

**ALLISON VALLEY METROPOLITAN  
DISTRICT NO. 2  
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2  
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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Allison Valley Metropolitan District No. 2  
Colorado Springs, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Allison Valley Metropolitan District No. 2 (the District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2018, 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.

## **Other Matters**

### *Required Supplemental Information*

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

### *Other Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules on page 22 through 25 are presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Stockman Kast Ryan + Co. LLP*

July 9, 2019

## **BASIC FINANCIAL STATEMENTS**

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 395
Cash and Investments - Restricted	53,909
Receivable - County Treasurer	1,617
Property Taxes Receivable	261,534
Prepaid Expense	13,439
Capital Assets, Net	3,956,882
Total Assets	4,287,776
<b>LIABILITIES</b>	
Accounts Payable	14,380
Accrued Interest Payable	14,294
Noncurrent Liabilities:	
Due in One Year	41,966
Due in More Than One Year	12,678,033
Total Liabilities	12,748,673
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Property Tax Revenue	261,534
Total Deferred Inflows of Resources	261,534
<b>NET POSITION</b>	
Net Investment in Capital Assets	(425,702)
Restricted for:	
Emergency Reserves	1,240
Capital Projects	10
Unrestricted	(8,297,979)
Total Net Position	\$ (8,722,431)

See accompanying Notes to Basic Financial Statements.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental Activities:					
General Government	\$ 395,695	\$ -	\$ -	\$ -	\$ (395,695)
Interest and Related Costs on Long-Term Debt	468,984	-	-	-	(468,984)
Dedication of Capital Assets to Other Governments	1,437,048	-	-	-	(1,437,048)
Total Governmental Activities	\$ 2,301,727	\$ -	\$ -	\$ -	(2,301,727)
<b>GENERAL REVENUES</b>					
Property Taxes					145,873
Specific Ownership Taxes					18,432
Net Investment Income					2,340
Total General Revenues					166,645
<b>CHANGE IN NET POSITION</b>					(2,135,082)
Net Position - Beginning of Year					(6,587,349)
<b>NET POSITION - END OF YEAR</b>					\$ (8,722,431)

See accompanying Notes to Basic Financial Statements.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 395	\$ -	\$ -	\$ 395
Cash and Investments - Restricted	1,240	52,659	10	53,909
Receivable from County	404	1,213	-	1,617
Due from Other Funds	-	1,612	-	1,612
Property Taxes Receivable	65,385	196,149	-	261,534
Prepaid Expenses	10,439	3,000	-	13,439
	<u>\$ 77,863</u>	<u>\$ 254,633</u>	<u>\$ 10</u>	<u>\$ 332,506</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	14,380	\$ -	\$ -	\$ 14,380
Due to Other Funds	1,612	-	-	1,612
Total Liabilities	15,992	-	-	15,992
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Tax Revenue	65,385	196,149	-	261,534
Total Deferred Inflows of Resources	65,385	196,149	-	261,534
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Expenses	10,439	3,000	-	13,439
Restricted For:				
Emergencies (TABOR)	1,240	-	-	1,240
Debt Service	-	55,484	-	55,484
Capital Projects	-	-	10	10
Unassigned	(15,193)	-	-	(15,193)
Total Fund Balances	(3,514)	58,484	10	54,980
	<u>\$ 77,863</u>	<u>\$ 254,633</u>	<u>\$ 10</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances				
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				3,956,882
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:				
Accrued Interest on Developer Advance				(945,736)
Developer Advances Payable				(7,335,383)
Loan Payable				(4,438,880)
Accrued Interest Payable				(14,294)
Net Position of Governmental Activities				<u>\$ (8,722,431)</u>

See accompanying Notes to Basic Financial Statements.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 36,468	\$ 109,405	\$ -	\$ 145,873
Specific Ownership Taxes	4,608	13,824	-	18,432
Net Investment Income	103	1,832	405	2,340
Total Revenues	<u>41,179</u>	<u>125,061</u>	<u>405</u>	<u>166,645</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	18,895	-	-	18,895
Audit	7,400	-	-	7,400
County Treasurer's Fees	549	1,646	-	2,195
District Management	39,000	-	-	39,000
Dues and Membership	1,238	-	-	1,238
Election	52	-	-	52
Insurance and Bonds	10,118	-	-	10,118
Landscaping	86,800	-	-	86,800
Legal	5,520	-	-	5,520
Miscellaneous	3,993	-	-	3,993
Repairs and Maintenance	328	-	-	328
Snow Removal	1,607	-	-	1,607
Utilities	69,223	-	-	69,223
Debt Service:				
Loan Interest Expense	-	149,089	-	149,089
Loan Principal	-	12,285	-	12,285
Non Use Fees	-	24,959	-	24,959
Paying Agent Fees	-	3,000	-	3,000
Capital Outlay	-	-	2,187,865	2,187,865
Total Expenditures	<u>244,723</u>	<u>190,979</u>	<u>2,187,865</u>	<u>2,623,567</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(203,544)	(65,918)	(2,187,460)	(2,456,922)
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	218,005	-	2,187,864	2,405,869
Loan Proceeds	-	-	1,522,332	1,522,332
Repay Developer Advance	-	-	(1,482,186)	(1,482,186)
Transfers In (Out)	-	59,740	(59,740)	-
Total Other Financing Sources (Uses)	<u>218,005</u>	<u>59,740</u>	<u>2,168,270</u>	<u>2,446,015</u>
<b>NET CHANGE IN FUND BALANCES</b>	14,461	(6,178)	(19,190)	(10,907)
Fund Balances - Beginning of Year	<u>(17,975)</u>	<u>64,662</u>	<u>19,200</u>	<u>65,887</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (3,514)</u>	<u>\$ 58,484</u>	<u>\$ 10</u>	<u>\$ 54,980</u>

See accompanying Notes to Basic Financial Statements.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Governmental Funds \$ (10,907)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	2,187,865
Dedicated Capital Assets to Other Entities	(1,437,048)
Depreciation	(150,972)

Long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Current Year Loan Principal Payment	12,285
Loan Proceeds	(1,522,332)
Developer Advances	(2,405,869)
Repayment of Developer Advances	1,482,186

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Loan - Change in Liability	(4,580)
Accrued interest on Developer Advances - Change in Liability	<u>(285,710)</u>

Change in Net Position of Governmental Activities \$ (2,135,082)

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 36,468	\$ 36,468	\$ 36,468	\$ -
Specific Ownership Tax	5,110	5,110	4,608	(502)
Net Investment Income	30	30	103	73
Total Revenues	<u>41,608</u>	<u>41,608</u>	<u>41,179</u>	<u>(429)</u>
<b>EXPENDITURES</b>				
Current:				
Accounting	20,000	20,000	18,895	1,105
Audit	7,500	7,500	7,400	100
Contingency	9,953	9,953	-	9,953
County Treasurer's Fee	547	547	549	(2)
District Management	39,000	39,000	39,000	-
Dues and Membership	500	500	1,238	(738)
Election	3,000	3,000	52	2,948
Insurance and Bonds	12,000	12,000	10,118	1,882
Landscaping	60,000	85,000	86,800	(1,800)
Legal	9,000	9,000	5,520	3,480
Miscellaneous	3,000	3,000	3,993	(993)
Repairs and Maintenance	5,500	5,500	328	5,172
Snow Removal	1,000	1,000	1,607	(607)
Utilities	35,000	65,000	69,223	(4,223)
Total Expenditures	<u>206,000</u>	<u>261,000</u>	<u>244,723</u>	<u>16,277</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(164,392)	(219,392)	(203,544)	15,848
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	170,000	240,000	218,005	(21,995)
Total Other Financing Sources (Uses)	<u>170,000</u>	<u>240,000</u>	<u>218,005</u>	<u>(21,995)</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,608	20,608	14,461	(6,147)
Fund Balance - Beginning of Year	<u>564</u>	<u>(17,975)</u>	<u>(17,975)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 6,172</u>	<u>\$ 2,633</u>	<u>\$ (3,514)</u>	<u>\$ (6,147)</u>

See accompanying Notes to Basic Financial Statements.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Allison Valley Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court of El Paso County on December 5, 2006, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The Consolidated Service Plan, dated July 12, 2006, formed the Allison Valley Metropolitan District Nos. 1 and 2 (the Districts). The District operates under the Amended and Restated Service Plan approved by the City of Colorado Springs (the City) on September 8, 2015. The District's service area is located entirely within the City in El Paso County, Colorado. The Districts were established to provide the following services: streets and drainage, water, sanitary sewer, parks and recreation, traffic safety protection, mosquito control, public transportation, and television relay and translation. Both Districts are residential districts. Allison Valley Metropolitan District No. 1 (Allison Valley 1) also includes commercial properties within its boundaries. See Note 8 regarding intergovernmental agreements between the Districts.

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

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Government-Wide and Fund Financial Statements**

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

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

The District reports the following major governmental funds:

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

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

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

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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 annual budget for the year ended December 31, 2018.

**Property Taxes**

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

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

Pursuant to the Service Plan as amended on September 8, 2015, the District may certify a maximum operating mill levy of 10.000 mills and a maximum debt service mill levy of 31.794 mills, as adjusted for changes in the ratio of actual value to assessed value property within the District.

**Capital Assets**

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

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

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

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

Infrastructure	30 to 50 Years
Park and Recreation	15 to 35 Years

It is the policy of the City to accept maintenance responsibility for all capital improvements within the City after a minimum two-year warranty period, except for certain landscaping, park and recreation, and storm drainage improvements specified in the District's Service Plan, upon the District's completion and conveyance of such improvements provided they meet the City's specifications.

The District has conveyed assets in the amount of \$6,480,459 to the City and has a warranty and maintenance obligation to the City for a period of two years following the City's preliminary acceptance.

**Deferred Inflows of Resources**

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

**Equity**

**Net Position**

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

**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:

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*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.

**Deficits**

The General Fund reported a deficit in the fund financial statements as of December 31, 2018. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2019.

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 395
Cash and Investments - Restricted	53,909
Total Cash and Investments	\$ 54,304

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

Cash and investments as of December 31, 2018, consist of the following:

Deposits with Financial Institutions	<u>\$ 54,304</u>
Total Cash and Investments	<u><u>\$ 54,304</u></u>

**Deposits with Financial Institutions**

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

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

At December 31, 2018, the District's cash deposits had a bank balance of \$54,304 and a carrying balance of \$54,304.

**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.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

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

As of December 31, 2018, the District had no investments:

**NOTE 4 CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2018 follows:

	Balance at December 31, 2017	Increases	Decreases	Balance at December 31, 2018
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 1,437,048	\$ 1,437,048	\$ -
Total Capital Assets, Not Being Depreciated	-	1,437,048	1,437,048	-
Capital Assets, Being Depreciated:				
Parks and Recreation Facilities	2,391,663	347,089	-	2,738,752
Storm Drainage Facilities	1,104,573	403,728	-	1,508,301
Total Capital Assets, Being Depreciated	3,496,236	750,817	-	4,247,053
Less Accumulated Depreciation For:				
Parks and Recreation Facilities	(108,726)	(107,424)	-	(216,150)
Storm Drainage Facilities	(30,473)	(43,548)	-	(74,021)
Total Accumulated Depreciation	(139,199)	(150,972)	-	(290,171)
Total Capital Assets, Being Depreciated, Net	3,357,037	599,845	-	3,956,882
Governmental Activities Capital Assets, Net	<u>\$ 3,357,037</u>	<u>\$ 2,036,893</u>	<u>\$ 1,437,048</u>	<u>\$ 3,956,882</u>

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2018:

	Balance - December 31, 2017	Additions	Retirements	Balance - December 31, 2018	Due Within One Year
Series 2015A Limited Tax					
G.O. Loan	\$ 2,928,833	\$ 1,522,332	\$ 12,285	\$ 4,438,880	\$ 41,966
Developer Advances:					
Operating	473,659	218,005	-	691,664	-
Capital	5,880,653	2,187,864	1,482,186	6,586,331	-
Elite	50,000	-	-	50,000	-
Ginger	7,388	-	-	7,388	-
Interest on Developer					
Advances:					
Operating	32,666	25,928	-	58,594	-
Capital	603,219	257,484	-	860,703	-
Elite	22,302	2,002	-	24,304	-
Ginger	1,839	296	-	2,135	-
Total	<u>\$ 10,000,559</u>	<u>\$ 4,213,911</u>	<u>\$ 1,494,471</u>	<u>\$ 12,719,999</u>	<u>\$ 41,966</u>

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

**Series 2015A – \$10,000,000 Limited Tax General Obligation Loan**

On December 4, 2015, the District entered into the 2015A Loan Agreement (the Series 2015A Loan) with Zions Bank (successor of Vectra Bank) in an amount not to exceed \$10,000,000, with a maturity date of December 1, 2046. The interest rate is calculated as 3.25% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the Advance and is reset on December 1, 2020, and each five-year anniversary of such date until maturity. Payments are due semi-annually on June 1 and December 1 of each year through December 1, 2046. The District may prepay the outstanding principal commencing on the second anniversary with a 1% penalty. Prepayments may occur after the third anniversary without penalty. The Series 2015A Loan was executed to reimburse the Developer for infrastructure acquired by the District.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

**Series 2015A – \$10,000,000 Limited Tax General Obligation Loan (Continued)**

The District may make advance requests one each calendar year quarter in amounts not less than \$50,000, and not to exceed the aggregate amount of \$10,000,000. Loan advances and interest rates as of December 31, 2018 are as follows:

<u>Loan Date</u>	<u>Loan Amount</u>	<u>Interest</u>
December 4, 2015	\$ 633,000	4.0050 %
August 3, 2016	219,708	3.6530
August 24, 2016	306,109	3.6230
October 20, 2016	122,361	3.6080
January 23, 2017	364,961	4.0650
May 27, 2017	218,316	4.0280
July 25, 2017	412,095	4.0130
October 23, 2017	653,549	3.9750
January 30, 2018	480,595	4.2900
April 24, 2018	159,625	4.5150
August 2, 2018	605,404	4.6500
October 30, 2018	276,708	4.7175
Total	<u>\$ 4,452,431</u>	

The Series 2015A Loan is secured and payable from the Pledged Revenue, consisting of monies derived by property and specific ownership taxes, as derived by the debt mill levy, system development fees, and any other legally available monies of the District credited to the Loan Fund.

**Series 2015B – Limited Tax General Obligation Loan**

On December 21, 2015, the District entered into the 2015B Loan Agreement (the Series 2015B Loan) with Zions Bank (successor of Vectra Bank) in the amount of the lesser of (i) \$3,500,000, plus the amount, if any, which is not funded pursuant to the Series 2015A Loan by December 21, 2018 and which is transferred to the amount which may be advanced pursuant to the Series 2015B Loan or (ii) \$10,000,000. The interest rate is calculated as 3.25% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the Advance and is reset on December 1, 2020, and each five-year anniversary of such date until maturity. Payments are due semi-annually on June 1 and December 1 of each year through December 1, 2046. The Series 2015B Loan was executed to reimburse the Developer for infrastructure acquired by the District.

No loan advances have been requested on the Series 2015B Loan as of December 31, 2018. The District may make advance requests once each calendar year quarter in amounts not less than \$50,000, and not to exceed the maximum advance amount.

The Series 2015B Loan is secured and payable from the Pledged Revenue, consisting of monies derived by property taxes, specific ownership taxes, system development fees, and any other legally available monies of the District credited to the Loan Fund. The Series 2015B Loan is parity debt to the Series 2015A Loan.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 41,966	\$ 186,104	\$ 228,070
2020	73,187	184,947	258,134
2021	34,986	181,357	216,343
2022	42,875	179,890	222,765
2023	50,626	178,091	228,717
2024-2028	290,299	856,097	1,146,396
2029-2033	539,758	781,060	1,320,818
2034-2038	953,849	632,349	1,586,198
2039-2043	1,498,200	388,490	1,886,690
2044-2046	913,134	68,513	981,647
Total	<u>\$ 4,438,880</u>	<u>\$ 3,636,898</u>	<u>\$ 8,075,778</u>

**Authorized Debt**

On November 7, 2006, the District's electorate authorized the issuance of indebtedness in an amount not to exceed \$30,000,000 for infrastructure improvements at an interest rate not to exceed 16% and \$30,000,000 for refunding the District's debt or other obligations.

On November 3, 2015, the District held an election to authorize issuance of indebtedness. The District Board determined, upon advice of legal counsel, that the authorizations approved in the November 7, 2006 election were valid and would not be modified as proposed in the 2015 ballot issues.

	<u>Amount Authorized November 7, 2006</u>	<u>Authorization Used 2015A Loan</u>	<u>Remaining at December 31, 2018</u>
Streets and Storm Drainage	\$ 17,000,000	\$ 3,213,551	\$ 13,786,449
Water Improvements	1,000,000	207,094	792,906
Sanitary Sewer Improvements	2,000,000	587,591	1,412,409
Parks and Recreation	7,000,000	389,989	6,610,011
Traffic Safety Controls	1,000,000	8,329	991,671
Mosquito Control	1,000,000	-	1,000,000
Public Transportation	500,000	45,877	454,123
TV Relay and Translation	500,000	-	500,000
Refunding of Debt	30,000,000	-	30,000,000
Total	<u>\$ 60,000,000</u>	<u>\$ 4,452,431</u>	<u>\$ 55,547,569</u>

Pursuant to the Service Plan as amended on September 8, 2015, the District can issue bond indebtedness of up to \$30,000,000. In addition, the maximum debt service mill levy for the District is 30.000 mills, as adjusted for changes in the ratio of actual value to assessed value property within the District. As of December 31, 2018, the calculated adjusted debt service mill levy was 32.141 mills.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)**

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

**Developer Advances**

The District has entered into Reimbursement Agreements, which were amended effective January 1, 2017, with Allison Valley Development Company, LLC (the Developer) to repay advances made by the Developer for operation and maintenance and capital improvement costs. For operations and maintenance, the District agrees to repay the Developer along with accrued interest rate of the greater of 4.25% or Prime Rate published by Kirkpatrick Bank plus 1%. For capital improvements, the District agrees to repay the Developer along with accrued interest at the rate set forth on the initial debt offering, from the day of each advance. The District's repayment obligations pursuant to these agreements are subject to annual appropriation. Pursuant to the First Amendment to the Reimbursement Agreement, payments to the Developer shall be applied first to principal then to interest. As of December 31, 2018, outstanding Developer advances for operations and debt totaled \$694,664 with accrued interest of \$58,594 and outstanding advances for capital improvements totaled \$6,586,331 with accrued interest of \$860,703.

**Reimbursement Agreement**

On November 14, 2013, the District entered into a Reimbursement Agreement to repay advances made by Elite Properties of America, Inc. (Elite) and Ginger I, LLC (Ginger) for organization, and operations and maintenance (O&M) costs. The District agreed to repay Elite and Ginger for such advances plus accrued interest at the rate set forth on the initial bond offering, which is 4.005%. This Agreement does not constitute a debt of the District and any reimbursements shall be made subject to annual appropriations at the District's discretion. As of December 31, 2018, outstanding advances under the agreement for Elite totaled \$50,000 and accrued interest totaled \$24,304; for Ginger, outstanding advances totaled \$7,388 and accrued interest totaled \$2,135.

**NOTE 6 NET POSITION**

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

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 6 NET POSITION (CONTINUED)**

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2018, the District had net investment in capital assets calculated as follows:

Net Investment in Capital Assets:	
Capital Assets, Net (Excluding Assets Anticipated to Be Conveyed to Other Governmental Entities)	\$ 3,956,882
Current Portion of Long-Term Obligations	(16,614)
Noncurrent Portion of Long-Term Obligations	(4,348,298)
Unspent Loan Proceeds	<u>(17,672)</u>
Net Investment in Capital Assets	<u>\$ (425,702)</u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2018, as follows:

Restricted Net Position:	
Emergencies	\$ 1,240
Capital Projects	<u>10</u>
Total Restricted Net Position	<u>\$ 1,250</u>

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 were conveyed to other governmental entities and which costs were removed from the Districts financial records and for the repayment of Developer advances for operations, maintenance, and infrastructure costs.

**NOTE 7 RELATED PARTIES**

The Developer of the property which constitutes the District is Allison Valley Development Company, LLC. The members of the Board of Directors are officers, employees, or associated with the Developer and may have conflicts of interest in dealing with the District. See Note 5 concerning advances made by the Developer.

**NOTE 8 INTERGOVERNMENTAL AGREEMENTS**

On December 6, 2007, the District entered into an Intergovernmental Agreement (IGA) with Allison Valley 2. The IGA was supplemented on October 20, 2016. The purpose of the IGA is to clarify specific provisions of the Amended Service Plan.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 8 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)**

The Districts agree to share the costs of the financing, construction, operation, and maintenance of facilities as contemplated in the Consolidated Service Plan. It is anticipated that the total capital costs of the Districts will not exceed \$30,000,000, which the Districts will share. The Districts will share the capital costs 55% to Allison Valley 1 and 45% to Allison Valley 2. The percentages correspond to the approximate relative amount of assessed value of each district to the total projected at build-out for the total project.

The Districts agree to allocate the \$30,000,000 debt capacity authorized by the Consolidated Service Plan using the same percentage as the capital costs (55% for Allison Valley 1 and 45% for Allison Valley 2). In dollar terms the allocation of the debt capacity is \$16,500,000 for Allison Valley 1 and \$13,500,000 for Allison Valley 2. The Districts are allowed, but are not required to, allocate the voter-approved debt capacity that is available for each category of improvements using the 55/45 ratio.

**NOTE 9 ECONOMIC DEPENDENCY**

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

**NOTE 10 RISK MANAGEMENT**

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

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

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

**NOTE 11 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.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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.

On November 7, 2006, the District's voters authorized the District to increase property taxes \$750,000 annually, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitutions (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue 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 12 INTERFUND AND OPERATING TRANSFERS**

The transfer from the Capital Projects Fund to the Debt Service Fund was the capitalized interest portion of the loan proceeds.

## **SUPPLEMENTARY INFORMATION**

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 109,405	\$ 109,405	\$ 109,405	\$ -
Specific Ownership Tax	15,320	15,320	13,824	(1,496)
Interest Income	410	410	1,832	1,422
Total Revenues	<u>125,135</u>	<u>125,135</u>	<u>125,061</u>	<u>(74)</u>
<b>EXPENDITURES</b>				
Loan Interest Expense	118,274	143,274	149,089	(5,815)
Loan Principal	12,285	12,285	12,285	-
Non Use Fee	20,000	25,000	24,959	41
Paying Agent Fee	3,000	3,000	3,000	-
County Treasurer's Fees	1,641	1,641	1,646	(5)
Contingency	10,000	10,000	-	10,000
Total Expenditures	<u>165,200</u>	<u>195,200</u>	<u>190,979</u>	<u>4,221</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(40,065)	(70,065)	(65,918)	4,147
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in from Capital Projects Fund	50,000	60,000	59,740	(260)
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>60,000</u>	<u>59,740</u>	<u>(260)</u>
<b>NET CHANGE IN FUND BALANCES</b>	9,935	(10,065)	(6,178)	3,887
Fund Balance - Beginning of Year	<u>17,891</u>	<u>64,662</u>	<u>64,662</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 27,826</u>	<u>\$ 54,597</u>	<u>\$ 58,484</u>	<u>\$ 3,887</u>

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Net Investment Income	\$ 200	\$ 200	\$ 405	\$ 205
Total Revenues	200	200	405	205
<b>EXPENDITURES</b>				
Current:				
Contingency	50,000	50,000	7,000	43,000
Capital Outlay:				
Project Management	75,000	-	-	-
Planning	162,000	-	-	-
Drainage	141,000	405,000	403,728	1,272
Water Infrastructure	-	-	43,804	(43,804)
Sewer Infrastructure	29,000	229,000	237,828	(8,828)
Streets	270,000	970,000	965,655	4,345
Traffic Safety Controls	-	-	32	(32)
Park and Recreation	377,000	377,000	347,089	29,911
Transportation	-	155,000	156,626	(1,626)
Television Transmission and Relay	-	25,000	26,103	(1,103)
Total Expenditures	<u>1,104,000</u>	<u>2,211,000</u>	<u>2,187,865</u>	<u>23,135</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,103,800)	(2,210,800)	(2,187,460)	23,340
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer Advance	1,078,800	2,200,000	2,187,864	(12,136)
Loan Proceeds	1,446,977	1,546,977	1,522,332	(24,645)
Repay Developer Advance	(1,446,977)	(1,471,977)	(1,482,186)	(10,209)
Transfers Out to Debt Service Fund	(50,000)	(60,000)	(59,740)	260
Total Other Financing Sources (Uses)	<u>1,028,800</u>	<u>2,215,000</u>	<u>2,168,270</u>	<u>(46,730)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(75,000)	4,200	(19,190)	(23,390)
Fund Balance - Beginning of Year	<u>132,557</u>	<u>19,200</u>	<u>19,200</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 57,557</u>	<u>\$ 23,400</u>	<u>\$ 10</u>	<u>\$ (23,390)</u>

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
DECEMBER 31, 2018**

\$10,000,000 Limited Tax General  
Obligation Loan  
Series 2015A  
Dated December 4, 2015  
Total Drawn - \$4,452,431  
Interest Rate - Variable (Reset December 1, 2020)  
Principal Due December 1  
Interest Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 41,966	\$ 186,104	\$ 228,070
2020	73,187	184,947	258,134
2021	34,986	181,357	216,343
2022	42,875	179,890	222,765
2023	50,626	178,091	228,717
2024	61,702	176,451	238,153
2025	66,787	173,383	240,170
2026	44,524	170,585	215,109
2027	52,796	168,718	221,514
2028	64,490	166,960	231,450
2029	75,059	163,797	238,856
2030	88,400	160,650	249,050
2031	110,892	156,941	267,833
2032	124,123	152,670	276,793
2033	141,284	147,002	288,286
2034	156,812	141,028	297,840
2035	173,340	134,401	307,741
2036	188,220	127,425	315,645
2037	207,312	119,123	326,435
2038	228,165	110,372	338,537
2039	249,146	100,737	349,883
2040	272,931	90,464	363,395
2041	296,715	78,694	375,409
2042	325,586	66,168	391,754
2043	353,822	52,427	406,249
2044	384,215	37,599	421,814
2045	287,378	21,280	308,658
2046	241,541	9,634	251,175
Total	<u>\$ 4,438,880</u>	<u>\$ 3,636,898</u>	<u>\$ 8,075,778</u>

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2018**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
2014	\$ 48,720	40.000	\$ 1,949	\$ 1,949	100.00 %
2015	64,600	40.000	2,584	2,584	100.00
2016	497,820	40.000	19,913	19,913	100.00
2017	1,199,440	40.000	47,978	47,978	100.00
2018	3,441,070	42.392	145,873	145,873	100.00
Estimated for the Year Ending December 31, 2019	\$ 6,102,770	42.855	\$ 261,534		