LANTERNS METROPOLITAN DISTRICT NO. 3
Douglas County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

LANTERNS METROPOLITAN DISTRICT NO. 3
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET — GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND — STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND — SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL	24
CAPITAL PROJECTS FUND — SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL	25
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	27
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	28

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
LANTERNS METROPOLITAN DISTRICT NO. 3

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of LANTERNS METROPOLITAN DISTRICT NO. 3, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the LANTERNS METROPOLITAN DISTRICT NO. 3'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 LANTERNS METROPOLITAN DISTRICT NO. 3, as of December 31, 2025, 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 Opinions

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LANTERNS METROPOLITAN DISTRICT NO. 3, 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 opinions.

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 LANTERNS METROPOLITAN DISTRICT NO. 3'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.

Auditors' 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 auditors' report that includes our opinions. 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.

1221 West Mineral Avenue, Ste. 202, Littleton, CO 80120 303-734-4800 HaynieCPAs.com

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LANTERNS METROPOLITAN DISTRICT NO. 3'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 LANTERNS METROPOLITAN DISTRICT NO. 3's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LANTERNS METROPOLITAN DISTRICT NO. 3's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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



Littleton, Colorado
September 15, 2026

BASIC FINANCIAL STATEMENTS

LANTERNS METROPOLITAN DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	$ 15,523
Cash and Investments - Restricted	2,373,650
Prepaid Insurance	2,774
Property Tax Receivable	637,548
Total Assets	3,029,495
LIABILITIES	
Accounts Payable	17,250
Accrued Interest Payable	144,967
Due to County Treasurer	1,235
Noncurrent Liabilities:	
Due in More Than One Year	19,118,030
Total Liabilities	19,281,482
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	637,548
Total Deferred Inflows of Resources	637,548
NET POSITION	
Restricted for:	
Emergency Reserve	2,000
Debt Service	2,302,741
Unrestricted	(19,194,276)
Total Net Position	$ (16,889,535)

See accompanying Notes to Basic Financial Statements.

LANTERNS METROPOLITAN DISTRICT NO. 3
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position: Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	$ 5,031,238	$ -	$ -	$ -	$ (5,031,238)
Interest on Long-Term Debt and Related Costs	1,510,222	-	-	-	(1,510,222)
Total Governmental Activities	$ 6,541,460	$ -	$ -	$ -	(6,541,460)
GENERAL REVENUES					
Property Taxes					58,095
Specific Ownership Taxes					4,613
Interest Income					120,045
Total General Revenues					182,753
CHANGES IN NET POSITION					(6,358,707)
Net Position - Beginning of Year					(10,530,828)
NET POSITION - END OF YEAR					$ (16,889,535)

See accompanying Notes to Basic Financial Statements.

LANTERNS METROPOLITAN DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	$ 15,523	$ -	$ -	$ 15,523
Cash and Investments - Restricted	2,000	2,370,720	930	2,373,650
Property Tax Receivable	63,086	574,462	-	637,548
Prepaid Insurance	2,774	-	-	2,774
Total Assets	$ 83,383	$ 2,945,182	$ 930	$ 3,029,495
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 4,250	$ 13,000	$ -	$ 17,250
Due to County Treasurer	1,235	-	-	1,235
Total Liabilities	5,485	13,000	-	18,485
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	63,086	574,462	-	637,548
Total Deferred Inflows of Resources	63,086	574,462	-	637,548
FUND BALANCES				
Nonspendable:				
Prepaid Expense	2,774	-	-	2,774
Restricted for:				
Emergency Reserves	2,000	-	-	2,000
Debt Service	-	2,357,720	-	2,357,720
Capital Projects	-	-	930	930
Assigned to:				
Subsequent Year's Expenditures	6,158	-	-	6,158
Unassigned	3,880	-	-	3,880
Total Fund Balances	14,812	2,357,720	930	2,373,462
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 83,383	$ 2,945,182	$ 930	
Amounts reported for governmental activities in the statement of net position are different because:				
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 - Series 2023A-1				(9,100,000)
Bonds Payable - Series 2023A-2				(6,437,076)
Bonds Payable - Series 2023(B)2				(2,175,000)
Accrued Interest - Series 2023A-1 Bonds				(144,967)
Accrued Interest - Series 2023B(2) Bonds				(464,733)
Developer Advance Payable - Operating				(50,849)
Developer Advance Payable - Capital				(799,479)
Accrued Developer Advance Interest - Operating				(4,257)
Accrued Developer Advance Interest - Capital				(86,636)
Net Position of Governmental Activities				$ (16,889,535)

See accompanying Notes to Basic Financial Statements.

LANTERNS METROPOLITAN DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	$ 58,095	$ -	$ -	$ 58,095
Specific Ownership Taxes	4,613	-	-	4,613
Interest Income	672	112,667	6,706	120,045
Total Revenues	63,380	112,667	6,706	182,753
EXPENDITURES				
Current:				
Accounting	32,602	-	-	32,602
Auditing	7,000	-	-	7,000
County Treasurer's Fee	871	-	-	871
Dues And Membership	323	-	-	323
Election	2,606	-	-	2,606
Engineering	-	-	3,067	3,067
Insurance	2,771	-	-	2,771
Intergovernmental Expenditures	-	-	4,967,092	4,967,092
Legal	14,869	-	-	14,869
Miscellaneous	37	-	-	37
Debt Service:				
Bond Interest	-	722,060	-	722,060
Paying Agent Fees	-	13,000	-	13,000
Total Expenditures	61,079	735,060	4,970,159	5,766,298
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,301	(622,393)	(4,963,453)	(5,583,545)
NET CHANGE IN FUND BALANCES	2,301	(622,393)	(4,963,453)	(5,583,545)
Fund Balances - Beginning of Year	12,511	2,980,113	4,964,383	7,957,007
FUND BALANCES - END OF YEAR	$ 14,812	$ 2,357,720	$ 930	$ 2,373,462

See accompanying Notes to Basic Financial Statements.

LANTERNS METROPOLITAN DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$ (5,583,545)
Amounts reported for governmental activities in the statement of activities are different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued Interest Payable - Change in Liability	(738,354)
Accrued Interest Payable Developer Advance - Change in Liability	(36,808)
Changes in Net Position of Governmental Activities	$ (6,358,707)

See accompanying Notes to Basic Financial Statements.

LANTERNS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 59,937	$ 58,095	$ (1,842)
Specific Ownership Taxes	5,394	4,613	(781)
Interest Income	1,000	672	(328)
Total Revenues	66,331	63,380	(2,951)
EXPENDITURES			
Accounting	33,000	32,602	398
Auditing	6,500	7,000	(500)
County Treasurer's Fee	899	871	28
Dues and Membership	2,500	323	2,177
Miscellaneous	-	37	(37)
Insurance	3,500	2,771	729
Legal	20,000	14,869	5,131
Election	2,000	2,606	(606)
Contingency	4,601	-	4,601
Website	1,000	-	1,000
Total Expenditures	74,000	61,079	12,921
NET CHANGE IN FUND BALANCE	(7,669)	2,301	9,970
Fund Balance - Beginning of Year	17,065	12,511	(4,554)
FUND BALANCE - END OF YEAR	$ 9,396	$ 14,812	$ 5,416

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Lanterns Metropolitan District No. 3 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by Order and Decree of the District Court for the Town of Castle Rock on November 25, 2014, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the First Amended and Restated Service Plan for Lanterns Metropolitan District No. 3, approved by the Town of Castle Rock on August 21, 2018. The District's service area is located in the Town of Castle Rock, in Douglas County. District Nos. 1-3 are authorized to implement the Capital Plan and Financial Plan within their respective boundaries. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services. The Service Plans for District Nos. 1-3 limits the aggregate amount of debt that they may issue together to $87,000,000. Lanterns Metropolitan District Nos. 4-5 were each organized by an Order and Decree on June 17, 2019 to provide operations and maintenance services to the Service Area and to function as overlay districts that shared boundaries with District Nos. 1-3. District Nos. 4-5 were each dissolved by an Order of the Court on December 17, 2025.

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 taxes and intergovernmental revenues.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is 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 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.

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 amended its budget for the year ended December 31, 2025.

Pooled Cash and Investments

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

Property Taxes

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned 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 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, *property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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.

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (Statement 102). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	$	15,523
Cash and Investments - Restricted		2,373,650
Total Cash and Investments	$	2,389,173

Cash and investments as of December 31, 2025, consist of the following:

Deposits with Financial Institutions	$	4,534
Investments		2,384,639
Total Cash and Investments	$	2,389,173

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 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, 2025, the District's cash deposits had a bank balance and a carrying balance of $4,534.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

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

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	$ 2,384,639
Total		$ 2,384,639

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under C.R.S. 24-75-601.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by C.R.S. 24-75-601.1, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value, and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Bonds Payable:					
Limited Tax General Obligation Bonds Series 2023 A-1	$ 9,100,000	$ -	$ -	$ 9,100,000	$ -
Limited Tax General Obligation Convertible Capital Appreciation Bonds Series 2023 A-2	5,951,471	485,605	-	6,437,076	-
Subordinate Limited Tax General Obligation Bonds Series 2023 B(2)	2,175,000	-	-	2,175,000	-
Accrued Interest:					
Series 2023 (B)2 Bonds	239,662	225,071	-	464,733	-
Subtotal Bonds Payable	17,466,133	710,676	-	18,176,809	-
Other Debts:					
Developer Advance - Operating	50,849	-	-	50,849	-
Developer Advance - Capital	799,479	-	-	799,479	-
Accrued Interest on:					
Developer Advance - Operating	2,137	2,120	-	4,257	-
Developer Advance - Capital	51,948	34,688	-	86,636	-
Subtotal Other Debts	904,413	36,808	-	941,221	-
Total Long-Term Obligations	$ 18,370,546	$ 747,484	$ -	$ 19,118,030	$ -

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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

Limited Tax General Obligation Bonds, Series 2023A-1 (the Senior Bonds), Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2023A-2 (the Capital Appreciation Bonds), and Subordinate Limited Tax General Obligation Bonds Series 2023B (the Subordinate Bonds, and together with the Senior Bonds, and the bonds, the Bonds)

Bond Details

The District issued bonds on October 27, 2023, in the par amounts of $9,100,000 for the Limited Tax General Obligation Bonds, Series 2023A-1 (the 2023A-1 Bonds), $5,461,793, appreciating to a principal amount of $8,145,000, for the Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2023A-2 (the 2023A-2 Bonds), and $2,175,000 for the Subordinate Limited Tax General Obligation Bonds, Series 2023B (the Subordinate Bonds, and together with the 2023A-1 Bonds and 2023A-2 Bonds, the Bonds).

The Bonds may be subject to acceleration pursuant to mandatory redemption provisions as described in the applicable Indenture and do not have any unused lines of credit. No assets have been pledged as collateral on the Bonds.

Senior Bonds Details

The 2023A-1 Bonds bear interest at 7.25%, payable semi-annually on June 1 and December 1, beginning on December 1, 2023. Annual mandatory sinking fund principal payments are due on December 1 of each year beginning on December 1, 2030. The 2023A-1 Bonds mature on December 1, 2053.

To the extent principal of any 2023A-1 Bond is not paid when due, such principal shall remain outstanding until paid subject to the Senior Termination Date. To the extent interest on any 2023A-1 Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the 2023A-1 Bond.

The Senior Bonds and interest thereon will be deemed to be paid, satisfied, and discharged on December 2 of the year which is thirty-six (36) years after the First Debt Service Mill Levy Imposition Year of the Senior Required Mill Levy (the Senior Termination Date), regardless of the amount of principal and interest remaining unpaid.

Events of default on the Senior Bonds occur if the District fails to impose the Senior Required Mill Levy, or to apply the Senior Pledged Revenues as required by the Senior Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture. Acceleration of the Senior Bonds shall not be an available remedy for an Event of Default.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Senior Bonds Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of the Senior Pledged Revenue consisting of moneys derived by the District from (i) the Senior Required Mill Levy, net of fees of the County, (ii) Specific Ownership Taxes collected as a result of the imposition of the Senior Required Mill Levy, and (iii) any other legally available moneys which the District determines to apply as Senior Pledged Revenue.

”Senior Specific Ownership Tax Revenues” mean the specific ownership taxes remitted to the District as a result of its imposition of the Senior Required Mill Levy.

“Capital Fees” are defined as all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District for services, programs, or facilities furnished by the District. Capital Fees do not include any other fee imposed by the District solely for the purpose of funding operation and maintenance expenses. While Capital Fees are pledged to the payment of the Bonds, the District currently does not impose Capital Fees.

The Bonds are secured by and payable from moneys derived by the District from the following sources:

(a) all Property Tax Revenues
(b) all specific Ownership Tax Revenues
(c) any other legally available moneys that the District determines, in its absolute discretion, to credit to the Bond Fund

Capital Appreciation Bonds Details

The 2023A-2 Bonds were issued as capital appreciation bonds, convertible to current interest bonds on December 1, 2028. Prior to conversion to current interest bonds, the 2023A-2 Bonds accrete in value at an annual yield equal to 8.00% from their date of issuance. The accreted amount compounds semi-annually on June 1 and December 1, beginning on December 1, 2023, to and including December 1, 2028. Such accreted amount, together with the original principal amount of the 2023A-2 Bonds, bears additional interest at 8.00%. The accreted 2023A-2 Bonds principal balance at conversion on December 1, 2028, will be $8,145,000.

Upon conversion to current interest bonds, interest is payable semi-annually on June 1 and December 1, commencing on December 1, 2028. Annual principal payments are due on December 1 of each year, with a final maturity on December 1, 2053.

Capital Appreciation Bonds Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of the Senior Pledged Revenue consisting of moneys derived by the District from (i) the Senior Required Mill Levy, net of fees of the County, (ii) Specific Ownership Taxes collected as a result of the imposition of the Senior Required Mill Levy, and (iii) any other legally available moneys which the District determines to apply as Senior Pledged Revenue.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Capital Appreciation Required Mill Levy

The Senior Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year, commencing in the First Debt Service Mill Levy Imposition Year, in the number of mills which will generate property tax revenue in an amount sufficient to pay the Senior Bonds as they come due, but not in excess of 63.600 mills, as adjusted and for changes occurring in the method of calculating assessed valuation after January 1, 2018, and for so long as the amount in the Surplus Fund is less than the Maximum Surplus Amount, not less than 63.600 mills, as adjusted.

First Debt Service Mill Levy Imposition Year means the first year after the issuance of the Senior Bonds in which the certified assessed valuation of that portion of the taxable property of the District which is classified as “residential” by the County Assessor is $50,000 or more.

Subordinate Bonds Details

The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. The Subordinate Bonds bear interest at the rate of 9.25% per annum. Principal and interest on the Subordinate Bonds is payable annually on each December 15 commencing December 15, 2023, payable only from and to the extent of available Subordinate Pledged Revenue in the Subordinate Bond Fund.

To the extent principal of any bond is not paid when due, such principal is to remain outstanding until the earlier of its payment or the Subordinate Termination Date and is to continue to bear interest at the rate then borne by the Subordinate Bond. In the event interest on any bond is not paid when due, such interest is to compound annually on each December 15, at the rate then borne by the Subordinate Bond.

The Subordinate Bonds and interest thereon will be deemed to be paid, satisfied, and discharged on December 16 of the year which is thirty-six (36) years after the First Debt Service Mill Levy Imposition Year of the Subordinate Required Mill Levy (the Subordinate Termination Date), regardless of the amount of principal and interest remaining unpaid.

Events of default on the Subordinate Bonds occur if the District fails to impose the Subordinate Required Mill Levy, or to apply the Subordinate Pledged Revenues as required by the Subordinate Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Subordinate Indenture. Acceleration of the Subordinate Bonds shall not be an available remedy for an Event of Default.

Subordinate Bonds Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of the Subordinate Pledged Revenue consisting of moneys derived by the District from (i) the Subordinate Required Mill Levy, net of fees of the County, (ii) Specific Ownership Taxes collected as a result of the imposition of the Subordinate Required Mill Levy, and (iii) any other legally available moneys which the District determines to apply as Subordinate Pledged Revenue.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Required Mill Levy

The Subordinate Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year, commencing in the First Debt Service Mill Levy Imposition Year, in the amount of 63.600 mills, as adjusted, minus the number of mills equal to the Senior Bond Mill Levy for the same levy year.

Senior Bonds Debt Service

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

Year Ending December 31,	Principal	Interest	Total
2026	$ -	$ 659,750	$ 659,750
2027	-	659,750	659,750
2028	-	659,750	659,750
2029	-	659,750	659,750
2030	20,000	659,750	679,750
2031-2035	650,000	3,211,027	3,861,027
2036-2040	1,170,000	2,903,626	4,073,626
2041-2045	1,885,000	2,383,076	4,268,076
2046-2050	2,940,000	1,558,388	4,498,388
2051-2053	2,435,000	362,501	2,797,501
Total	$ 9,100,000	$ 13,717,368	$ 22,817,368

Bond Debt Service

The annual debt service requirements on the Capital Appreciation Bonds and Subordinate Bonds are not currently determinable since they are payable only from available Capital Appreciation Pledged Revenue and Subordinate Pledged Revenue, respectively.

Authorized Debt

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to $87,000,000 (Service Plan Debt Issuance Limit). In no event is the District authorized to issue debt in excess of the Service Plan Debt Issuance Limit, with the exception that such limit is not applicable to refunding of the debt authorized to be issued under the Service Plan.

The District has voter authorization in excess of the Service Plan Debt Issuance Limit as at the time of the election, the actual costs of construction were not known. Without knowing the costs of construction, it is not possible to allocate the Service Plan Debt Issuance Limit by power (such as water, sewer, or streets). Therefore, the Service Plan Debt Issuance Limit was voted in every power relative to debt for public improvements. With that understanding, on November 6, 2018, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $87,000,000. At December 31, 2025, the District had authorized but unissued indebtedness of $15,761,207.

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

On July 24, 2019, The Lanterns Metropolitan District No. 1 issued its Limited Tax General Obligation Bonds, Series 2019A in the par amount of $18,740,000, Subordinate Limited Tax General Obligation Bonds, Series 2019B in the par amount of $2,051,000, and its Junior Lien Limited Tax General Obligation, Bonds Series 2019C in the par amount of $1,329,000.

On August 12, 2021, The Lanterns Metropolitan District No. 2 issued its Limited Tax General Obligation Bonds, Series 2021A(3) in the par amount of 25,482,000.

Developer Advances

The District entered into a Funding and Reimbursement Agreement with Toll Southwest, LLC (the Developer), in 2023, for the purpose of funding certain operation and maintenance expenses (see Note 6).

The District entered into an Infrastructure and Reimbursement Agreement with Toll Southwest, LLC (the Developer), in 2023, for the purpose of funding certain capital expenditures (see Note 6).

NOTE 5 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 ether 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 has a restricted net position as of December 31, 2025, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	$ 2,000
Debt Service	2,302,741
Total Restricted Net Position	$ 2,304,741

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

NOTE 6 AGREEMENTS

Intergovernmental Agreement between Lantern Metropolitan Districts Nos. 1-5 (Districts) and the Town of Castle Rock

The District, in conjunction with Lanterns Metropolitan District Nos. 1, 2, 4, and 5, entered into an Intergovernmental Agreement (Second IGA) with the Town dated February 25, 2019. Pursuant to the Second IGA, the Districts agree to certain items, inclusive of the following items. District Nos. 4-5 were each dissolved by an Order of the Court on December 17, 2025.

Operations and Maintenance – District Nos. 1-3 are authorized to implement the Capital Plan and Financial Plan within their respective boundaries. District No. 4 and District No. 5 are organized to provide operations and maintenance services to the service area. The Districts shall dedicate the public improvements to the Town or other appropriate jurisdiction or owners association in accordance with the then current Town requirements. The Districts are authorized, but not obligated, to own, operate, and maintain public improvements not otherwise dedicated to the Town or other public entity.

Fire Protection – The Districts are not authorized to provide fire protection facilities or services unless provided pursuant to an intergovernmental agreement with the Town. This agreement does not limit the authority to provide fire hydrants and related water systems. The Districts will obtain fire protection and emergency response services from the Town.

Privately Placed Debt Limitation – District Nos. 1-3 will obtain the certification of an external financial advisor prior to the issuance of any privately placed debt.

Total Debt Issuance – District Nos. 1-3 shall not issue debt in excess of $87,000,000. The limitation shall not apply for the purpose of refunding, refinancing, reissuing, or restructuring outstanding debt. District No. 4 and District no. 5 shall not be permitted to issue debt.

Fee Limitation – District Nos. 1-3 may impose and collect a development fee, imposed for repayment of debt and capital costs, not to exceed $2,000 per unit, plus a 1% cost of living adjustment from January 1, 2016 forward.

Maximum Debt Mill Levy – The Maximum Debt Mill Levy shall not exceed 63.600 mills, as adjusted for changes in the method of calculating assessed valuation on or after January 1, 2018.

Maximum Debt Mill Levy Imposition Term – The Districts shall not impose a levy for repayment of debt which exceeds 35 years after the year of initial imposition of such mill levy unless a majority of the Board of Directors of the District are residents of the District and have voted in favor of a refunding of all or part of the debt and such refunding will result in a net present value savings.

Operations and Maintenance Mill Levy – A District shall not impose a mill levy for operations, which when combined with its debt service mill levy exceeds 74.600 mills, as adjusted for changes in the method of calculating assessed valuation on or after January 1, 2018.

NOTE 6 AGREEMENTS (CONTINUED)

Funding and Reimbursement Agreement with Toll Southwest LLC

The District entered into the Funding and Reimbursement Agreement (Operations and Maintenance) (O&M Agreement) with Toll Southwest, LLC (Developer) dated September 5, 2023. Pursuant to the O&M Agreement, the Developer agrees to advance funds to the District, for operation and maintenance expenses, one or more sums of money, not to exceed the aggregate of $50,000 per annum for fiscal years 2023 through 2024. The maximum amount to be advanced for Operations and Maintenance Expenses pursuant to this agreement is $100,000. The District agrees to repay these advances together with accrued simple interest at a rate of 4% per annum accruing from the date any such advance is made. The term of repayment under the O&M Agreement shall not extend beyond 20 years from the date of the O&M Agreement. At December 31, 2025, the advances had a balance of $50,849 and accrued interest totaled $4,257.

Infrastructure Acquisition and Reimbursement Agreement with Toll Southwest LLC

The District entered into the Infrastructure Acquisition and Reimbursement Agreement (IA Agreement) with the Developer dated September 5, 2023. Pursuant to the IA Agreement, the District agreed to reimburse the Developer for related expenses, subject to cost verification and other terms of the IA Agreement from the Project Fund. The parties agreed that only completed phases of work shall be eligible for reimbursement by the District. The District agrees to acquire certain public infrastructure constructed or caused to be constructed by the Developer to be owned by the District. the District's obligations under this Agreement shall terminate at the earlier of exhaustion of all amounts in the Project Fund or 20 years from the date of this Agreement. At December 31, 2025, the advances had a balance of $799,479 and accrued interest totaled $86,636.

NOTE 7 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, public officials' liability, and workers' compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool 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 8 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.

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.

At an election held on November 8, 2016, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all ad valorem property taxes and fees of the District without regard to any limitations under TABOR.

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

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado.

Annual operating revenue is limited to a 5.25% increase, such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

SUPPLEMENTARY INFORMATION

LANTERNS METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	$ 120,000	$ 120,000	$ 112,667	$ (7,333)
Total Revenues	120,000	120,000	112,667	(7,333)
EXPENDITURES				
Paying Agent Fees	13,000	13,000	13,000	-
Bond Interest	659,750	723,000	722,060	940
Total Expenditures	672,750	736,000	735,060	940
NET CHANGE IN FUND BALANCE	(552,750)	(616,000)	(622,393)	(6,393)
Fund Balance - Beginning of Year	2,990,038	2,990,038	2,980,113	(9,925)
FUND BALANCE - END OF YEAR	$ 2,437,288	$ 2,374,038	$ 2,357,720	$ (16,318)

LANTERNS METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	$ -	$ -	$ 6,706	$ 6,706
Other Revenue	-	75,000	-	(75,000)
Total Revenues	-	75,000	6,706	(68,294)
EXPENDITURES				
Intergovernmental Expenditures	-	4,967,093	4,967,092	1
Contingency	-	75,000	-	75,000
Engineering	-	-	3,067	(3,067)
Total Expenditures	-	5,042,093	4,970,159	71,934
NET CHANGE IN FUND BALANCE	-	(4,967,093)	(4,963,453)	3,640
Fund Balance - Beginning of Year	-	4,967,093	4,964,383	(2,710)
FUND BALANCE - END OF YEAR	$ -	$ -	$ 930	$ 930

OTHER INFORMATION

LANTERNS METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

Bonds/Loans and Interest Maturing in the Year Ending December 31,	$9,100,000 Limited Tax General Obligation Bonds Refunding Notes Series 2023A-1 Dated October 27, 2023 Interest Rate 7.25% Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2026	$ -	$ 659,750	$ 659,750
2027	-	659,750	659,750
2028	-	659,750	659,750
2029	-	659,750	659,750
2030	20,000	659,750	679,750
2031	85,000	658,300	743,300
2032	120,000	652,138	772,138
2033	130,000	643,438	773,438
2034	150,000	634,013	784,013
2035	165,000	623,138	788,138
2036	190,000	611,175	801,175
2037	205,000	597,400	802,400
2038	235,000	582,538	817,538
2039	255,000	565,500	820,500
2040	285,000	547,013	832,013
2041	310,000	526,350	836,350
2042	345,000	503,875	848,875
2043	370,000	478,863	848,863
2044	415,000	452,038	867,038
2045	445,000	421,950	866,950
2046	495,000	389,688	884,688
2047	530,000	353,800	883,800
2048	590,000	315,375	905,375
2049	630,000	272,600	902,600
2050	695,000	226,925	921,925
2051	745,000	176,538	921,538
2052	815,000	122,525	937,525
2053	875,000	63,438	938,438
Total	$ 9,100,000	$ 13,717,368	$ 22,817,368

LANTERNS METROPOLITAN DISTRICT NO. 3
SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended December 31,	Assessed Valuation for Current Year Property Tax Levy	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Total	Levied	Collected	
2021	$ 1,680	0.000	0.000	0.000	$ -	$ -	0.00%
2022	2,100,670	0.000	0.000	0.000	-	-	0.00
2023	2,199,620	0.000	0.000	0.000	-	-	0.00
2024	3,999,840	11.433	0.000	11.433	45,730	45,730	100.00
2025	5,241,100	11.436	0.000	11.436	59,937	58,095	96.93
Estimated for Year Ending December 31, 2026	$ 8,257,320	7.640	69.570	77.210	$ 637,548		

Note:
Property taxes shown as collected in any one year include collection of property taxes or abatements of property taxes assessed in prior years.
This presentation does not attempt to identify specific years of assessment.