Agreement) dated July 17, 2018. The Landowner agrees to construct the Phase I Retaining Wall (described therein), to make a deposit with the City of Thornton for a Phase II Retaining Wall (described therein) and to convey the constructed Phase I Retaining Wall, subject to certain conditions described therein, to the District upon completion of construction. The District agrees to reimburse the Landowner for the Certified Construction Costs (defined therein) up to \$550,000 plus interest and for the cost of deposit for the Phase II Retaining Wall plus interest thereon. Simple interest at the rate of 5.310% per annum is to accrue on any reimbursements due to the Landowner. No payment will be due under the Retaining Wall Agreement unless and until the District issues bonds in an amount sufficient to reimburse the Landowner for all or a portion of its costs. In the event that the District has not reimbursed the Landowner for any portion of the costs incurred pursuant to the Retaining Wall Agreement by December 31, 2048, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Retaining Wall Construction and Maintenance Agreement

The District and the City of Thornton (City) entered into an Intergovernmental Agreement Regarding Retaining Wall Construction and Maintenance (Retaining Wall IGA) dated April 9, 2019. Pursuant to the Retaining Wall IGA, the City and District agree that the District, at its sole expense, will fund, design and construct the Phase II Retaining Wall if any Interstate 25 (I25) expansion makes the Phase II Retaining Wall necessary and will keep, maintain, repair and replace said Retaining Wall. The City will provide advance notice of any I25 expansion to the District not less than 12 months prior to groundbreaking. Failure to provide notice to the District shall absolve the District of the funding obligation to fund, design and construct the Phase II Retaining Wall. The District's design and build plans and specifications are subject to prior written approval by the City. The District shall be deemed to own the Phase II Retaining Wall improvements upon commencement of construction.

LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 RELATED PARTY

The Developer of the property which constitutes the District is Jordon Perlmutter & Co. Jordon Perlmutter & Co. has an interest in the landowner. The members of the Board of Directors are employees, owners, or are otherwise associated with Jordon Perlmutter & Co. and the landowner, and may have conflicts of interest in dealing with the District.

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, 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 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 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 May 8, 2012 and November 6, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve the full amount of all currently levied taxes and fees of the District annually, without regard to any limitations under TABOR.

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. As of December 31, 2020, the District had provided but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment.

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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.

SUPPLEMENTARY INFORMATION

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE 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			
Property Taxes	\$ 5,657	\$ 5,645	\$ (12)
Property Taxes from TDA	345,761	345,032	(729)
Specific Ownership Taxes	28,535	26,177	(2,358)
Net Investment Income	45,000	18,966	(26,034)
Total Revenues	<u>424,953</u>	<u>395,820</u>	<u>(29,133)</u>
EXPENDITURES			
County Treasurer's Fees	85	97	(12)
Bond Interest - Series 2019	801,675	801,675	-
Miscellaneous	1,000	-	1,000
Paying Agent Fees	5,000	4,000	1,000
Contingency	12,240	-	12,240
Total Expenditures	<u>820,000</u>	<u>805,772</u>	<u>14,228</u>
NET CHANGE IN FUND BALANCE	(395,047)	(409,952)	(14,905)
Fund Balance - Beginning of Year	<u>3,259,722</u>	<u>3,279,868</u>	<u>20,146</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,864,675</u>	<u>\$ 2,869,916</u>	<u>\$ 5,241</u>

**LARKRIDGE METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other Revenue	\$ -	\$ 35,071	\$ -	\$ (35,071)
Total Revenues	-	35,071	-	(35,071)
EXPENDITURES				
Engineering	-	2,170	2,170	-
Capital Outlay	-	252,012	252,012	-
District Management	-	2,268	2,268	-
Legal services	-	8,479	8,479	-
Miscellaneous	-	35,071	-	35,071
Total Expenditures	-	300,000	264,929	35,071
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(264,929)	(264,929)	-
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	264,929	264,929	-
Total Other Financing Sources (Uses)	-	264,929	264,929	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

OTHER INFORMATION

LARKRIDGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020

\$15,270,000 General Obligation Refunding Bonds
Series 2019
Interest 5.250%
Dated January 15, 2019
Interest payable June 1 and December 1
Principal due December 1

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 801,675	\$ 801,675
2022	-	801,675	801,675
2023	-	801,675	801,675
2024	55,000	801,675	856,675
2025	225,000	798,788	1,023,788
2026	260,000	786,975	1,046,975
2027	270,000	773,325	1,043,325
2028	305,000	759,150	1,064,150
2029	325,000	743,138	1,068,138
2030	360,000	726,075	1,086,075
2031	380,000	707,175	1,087,175
2032	425,000	687,225	1,112,225
2033	445,000	664,913	1,109,913
2034	490,000	641,550	1,131,550
2035	515,000	615,825	1,130,825
2036	565,000	588,788	1,153,788
2037	595,000	559,125	1,154,125
2038	650,000	527,888	1,177,888
2039	685,000	493,763	1,178,763
2040	745,000	457,800	1,202,800
2041	780,000	418,688	1,198,688
2042	850,000	377,738	1,227,738
2043	890,000	333,113	1,223,113
2044	965,000	286,388	1,251,388
2045	1,015,000	235,725	1,250,725
2046	1,090,000	182,438	1,272,438
2047	1,150,000	125,213	1,275,213
2048	1,235,000	64,838	1,299,838
	<u>\$ 15,270,000</u>	<u>\$ 15,762,344</u>	<u>\$ 31,032,344</u>

LARKRIDGE METROPOLITAN DISTRICT NO. 2
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020

Year Ended December 31,	Prior Year Gross Assessed Valuation for Current Year Property Tax Levy	Prior Year Net Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
			General	Debt Service	Levied	Collected	
2016	\$ 6,838,120	\$ 506,140	13.750	32.250	\$ 23,282	\$ 23,282	100.00 %
2017	6,309,020	475,910	13.750	32.250	21,892	21,892	100.00
2018	6,535,380	492,980	13.750	32.250	22,677	22,677	100.00
2019	7,885,200	314,560	7.500	40.000	14,941	14,941	100.00
2020	8,917,080	141,430	7.500	40.000	6,718	6,704	99.79
Estimated for the year ending December 31, 2021	\$ 13,384,270	\$ 202,780	7.500	40.000	\$ 9,631		

LARKRIDGE METROPOLITAN DISTRICT NO. 2

McGeady Becher, P.C.
450 E 17th Avenue, Suite 400
Denver, CO 80203-121

Our auditors, Dazzio & Associates, PC, 8200 S. Quebec St., Suite A3259, Centennial, Colorado, 80112,, are conducting an audit of our financial statements at December 31, 2020 and for the year then ended. This letter will serve as our consent for you to furnish to our auditors all the information requested herein. Accordingly, please provide to them the information requested below involving matters with respect to which you have been engaged and to which you have devoted substantive attention on behalf of Larkridge Metropolitan District No. 2 in the form of legal consultation or representation.

Pending or Threatened Litigation, Claims, and Assessments (excluding unasserted claims and assessments)

Please prepare a description of all material pending or threatened litigation, claims, and assessments (excluding unasserted claims and assessments). Materiality for purposes of this letter includes items involving amounts exceeding \$5,000 individually or in the aggregate. The description of each matter should include:

- 1) the nature of the litigation;
- 2) the progress of the matter to date;
- 3) how management of the District is responding or intends to respond to the litigation; e.g., to contest the case vigorously or to seek an out-of-court settlement; and
- 4) an evaluation of the likelihood of an unfavorable outcome and an estimate, if one can be made, of the amount or range of potential loss.

Also, please identify any pending or threatened litigation, claims, and assessments with respect to which you have been engaged but as to which you have not devoted substantive attention.

Unasserted Claims and Assessments

We have represented to our auditors that there are no unasserted possible claims or assessments that you have advised us are probable of assertion and must be disclosed in accordance with *FASB Accounting Standards Codification 450, Contingencies*.

We understand that, whenever, in the course of performing legal services for us with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, if you have formed a professional conclusion that we should disclose or consider disclosure concerning such possible claim or assessment, as a matter of professional responsibility to us, you will so advise us and will consult with us concerning the question of such disclosure and the applicable requirements of *FASB Accounting Standards Codification 450, Contingencies* (excerpts of which can be found in the ABA's *Auditor's Letter Handbook*). Please specifically confirm to our auditors that our understanding is correct.

Response

Your response should include matters that existed as of December 31, 2020, and during the period from that date to the effective date of your response. Please specify the date of your response if it is other than the date of reply.

Please specifically identify the nature of, and reasons for, any limitations on your response.

Very truly yours,

Larkridge Metropolitan District No. 2

**SECOND AMENDMENT TO RESOLUTION NO. 2013-11-03
LARKRIDGE METROPOLITAN DISTRICT NO. 2
REGARDING COLORADO OPEN RECORDS ACT REQUESTS**

A. On November 13, 2013, Larkridge Metropolitan District No. 2 (the “**District**”) adopted Resolution No. 2013-11-03 Regarding Colorado Open Records Act Requests (the “**Resolution**”).

B. The District desires to amend the Resolution due to a change in the District’s Official Custodian.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Larkridge Metropolitan District No. 2, Adams County, Colorado:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Resolution.

2. Amendment to Section 1 of Resolution. Section 1 of the Resolution is hereby deleted in its entirety, and substituted in lieu thereof shall be the following:

“1. Special District Management Service, Inc., the Manager for the District, is hereby designated as the “**Official Custodian**” of the public records of the District, as such term is defined in Section 24-72-202(2), C.R.S. Contact information for the Official Custodian is: Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228; (303) 987-0835.”

3. Except as expressly set forth herein, the Resolution continues to be effective without modification.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO SECOND AMENDMENT TO RESOLUTION REGARDING
COLORADO OPEN RECORDS ACT REQUESTS]**

RESOLUTION APPROVED AND ADOPTED ON JUNE 8, 2021.

**LARKRIDGE METROPOLITAN
DISTRICT NO. 2**

By: _____
President

Attest:

Secretary