

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITOR’S REPORT	1
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	22
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	23
OTHER INFORMATION	
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	25
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	27

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, 2019, 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, 2019, 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 pages 23 through 27 are presented for purposes of additional analysis and are 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 14, 2020

BASIC FINANCIAL STATEMENTS

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 130,429
Receivable - County Treasurer	2,855
Property Taxes Receivable	437,765
Prepaid Expense	13,589
Capital Assets, Net	5,222,944
Total Assets	5,807,582
LIABILITIES	
Accounts Payable	12,884
Accrued Interest Payable	18,688
Noncurrent Liabilities:	
Due in One Year	73,187
Due in More Than One Year	17,751,156
Total Liabilities	17,855,915
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	437,765
Total Deferred Inflows of Resources	437,765
NET POSITION	
Net Investment in Capital Assets	(317,106)
Restricted for:	
Emergency Reserves	2,210
Debt Service	96,012
Unrestricted	(12,267,214)
Total Net Position	\$ (12,486,098)

See accompanying Notes to Basic Financial Statements.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments - Restricted	\$ 1,846	\$ 112,559	\$ 16,024	\$ 130,429
Receivable from County	714	2,141	-	2,855
Due from Other Funds	3,000	-	-	3,000
Property Taxes Receivable	109,021	328,744	-	437,765
Prepaid Expenses	10,589	3,000	-	13,589
	<u>\$ 125,170</u>	<u>\$ 446,444</u>	<u>\$ 16,024</u>	<u>\$ 587,638</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 12,884	\$ -	\$ -	\$ 12,884
Due to Other Funds	-	3,000	-	3,000
Total Liabilities	<u>12,884</u>	<u>3,000</u>	<u>-</u>	<u>15,884</u>
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	109,021	328,744	-	437,765
Total Deferred Inflows of Resources	<u>109,021</u>	<u>328,744</u>	<u>-</u>	<u>437,765</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	10,589	3,000	-	13,589
Restricted For:				
Emergencies (TABOR)	2,210	-	-	2,210
Debt Service	-	111,700	-	111,700
Capital Projects	-	-	16,024	16,024
Unassigned	(9,534)	-	-	(9,534)
Total Fund Balances	<u>3,265</u>	<u>114,700</u>	<u>16,024</u>	<u>133,989</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 125,170</u>	<u>\$ 446,444</u>	<u>\$ 16,024</u>	
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.				
Capital Assets, Net				5,222,944
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:				
Accrued Interest on Developer Advance				(1,309,403)
Developer Advances Payable				(11,190,232)
Loan Payable				(5,324,708)
Accrued Interest Payable				<u>(18,688)</u>
Net Position of Governmental Activities				<u>\$ (12,486,098)</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, 2019

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 65,385	\$ 196,149	\$ -	\$ 261,534
Specific Ownership Taxes	7,916	23,748	-	31,664
Net Investment Income	57	3,270	51	3,378
Total Revenues	<u>73,358</u>	<u>223,167</u>	<u>51</u>	<u>296,576</u>
EXPENDITURES				
Current:				
Accounting	22,127	-	-	22,127
Audit	7,800	-	-	7,800
Contingency	1,596	-	-	1,596
County Treasurer's Fees	982	2,945	-	3,927
District Management	39,000	-	-	39,000
Dues and Membership	303	-	-	303
Insurance and Bonds	10,439	-	-	10,439
Landscaping	73,988	-	-	73,988
Legal	9,158	-	-	9,158
Repairs and Maintenance	5,134	-	-	5,134
Snow Removal	14,834	-	-	14,834
Utilities	66,317	-	-	66,317
Debt Service:				
Banking Fees	-	25	-	25
Loan Interest Expense	-	202,533	-	202,533
Loan Principal	-	41,966	-	41,966
Non Use Fees	-	22,008	-	22,008
Paying Agent Fees	-	4,500	-	4,500
Capital Outlay	-	-	4,474,555	4,474,555
Total Expenditures	<u>251,678</u>	<u>273,977</u>	<u>4,474,555</u>	<u>5,000,210</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(178,320)	(50,810)	(4,474,504)	(4,703,634)
OTHER FINANCING SOURCES (USES)				
Developer Advance	256,099	-	4,474,554	4,730,653
Loan Proceeds	-	-	927,794	927,794
Repay Developer Advance	(71,000)	-	(804,804)	(875,804)
Transfers In (Out)	-	107,026	(107,026)	-
Total Other Financing Sources (Uses)	<u>185,099</u>	<u>107,026</u>	<u>4,490,518</u>	<u>4,782,643</u>
NET CHANGE IN FUND BALANCES	6,779	56,216	16,014	79,009
Fund Balances - Beginning of Year	<u>(3,514)</u>	<u>58,484</u>	<u>10</u>	<u>54,980</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,265</u>	<u>\$ 114,700</u>	<u>\$ 16,024</u>	<u>\$ 133,989</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, 2019**

Net Change in Fund Balances - Governmental Funds \$ 79,009

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	4,474,555
Dedicated Capital Assets to Other Entities	(3,018,677)
Depreciation	(189,816)

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	41,966
Loan Proceeds	(927,794)
Developer Advances	(4,730,653)
Repayment of Developer Advances	875,804

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	(4,394)
Accrued Interest on Developer Advances - Change in Liability	<u>(363,667)</u>

Change in Net Position of Governmental Activities \$ (3,763,667)

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 65,385	\$ 65,385	\$ 65,385	\$ -
Specific Ownership Tax	7,846	7,846	7,916	70
Net Investment Income	35	35	57	22
Total Revenues	<u>73,266</u>	<u>73,266</u>	<u>73,358</u>	<u>92</u>
EXPENDITURES				
Current:				
Accounting	22,500	22,500	22,127	373
Audit	7,500	7,500	7,800	(300)
Contingency	2,209	2,209	1,596	613
County Treasurer's Fee	981	981	982	(1)
District Management	40,560	40,560	39,000	1,560
Dues and Membership	1,250	1,250	303	947
Insurance and Bonds	12,000	12,000	10,439	1,561
Landscaping	60,000	75,000	73,988	1,012
Legal	9,000	9,000	9,158	(158)
Miscellaneous	3,000	3,000	-	3,000
Repairs and Maintenance	5,500	5,500	5,134	366
Snow Removal	2,000	15,000	14,834	166
Utilities	35,000	66,000	66,317	(317)
Total Expenditures	<u>201,500</u>	<u>260,500</u>	<u>251,678</u>	<u>8,822</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(128,234)	(187,234)	(178,320)	8,914
OTHER FINANCING SOURCES (USES)				
Developer Advance	130,000	265,000	256,099	(8,901)
Repay Developer Advance	-	(71,000)	(71,000)	-
Total Other Financing Sources (Uses)	<u>130,000</u>	<u>194,000</u>	<u>185,099</u>	<u>(8,901)</u>
NET CHANGE IN FUND BALANCE	1,766	6,766	6,779	13
Fund Balance - Beginning of Year	<u>4,379</u>	<u>(3,514)</u>	<u>(3,514)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,145</u>	<u>\$ 3,252</u>	<u>\$ 3,265</u>	<u>\$ 13</u>

See accompanying Notes to Basic Financial Statements.

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

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, 2019

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, 2019.

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 10.762 mills and a maximum debt service mill levy of 32.452 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, 2019

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 \$9,499,136 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, 2019

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments - Restricted	\$ 130,429
Total Cash and Investments	<u>\$ 130,429</u>

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 130,429
Total Cash and Investments	<u>\$ 130,429</u>

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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, 2019, the District's cash deposits had a bank balance of \$130,429 and a carrying balance of \$130,429.

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
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

As of December 31, 2019, the District had no investments:

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

	Balance at December 31, 2018	Increases	Decreases	Balance at December 31, 2019
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 3,018,677	\$ 3,018,677	\$ -
Total Capital Assets, Not Being Depreciated	-	3,018,677	3,018,677	-
Capital Assets, Being Depreciated:				
Parks and Recreation Facilities	2,738,752	271,800	-	3,010,552
Storm Drainage Facilities	1,508,301	1,184,078	-	2,692,379
Total Capital Assets, Being Depreciated	4,247,053	1,455,878	-	5,702,931
Less Accumulated Depreciation For:				
Parks and Recreation Facilities	(216,150)	(119,796)	-	(335,946)
Storm Drainage Facilities	(74,021)	(70,020)	-	(144,041)
Total Accumulated Depreciation	(290,171)	(189,816)	-	(479,987)
Total Capital Assets, Being Depreciated, Net	3,956,882	1,266,062	-	5,222,944
Governmental Activities Capital Assets, Net	<u>\$ 3,956,882</u>	<u>\$ 4,284,739</u>	<u>\$ 3,018,677</u>	<u>\$ 5,222,944</u>

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, 2019:

	Balance - December 31, 2018	Additions	Retirements	Balance - December 31, 2019	Due Within One Year
Series 2015A Limited Tax G.O. Loan	\$ 4,438,880	\$ -	\$ 41,966	\$ 4,396,914	\$ 73,187
Series 2015B Limited Tax G.O. Loan	-	927,794	-	927,794	-
Developer Advances:					
Operating	691,664	256,099	71,000	876,763	-
Capital	6,586,331	4,474,554	804,804	10,256,081	-
Elite	50,000	-	-	50,000	-
Ginger	7,388	-	-	7,388	-
Interest on Developer Advances:					
Operating	58,594	34,672	-	93,266	-
Capital	860,703	326,697	-	1,187,400	-
Elite	24,304	2,002	-	26,306	-
Ginger	2,135	296	-	2,431	-
Total	<u>\$ 12,719,999</u>	<u>\$ 6,022,114</u>	<u>\$ 917,770</u>	<u>\$ 17,824,343</u>	<u>\$ 73,187</u>

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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.

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. The 2015A. Loan advances and interest rates as of December 31, 2019 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.

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2015B – \$3,500,000 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.

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 2015B. Loan advances and interest rates as of December 31, 2019 are as follows:

<u>Loan Date</u>	<u>Loan Amount</u>	<u>Interest</u>
February 12, 2019	\$ 334,838	4.5750 %
July 25, 2019	274,264	4.0725
December 11, 2019	318,692	3.8550
Total	<u>\$ 927,794</u>	

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.

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>
2020	\$ 73,187	\$ 224,259	\$ 297,446
2021	42,332	220,669	263,001
2022	52,224	218,891	271,115
2023	61,310	216,696	278,006
2024	74,390	214,603	288,993
2025-2029	368,430	1,026,310	1,394,740
2030-2034	771,093	921,918	1,693,011
2035-2039	1,301,939	714,969	2,016,908
2040-2044	2,026,587	383,241	2,409,828
2045-2046	553,216	31,943	585,159
Total	<u>\$ 5,324,708</u>	<u>\$ 4,173,499</u>	<u>\$ 9,498,207</u>

**ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Remedies on Occurrence of Event of Default for Both the 2017A and 2017B Loan Agreements

Upon the occurrence and continuance of any Event of Default the Loan shall become immediately due and payable, and the Bank may seek recovery of all unpaid principal and interest when due. The Bank, at its option, may do any one of the following:

- a) Require that the Loan shall bear interest at the Default Interest Rate, a rate per annum equal to the lesser of (a) Prime Rate plus 4.0% or (b) 16.0%;
- b) To foreclose its respective security interests in the Funds and Accounts by any available judicial procedure or without judicial process;
- c) To exercise all rights and remedies available to the Bank upon the occurrence of an event or default under the Loan Agreement or any event of default under any documents relating to any parity debt;
- d) To cause the Custodian to transfer all amounts in the Funds and Accounts pursuant to the terms of the Agreement;
- e) To exercise any and all other rights and remedies that the Bank may have by law or under any applicable agreement, including without limitation, all rights and remedies of a secured party under any applicable commercial code

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.

	Amount Authorized November 7, 2006	Authorization Used 2015A/B Loan	Remaining at December 31, 2019
Streets and Storm Drainage	\$ 17,000,000	\$ 3,958,610	\$ 13,041,390
Water Improvements	1,000,000	617,869	382,131
Sanitary Sewer Improvements	2,000,000	395,397	1,604,603
Parks and Recreation	7,000,000	362,469	6,637,531
Traffic Safety Controls	1,000,000	45,881	954,119
Mosquito Control	1,000,000	-	1,000,000
Public Transportation	500,000	-	500,000
TV Relay and Translation	500,000	-	500,000
Refunding of Debt	30,000,000	-	30,000,000
Total	<u>\$ 60,000,000</u>	<u>\$ 5,380,226</u>	<u>\$ 54,619,774</u>

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

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, 2019, the calculated adjusted debt service mill levy was 32.452 mills.

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, 2019, outstanding Developer advances for operations and debt totaled \$876,763 with accrued interest of \$93,266 and outstanding advances for capital improvements totaled \$10,256,081 with accrued interest of \$1,187,400.

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, 2019, outstanding advances under the agreement for Elite totaled \$50,000 and accrued interest totaled \$26,306; for Ginger, outstanding advances totaled \$7,388 and accrued interest totaled \$2,431.

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 NET POSITION

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

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, 2019, 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)	\$ 5,222,944
Current Portion of Long-Term Obligations	(27,456)
Noncurrent Portion of Long-Term Obligations	(5,469,496)
Unspent Loan Proceeds	<u>(43,098)</u>
Net Investment in Capital Assets	<u><u>\$ (317,106)</u></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, 2019, as follows:

Restricted Net Position:	
Emergencies	\$ 2,210
Debt Service Reserve	<u>96,012</u>
Total Restricted Net Position	<u><u>\$ 98,222</u></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.

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 INTERGOVERNMENTAL AGREEMENTS

On December 6, 2007, the District entered into an Intergovernmental Agreement (IGA) with Allison Valley 1. The IGA was supplemented on October 20, 2016. The purpose of the IGA is to clarify specific provisions of the Amended Service Plan.

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.

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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.

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. As of December 31, 2019, the District had provided for but did not fund the Emergency Reserves, which may be a violation of the Constitutional Amendment.

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 Constitution (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, 2019**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 196,149	\$ 196,149	\$ 196,149	\$ -
Specific Ownership Tax	23,538	23,538	23,748	210
Interest Income	1,000	1,000	3,270	2,270
Total Revenues	<u>220,687</u>	<u>220,687</u>	<u>223,167</u>	<u>2,480</u>
EXPENDITURES				
Loan Interest Expense	185,479	201,497	202,533	(1,036)
Loan Principal	41,966	41,966	41,966	-
Non Use Fee	15,000	15,000	22,008	(7,008)
Paying Agent Fee	3,000	3,000	4,500	(1,500)
County Treasurer's Fees	2,942	2,942	2,945	(3)
Banking Fees	-	-	25	(25)
Contingency	9,613	9,613	-	9,613
Total Expenditures	<u>258,000</u>	<u>274,018</u>	<u>273,977</u>	<u>41</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(37,313)	(53,331)	(50,810)	2,521
OTHER FINANCING SOURCES (USES)				
Transfers in from Capital Projects Fund	75,000	75,000	123,008	48,008
Transfers out to Capital Projects Fund	-	(15,982)	(15,982)	-
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>59,018</u>	<u>107,026</u>	<u>48,008</u>
NET CHANGE IN FUND BALANCE	37,687	5,687	56,216	50,529
Fund Balance - Beginning of Year	<u>119,741</u>	<u>58,484</u>	<u>58,484</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 157,428</u>	<u>\$ 64,171</u>	<u>\$ 114,700</u>	<u>\$ 50,529</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, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 200	\$ 51	\$ (149)
Total Revenues	200	51	(149)
EXPENDITURES			
Current:			
Contingency	50,328	-	50,328
Capital Outlay:			
Project Management	272,250	-	272,250
Drainage	1,908,900	1,184,078	724,822
Water Infrastructure	-	171,680	(171,680)
Sewer Infrastructure	975,150	1,259,627	(284,477)
Streets	1,678,716	1,587,370	91,346
Park and Recreation	860,850	271,800	589,050
Total Expenditures	5,746,194	4,474,555	1,271,639
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,745,994)	(4,474,504)	1,271,490
OTHER FINANCING SOURCES (USES)			
Developer Advance	5,775,000	4,474,554	(1,300,446)
Loan Proceeds	1,272,296	927,794	(344,502)
Repay Developer Advance	(1,226,302)	(804,804)	421,498
Transfers In from Debt Service Fund	-	15,982	15,982
Transfers Out to Debt Service Fund	(75,000)	(123,008)	(48,008)
Transfers From Other Funds	-	-	-
Total Other Financing Sources (Uses)	5,745,994	4,490,518	(1,255,476)
NET CHANGE IN FUND BALANCE	-	16,014	16,014
Fund Balance - Beginning of Year	-	10	10
FUND BALANCE - END OF YEAR	\$ -	\$ 16,024	\$ 16,024

OTHER INFORMATION

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019

Year Ending December 31,	\$10,000,000 Limited Tax General Obligation Loan Series 2015A Dated December 4, 2015 Total Drawn - \$4,452,431 Interest Rate - Variable Interest Reset - December 1, 2020 Principal Due December 1			\$3,500,000 Limited Tax General Obligation Loan Series 2015B Dated December 4, 2015 Total Drawn - \$927,794 Interest Rate - Variable Interest Reset - December 1, 2020 Principal Due December 1		
	Interest Payable June 1 and December 1			Interest Payable June 1 and December 1		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 73,187	\$ 184,947	\$ 258,134	\$ -	\$ 39,312	\$ 39,312
2021	34,986	181,357	216,343	7,346	39,312	46,658
2022	42,875	179,890	222,765	9,349	39,001	48,350
2023	50,626	178,091	228,717	10,684	38,605	49,289
2024	61,702	176,451	238,153	12,688	38,152	50,840
2025	66,787	173,383	240,170	14,691	37,615	52,306
2026	44,524	170,585	215,109	9,349	36,992	46,341
2027	52,796	168,718	221,514	11,352	36,596	47,948
2028	64,490	166,960	231,450	13,355	36,115	49,470
2029	75,059	163,797	238,856	16,027	35,549	51,576
2030	88,400	160,650	249,050	18,698	34,870	53,568
2031	110,892	156,941	267,833	27,379	34,078	61,457
2032	124,123	152,670	276,793	30,718	32,918	63,636
2033	141,284	147,002	288,286	34,724	31,616	66,340
2034	156,812	141,028	297,840	38,063	30,145	68,208
2035	173,340	134,401	307,741	42,737	28,532	71,269
2036	188,220	127,425	315,645	46,076	26,721	72,797
2037	207,312	119,123	326,435	50,751	24,769	75,520
2038	228,165	110,372	338,537	55,425	22,619	78,044
2039	249,146	100,737	349,883	60,767	20,270	81,037
2040	272,931	90,464	363,395	66,110	17,695	83,805
2041	296,715	78,694	375,409	72,119	14,894	87,013
2042	325,586	66,168	391,754	78,129	11,838	89,967
2043	353,822	52,427	406,249	84,807	8,528	93,335
2044	384,215	37,599	421,814	92,153	4,934	97,087
2045	287,376	21,280	308,656	24,297	1,030	25,327
2046	241,543	9,633	251,176	-	-	-
Total	<u>\$ 4,396,914</u>	<u>\$ 3,450,793</u>	<u>\$ 7,847,707</u>	<u>\$ 927,794</u>	<u>\$ 722,706</u>	<u>\$ 1,650,500</u>

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2019

Year Ending December 31,	Total		
	Principal	Interest	Total
2020	\$ 73,187	\$ 224,259	\$ 297,446
2021	42,332	220,669	263,001
2022	52,224	218,891	271,115
2023	61,310	216,696	278,006
2024	74,390	214,603	288,993
2025	81,478	210,998	292,476
2026	53,873	207,577	261,450
2027	64,148	205,314	269,462
2028	77,845	203,075	280,920
2029	91,086	199,346	290,432
2030	107,098	195,520	302,618
2031	138,271	191,019	329,290
2032	154,841	185,588	340,429
2033	176,008	178,618	354,626
2034	194,875	171,173	366,048
2035	216,077	162,933	379,010
2036	234,296	154,146	388,442
2037	258,063	143,892	401,955
2038	283,590	132,991	416,581
2039	309,913	121,007	430,920
2040	339,041	108,159	447,200
2041	368,834	93,588	462,422
2042	403,715	78,006	481,721
2043	438,629	60,955	499,584
2044	476,368	42,533	518,901
2045	311,673	22,310	333,983
2046	241,543	9,633	251,176
Total	<u>\$ 5,324,708</u>	<u>\$ 4,173,499</u>	<u>\$ 9,498,207</u>

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2019

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied	Property Taxes		Percent Collected to Levied
			Levied	Collected	
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
2019	6,102,770	42.855	261,534	261,534	100.00
Estimated for the Year Ending December 31, 2020	\$ 10,130,170	43.214	\$ 437,765		