

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020**

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 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE 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	21
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	23
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	24

Independent Auditor's Report

Board of Directors
Southlands Metropolitan District No. 2
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Southlands Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2020, 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 an opinion 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Southlands Metropolitan District No. 2 as of December 31, 2020, and the respective changes in financial position and the respective 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

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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information, as listed in the table of contents, has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sincerely,



Wipfli LLP
Lakewood, Colorado
July 20, 2021

BASIC FINANCIAL STATEMENTS

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Cash and Investments	\$ 471,679
Cash and Investments - Restricted	528,485
Prepaid Expense	450
Receivable from County Treasurer	4,928
Property Taxes Receivable	974,899
Capital Assets, Not Being Depreciated	378,560
Capital Assets, Net	4,099,517
Total Assets	6,458,518
 DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding	197,246
Total Deferred Outflows of Resources	197,246
 LIABILITIES	
Accounts Payable	14,799
Retainage Payable	11,471
Accrued Interest Payable	17,458
Noncurrent Liabilities:	
Due Within One Year	216,000
Due in More Than One Year	4,772,000
Total Liabilities	5,031,728
 DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	974,899
Total Deferred Inflows of Resources	974,899
 NET POSITION	
Net Investment in Capital Assets	(509,923)
Restricted For:	
Emergency Reserves	14,000
Debt Service	499,868
Unrestricted	645,192
Total Net Position	\$ 649,137

See accompanying Notes to Basic Financial Statements.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General Government	\$ 716,283	\$ -	\$ -	\$ -	
Interest and Related Costs on Long-Term Debt	271,730	-	-	-	
Total Governmental Activities	\$ 988,013	\$ -	\$ -	\$ -	
GENERAL REVENUES					
Property Taxes				949,369	
Specific Ownership Taxes				71,391	
Net Investment Income				7,976	
Total General Revenues				1,028,736	
CHANGE IN NET POSITION					
Net Position - Beginning of Year				608,414	
NET POSITION - END OF YEAR					
				\$ 649,137	

See accompanying Notes to Basic Financial Statements.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 471,679	\$ -	\$ 471,679
Cash and Investments - Restricted	14,000	514,485	528,485
Prepaid Expense	450	-	450
Receivable from County Treasurer	2,087	2,841	4,928
Property Taxes Receivable	481,978	492,921	974,899
Total Assets	<u>\$ 970,194</u>	<u>\$ 1,010,247</u>	<u>\$ 1,980,441</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 14,799	\$ -	\$ 14,799
Retainage Payable	11,471	-	11,471
Total Liabilities	26,270	-	26,270
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	481,978	492,921	974,899
Total Deferred Inflows of Resources	481,978	492,921	974,899
FUND BALANCES			
Nonspendable:			
Prepaid Expense	450	-	450
Restricted For:			
Emergency Reserves	14,000	-	14,000
Debt Service	-	517,326	517,326
Assigned To:			
Subsequent Year's Expenditures	148,243	-	148,243
Unassigned:			
General Government	299,253	-	299,253
Total Fund Balances	461,946	517,326	979,272
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 970,194</u>	<u>\$ 1,010,247</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 4,478,077

Other long-term assets are not available to pay for current period expenditures and, therefore, are recorded as expenditures in the funds.

Cost of Refunding 197,246

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Loans Payable (4,988,000)
Accrued Interest on Loans Payable (17,458)

Net Position of Governmental Activities \$ 649,137

See accompanying Notes to Basic Financial Statements.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 396,011	\$ 540,014	\$ 936,025
Specific Ownership Taxes	30,236	41,155	71,391
Net Investment Income	4,338	3,638	7,976
SARIA Revenue	13,344	-	13,344
Total Revenues	443,929	584,807	1,028,736
EXPENDITURES			
General:			
Accounting	22,027	-	22,027
Audit	3,500	-	3,500
County Treasurer's Fees	5,940	8,100	14,040
County Treasurer's Fees (SARIA)	200	-	200
Detention Pond	508	-	508
Directors' Fees	1,300	-	1,300
District Management	43,221	-	43,221
Dues and Membership	765	-	765
Insurance	23,175	-	23,175
Legal	23,858	-	23,858
Landscape Architect	15,696	-	15,696
Landscape Maintenance and Irrigation	62,957	-	62,957
Repairs and Maintenance	4,933	-	4,933
Snow Removal	715	-	715
Street Lighting	67,839	-	67,839
Utilities	17,620	-	17,620
Payroll Taxes	99	-	99
Payment to SARIA	13,144	-	13,144
Playground Improvements	296,010	-	296,010
Miscellaneous/Contingency	3,646	-	3,646
Debt Service:			
Loan Principal - Series 2018A	-	85,000	85,000
Loan Interest - Series 2018A	-	123,760	123,760
Loan Principal - Series 2018B	-	100,000	100,000
Loan Interest - Series 2018B	-	117,306	117,306
Total Expenditures	608,563	434,166	1,042,729
NET CHANGE IN FUND BALANCES	(164,634)	150,641	(13,993)
Fund Balances - Beginning of Year	626,580	366,685	993,265
FUND BALANCES - END OF YEAR	\$ 461,946	\$ 517,326	\$ 979,272

See accompanying Notes to Basic Financial Statements.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (13,993)

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	296,010
Depreciation Expense	(403,730)

Long-term debt (e.g., bonds, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Principal Payment - Series 2018A Loan	85,000
Principal Payment - Series 2018B Loan	100,000

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 Bonds - Change in Liability	2,631
Amortization of Cost of Refunding	(25,195)

Change in Net Position of Governmental Activities	\$ 40,723
---	-----------

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 420,230	\$ 396,011	\$ (24,219)
Specific Ownership Taxes	25,200	30,236	5,036
Net Investment Income	4,000	4,338	338
SARIA Revenue	14,160	13,344	(816)
Total Revenues	<u>463,590</u>	<u>443,929</u>	<u>(19,661)</u>
EXPENDITURES			
Accounting	25,000	22,027	2,973
Audit	4,000	3,500	500
County Treasurer's Fees	6,303	5,940	363
County Treasurer's Fees (SARIA)	212	200	12
Detention Pond	60,000	508	59,492
Directors' Fees	1,200	1,300	(100)
District Management	35,000	43,221	(8,221)
Dues and Membership	1,000	765	235
Election	1,000	1,410	(410)
Insurance	30,000	23,175	6,825
Legal	27,000	23,858	3,142
Landscape Architect	10,000	15,696	(5,696)
Landscape Maintenance and Irrigation	100,000	62,957	37,043
Payroll Taxes	100	99	1
Payment to SARIA	13,948	13,144	804
Playground Improvements	200,000	296,010	(96,010)
Repairs and Maintenance	100,000	4,933	95,067
Security	30,000	-	30,000
Snow Removal	10,000	715	9,285
Street Lighting	20,000	67,839	(47,839)
Utilities	25,000	17,620	7,380
Miscellaneous/Contingency	11,237	3,646	7,591
Total Expenditures	<u>711,000</u>	<u>608,563</u>	<u>102,437</u>
NET CHANGE IN FUND BALANCE	(247,410)	(164,634)	82,776
Fund Balance - Beginning of Year	<u>491,159</u>	<u>626,580</u>	<u>135,421</u>
FUND BALANCE - END OF YEAR	<u>\$ 243,749</u>	<u>\$ 461,946</u>	<u>\$ 218,197</u>

See accompanying Notes to Basic Financial Statements.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

Southlands Metropolitan District No. 2 (the District), a quasi-municipal corporation, and political subdivision of the state of Colorado, was organized on November 18, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the City of Aurora (the City), Arapahoe County, Colorado. The District was organized to provide financing for the design, acquisition, construction and installation of essential public-purpose facilities, such as water, streets, traffic and safety controls, parks, open space and recreation, sewer and drainage facilities, and the operation and maintenance of the District.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct 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.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and other financing uses 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.

Pooled Cash and Investments

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

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported 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 invested in capital assets, net of related debt component of the District's net position.

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 capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Streets	20 Years
Sanitary Sewer	50 Years
Parks and Recreation Improvements	20 Years

Facilities Fees

A facilities fee in the amount of \$15,246 per gross acre is charged against all real property within the District. The facilities fee is due at the time of issuance of a building permit by the City of Aurora for development. The facilities fee constitutes a statutory and perpetual lien upon the property until paid.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cost of Bond Refunding

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the new bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

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

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:

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.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 471,679
Cash and Investments - Restricted	528,485
Total Cash and Investments	\$ 1,000,164

Cash and investments as of December 31, 2020, consist of the following:

Deposits with Financial Institutions	\$ 16,800
Investments	983,364
Total Cash and Investments	\$ 1,000,164

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.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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, 2020, the District's cash deposits had a bank balance and a carrying balance of \$16,800.

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, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
COLOTRUST	Weighted Average Under 60 Days	<u>\$ 983,364</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance December 31, 2019	Increases	Decreases	Balance December 31, 2020
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 82,550	\$ 296,010	\$ -	\$ 378,560
Total Capital Assets, Not Being Depreciated	82,550	296,010	-	378,560
Capital Assets, Being Depreciated:				
Streets	4,846,804	-	-	4,846,804
Sanitary Sewer	271,905	-	-	271,905
Park and Recreation Improvements	3,119,046	-	-	3,119,046
Total Capital Assets, Being Depreciated	8,237,755	-	-	8,237,755
Less Accumulated Depreciation For:				
Streets	(2,241,647)	(242,341)	-	(2,483,988)
Sanitary Sewer	(50,302)	(5,438)	-	(55,740)
Park and Recreation Improvements	(1,442,559)	(155,951)	-	(1,598,510)
Total Accumulated Depreciation	(3,734,508)	(403,730)	-	(4,138,238)
Total Capital Assets, Being Depreciated, Net	4,503,247	(403,730)	-	4,099,517
Capital Assets, Net	<u>\$ 4,585,797</u>	<u>\$ (107,720)</u>	<u>\$ -</u>	<u>\$ 4,478,077</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the District as follows:

General Government	<u>\$ 403,730</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, 2020:

	Balance at December 31, 2019	Additions	Retirement of Long-Term Obligations	Balance at December 31, 2020	Due Within One Year
Refunding Loan - Series 2018A	\$ 2,380,000	\$ -	\$ 85,000	\$ 2,295,000	\$ 113,000
Refunding Loan - Series 2018B	2,793,000	-	100,000	2,693,000	103,000
Total	<u>\$ 5,173,000</u>	<u>\$ -</u>	<u>\$ 185,000</u>	<u>\$ 4,988,000</u>	<u>\$ 216,000</u>

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

Series 2018 Refunding Loan

On April 13, 2018, the District refunded its General Obligation Bonds, Series 2010A and Limited Tax Obligation Subordinate Bonds, Series 2010B, by the issuance of \$2,510,000 Taxable (convertible to tax-exempt on December 1, 2020) Refunding Loan, Series 2018A, and \$3,181,000 Tax-Exempt Refunding Loan, Series 2018B. The Series 2018A Loan is due December 1, 2035, at interest rates of 5.200% through December 1, 2020 and 4.200% through December 1, 2035. The Series 2018B Loan is due December 1, 2035, at an interest rate of 4.200%. The proceeds of the Series 2018A Loan were used to establish an irrevocable trust account (the Refunding Escrow) to refund the Series 2010A Bonds on December 1, 2020, which is the date they may be redeemed prior to their maturity. The proceeds of the Series 2018B Loan were used to pay the principal and interest on the Series 2010B Bonds at the call date of April 13, 2018.

Interest payments on the Series 2018A Loan and the Series 2018B Loan (collectively, the Loan) are due June 1 and December 1 of each year, commencing June 1, 2018. All interest due and payable shall be calculated on the basis of a 360-day year of twelve 30-day months. Interest not paid when due shall compound on each June 1 and December 1 at the then-applicable interest rate. The District may prepay all or part of the principal of the Loan coming due on any December 1, upon two business days' prior written notice to NBH Bank (the Lender) of the amount of such prepayment, plus payment of the applicable prepayment fee, if any, in minimum increments of \$500,000. A prepayment fee may be due as a condition of such prepayment, which shall be calculated pursuant to the Loan Agreement.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2018 Refunding Loan (Continued)

The Loan is payable from Pledged Revenues, including the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt service payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the required mill levy; and other legally available moneys which the Board determines in its sole discretion. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of and interest on the Loan when due, and if necessary, an amount sufficient to fund or replenish the Reserve Fund to the amount of \$517,277 (the Maximum Reserve Fund Amount). For so long as the Reserve Fund is less than the Maximum Reserve Fund Amount, such mill levy shall not be less than 50.000 mills (subject to adjustment for changes occurring in the method of calculating assessed valuation). The maximum required mill levy has been adjusted upwards to 55.277 mills.

The District's Series 2018A Loan principal and interest will mature as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2021	\$ 113,000	\$ 96,390	\$ 209,390
2022	118,000	91,644	209,644
2023	123,000	86,688	209,688
2024	128,000	81,522	209,522
2025	133,000	76,146	209,146
2026-2030	754,000	292,016	1,046,016
2031-2035	926,000	119,952	1,045,952
Total	<u>\$ 2,295,000</u>	<u>\$ 844,358</u>	<u>\$ 3,139,358</u>

The District's Series 2018B Loan principal and interest will mature as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2021	\$ 103,000	\$ 113,106	\$ 216,106
2022	116,000	108,780	224,780
2023	120,000	103,908	223,908
2024	134,000	98,868	232,868
2025	140,000	93,240	233,240
2026-2030	880,000	367,752	1,247,752
2031-2035	1,200,000	157,290	1,357,290
Total	<u>\$ 2,693,000</u>	<u>\$ 1,042,944</u>	<u>\$ 3,735,944</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 5, 2002 a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$48,400,000. On November 2, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$485,000,000. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 5, 2002	Amount Authorized on November 2, 2004	Authorization Used for Series 2010 Bonds	Authorization Used for Series 2018 Loan	Authorized But Unissued
Streets	\$ 11,650,000	\$ 40,000,000	\$ 3,023,000	\$ -	\$ 48,627,000
Water	580,000	40,000,000	-	-	40,580,000
Sanitary Sewer	3,890,000	40,000,000	154,000	-	43,736,000
Parks and Recreation	6,855,000	40,000,000	1,947,000	-	44,908,000
Mosquito Control	-	40,000,000	-	-	40,000,000
Fire Protection	-	40,000,000	-	-	40,000,000
Television Relay	-	40,000,000	-	-	40,000,000
Public Transportation	2,245,000	40,000,000	-	-	42,245,000
Safety Protection	780,000	40,000,000	-	-	40,780,000
Operations and Maintenance	-	5,000,000	-	-	5,000,000
Intergovernmental Contracts	-	40,000,000	-	-	40,000,000
Public improvements:					
Operations and Maintenance	-	40,000,000	-	-	40,000,000
Debt Refunding	22,400,000	40,000,000	-	752,000	61,648,000
Total	<u>\$ 48,400,000</u>	<u>\$ 485,000,000</u>	<u>\$ 5,124,000</u>	<u>\$ 752,000</u>	<u>\$ 527,524,000</u>

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 position, 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, 2020, the District had the following net investment in capital assets, calculated as follows:

Net Investment in Capital Assets:	Governmental Activities
Capital Assets, Net	\$ 4,478,077
Less: Capital Related Debt	
Current Portion of Long-Term Obligations	(216,000)
Noncurrent Portion of Long-Term Obligations	(4,772,000)
Net Investment in Capital Assets	<u>\$ (509,923)</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 NET POSITION (CONTINUED)

The restricted component of net position includes assets that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position at December 31, 2020, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 14,000
Debt Service	499,868
Total Restricted Net Position	\$ 513,868

The unrestricted component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 7 AGREEMENTS

District IGA

The District and Southlands Metropolitan District No. 1 (District No. 1) entered into an Intergovernmental Agreement dated June 30, 2004, and amended pursuant to a first amendment dated December 7, 2004, and second amendment dated August 24, 2007 (the District IGA), concerning the manner in which the Districts are to coordinate the financing, construction, operation and maintenance of facilities contemplated in the Service Plans to comply with certain requirements of their respective Service Plans.

The District IGA acknowledges commencement of financing for the initial phase of improvements (as defined in the Service Plan) by both the District and District No. 1 and sets forth the agreement of the Districts with respect to the equitable allocation of costs associated with certain regional improvements, including improvements to Aurora Parkway, Smoky Hill Road, and certain bridge widening and landscape improvements (Regional Improvements).

South Aurora Regional Improvement Authority Establishment Agreement

On July 10, 2017, the District entered into the South Aurora Regional Improvement Authority Establishment Agreement (SARIA IGA) between the District, the City, and other unrelated metropolitan districts (collectively, the Parties) to form the South Aurora Regional Improvement Authority (Authority). The Authority was organized for the purpose of planning, designing, constructing, installing, acquiring, relocating, redeveloping and financing the Regional Improvements designated in ARI Master Plans.

The Authority is authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of Regional Improvements from the ARI Mill Levy, and/or the proceeds of revenue bonds to be issued by the Authority or may delegate and assign those rights and responsibilities to individual Parties.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 AGREEMENTS (CONTINUED)

South Aurora Regional Improvement Authority Establishment Agreement (Continued)

Each of the Districts which are Parties to this Agreement agree that the Authority may fund its operations with the ARI Mill Levy revenues transferred to the Authority. The amount of money necessary to fund the operations of the Authority shall be determined each year as a part of the budget process.

On December 8, 2017, the Parties to the SARIA IGA approved the South Aurora Regional Improvement Authority ARI Master Plan No. 1 (ARI Master Plan No. 1). On June 15, 2018, the Parties to the SARIA IGA approved the South Aurora Regional Improvement Authority ARI Master Plan No. 2 (ARI Master Plan No. 2) which supersedes ARI Master Plan No. 1. ARI Master Plan No. 2 prioritizes regional improvement projects within the Authority.

On October 2, 2018, the Districts entered into the First Amendment to the SARIA IGA primarily to confirm that each of the Parties to the SARIA IGA have made their initial contributions to the Authority and to allow for the transfer of the District's ARI Mill Levy to either the Authority or the Bond Trustee designated by the Authority in writing.

Upon approval of an ARI Master Plan by the Authority and the District, the financial obligations of the District is to remit the ARI Mill Levy to the Authority hereunder shall be a multiple fiscal year financial obligation of the District, payable from ad valorem property taxes, net of County Treasurer's fees, generated as a result of the certification by the District of the ARI Mill Levy. From and after the date of each District's approval of the ARI Master Plans, the District's ARI Mill Levy, as limited hereby, is pledged to the punctual payment of the obligations of the Authority with respect to the Authority's revenue bonds or other financial obligations.

NOTE 8 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.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 COMMITMENTS AND CONTINGENCIES

As of December 31, 2020, the District had unexpended construction related contract commitments of approximately \$11,471.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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.

On November 5, 2002, the District voters passed an election question allowing the District to increase property taxes by \$630,000 annually, then increased the amount to \$5,000,000 during the November 2, 2004, election, without limitation of rate, to pay the District's operations, maintenance and other expenses.

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

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

SUPPLEMENTARY INFORMATION

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 573,040	\$ 540,014	\$ (33,026)
Specific Ownership Taxes	34,300	41,155	6,855
Net Investment Income	7,000	3,638	(3,362)
Total Revenues	<u>614,340</u>	<u>584,807</u>	<u>(29,533)</u>
EXPENDITURES			
Paying Agent Fees	1,700	-	1,700
County Treasurer's Fees	8,596	8,100	496
Loan Principal - Series 2018A	85,000	85,000	-
Loan Interest - Series 2018A	123,760	123,760	-
Loan Principal - Series 2018B	100,000	100,000	-
Loan Interest - Series 2018B	117,306	117,306	-
Contingency	8,638	-	8,638
Total Expenditures	<u>445,000</u>	<u>434,166</u>	<u>10,834</u>
NET CHANGE IN FUND BALANCE	169,340	150,641	(18,699)
Fund Balance - Beginning of Year	<u>362,657</u>	<u>366,685</u>	<u>4,028</u>
FUND BALANCE - END OF YEAR	<u>\$ 531,997</u>	<u>\$ 517,326</u>	<u>\$ (14,671)</u>

OTHER INFORMATION

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2020

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected
		General	Debt Service	Levied	Collected	
2016	\$ 6,675,610	31.000	50.000	\$ 540,725	\$ 534,796	98.90 %
2017	8,535,347	31.000	50.000	691,362	691,363	100.00
2018	11,437,465	34.271	55.277	1,024,202	1,016,078	99.21
2019	11,536,632	34.271	55.277	1,033,082	1,020,334	98.77
2020	12,734,228	34.112	45.000	1,007,430	949,369	94.24
Estimated for the Year Ending December 31, 2021	\$ 12,323,017	39.112	40.000	\$ 974,899		

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

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020

Year Ending December 31,	\$2,510,000 Taxable (Convertible to Tax-Exempt) Refunding Loan Series 2018A Dated April 13, 2018 Principal due December 1 Interest Rate 4.2000% to 5.2000% Payable June 1 and December 1			\$3,181,000 Tax-Exempt Refunding Loan Series 2018B Dated April 13, 2018 Principal due December 1 Interest Rate 4.2000% Payable June 1 and December 1		
	Principal	Interest	Total	Principal	Interest	Total
	2021	\$ 113,000	\$ 96,390	\$ 209,390	\$ 103,000	\$ 113,106
2022	118,000	91,644	209,644	116,000	108,780	224,780
2023	123,000	86,688	209,688	120,000	103,908	223,908
2024	128,000	81,522	209,522	134,000	98,868	232,868
2025	133,000	76,146	209,146	140,000	93,240	233,240
2026	139,000	70,560	209,560	155,000	87,360	242,360
2027	144,000	64,722	208,722	162,000	80,850	242,850
2028	151,000	58,674	209,674	177,000	74,046	251,046
2029	157,000	52,322	209,322	184,000	66,612	250,612
2030	163,000	45,738	208,738	202,000	58,884	260,884
2031	170,000	38,892	208,892	210,000	50,400	260,400
2032	177,000	31,752	208,752	228,000	41,580	269,580
2033	185,000	24,318	209,318	237,000	32,004	269,004
2034	193,000	16,548	209,548	257,000	22,050	279,050
2035	201,000	8,442	209,442	268,000	11,256	279,256
Total	<u>\$ 2,295,000</u>	<u>\$ 844,358</u>	<u>\$ 3,139,358</u>	<u>\$ 2,693,000</u>	<u>\$ 1,042,944</u>	<u>\$ 3,735,944</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2020

<u>Year Ending December 31,</u>	Total		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 216,000	\$ 209,496	\$ 425,496
2022	234,000	200,424	434,424
2023	243,000	190,596	433,596
2024	262,000	180,390	442,390
2025	273,000	169,386	442,386
2026	294,000	157,920	451,920
2027	306,000	145,572	451,572
2028	328,000	132,720	460,720
2029	341,000	118,934	459,934
2030	365,000	104,622	469,622
2031	380,000	89,292	469,292
2032	405,000	73,332	478,332
2033	422,000	56,322	478,322
2034	450,000	38,598	488,598
2035	469,000	19,698	488,698
Total	<u>\$ 4,988,000</u>	<u>\$ 1,887,302</u>	<u>\$ 6,875,302</u>