

SPRING VALLEY METROPOLITAN DISTRICT NO. 2

2022 Budget Message

Introduction

The District was formed in July of 2001 for the purpose of providing planning, design, acquisition, construction, installation, relocation and financing of streets, water system, sanitary sewer system, safety protection, transportation, television relay and translation, mosquito control, limited fire protection services, drainage and storm water improvements, and parks and recreation improvements ("Public Improvements").

The 2022 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2022 fiscal year based on available revenues. This budget provides for the annual debt service on the District's general obligation debt and the general operation of the District. The Board of Directors authorized adjustment of the District mill levy in accordance with the Colorado Constitution, Article X, Section 3 (the "Gallagher Adjustment"). The Gallagher Adjustment and the District's Service Plan authorize an adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2004, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The adjustment to the Maximum Debt Mill Levy is determined by the Board so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The Colorado General Assembly passed House Bill 17-1349 setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.2%) for property taxes commencing on and after January 1, 2019. In November 2020, voters agreed to Repeal the Gallagher Amendment by approving Amendment B. The Gallagher Adjustment for the District allows for a total mill levy imposition, as noted in the following paragraph, so the District's revenue is neither diminished nor enhanced.

The District's assessed value is \$14,600,026. The District certified 66.796 mills for taxes collected in the 2022 fiscal year with 2.783 mills dedicated to the General Fund, 8.349 mills transferred to District No.1 for overlapping operations, and 55.664 mills dedicated to the Debt Service Fund.

Budgetary Basis of Accounting

The District uses funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the District's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within 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. Expenditures, other than the interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax and expenditures which include District administration, legal services, developer repayments, and other expenses related to statutory operations of a local government.

The **Debt Service Fund** is used to account for property taxes and other revenues dedicated to pay the fiscal year's debt service which includes principal payments, interest payments, and administrative costs associated with debt obligations.

Emergency Reserve

As required under Article X, Section 20 of the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.

Spring Valley Metropolitan District No. 2
Statement of Net Position
September 30, 2021

	General Fund	Debt Service Fund	Fixed Assets & LTD	TOTAL ALL FUNDS
ASSETS				
CASH				
First Bank	3,410			3,410
ColoTrust	754,166			754,166
US Bank-Project Fund		806,141		806,141
US Bank-Reserve Fund		172,586		172,586
US Bank-Loan Payment Fund		1,249		1,249
Inter-Fund Balances	(714,438)	714,438		-
TOTAL CASH	43,137	1,694,415	-	1,737,553
OTHER CURRENT ASSETS				
Prepaid Expenses	450			450
Accounts Receivable	-	-		-
Due From US Bank	-	-		-
Due From County Treasurer	-	-		-
Property Taxes Receivable	868	4,342		5,211
TOTAL OTHER CURRENT ASSETS	1,318	4,342	-	5,661
TOTAL ASSETS	44,456	1,698,757	-	1,743,213
LIABILITIES & DEFERED INFLOWS				
CURRENT LIABILITIES				
Accounts Payable	11,479			11,479
Due To District #1	-	-		-
Due To District #3	-			-
Due To District #4	-			-
TOTAL CURRENT LIABILITIES	11,479	-	-	11,479
DEFERRED INFLOWS				
Deferred Property Taxes	868	4,342		5,211
Deferred Rev- Tap & Facil Fees		-		-
TOTAL DEFERRED INFLOWS	868	4,342	-	5,211
LONG-TERM LIABILITIES				
Developer Payable- Ops			81,871	81,871
Developer Payable- Cap			-	-
Unpaid Bond Interest Series 04, 05, 07			189	189
General Obligation Loan- Series 2020			12,675,000	12,675,000
1st Subordinate Bonds- Series 2004			7,240,000	7,240,000
1st Subordinate Bonds- Series 2005			2,410,000	2,410,000
1st Subordinate Bonds- Series 2007			4,125,000	4,125,000
2nd Subordinate Bonds- Series 2007			469,000	469,000
3rd Subordinate Bonds- Series 2007			1,100,000	1,100,000
Accrued Interest Dev Note - Ops			100,034	100,034
Accrued But Unpaid Interest- 1st Subs			783,851	783,851
Accrued But Unpaid Interest- 3rd Subs			16,485	16,485
Year End Interest Accruals			70,534	70,534
TOTAL LONG-TERM LIABILITIES	-	-	29,071,964	29,071,964
TOTAL LIAB & DEF INFLOWS	12,347	4,342	29,071,964	29,088,653
NET POSITION				
Net Investment in Capital Assets				-
Amount to be Provided for Debt			(29,071,964)	(29,071,964)
Fund Balance- Nonspendable	450			450
Fund Balance- Restricted	5,233	1,694,415		1,699,648
Fund Balance-Assigned				-
Fund Balance- Unassigned	26,426			26,426
TOTAL NET POSITION	32,109	1,694,415	(29,071,964)	(27,345,440)
	=	=	=	=

Spring Valley Metropolitan District No. 2
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 12/13/21

	2020 Audited Actual	2021 Adopted Budget	2021 Amended Budget	2021 Forecast	YTD Thru 09/30/21 Actual	YTD Thru 09/30/21 Budget	Variance Favorable (Unfavor)	2022 Adopted Budget	Notes/Assumptions
PROPERTY TAXES									
Assessed Valuation	13,893,920	13,941,990	13,941,990	13,941,990				14,600,026	November Final AV per County
Mill Levy Breakdown:									
Operations	-	2.783	2.783	2.783				2.783	2.5 Mills Gallagherized
Contractual Obligations (Trfr to #1)	11.132	8.349	8.349	8.349				8.349	7.5 Mills Gallagherized
Debt Service	55.664	55.664	55.664	55.664				55.664	50 Mills Gallagherized
Total Mills Levied	66.796	66.796	66.796	66.796				66.796	
Property Tax Breakdown:									
Operations	-	38,801	38,801	38,801				40,632	AV * Mill Levy / 1,000
Contractual Obligations (Trfr to #1)	154,667	116,402	116,402	116,402				121,896	AV * Mill Levy / 1,000
Debt Service	773,391	776,067	776,067	776,067				812,696	AV * Mill Levy / 1,000
Total Taxes Levied	928,058	931,269	931,269	931,269				975,223	
COMBINED FUNDS									
REVENUE									
Property Taxes	928,059	931,269	931,269	931,269	926,059	931,269	(5,211)	975,223	AV * Mill Levy / 1,000
Specific Ownership Taxes	162,353	158,315	158,315	158,315	94,280	105,543	(11,263)	156,035	16% of Taxes
Tap & Facilities Fees	-	806,000	806,000	-	-	604,500	(604,500)	1,591,850	See Debt Service Fund
Interest & Other Income	6,661	10,625	1,125	1,200	951	7,969	(7,018)	10,625	Interest on Reserves
TOTAL REVENUE	1,097,073	1,906,209	1,896,709	1,090,784	1,021,290	1,649,281	(627,991)	2,733,733	
EXPENDITURES									
Administration	174,510	181,711	181,711	174,443	149,880	167,960	18,080	194,556	See General Fund Detail
Operations	-	-	-	-	-	-	-	-	See General Fund Detail
Debt Service	11,600,794	1,724,498	2,150,362	920,862	154,469	150,507	(3,962)	2,545,077	See Debt Service Fund
TOTAL EXPENDITURES	11,775,304	1,906,209	2,332,073	1,095,305	304,349	318,468	14,118	2,739,633	
REVENUE OVER / (UNDER) EXP	(10,678,231)	0	(435,364)	(4,521)	716,941	1,330,814	(613,873)	(5,900)	
OTHER SOURCES / (USES)									
Bond Proceeds	12,850,000	-	600,000	-	-	-	-	-	
Transfer to District #1- Capital	(216,327)	(1,439,000)	(1,291,668)	(694,667)	(478,215)	(1,750,000)	1,271,785	(597,001)	For Capital Improvements
Bond Cost of Issuance	(507,837)	-	(166,000)	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	12,125,836	(1,439,000)	(857,668)	(694,667)	(478,215)	(1,750,000)	1,271,785	(597,001)	
CHANGE IN FUND BALANCE	1,447,605	(1,439,000)	(1,293,032)	(699,188)	238,726	(419,186)	657,912	(602,901)	
BEGINNING FUND BALANCE	40,193	1,614,658	1,479,190	1,487,798	1,487,798	1,614,658	(126,860)	788,610	
ENDING FUND BALANCE	1,487,798	175,658	186,158	788,610	1,726,524	1,195,472	531,052	185,710	
COMPONENTS OF FUND BALANCE	=	=	=	=	=	=	=	=	
Nonspendable	2,962	-	-	-	450	-	450	-	
TABOR Emergency Reserve	5,235	-	(0)	5,233	5,233	-	5,233	-	Budgeted as an Expense
Restricted- Debt Service	1,476,032	172,500	183,000	769,501	1,694,415	1,187,389	507,027	172,500	Per 2020 Loan Docs
Unassigned/ Other	3,569	3,158	3,158	13,876	26,426	8,083	18,342	13,210	
TOTAL ENDING FUND BALANCE	1,487,798	175,658	186,158	788,610	1,726,524	1,195,472	531,052	185,710	
	=	=	=	=	=	=	=	=	

No assurance is provided on these financial statements;
 substantially all disclosures required by GAAP omitted.

Spring Valley Metropolitan District No. 2
 Statement of Revenues, Expenditures, & Changes In Fund Balance
 Modified Accrual Basis For the Period Indicated

Print Date: 12/13/21

	2020 Audited Actual	2021 Adopted Budget	2021 Amended Budget	2021 Forecast	YTD Thru 09/30/21 Actual	YTD Thru 09/30/21 Budget	Variance Favorable (Unfavor)	2022 Adopted Budget	Notes/Assumptions
GENERAL FUND									
REVENUE									
Property Taxes- Operations	154,667	38,801	38,801	38,801	38,583	38,801	(217)	40,632	AV * Mill Levy / 1,000
Property Taxes- Contractual Obligations	-	116,402	116,402	116,402	115,750	116,402	(651)	121,896	AV * Mill Levy / 1,000
Specific Ownership Taxes	27,057	26,384	26,384	26,384	15,712	17,589	(1,877)	26,004	16% of Taxes
Interest Income	4,552	125	125	200	176	94	83	125	0.25% of Fund Balance
Facility Fees	-	-	-	-	-	-	-	-	
Other Income	-	-	-	-	-	-	-	-	
TOTAL REVENUE	186,276	181,711	181,711	181,786	170,223	172,885	(2,663)	188,656	
EXPENDITURES									
Administration									
Accounting	13,482	15,000	15,000	15,000	9,993	10,625	632	15,500	Based on 2021 Forecast
Audit	3,685	5,000	5,000	6,000	6,000	5,000	(1,000)	6,200	Based on 2021 Forecast
Election	798	-	-	-	-	-	-	2,500	Assume Canceled
Insurance	84	3,150	3,150	3,385	3,385	3,150	(235)	3,725	Based on 2021 Forecast
Legal	11,074	15,000	15,000	12,000	3,992	11,250	7,259	12,500	Based on 2021 Forecast
Management	9,428	15,000	15,000	10,000	4,759	11,250	6,491	10,500	Based on 2021 Forecast
Miscellaneous	1,339	1,000	1,000	1,000	745	750	5	1,200	Based on 2021 Forecast
Treasurer's Fees	4,621	4,656	4,656	4,656	4,605	4,656	51	4,876	3% of Property Taxes
Transfer to District #1	130,000	116,402	116,402	116,402	116,402	116,402	0	121,896	Contractual Obligations Taxes
Emergency Reserve	-	5,451	5,451	-	-	4,089	4,089	5,660	3% of Revenues
Contingency	-	1,052	1,052	6,000	-	789	789	10,000	Unforeseen Needs
Total Administration	174,510	181,711	181,711	174,443	149,880	167,960	18,080	194,556	
Operations									
Road Maintenance	-	-	-	-	-	-	-	-	
Stormwater Maintenance	-	-	-	-	-	-	-	-	
Total Operations	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	174,510	181,711	181,711	174,443	149,880	167,960	18,080	194,556	
REVENUE OVER / (UNDER) EXP	11,766	0	0	7,343	20,343	4,925	15,418	(5,900)	
OTHER SOURCES / (USES)									
Transfer to Debt Service Fund	-	-	-	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	-	-	-	-	-	-	-	-	
CHANGE IN FUND BALANCE	11,766	0	0	7,343	20,343	4,925	15,418	(5,900)	
BEGINNING FUND BALANCE	0	3,158	3,158	11,766	11,766	3,158	8,608	19,109	
ENDING FUND BALANCE	11,766	3,158	3,158	19,109	32,109	8,083	24,026	13,210	
=	=	=	=	=	=	=	=	=	

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DEBT SERVICE FUND									
Homes Constructed	-	40	40	-	-	-	-	79	Developer Estimate
REVENUE									
Property Taxes	773,391	776,067	776,067	776,067	771,725	776,067	(4,342)	812,696	AV * Mill Levy / 1,000
Specific Ownership Taxes	135,296	131,931	131,931	131,931	78,568	87,954	(9,386)	130,031	16% of Taxes
Facilities Fees	-	158,000	158,000	-	-	118,500	(118,500)	312,050	\$3,950 Each
Tap Fees	-	648,000	648,000	-	-	486,000	(486,000)	1,279,800	\$16,200 Each
Interest Income	2,110	10,500	1,000	1,000	775	7,875	(7,100)	10,500	0.25% of Reserve Fund +10K
TOTAL REVENUE	910,797	1,724,498	1,714,998	908,998	851,067	1,476,396	(625,329)	2,545,077	
EXPENDITURES									
Bond Principal- Series 2004	-	-	-	-	-	-	-	-	
Bond Interest- Series 2004	6,029,052	518,634	742,464	99,628	-	-	-	944,107	Estimated Available
Bond Principal- Series 2005	-	-	-	-	-	-	-	-	
Bond Interest- Series 2005	2,006,917	172,639	247,146	33,164	-	-	-	314,268	Estimated Available
Bond Principal- Series 2007	-	-	-	-	-	-	-	-	
Bond Interest- Series 2007	2,962,373	295,492	423,020	56,763	-	-	-	537,906	Estimated Available
Bond Principal- Series 2007 Subordinate	-	-	-	-	-	-	-	-	
Bond Interest- Series 2007 Subordinate	350,000	-	-	-	-	-	-	-	
Loan Principal- Series 2020	175,000	440,000	440,000	440,000	-	-	-	455,000	Per Amortization- 2027 Balloon
Loan Interest- Series 2020	49,473	254,451	254,451	248,025	122,442	127,225	4,783	239,415	Fixed Rate Thru 09/2027
Paying Agent Fees	4,875	20,000	20,000	20,000	9,000	-	(9,000)	20,000	6 Series of Bonds
Miscellaneous Expense/ Contingency	-	-	-	-	-	-	-	10,000	Unforeseen Needs
Treasurer's Fees	23,105	23,282	23,282	23,282	23,027	23,282	255	24,381	3% of Property Taxes
TOTAL EXPENDITURES	11,600,794	1,724,498	2,150,362	920,862	154,469	150,507	(3,962)	2,545,077	
REVENUE OVER / (UNDER) EXP	(10,689,997)	-	(435,364)	(11,864)	696,598	1,325,889	(629,291)	-	
OTHER SOURCES / (USES)									
Bond Proceeds	12,850,000	-	600,000	-	-	-	-	-	
Transfer to District #1- Capital	(216,327)	(1,439,000)	(1,291,668)	(694,667)	(478,215)	(1,750,000)	1,271,785	(597,001)	Carryforward From 2021
Bond Issuance Costs	(507,837)	-	(166,000)	-	-	-	-	-	
TOTAL OTHER SOURCES / (USES)	12,125,836	(1,439,000)	(857,668)	(694,667)	(478,215)	(1,750,000)	1,271,785	(597,001)	
CHANGE IN FUND BALANCE	1,435,839	(1,439,000)	(1,293,032)	(706,531)	218,383	(424,111)	642,495	(597,001)	
BEGINNING FUND BALANCE	40,192	1,611,500	1,476,032	1,476,032	1,476,032	1,611,500	(135,468)	769,501	
ENDING FUND BALANCE	1,476,032	172,500	183,000	769,501	1,694,415	1,187,389	507,027	172,500	
COMPONENTS OF FUND BALANCE									
Series 2020 Reserve Fund	172,500	172,500	172,500	172,500	172,586	-	-	172,500	Required By Senior Loan
Series 2021 Reserve Fund	-	-	10,500	-	-	-	-	-	Bonds Never Issued
Project Fund	1,291,668	-	-	597,001	806,141	-	-	-	
Bond Payment Fund / Other	11,864	(0)	(0)	-	715,688	-	-	-	
1,476,032	172,500	183,000	769,501	1,694,415	1,694,415	1,187,389	507,027	172,500	

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 substantially all disclosures required by GAAP omitted.