

CONESTOGA METROPOLITAN DISTRICT NO. 2

BASIC FINANCIAL STATEMENTS

December 31, 2019

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Conestoga Metropolitan District No. 2
Loveland, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Conestoga Metropolitan District No. 2, 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.

Auditor's 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 Conestoga Metropolitan District No. 2, as of December 31, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 15 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental 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 is not affected by this missing information.

Other 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 individual fund schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Luther & Associates, LLC

October 27, 2020

BASIC FINANCIAL STATEMENTS

CONESTOGA METROPOLITAN DISTRICT NO. 2

STATEMENT OF NET POSITION
As of December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 77,000
Accounts Receivable	<u>43,923</u>
 TOTAL ASSETS	 <u>120,923</u>
LIABILITIES	
Noncurrent Liabilities	
Due within One Year	20,000
Due in More Than One Year	<u>1,080,000</u>
 TOTAL LIABILITIES	 <u>1,100,000</u>
NET POSITION	
Net Investment in Capital Assets	(1,100,000)
Restricted for Emergencies	-
Unrestricted	<u>77,000</u>
 TOTAL NET POSITION	 <u><u>\$ (1,023,000)</u></u>

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 2

STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Capital Grants</u>	<u>Charges</u>	<u>Revenues and</u>
<u>PRIMARY GOVERNMENT</u>		<u>and Contributions</u>	<u>for Services</u>	<u>Changes in</u>
Governmental Activities				<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
General Government	\$ 101,103	\$ -	\$ -	\$ (101,103)
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	<u>\$ 101,103</u>	<u>\$ -</u>	<u>\$ -</u>	(101,103)
GENERAL REVENUES				
Interest				17
Other				14,086
Special Item				
Transfer from District No. 2				(936,000)
Capital Asset Transfer to Other Government				-
TOTAL GENERAL REVENUES				<u>(921,897)</u>
CHANGE IN NET POSITION				(1,023,000)
NET POSITION, Beginning				<u>-</u>
NET POSITION, Ending				<u>\$ (1,023,000)</u>

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 2

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	GENERAL FUND	DEBT SERVICE FUND	TOTALS
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ -	\$ 77,000	\$ 77,000
Property Taxes Receivable	43,923		43,923
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 43,923</u>	<u>\$ 77,000</u>	<u>\$ 120,923</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	43,923		43,923
	<u> </u>	<u> </u>	<u> </u>
FUND EQUITY			
Fund Balance			
Restricted for Emergencies	-	-	-
Restricted for Debt Service	-	77,000	77,000
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND EQUITY	<u>-</u>	<u>77,000</u>	<u>77,000</u>
TOTAL DEFERRED INFLOWS & FUND EQUITY	<u>\$ 43,923</u>	<u>\$ 77,000</u>	

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

Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are the notes payable.	<u>(1,100,000)</u>
Net Position of governmental activities	<u>\$ (1,023,000)</u>

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2019

	GENERAL FUND	DEBT SERVICE FUND	TOTALS
REVENUES			
Other	\$ 14,086	\$ -	\$ 14,086
Interest	17	-	17
TOTAL REVENUES	<u>14,103</u>	<u>-</u>	<u>14,103</u>
EXPENDITURES			
Current			
General Government	14,103		14,103
Bond Issuance Costs	-	87,000	87,000
TOTAL EXPENDITURES	<u>14,103</u>	<u>87,000</u>	<u>101,103</u>
EXCESS OF REVENUES (UNDER) EXPENSES	<u>-</u>	<u>(87,000)</u>	<u>(87,000)</u>
OTHER FINANCING SOURCES			
Proceeds from Developer Advances	-	1,100,000	1,100,000
Transfer to District No. 1		(936,000)	(936,000)
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>164,000</u>	<u>164,000</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>77,000</u>	<u>77,000</u>
FUND BALANCES, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ 77,000</u>	<u>\$ 77,000</u>

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 2

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds \$ 77,000

Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities. This amount represents note proceeds. (1,100,000)

Change in Net Position of Governmental Activities \$ (1,023,000)

See the accompanying independent auditors' report.

CONESTOGA METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Conestoga Metropolitan District No. 2 (the “District”) was formed to provide public services and improvements within its boundaries. The District is governed by a five-member Board of Directors (the “Board”) elected by the constituents.

The accounting policies of the District conform to generally accepted accounting principles (“GAAP”) as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of the 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*.

CONESTOGA METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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.

Service fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

In the fund financial statements, 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 District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the payment of principal and interest due on the District's debt.

CONESTOGA METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the 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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

The District has no capital assets as of December 31, 2020.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type Statement of Net Position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The government-wide financial statements utilize a net position presentation. Net position components are investment in capital assets, restricted, or unrestricted.

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

CONESTOGA METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Net Position/Fund Balance Classification

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as deposits and prepaid amounts) or are legally or contractually required to be maintained intact. The District has no amounts classified as nonspendable at December 31, 2019.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The use of the Emergency Reserves is restricted by State Statute for declared emergencies. As the District did not collect any outside revenue for the year ended December 31, 2019, no amounts were required to be restricted.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has committed the resources of the Debt Service Fund for future capital outlay and payment of debt.

CONESTOGA METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance Classification (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically first spend restricted fund balances, followed by committed resources, and then assigned resources, as appropriate opportunities arise. The District reserves the right to selectively spend the Unassigned balance.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Property taxes are assessed and submitted to Conestoga Metropolitan District No. 1. District Nos. 2 through 5 forward the property taxes to the District as a payment for administrative and other services. These payments are labeled as charges for services in the financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15th, District Management submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board at a public hearing.

CONESTOGA METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY(Continued)

- Budgets are legally adopted for all funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

NOTE 3: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories.

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2019, the District had deposits with financial institutions with a carrying amount of \$77,000. The bank balances with the financial institutions were \$77,000. All of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

The District adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments must be consistent with the non-cash requirements of the District, except for liquid investments where the average duration may not exceed two years and the maximum duration may not exceed 5 years.

CONESTOGA METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

As of December 31, 2019 the District has no investments

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2019:

	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/19</u>	Due In <u>One Year</u>
Notes Payable	\$ _____ -	\$ 1,100,000	\$ _____ -	\$ 1,100,000	\$ 20,000

2019 Notes Payable

In December 2019, the District entered into a loan agreement with Points West Community Bank (the "Bank"). The agreement calls for the Bank to initially loan the District \$1,100,000 and additional future loans in the amount \$2,900,000. Principal and interest payments are due semi-annually on December 1 and June 1 through December 1, 2029. Interest accrues at 4.02% per annum until December 1, 2024. After that date will be calculated as the greater of 3.00% or the 10 year U.S. Treasury Bond plus 212 basis points.

CONESTOGA METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 4: LONG-TERM DEBT

Future Debt Service Requirements

Annual debt service requirements for the Notes Payable at December 31, 2019 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 20,000	\$ 44,220	\$ 64,220
2021	25,000	43,416	68,416
2022	30,000	42,411	72,411
2023	35,000	41,205	76,205
2024	40,000	39,798	79,798
2025-2029	<u>950,000</u>	<u>170,850</u>	<u>1,120,850</u>
Total Debt Service Requirements	<u>\$ 1,100,000</u>	<u>\$ 381,900</u>	<u>\$ 1,308,817</u>

NOTE 5: DEBT AUTHORIZATION

Per the Consolidated Service Plan dated November 21, 2017, the maximum amount of debt that Conestoga Metropolitan District 2 may have outstanding at any one time is \$9,750,000. As of December 31, 2019, the District has \$8,650,000 of authorized but unissued debt.

NOTE 6: RELATED PARTIES

All of the members of the Board are associated with the Developers and may be owners and/or investors in the Developers. The District does not owe the Developers any amounts as of December 31, 2019.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool (the "Pool"). The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self-insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

CONESTOGA METROPOLITAN DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: COMMITMENTS AND CONTINGENCIES

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2019, the did not require and emergency reserve of as the did not collect any outside debt.

NOTE 9: SUBSEQUENT EVENTS

Potential subsequent events were considered through October 27, 2020. It was determined that the following event is required to be disclosed through this date.

Covid-19

As a result of the coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the District. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTAL INFORMATION

CONESTOGA METROPOLITAN DISTRICT NO. 2

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2019

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 13,963	\$ 14,086	\$ 123
Interest	15,000	17	(14,983)
TOTAL REVENUES	<u>28,963</u>	<u>14,103</u>	<u>(14,860)</u>
EXPENDITURES			
Current			
General Government			
Payment for Services	13,765	13,905	(140)
Treasurer Fees	198	198	-
Contingency	15,000	-	15,000
TOTAL EXPENDITURES	<u>28,963</u>	<u>14,103</u>	<u>14,860</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULE

CONESTOGA METROPOLITAN DISTRICT NO. 2

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
Bond Issuance Costs	-	87,000	87,000	-
Contingency	-	-	-	-
TOTAL EXPENDITURES	-	87,000	87,000	-
CHANGE IN FUND BALANCE	-	(87,000)	(87,000)	-
OTHER FINANCING SOURCES				
Proceeds from Issuance of Debt	-	1,100,000	1,100,000	-
Transfer to District No. 1	-	(936,000)	(936,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	164,000	164,000	-
NET CHANGE IN FUND BALANCE	-	77,000	77,000	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ 77,000	\$ 77,000	\$ -

See the accompanying independent auditors' report.