LINCOLN CREEK METROPOLITAN DISTRICT

ANNUAL REPORT

FISCAL YEAR ENDING DECEMBER 31, 2022

Pursuant to § 32-1-207(3)(c), C.R.S., any special district created after July 1, 2000, shall file a special district annual report for the proceeding calendar year by October 1 of each year. For the year ending December 31, 2022, the District makes the following report:

(A) **Boundary changes made:**

There were no boundary changes made in 2022.

(B) **Intergovernmental agreements entered into or terminated with other governmental entities:**

The District did not entered into or terminate any intergovernmental agreements with other governmental entities in 2022.

(C) **Access information to obtain a copy of the rules and regulations adopted by the board:**

To date, the District has not adopted any rules and regulations. Community covenants enforced by the District can be obtained by contacting the District's legal counsel, Seter & Vander Wall, P.C. at 303-770-2700.

(D) **A summary of litigation involving public improvements owned by the special district:**

The District is the plaintiff in a lawsuit against WilliamMRK Homes, LLC in Douglas County District Court (Case No. 2022CV30644), in which the District has raised claims of breach of contract and unjust enrichment for WilliamMRK's work related to an alleyway reconstruction project.

(E) **The status of the construction of public improvements by the special district:**

The District has completed construction of anticipated public improvements.

(F) **A list of facilities or improvements constructed by the special district that were conveyed or dedicated to the county or municipality**:

The District did not construct any facilities or public improvements during the report year that were conveyed or dedicated to Douglas County or City of Parker.

(G) **The final assessed valuation of the special district as of December 31 of the reporting year:**

The District has received a certification of valuation from Douglas County that reports a taxable assessed valuation for the District for 2022 of $8,635,030, for collection in 2023. The District certified a mill levy of 40.530 mills to be assessed against the properties within the District.

(H) **A copy of the current year's budget:**

A copy of the 2023 adopted budget is attached as **Exhibit A.**

(I) **A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law," part 6 of article 1 of title 29, or the application for exemption from audit, as applicable**:

A copy of the Audit for 2022 is attached as **Exhibit B.**

(J) **Notice of any uncured defaults existing for more than ninety days under any debt instrument of the special district:**

The District is not aware of any uncured events of default, which continue beyond a 90-day period, under any debt instrument

(K) **Any inability of the special district to pay its obligations as they come due under any obligation which continues beyond a ninety-day period:**

None.

EXHIBIT A
2023 Budget

LINCOLN CREEK METROPOLITAN DISTRICT
2023
BUDGET MESSAGE

Attached please find a copy of the adopted 2023 budget for the Lincoln Creek Metropolitan District.

The Lincoln Creek Metropolitan District has adopted two separate funds, a General Fund to provide for general operating, landscaping, and maintenance expenditures; and a Debt Service Fund to provide for the payment of principal and interest on the outstanding General Obligation Limited Tax Bonds Series 2006.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearings.

The primary sources of revenue for the district in 2023 will be property taxes, landscape maintenance fees and undeveloped lot fees. The district intends to impose a 40.530 mill levy on all property within the district for 2023, of which 9.030 mills will be dedicated to the General Fund which consists of an operating mill levy of 11.143 mills less a temporary mill levy reduction of 2.113 mills, the balance of 31.500 mills will be allocated to the Debt Service Fund.

Lincoln Creek Metropolitan District
Adopted Budget
General Fund
For the Year ended December 31, 2023

	Actual 2021	Adopted Budget 2022	Actual 07/31/22	Estimated 2022	Adopted Budget 2023
Beginning fund balance	$ 151,983	$ 191,305	$ 124,539	$ 124,539	$ 145,586
Revenues:					
Property taxes	66,367	118,247	117,725	118,250	96,220
Specific ownership taxes	3,632	7,095	6,016	10,000	6,129
Temporary Mill levy reduction	-	-	-	-	(18,246)
Undeveloped lot fees	5,145	10,000	677	1,000	1,000
Homeowner Dues (Aspen Brook/SF Metro)	388,006	375,000	245,236	330,000	388,000
Park improvement fees	6,250	6,000	2,600	6,000	6,000
Reimb/interest/other income	5,568	3,000	2,828	3,000	3,000
Total revenues	474,968	519,342	375,082	468,250	482,103
Total funds available	626,951	710,647	499,621	592,789	627,689
Expenditures:					
Accounting/audit	12,972	14,000	3,002	13,500	16,000
Election	-	20,000	-	-	10,000
Insurance	6,284	7,200	4,638	4,700	7,200
Landscape contract	74,147	74,789	42,738	74,000	154,000
Landscape maintenance-improvements	98,862	40,000	24,557	50,000	70,000
Irrigation repairs	23,867	20,000	16,737	23,000	20,000
Pet Waste pickup	4,113	3,500	1,473	3,000	5,000
Fence Maintenance	14,863	9,000	7,387	7,387	20,000
Lighting maintenance	6,119	20,000	4,691	4,700	7,500
Annual Flowers common areas	-	5,000	-	-	5,000
Snow removal	144,550	125,000	102,022	125,000	131,250
Electric	3,934	6,000	2,172	6,500	6,000
Water	58,660	65,000	21,877	71,000	65,000
Legal	23,868	16,000	13,494	20,000	25,000
Management fees	15,603	13,000	9,548	13,000	16,000
Traffic control	-	700	-	-	700
Alley Way	-	50,000	-	-	10,000
Dentention pond	-	50,000	-	-	20,000
Miscellaneous	4,898	2,000	2,064	7,500	2,000
Administrative fees	2,601	2,500	1,325	2,500	2,500
Website	-	900	-	900	900
Social committee	-	3,000	312	500	3,000
Holiday lighting	6,720	-	-	-	4,000
Treasurer fees	351	1,774	1,766	1,766	1,443
Contingency	-	94,431	-	18,250	-
Reserve	-	50,000	-	-	7,121
Emergency reserve (3%)	-	16,481	-	-	18,075
Total expenditures	502,412	710,275	259,803	447,203	627,689
Ending fund balance	$ 124,539	$ 372	$ 239,818	$ 145,586	$ -
Assessed valuation		$ 8,759,050			$ 8,635,030
Mill Levy		13.500			11.143
Less Temporary reduction					(2.113)

Lincoln Creek Metropolitan District
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2023

	Actual 2021	Adopted Budget 2022	Actual 07/31/22	Estimated 2022	Adopted Budget 2023
Beginning fund balance	$ 8,494	$ 158,529	$ 158,529	$ 158,529	$ 247,360
Revenues:					
Property taxes	363,955	297,808	296,494	297,500	272,003
Specific ownership taxes	19,919	17,868	15,151	26,000	16,320
Development fees	102,109	-	59,857	60,000	-
Loan Proceed	6,000,000	-	-	-	-
Interest income	292	4,000	2,121	3,000	4,000
Total revenues	6,486,275	319,676	373,623	386,500	292,323
Total funds available	6,494,769	478,205	532,152	545,029	539,683
Expenditures:					
Bond interest	189,280	162,702	81,351	162,702	159,114
Bond principal	105,000	130,000	-	130,000	130,000
Payment to escrow agent	5,927,732	-	-	-	-
Cost of issuance	112,150	-	-	-	-
Treasurer's fees	1,928	4,467	4,449	4,467	4,080
Trustee / paying agent fees	150	500	-	500	500
Total expenditures	6,336,240	297,669	85,800	297,669	293,694
Ending fund balance	$ 158,529	$ 180,536	$ 446,352	$ 247,360	$ 245,989
Assessed valuation		$ 8,759,050			$ 8,635,030
Mill Levy		34.000			31.500
Total Mill Levy		47.500			42.643

EXHIBIT B
2022 Audit

LINCOLN CREEK METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lincoln Creek Metropolitan District
Douglas County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lincoln Creek Metropolitan District (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

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

Hiratsuka & Associates, LLP

July 28, 2023
Wheat Ridge, Colorado

LINCOLN CREEK METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2022

	General	Debt Service	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and investments	$ 194,965	$ -	$ 194,965	$ -	$ 194,965
Cash and investments - restricted	18,075	255,217	273,292	-	273,292
Taxes due from County	750	1,889	2,639	-	2,639
Accounts receivable - assessments	9,171	-	9,171	-	9,171
Property taxes receivable	77,975	272,003	349,978	-	349,978
Capital assets not being depreciated	-	-	-	3,551,255	3,551,255
Total Assets	$ 300,936	$ 529,109	$ 830,045	3,551,255	4,381,300
LIABILITIES					
Accounts payable	$ 36,250	$ -	$ 36,250	-	36,250
Prepaid assessments	21,225	-	21,225	-	21,225
Fee deposit payable	63,670	-	63,670	-	63,670
Accrued interest on bonds	-	-	-	13,260	13,260
Long-term liabilities:					
Due within one year	-	-	-	130,000	130,000
Due in more than one year	-	-	-	5,864,891	5,864,891
Total Liabilities	121,145	-	121,145	6,008,151	6,129,296
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	77,975	272,003	349,978	-	349,978
Total Deferred Inflows of Resources	77,975	272,003	349,978	-	349,978
FUND BALANCES/NET POSITION					
Fund balances:					
Restricted:					
Emergencies	18,075	-	18,075	(18,075)	-
Debt service	-	257,106	257,106	(257,106)	-
Unassigned	83,741	-	83,741	(83,741)	-
Total Fund Balances	101,816	257,106	358,922	(358,922)	-
Total Liabilities and Fund Balances	$ 300,936	$ 529,109	$ 830,045		
Net Position:					
Restricted for:					
Emergencies				18,075	18,075
Debt service				257,106	257,106
Unrestricted				(2,373,155)	(2,373,155)
Total Net Position (Deficit)				$ (2,097,974)	$ (2,097,974)

The notes to the financial statements are an integral part of these statements.

LINCOLN CREEK METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General	Debt Service	Total	Adjustments	Statement of Activities
EXPENDITURES					
Operating:					
Accounting and audit	$ 11,298	$ -	$ 11,298	$ -	$ 11,298
Insurance	5,312	-	5,312	-	5,312
Landscape contract	95,661	-	95,661	-	95,661
Landscape maintenance/improvements	102,696	-	102,696	-	102,696
Irrigation repairs	50,509	-	50,509	-	50,509
Lighting maintenance	4,810	-	4,810	-	4,810
Pet stations	3,578	-	3,578	-	3,578
Fence repairs	7,618	-	7,618	-	7,618
Snow removal	129,693	-	129,693	-	129,693
Electricity	6,615	-	6,615	-	6,615
Water	122,285	-	122,285	-	122,285
Legal	43,056	-	43,056	-	43,056
Management Fees	15,007	-	15,007	-	15,007
Social activities	614	-	614	-	614
Miscellaneous	6,767	-	6,767	-	6,767
Administrative costs	2,035	-	2,035	-	2,035
Treasurer fees	1,774	4,467	6,241	-	6,241
Bond interest	-	162,702	162,702	(299)	162,403
Bond principal	-	130,000	130,000	(130,000)	-
Interest developer advance	-	-	-	7,050	7,050
Total Expenditures	609,328	297,169	906,497	(123,249)	783,248
PROGRAM REVENUES					
Undeveloped lot fees	800	-	800	-	800
Homeowners fees	429,170	-	429,170	-	429,170
Park improvement fees	3,800	-	3,800	-	3,800
Development fees	-	63,378	63,378	-	63,378
Miscellaneous	4,823	-	4,823	-	4,823
Total Program Revenues	438,593	63,378	501,971	-	501,971
Net Program Income (Expense)	(170,735)	(233,791)	(404,526)	123,249	(281,277)
GENERAL REVENUES					
Property taxes	118,193	297,671	415,864	-	415,864
Specific ownership taxes (includes license plates registration)	10,457	26,335	36,792	-	36,792
Interest and other income	57	8,362	8,419	-	8,419
Total General Revenues	128,707	332,368	461,075	-	461,075
NET CHANGES IN FUND BALANCES	(42,028)	98,577	56,549	(56,549)	
CHANGES IN NET POSITION				179,798	179,798
FUND BALANCES/NET POSITION					
BEGINNING OF YEAR	143,844	158,529	302,373	(2,580,145)	(2,277,772)
END OF YEAR	$ 101,816	$ 257,106	$ 358,922	$ (2,456,896)	$ (2,097,974)

The notes to the financial statements are an integral part of these statements.

LINCOLN CREEK METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2022

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 118,247	$ 118,193	$ (54)
Specific ownership taxes (includes license plates registration)	6,718	10,457	3,739
Undeveloped lot fees	10,000	800	(9,200)
Homeowners fees	375,000	429,170	54,170
Park improvement fees	6,000	3,800	(2,200)
Interest and other income	3,000	4,880	1,880
Total Revenues	518,965	567,300	48,335
EXPENDITURES			
Accounting and audit	14,000	11,298	2,702
Elections	20,000	-	20,000
Insurance	7,200	5,312	1,888
Landscape contract	74,789	95,661	(20,872)
Landscape maintenance/improvements	40,000	102,696	(62,696)
Annual flowers	5,000		5,000
Irrigation repairs	20,000	50,509	(30,509)
Lighting maintenance	20,000	4,810	15,190
Pet stations	3,500	3,578	(78)
Fence repairs	9,000	7,618	1,382
Snow removal	125,000	129,693	(4,693)
Electricity	6,000	6,615	(615)
Water	65,000	122,285	(57,285)
Legal	16,000	43,056	(27,056)
Management Fees	13,000	15,007	(2,007)
Social activities	3,000	614	2,386
Miscellaneous	2,000	6,767	(4,767)
Administrative costs	2,500	2,035	465
Traffic control	700	-	700
Website	900	-	900
Alley way	50,000	-	50,000
Treasurer fees	1,769	1,774	(5)
Detention pond	50,000	-	50,000
Contingency	94,431	-	94,431
Reserve	50,000	-	50,000
Emergency reserve	16,481	-	16,481
Total Expenditures	710,270	609,328	100,942
NET CHANGE IN FUND BALANCE	(191,305)	(42,028)	149,277
FUND BALANCE:			
BEGINNING OF YEAR	191,305	143,844	(47,461)
END OF YEAR	$ -	$ 101,816	$ 101,816

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Lincoln Creek Metropolitan District (the "District"), located in Douglas County (the "County"), Colorado, conform to the accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on April 8, 2005, as a quasi-municipal corporation established under the State of Colorado Special District Act in accordance with a service plan dated December 6, 2004, approved by Douglas County. The District was established to provide for the design, acquisition, installation, construction, operation and maintenance of sanitation, storm drainage, water, streets, traffic and safety controls, parks and recreation, television relay and translation and mosquito control for the use and benefit of the residents and property owners of the District. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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.*

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 the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.

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 *availabl*e 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 material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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 appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. 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.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. This item is deferred property taxes. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets 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 using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $18,075 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $257,106 is restricted for the payment of the debt service costs (see Note 4).

Committed Fund Balance
The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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
Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance
Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

Net Position
Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. The District did not have any amount to report under this category at December 31, 2022.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2022, cash and investments is classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 194,965
Cash and investments - restricted	273,292
Total	$ 468,257

Cash and cash equivalents as of December 31, 2022, consist of the following:

Deposits with financial institutions	$ 254,452
Investments - COLOTRUST	213,805
	$ 468,257

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Credit Risk

The District has elected to follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk
Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation
Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

As of December 31, 2022, the District had the following investments:

COLOTRUST
The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST"), is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. The COLOTRUST offers shares in three portfolios, one of which is COLOTRUST PLUS+. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. There are no unfunded commitments and there is no redemption notice period. On December 31, 2022, the District had $213,805 invested in COLOTRUST Plus+.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

Governmental Type Activities:	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated:				
Construction in progress	$ 3,551,255	$ -	$ -	$ 3,551,255

Upon completion and acceptance, a majority of the fixed assets will be conveyed by the District to other local governments. The District will not be responsible for maintenance of fixed assets conveyed to other local governments.

Note 4: Long-Term Debt

The following is an analysis of changes in long-term debt for the year ending December 31, 2022:

	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022	Current Portion
Developer advances	$ 117,500	$ -	$ -	$ 117,500	$ -
Developer advance - interest	105,341	7,050	-	112,391	-
Series 2021 Bond	5,895,000	-	(130,000)	5,765,000	130,000
	$ 6,117,841	$ 7,050	$ (130,000)	$ 5,994,891	$ 130,000

A description of the long-term obligations as of December 31, 2022, is as follows:

Funding and Reimbursement Agreement
On November 1, 2006, the District entered into a Funding and Reimbursement Agreement with LCV LLC (the "Developer") pursuant to which the District agreed to reimburse the Developer for all General Fund Costs, whether incurred prior by the Developer or by advancement of funds to the District for the purpose funding General Fund Costs of the District up to a maximum amount of $2,000,000. The advances do not constitute multiple fiscal year financial obligations of the District and are not subject to annual appropriation. The advances bear interest at a rate of 6% from the date of the advance. The advances are to be repaid using bond proceeds or any other legally available revenues. As of December 31, 2022, the principal balance of Developer Advances was $117,500, and accrued interest was $112,391.

$6,000,000 Limited Tax General Obligation Refunding Bonds, Series 2021

On July 29, 2021, the District issued $6,000,000 of Limited Tax General Obligation Refunding Bonds, Series 2021, ("2021 Bonds"), for the purpose of paying and cancelling the District's Series 2006 Bonds, and paying the costs of the issuance of the 2021 Bonds, The 2021 Bonds bear interest at the rate of 2.76%, payable semiannually on each June 1 and December 1, commencing on December 1, 2021, and mature on December 1, 2041. The Bonds are subject to early redemption at the option of the District commencing December 1, 2026, without a redemption premium. The 2021 Bonds are secured by Pledged Revenues including the Required Mill Levy, the portion of Specific Ownership Tax related to the Required Mill Levy and any other moneys determined by the District. The refunding was undertaken to lower the interest rate.

Events of Default as defined in the 2021 Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, of the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the 2021 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the 2021 Bonds is not an available remedy for an Event of Default.

The following is a summary of the annual long-term debt principal and interest requirements on the 2021 Bonds.

	Principal	Interest	Total
2023	$ 130,000	$ 159,114	$ 289,114
2024	135,000	155,526	290,526
2025	140,000	151,800	291,800
2026	145,000	147,936	292,936
2027	145,000	143,934	288,934
2028-2032	800,000	656,880	1,456,880
2033-2037	925,000	539,580	1,464,580
2038-2041	3,345,000	335,616	3,680,616
	$ 5,765,000	$ 2,290,386	$ 8,055,386

Debt Authorization

On November 1,2005, a majority of the qualified electors of the Districts authorized the issuance of indebtedness in an amount not to exceed $35,000,000 in general obligation bonds for purposes of acquiring streets, water, sewer, park and recreation, traffic and safety control, television relay and mosquito control facilities ("New Money Authorization"), and $35,000,000 in general oblation bonds for purposes of issuing refunding bonds at a higher interest rate ("Refunding Authorization"). After the issuance of the 2006 Bonds, the remaining authorization is $30,870,000 of the New Money Authorization and $35,000,000 of the Refunding Authorization. Per the District's Service Plan, the District cannot issue debt in excess of $6,000,000 in either general obligation bonds or revenue bonds. $1,870,000 of the Service Plan authorization remains as of December 31, 2022.

Note 5: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

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

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

On November 1, 2005, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 7: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments may have the following elements:

1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments may have the following elements:

1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and
3) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

Note 8: Agreements

Fee Resolution

On January 31, 2014 the District adopted the Second Amended and Restated Resolution Imposing Fees for Maintenance Services and Recreational Facilities, ("Fee Resolution"). To defray the cost of the services provided by the District including landscape maintenance, snow removal, park and recreation services, covenant enforcement, and design review, the District imposed a Service Fee on all lots and tracts within the District. The Service Fee was set as follows: $131 per month per single family lots upon which a dwelling structure has been constructed and has received a certificate of occupancy ("CO"); $55 per month for each multifamily unit which has a CO; $40.00 per month based upon the number of dwelling units allowed on each lot or tract under the applicable plat for vacant lots or parcels (or parts thereof) platted for uses other than single family. This fee is retroactive to December 1, 2009. At the closing date for each unit, the District collects 3 months of fees and holds 2 months for any future underpayments of fees. This is recorded as a fee deposit payable on financial statements.

On February 28, 2021 the District and Cardel Parker Limited Partnership ("Cardel") entered into an Agreement with an effective date of February 29, 2016 whereby the District confirmed that it accepted and agreed to the imposition of an $825.00 fee per month applicable to the entirety of the Cardel Property upon Cardel's acquisition of the Cardel Property at which fee would continue until such time as the Cardel Property was divided into individual Lots and which time Cardel would pay to the District the amount of $8.51 per Lot per month until each Lot was transferred to an unrelated third party for ownership. After transfer of ownership of a Lot to an unrelated third party, the District would remove the Lot from the Cardel monthly invoice. Thereafter, service fees would be imposed on the Lot under new ownership, consistent with the Fee Resolution.

On February 28, 2021 the District and Melody Homes, Inc ("Melody") entered into an Agreement with an effective date of December 20, 2017 whereby the District confirmed that it accepted and agreed to the imposition of an $18.33 fee per Lot per month upon Melody's acquisition of the Melody Property which fee would continue until each Lot was transferred to an unrelated third party for ownership. After transfer of ownership of a Lot to an unrelated third party, the District would remove the Lot from the Melody monthly invoice. Thereafter, service fees would be imposed on the Lot under new ownership, consistent with the Fee Resolution.

Development Fees

Effective on December 7, 2005 the District set a development fee to be charged on property within the District. The fee is a minimum of $3,500 per unit on each residential unit to be constructed, payable at the time a building permit is approved by Douglas County. During the year ended December 31, 2022 the District collected $63,378 in development fees.

SUPPLEMENTAL INFORMATION

LINCOLN CREEK METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2022

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 297,808	$ 297,671	$ (137)
Specific ownership taxes (includes license plates registration)	15,800	26,335	10,535
Development fees	-	63,378	63,378
Interest and other income	4,000	8,362	4,362
Total Revenues	317,608	395,746	78,138
EXPENDITURES			
Bond interest	162,702	162,702	-
Treasurer fees	4,438	4,467	(29)
Bond principal	130,000	130,000	-
Trusteee/paying agent fees	500	-	500
Total Expenditures	297,640	297,169	471
NET CHANGE IN FUND BALANCE	19,968	98,577	78,609
FUND BALANCE:			
BEGINNING OF YEAR	137,112	158,529	21,417
END OF YEAR	$ 157,080	$ 257,106	$ 100,026

The notes to the financial statements are an integral part of these statements.

LINCOLN CREEK METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2022

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Total Property Tax		Percent Collected to Levied
		General	Debt Service	Total	Levied	Collected	
2015	$ 1,262,110	10.000	50.000	60.000	$ 75,727	$ 75,727	100.00%
2016	$ 2,140,650	10.000	50.000	60.000	$ 128,439	$ 128,444	100.00%
2017	$ 2,167,270	10.000	50.000	60.000	$ 130,036	$ 130,037	100.00%
2018	$ 2,931,080	10.000	52.079	62.079	$ 181,959	$ 181,937	99.99%
2019	$ 2,879,950	10.000	52.662	62.662	$ 180,463	$ 180,486	100.01%
2020	$ 4,202,050	10.000	53.206	63.206	$ 265,595	$ 265,554	99.98%
2021	$ 6,381,620	10.000	54.840	64.840	$ 413,784	$ 265,554	64.18%
2022	$ 8,759,050	13.500	34.000	47.500	$ 416,055	$ 265,555	63.83%
Estimated for year ending December 31, 2023	$ 8,635,030	9.030	31.500	40.530	$ 349,978		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.