

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
Arapahoe County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

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YEAR ENDED DECEMBER 31, 2021**

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

Independent Auditor's Report

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 opinions on the basic financial statements are not affected by this missing 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 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 basic 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 basic financial statements. The 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, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information, as listed in the table of contents, has not been subjected 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.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli LLP

Wipfli LLP
Lakewood, Colorado

June 30, 2022

BASIC FINANCIAL STATEMENTS

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and Investments	\$ 490,418
Cash and Investments - Restricted	624,888
Prepaid Expense	21,491
Receivable from County Treasurer	5,484
Property Taxes Receivable	1,029,751
Capital Assets, Net	4,061,728
Total Assets	6,233,760
DEFERRED OUTFLOWS OF RESOURCES	
Cost of Refunding	175,351
Total Deferred Outflows of Resources	175,351
LIABILITIES	
Accounts Payable	40,809
Accrued Interest Payable	16,702
Noncurrent Liabilities:	
Due Within One Year	234,000
Due in More Than One Year	4,538,000
Total Liabilities	4,829,511
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,029,751
Total Deferred Inflows of Resources	1,029,751
NET POSITION	
Net Investment in Capital Assets	(710,272)
Restricted For:	
Emergency Reserves	15,500
Debt Service	595,498
Unrestricted	649,123
Total Net Position	\$ 549,849

See accompanying Notes to Basic Financial Statements.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 490,418	\$ -	\$ 490,418
Cash and Investments - Restricted	15,500	609,388	624,888
Prepaid Expense	21,491	-	21,491
Receivable from County Treasurer	2,672	2,812	5,484
Property Taxes Receivable	509,096	520,655	1,029,751
	\$ 1,039,177	\$ 1,132,855	\$ 2,172,032
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 40,809	\$ -	\$ 40,809
Total Liabilities	40,809	-	40,809
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	509,096	520,655	1,029,751
Total Deferred Inflows of Resources	509,096	520,655	1,029,751
FUND BALANCES			
Nonspendable:			
Prepaid Expense	21,491	-	21,491
Restricted For:			
Emergency Reserves	15,500	-	15,500
Debt Service	-	612,200	612,200
Assigned To:			
Subsequent Year's Expenditures	150,980	-	150,980
Unassigned:			
General Government	301,301	-	301,301
Total Fund Balances	489,272	612,200	1,101,472
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,039,177	\$ 1,132,855	

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 4,061,728

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 175,351

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 (4,772,000)
Accrued Interest on Loans Payable (16,702)

Net Position of Governmental Activities \$ 549,849

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, 2021

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 468,275	\$ 492,921	\$ 961,196
Specific Ownership Taxes	32,733	34,456	67,189
Net Investment Income	322	388	710
SARIA Revenue	13,703	-	13,703
Total Revenues	<u>515,033</u>	<u>527,765</u>	<u>1,042,798</u>
EXPENDITURES			
General:			
Accounting	21,012	-	21,012
Audit	3,600	-	3,600
County Treasurer's Fees	7,025	7,395	14,420
County Treasurer's Fees (SARIA)	206	-	206
Detention Pond	52,191	-	52,191
Directors' Fees	1,500	-	1,500
District Management	38,122	-	38,122
Dues and Membership	739	-	739
Insurance	23,214	-	23,214
Legal	28,054	-	28,054
Landscape Architect	19,228	-	19,228
Landscape Maintenance and Irrigation	66,700	-	66,700
Landscape Renovation	111,417	-	111,417
Repairs and Maintenance	12,701	-	12,701
Snow Removal	1,183	-	1,183
Street Lighting	2,610	-	2,610
Tree Replacement/Arborist/Tree Care Program	61,490	-	61,490
Utilities	19,486	-	19,486
Payroll Taxes	115	-	115
Payment to SARIA	13,498	-	13,498
Miscellaneous/Contingency	3,616	-	3,616
Debt Service:			
Loan Principal - Series 2018A	-	113,000	113,000
Loan Interest - Series 2018A	-	96,390	96,390
Loan Principal - Series 2018B	-	103,000	103,000
Loan Interest - Series 2018B	-	113,106	113,106
Total Expenditures	<u>487,707</u>	<u>432,891</u>	<u>920,598</u>
NET CHANGE IN FUND BALANCES	27,326	94,874	122,200
Fund Balances - Beginning of Year	<u>461,946</u>	<u>517,326</u>	<u>979,272</u>
FUND BALANCES - END OF YEAR	<u>\$ 489,272</u>	<u>\$ 612,200</u>	<u>\$ 1,101,472</u>

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, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$	122,200
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Depreciation Expense		(416,349)
<p>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:</p>		
Principal Payment - Series 2018A Loan		113,000
Principal Payment - Series 2018B Loan		103,000
<p>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.</p>		
Accrued Interest on Bonds - Change in Liability		756
Amortization of Cost of Refunding		(21,895)
		(99,288)
Change in Net Position of Governmental Activities	\$	(99,288)

See accompanying Notes to Basic Financial Statements.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 468,275	\$ 468,275	\$ -
Specific Ownership Taxes	32,779	32,733	(46)
Net Investment Income	2,000	322	(1,678)
SARIA Revenue	13,703	13,703	-
Total Revenues	<u>516,757</u>	<u>515,033</u>	<u>(1,724)</u>
EXPENDITURES			
Accounting	25,000	21,012	3,988
Audit	4,000	3,600	400
County Treasurer's Fees	7,024	7,025	(1)
County Treasurer's Fees (SARIA)	200	206	(6)
Detention Pond	100,000	52,191	47,809
Directors' Fees	1,200	1,500	(300)
District Management	40,000	38,122	1,878
Dues and Membership	1,000	739	261
Insurance	30,000	23,214	6,786
Legal	30,000	28,054	1,946
Landscape Architect	10,000	19,228	(9,228)
Landscape Maintenance and Irrigation	55,000	66,700	(11,700)
Landscape Renovation	160,000	111,417	48,583
Payroll Taxes	100	115	(15)
Payment to SARIA	13,503	13,498	5
Repairs and Maintenance	25,000	12,701	12,299
Security	30,000	-	30,000
Snow Removal	10,000	1,183	8,817
Street Lighting	10,000	2,610	7,390
Utilities	15,000	19,486	(4,486)
Miscellaneous/Contingency	7,973	3,616	4,357
Monument	30,000	-	30,000
Tree Replacement/Arborist/Tree Care Program	60,000	61,490	(1,490)
Total Expenditures	<u>665,000</u>	<u>487,707</u>	<u>177,293</u>
NET CHANGE IN FUND BALANCE	(148,243)	27,326	175,569
Fund Balance - Beginning of Year	<u>468,907</u>	<u>461,946</u>	<u>(6,961)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 320,664</u></u>	<u><u>\$ 489,272</u></u>	<u><u>\$ 168,608</u></u>

See accompanying Notes to Basic Financial Statements.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021

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, 2021

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
Playground Equipment	15 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, 2021

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, 2021**

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, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 490,418
Cash and Investments - Restricted	624,888
Total Cash and Investments	\$ 1,115,306

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 14,823
Investments	1,100,483
Total Cash and Investments	\$ 1,115,306

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, 2021**

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, 2021, the District's cash deposits had a bank balance and a carrying balance of \$14,823.

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, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
COLOTRUST	Weighted-Average Under 60 Days	<u>\$ 1,100,483</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, 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 or weekly, and there is no redemption notice period.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 378,560	\$ -	\$ (378,560)	\$ -
Total Capital Assets, Not Being Depreciated	378,560	-	(378,560)	-
Capital Assets, Being Depreciated:				
Streets	4,846,804	-	-	4,846,804
Sanitary Sewer	271,905	-	-	271,905
Playground Equipment	-	378,560	-	378,560
Park and Recreation Improvements	3,119,046	-	-	3,119,046
Total Capital Assets, Being Depreciated	8,237,755	378,560	-	8,616,315
Less Accumulated Depreciation For:				
Streets	(2,483,988)	(242,341)	-	(2,726,329)
Sanitary Sewer	(55,740)	(5,438)	-	(61,178)
Playground Equipment	-	(12,619)	-	(12,619)
Park and Recreation Improvements	(1,598,510)	(155,951)	-	(1,754,461)
Total Accumulated Depreciation	(4,138,238)	(416,349)	-	(4,554,587)
Total Capital Assets, Being Depreciated, Net	4,099,517	(37,789)	-	4,061,728
Capital Assets, Net	<u>\$ 4,478,077</u>	<u>\$ (37,789)</u>	<u>\$ (378,560)</u>	<u>\$ 4,061,728</u>

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

General Government	<u>\$ 416,349</u>
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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, 2021:

	Balance at December 31, 2020	Additions	Retirement of Long-Term Obligations	Balance at December 31, 2021	Due Within One Year
Refunding Loan - Series 2018A	\$ 2,295,000	\$ -	\$ 113,000	\$ 2,182,000	\$ 118,000
Refunding Loan - Series 2018B	2,693,000	-	103,000	2,590,000	116,000
Total	<u>\$ 4,988,000</u>	<u>\$ -</u>	<u>\$ 216,000</u>	<u>\$ 4,772,000</u>	<u>\$ 234,000</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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 12 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.

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.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2018 Refunding Loan (Continued)

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

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
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	139,000	70,560	209,560
2027-2031	785,000	260,348	1,045,348
2032-2035	756,000	81,060	837,060
Total	<u>\$ 2,182,000</u>	<u>\$ 747,968</u>	<u>\$ 2,929,968</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
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	155,000	87,360	242,360
2027-2031	935,000	330,792	1,265,792
2032-2035	990,000	106,890	1,096,890
Total	<u>\$ 2,590,000</u>	<u>\$ 929,838</u>	<u>\$ 3,519,838</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, the District had the following net investment in capital assets, calculated as follows:

Net Investment in Capital Assets:	Governmental Activities
Capital Assets, Net	\$ 4,061,728
Less: Capital Related Debt	
Current Portion of Long-Term Obligations	(234,000)
Noncurrent Portion of Long-Term Obligations	(4,538,000)
Net Investment in Capital Assets	<u>\$ (710,272)</u>

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

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, 2021, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 15,500
Debt Service	595,498
Total Restricted Net Position	\$ 610,998

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 (the 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, 2021

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, 2021

NOTE 9 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, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 492,921	\$ 492,921	\$ -
Specific Ownership Taxes	34,504	34,456	(48)
Net Investment Income	3,000	388	(2,612)
Total Revenues	<u>530,425</u>	<u>527,765</u>	<u>(2,660)</u>
EXPENDITURES			
County Treasurer's Fees	7,394	7,395	(1)
Loan Principal - Series 2018A	113,000	113,000	-
Loan Interest - Series 2018A	96,390	96,390	-
Loan Principal - Series 2018B	103,000	103,000	-
Loan Interest - Series 2018B	113,106	113,106	-
Contingency	7,110	-	7,110
Total Expenditures	<u>440,000</u>	<u>432,891</u>	<u>7,109</u>
NET CHANGE IN FUND BALANCE	90,425	94,874	4,449
Fund Balance - Beginning of Year	<u>549,363</u>	<u>517,326</u>	<u>(32,037)</u>
FUND BALANCE - END OF YEAR	<u>\$ 639,788</u>	<u>\$ 612,200</u>	<u>\$ (27,588)</u>

OTHER INFORMATION

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2021

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	
		2017	\$ 8,535,347	31.000	50.000	
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
2021	12,323,017	39.112	40.000	974,899	974,899	100.00

Estimated for the Year
Ending December 31,
2022

\$ 13,016,367	39.112	40.000	\$ 1,029,751
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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, 2021

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 5.200% 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
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>\$ 2,182,000</u>	<u>\$ 747,968</u>	<u>\$ 2,929,968</u>	<u>\$ 2,590,000</u>	<u>\$ 929,838</u>	<u>\$ 3,519,838</u>

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2021

<u>Year Ending December 31,</u>	Total		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 4,772,000</u>	<u>\$ 1,677,806</u>	<u>\$ 6,449,806</u>