

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Allison Valley Metropolitan District No. 2 (the District), as of and for the year ended December 31, 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.

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, 2020, 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

September 9, 2021

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and Investments	\$ 3,148
Cash and Investments - Restricted	1,458,783
Receivable - County Treasurer	3,836
Property Taxes Receivable	567,890
Prepaid Expense	11,123
Capital Assets, Net	5,498,185
Total Assets	7,542,965
LIABILITIES	
Accounts Payable	33,537
Accrued Interest Payable	17,616
Noncurrent Liabilities:	
Due in More Than One Year	21,218,673
Total Liabilities	21,269,826
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	567,890
Total Deferred Inflows of Resources	567,890
NET POSITION	
Net Investment in Capital Assets	(1,974,854)
Restricted for:	
Emergency Reserves	3,630
Unrestricted	(12,323,527)
Total Net Position	\$ (14,294,751)

See accompanying Notes to Basic Financial Statements.

ALLISON VALLEY 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					
Primary Government:					
Governmental Activities:					
General Government	\$ 512,273	\$ -	\$ -	\$ -	\$ (512,273)
Interest and Related Costs on Long-Term Debt	1,025,532	-	-	-	(1,025,532)
Dedication of Capital Assets to Other Governments	757,121	-	-	-	(757,121)
Total Governmental Activities	\$ 2,294,926	\$ -	\$ -	\$ -	(2,294,926)
GENERAL REVENUES					
Property Taxes					437,765
Specific Ownership Taxes					47,583
Net Investment Income					925
Total General Revenues					486,273
CHANGE IN NET POSITION					
					(1,808,653)
Net Position - Beginning of Year					(12,486,098)
NET POSITION - END OF YEAR					
					\$ (14,294,751)

See accompanying Notes to Basic Financial Statements.

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

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 3,148	\$ -	\$ -	\$ 3,148
Cash and Investments - Restricted	3,630	1,455,153	-	1,458,783
Receivable from County	955	2,881	-	3,836
Due from Other Funds	-	460	-	460
Property Taxes Receivable	141,418	426,472	-	567,890
Prepaid Expenses	11,123	-	-	11,123
	<u>160,274</u>	<u>1,884,966</u>	<u>-</u>	<u>2,045,240</u>
Total Assets				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 24,937	\$ 8,600	\$ -	\$ 33,537
Due to Other Funds	460	-	-	460
Total Liabilities	<u>25,397</u>	<u>8,600</u>	<u>-</u>	<u>33,997</u>
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	141,418	426,472	-	567,890
Total Deferred Inflows of Resources	<u>141,418</u>	<u>426,472</u>	<u>-</u>	<u>567,890</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	11,123	-	-	11,123
Restricted For:				
Emergencies (TABOR)	3,630	-	-	3,630
Debt Service	-	1,449,894	-	1,449,894
Unassigned	(21,294)	-	-	(21,294)
Total Fund Balances	<u>(6,541)</u>	<u>1,449,894</u>	<u>-</u>	<u>1,443,353</u>
	<u>160,274</u>	<u>1,884,966</u>	<u>-</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances				
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital Assets, Net				5,498,185
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:				
Accrued Interest on Developer Advance				(1,729,270)
Developer Advances Payable				(5,989,403)
Bond Payable				(13,500,000)
Accrued Interest Payable				(17,616)
Net Position of Governmental Activities				<u>\$ (14,294,751)</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, 2020

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 109,021	\$ 328,744	\$ -	\$ 437,765
Specific Ownership Taxes	11,850	35,733	-	47,583
Net Investment Income	20	767	138	925
Total Revenues	<u>120,891</u>	<u>365,244</u>	<u>138</u>	<u>486,273</u>
EXPENDITURES				
Current:				
Accounting	22,963	-	-	22,963
Audit	8,050	-	-	8,050
Contingency	846	-	-	846
County Treasurer's Fees	1,636	4,932	-	6,568
District Management	42,125	-	-	42,125
Dues and Membership	511	-	-	511
Insurance and Bonds	10,589	-	-	10,589
Landscaping	98,603	-	-	98,603
Legal	3,961	-	-	3,961
Miscellaneous	1,681	-	-	1,681
Repairs and Maintenance	3,707	-	-	3,707
Snow Removal	15,425	-	-	15,425
Utilities	77,734	-	-	77,734
Debt Service:				
Bond Issue Costs	-	307,100	-	307,100
Loan Interest Expense	-	256,072	-	256,072
Loan Principal	-	88,235	-	88,235
Loan Payoff - 2015	-	6,587,358	-	6,587,358
Non Use Fees	-	18,941	-	18,941
Paying Agent Fees	-	11,500	-	11,500
Capital Outlay	-	-	1,256,804	1,256,804
Total Expenditures	<u>287,831</u>	<u>7,274,138</u>	<u>1,256,804</u>	<u>8,818,773</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(166,940)	(6,908,894)	(1,256,666)	(8,332,500)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	13,500,000	-	13,500,000
Developer Advance	183,105	-	1,256,804	1,439,909
Loan Proceeds	-	-	1,350,885	1,350,885
Repay Developer Advance	(25,971)	-	(6,622,959)	(6,648,930)
Transfers In (Out)	-	(5,255,912)	5,255,912	-
Total Other Financing Sources (Uses)	<u>157,134</u>	<u>8,244,088</u>	<u>1,240,642</u>	<u>(3,858,136)</u>
NET CHANGE IN FUND BALANCES	(9,806)	1,335,194	(16,024)	1,309,364
Fund Balances - Beginning of Year	<u>3,265</u>	<u>114,700</u>	<u>16,024</u>	<u>133,989</u>
FUND BALANCES - END OF YEAR	<u>\$ (6,541)</u>	<u>\$ 1,449,894</u>	<u>\$ -</u>	<u>\$ 1,443,353</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Governmental Funds \$ 1,309,364

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	1,256,804
Dedicated Capital Assets to Other Entities	(757,121)
Depreciation	(224,442)

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	6,675,593
Bond Proceeds	(13,500,000)
Loan Proceeds	(1,350,885)
Developer Advances	(1,439,909)
Repayment of Developer Advances	6,640,738

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	1,072
Accrued Interest on Developer Advances - Change in Liability	<u>(419,867)</u>

Change in Net Position of Governmental Activities \$ (1,808,653)

ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 109,021	\$ 109,021	\$ 109,021	\$ -
Specific Ownership Tax	11,992	11,992	11,850	(142)
Net Investment Income	30	30	20	(10)
Total Revenues	<u>121,043</u>	<u>121,043</u>	<u>120,891</u>	<u>(152)</u>
EXPENDITURES				
Current:				
Accounting	26,000	26,000	22,963	3,037
Audit	7,600	7,600	8,050	(450)
Contingency	5,000	5,000	846	4,154
County Treasurer's Fee	1,635	1,635	1,636	(1)
District Management	42,182	42,182	42,125	57
Dues and Membership	1,250	1,250	511	739
Insurance and Bonds	11,000	11,000	10,589	411
Landscaping	60,000	98,603	98,603	-
Legal	9,000	9,000	3,961	5,039
Miscellaneous	3,000	3,000	1,681	1,319
Repairs and Maintenance	5,500	5,500	3,707	1,793
Snow Removal	17,000	17,000	15,425	1,575
Utilities	49,000	77,734	77,734	-
Total Expenditures	<u>238,667</u>	<u>306,004</u>	<u>287,831</u>	<u>18,173</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(117,624)	(184,961)	(166,940)	18,021
OTHER FINANCING SOURCES (USES)				
Developer Advance	120,000	210,000	183,105	(26,895)
Repay Developer Advance	-	(25,971)	(25,971)	-
Total Other Financing Sources (Uses)	<u>120,000</u>	<u>184,029</u>	<u>157,134</u>	<u>(26,895)</u>
NET CHANGE IN FUND BALANCES	2,376	(932)	(9,806)	(8,874)
Fund Balance - Beginning of Year	<u>4,413</u>	<u>4,413</u>	<u>3,265</u>	<u>(1,148)</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,789</u>	<u>\$ 3,481</u>	<u>\$ (6,541)</u>	<u>\$ (10,022)</u>

See accompanying Notes to Basic Financial Statements.

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

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, 2020

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, 2020

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, 2020.

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, 2020

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 \$10,256,257 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, 2020

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

Statement of Net Position:

Cash and Investments	\$ 3,148
Cash and Investments - Restricted	1,458,783
Total Cash and Investments	\$ 1,461,931

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

Deposits with Financial Institutions	\$ 1,461,931
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ALLISON VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, the District's cash deposits had a bank balance of \$1,461,931 and a carrying balance of \$1,461,931.

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 no investments.

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

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 757,121	\$ 757,121	\$ -
Total Capital Assets, Not Being Depreciated	-	757,121	757,121	-
Capital Assets, Being Depreciated:				
Parks and Recreation Facilities	3,010,552	334,671	-	3,345,223
Storm Drainage Facilities	2,692,379	165,012	-	2,857,391
Total Capital Assets, Being Depreciated	5,702,931	499,683	-	6,202,614
Less Accumulated Depreciation For:				
Parks and Recreation Facilities	(335,946)	(131,928)	-	(467,874)
Storm Drainage Facilities	(144,041)	(92,514)	-	(236,555)
Total Accumulated Depreciation	(479,987)	(224,442)	-	(704,429)
Total Capital Assets, Being Depreciated, Net	5,222,944	275,241	-	5,498,185
Governmental Activities Capital Assets, Net	<u>\$ 5,222,944</u>	<u>\$ 1,032,362</u>	<u>\$ 757,121</u>	<u>\$ 5,498,185</u>

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

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 - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Bonds Payable					
Series 2020 Limited Tax G.O Bonds	\$ -	\$ 13,500,000	\$ -	\$ 13,500,000	\$ -
Notes/Loans From Direct Borrowing or Placement					
Series 2015A Limited Tax G.O. Loan	4,396,914	-	4,396,914	-	-
Series 2015B Limited Tax G.O. Loan	927,794	1,350,885	2,278,679	-	-
Developer Advances:					
Operating	876,763	183,105	-	1,059,868	-
Capital	10,256,081	1,256,804	6,622,959	4,889,926	-
Elite	50,000	-	10,391	39,609	-
Ginger	7,388	-	7,388	-	-
Interest on Developer Advances:					
Operating	93,266	43,384	-	136,650	-
Capital	1,187,400	382,225	-	1,569,625	-
Elite	26,306	2,288	5,599	22,995	-
Ginger	2,431	161	2,592	-	-
Total	<u>\$ 17,824,343</u>	<u>\$ 16,718,852</u>	<u>\$ 13,324,522</u>	<u>\$ 21,218,673</u>	<u>\$ -</u>

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

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

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

The District may make advance requests once 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 prior to the December 23, 2020 refunding are as follows:

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

<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 was 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.

During 2020, the District issued general obligation limited tax refunding bonds. A portion of these proceeds were used to pay off the outstanding balance of the Series 2015A Loan.

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 prior to the December 23, 2020 refunding 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
April 10, 2020	728,987	2.9550
July 28, 2020	621,898	2.7825
Total	<u>\$ 2,278,679</u>	

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2015B – \$3,500,000 Limited Tax General Obligation Loan (Continued)

The Series 2015B Loan was 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 was parity debt to the Series 2015A Loan.

During 2020, the District issued general obligation limited tax refunding bonds. A portion of these proceeds were used to pay off the outstanding balance of the Series 2015B Loan.

Series 2020 – \$13,500,000 General Obligation Limited Tax Refunding Bonds

On December 23, 2020, the District issued General Obligation Limited Tax Refunding Bonds, Series 2020, in the amount of \$13,500,000 which bears an interest at rate of 4.70%, payable semi-annually on June 1 and December 1, beginning on June 1, 2021. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2025. The Series 2020 Bonds mature on December 1, 2047. The 2020 Bonds were issued for the purpose of refunding the Series 2015 Loan.

The 2020 Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, and on any date thereafter as set forth in the table below.

December 1, 2025 through November 30, 2026 – 103%
 December 1, 2026 through November 30, 2027 – 102%
 December 1, 2027 through November 30, 2028 – 101%
 December 1, 2028 and thereafter – 100%

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>
2021	\$ -	\$ 595,725	\$ 595,725
2022	-	634,500	634,500
2023	-	634,500	634,500
2024	85,000	634,500	719,500
2025	155,000	630,505	785,505
2026-2030	1,360,000	3,005,650	4,365,650
2031-2035	2,425,000	2,592,520	5,017,520
2036-2040	3,330,000	1,928,175	5,258,175
2041-2045	4,180,000	1,069,485	5,249,485
2046-2047	1,965,000	139,590	2,104,590
Total	<u>\$ 13,500,000</u>	<u>\$ 11,865,150</u>	<u>\$ 25,365,150</u>

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Remedies on Occurrence of Event of Default for the 2020 Series Bonds

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- a) Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.
- b) The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the Bonds, the Bond Resolution, this Indenture, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.
- c) The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.
- d) No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers, or remedies of the Trustee hereunder, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners shall continue unimpaired as before.;
- e) If requested by the Owners of 25% in aggregate principal amount of the Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners; provided that the Trustee at its option shall be indemnified.
- f) Acceleration of the Bonds shall not be an available remedy for an Event of Default, nor shall the District be subject to punitive or consequential damages, nor shall any provisions herein act as or be deemed to be a waiver by the District of the Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S., as now or hereafter amended.

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.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

	Amount Authorized November 3, 2015	Authorization Used 2015A/B Loan	Remaining at December 31, 2020
Streets and Storm Drainage	\$ 47,000,000	\$ 4,714,117	\$ 42,285,883
Water Improvements	31,000,000	1,106,139	29,893,861
Sanitary Sewer Improvements	32,000,000	472,769	31,527,231
Parks and Recreation	37,000,000	392,205	36,607,795
Traffic Safety Controls	31,000,000	45,881	30,954,119
Mosquito Control	31,000,000	-	31,000,000
Public Transportation	30,500,000	-	30,500,000
TV Relay and Translation	30,500,000	-	30,500,000
Refunding of Debt	60,000,000	-	60,000,000
Total	<u>\$ 330,000,000</u>	<u>\$ 6,731,111</u>	<u>\$ 323,268,889</u>

Pursuant to the Service Plan as amended on September 8, 2015, the District can issue bond indebtedness of up to \$30,000,000. In addition, the maximum debt service mill levy for the District is 30.000 mills, as adjusted for changes in the ratio of actual value to assessed value property within the District. As of December 31, 2020, 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, 2020, outstanding Developer advances for operations and debt totaled \$1,059,868 with accrued interest of \$136,650 and outstanding advances for capital improvements totaled \$4,889,926 accrued interest of \$1,569,625.

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

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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, 2020, outstanding advances under the agreement for Elite totaled \$39,609 and accrued interest totaled \$22,995. The Ginger outstanding advances were paid off in August of 2020.

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, 2020, 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)	\$ 5,498,185
Noncurrent Portion of Long-Term Obligations	(6,930,343)
Unspent Loan Proceeds	<u>(542,696)</u>
Net Investment in Capital Assets	<u><u>\$ (1,974,854)</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, 2020, as follows:

Restricted Net Position:	
Emergencies	<u>\$ 3,630</u>
Total Restricted Net Position	<u><u>\$ 3,630</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.

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

NOTE 7 RELATED PARTIES

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

NOTE 8 INTERGOVERNMENTAL AGREEMENTS

On December 6, 2007, the District entered into an Intergovernmental Agreement (IGA) with Allison Valley 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.

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

NOTE 10 RISK MANAGEMENT (CONTINUED)

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

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the State of Colorado and all local governments.

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 Debt Service Fund to the Capital Projects Fund was the bond proceeds used to pay the developer advance.

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, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 328,744	\$ 328,744	\$ 328,744	\$ -
Specific Ownership Tax	36,162	36,162	35,733	(429)
Interest Income	2,332	2,332	767	(1,565)
Total Revenues	<u>367,238</u>	<u>367,238</u>	<u>365,244</u>	<u>(1,994)</u>
EXPENDITURES				
Bond Issue Costs	-	307,100	307,100	-
Loan Interest Expense	334,312	334,312	256,072	78,240
Loan Principal	73,187	88,235	88,235	-
Loan Payoff - 2015	-	6,599,514	6,587,358	12,156
Non Use Fee	5,000	18,941	18,941	-
Paying Agent Fee	5,000	11,500	11,500	-
County Treasurer's Fees	4,931	4,931	4,932	(1)
Total Expenditures	<u>422,430</u>	<u>7,364,533</u>	<u>7,274,138</u>	<u>90,395</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(55,192)	(6,997,295)	(6,908,894)	88,401
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	13,500,000	13,500,000	-
Transfers In from Capital Projects Fund	123,000	239,955	239,955	-
Transfers Out to Capital Projects Fund	-	(5,495,867)	(5,495,867)	-
Total Other Financing Sources (Uses)	<u>123,000</u>	<u>8,244,088</u>	<u>8,244,088</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	67,808	1,246,793	1,335,194	88,401
Fund Balance - Beginning of Year	<u>118,581</u>	<u>118,581</u>	<u>114,700</u>	<u>(3,881)</u>
FUND BALANCE - END OF YEAR	<u>\$ 186,389</u>	<u>\$ 1,365,374</u>	<u>\$ 1,449,894</u>	<u>\$ 84,520</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, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ 20	\$ 20	\$ 138	\$ 118
Total Revenues	20	20	138	118
EXPENDITURES				
Current:				
Contingency	50,000	50,000	-	50,000
Capital Outlay:				
Drainage	1,146,600	1,146,600	165,012	981,588
Water Infrastructure	-	-	8,989	(8,989)
Sewer Infrastructure	75,600	75,600	158,938	(83,338)
Streets	644,400	644,400	589,194	55,206
Park and Recreation	1,294,650	1,294,650	334,671	959,979
Total Expenditures	3,211,250	3,211,250	1,256,804	1,954,446
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,211,230)	(3,211,230)	(1,256,666)	1,954,564
OTHER FINANCING SOURCES (USES)				
Developer Advance	3,729,616	3,729,616	1,256,804	(2,472,812)
Loan Proceeds	2,765,864	2,765,864	1,350,885	(1,414,979)
Repay Developer Advance	(3,161,250)	(6,622,959)	(6,622,959)	-
Transfers In from Debt Service Fund	-	5,495,867	5,495,867	-
Transfers Out to Debt Service Fund	(123,000)	(239,955)	(239,955)	-
Total Other Financing Sources (Uses)	3,211,230	5,128,433	1,240,642	(3,887,791)
NET CHANGE IN FUND BALANCE	-	1,917,203	(16,024)	(1,933,227)
Fund Balance - Beginning of Year	-	-	16,024	16,024
FUND BALANCE - END OF YEAR	\$ -	\$ 1,917,203	\$ -	\$ (1,917,203)

OTHER INFORMATION

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

\$13,500,000 General Obligation Limited
Tax Refunding Bonds - Series 2020
Dated December 20, 2020
Interest Rate - 4.70%
Interest Reset - December 1, 2020
Principal Due December 1
Interest Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 595,725	\$ 595,725
2022	-	634,500	634,500
2023	-	634,500	634,500
2024	85,000	634,500	719,500
2025	155,000	630,505	785,505
2026	210,000	623,220	833,220
2027	220,000	613,350	833,350
2028	280,000	603,010	883,010
2029	290,000	589,850	879,850
2030	360,000	576,220	936,220
2031	375,000	559,300	934,300
2032	450,000	541,675	991,675
2033	470,000	520,525	990,525
2034	550,000	498,435	1,048,435
2035	580,000	472,585	1,052,585
2036	605,000	445,325	1,050,325
2037	635,000	416,890	1,051,890
2038	665,000	387,045	1,052,045
2039	695,000	355,790	1,050,790
2040	730,000	323,125	1,053,125
2041	760,000	288,815	1,048,815
2042	795,000	253,095	1,048,095
2043	835,000	215,730	1,050,730
2044	875,000	176,485	1,051,485
2045	915,000	135,360	1,050,360
2046	960,000	92,355	1,052,355
2047	1,005,000	47,235	1,052,235
Total	<u>\$ 13,500,000</u>	<u>\$ 11,865,150</u>	<u>\$ 25,365,150</u>

**ALLISON VALLEY 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	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
2020	10,130,170	43.214	437,765	437,765	100.00
Estimated for the Year Ending December 31, 2021	\$ 13,129,500	43.253	\$ 567,890		