

**FUTURE LEGENDS SPORTS PARK METROPOLITAN
DISTRICT NO. 2
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

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INSERT INDEPENDENT AUDITOR'S REPORT

BASIC FINANCIAL STATEMENTS

FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Cash and Investments	\$ 53,634
Cash and Investments - Restricted	17,055,288
Prepaid Expenses	5,070
Property Taxes Receivable	25,147
Capital Assets, Not Being Depreciated	11,476,757
Total Assets	28,615,896
LIABILITIES	
Accounts Payable	1,156,097
Bond Interest Payable	238,013
Retainage Payable	623,893
Noncurrent Liabilities:	
Due in More Than One Year	28,803,000
Total Liabilities	30,821,003
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	25,147
Total Deferred Inflows of Resources	25,147
NET POSITION	
Net investment in Capital Assets	11,476,757
Restricted For:	
Emergency Reserves	3,400
Unrestricted	(13,710,411)
Total Net Position	\$ (2,230,254)

See accompanying Notes to Basic Financial Statements.

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General Government	\$ 76,872	\$ -	\$ -	\$ (76,872)	
Interest and Related Costs on Long-Term Debt	2,155,767	-	-	(2,155,767)	
Total Governmental Activities	\$ 2,232,639	\$ -	\$ -	(2,232,639)	
GENERAL REVENUES					
Other Revenue				1,244	
Interest Income				1,141	
Total General Revenues				2,385	
CHANGE IN NET POSITION				(2,230,254)	
Net Position - Beginning of Year				-	
NET POSITION - END OF YEAR				\$ (2,230,254)	

See accompanying Notes to Basic Financial Statements.

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 53,634	\$ -	\$ -	\$ 53,634
Cash and Investments - Restricted	3,400	4,929,282	12,122,606	17,055,288
Prepaid Expenses	5,070	-	-	5,070
Property Taxes Receivable	4,191	20,956	-	25,147
Total Assets	\$ 66,295	\$ 4,950,238	\$ 12,122,606	\$ 17,139,139
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 27,732	\$ -	\$ 1,128,365	\$ 1,156,097
Retainage Payable	-	-	623,893	623,893
Total Liabilities	27,732	-	1,752,258	1,779,990
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	4,191	20,956	-	25,147
Total Deferred Inflows of Resources	4,191	20,956	-	25,147
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	5,070	-	-	5,070
Restricted For:				
Emergency Reserves	3,400	-	-	3,400
Debt Service	-	4,929,282	-	4,929,282
Capital Projects	-	-	10,370,348	10,370,348
Unassigned	25,902	-	-	25,902
Total Fund Balances	34,372	4,929,282	10,370,348	15,334,002
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 66,295	\$ 4,950,238	\$ 12,122,606	

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, Not Being Depreciated

11,476,757

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

Bonds Payable
Bond Interest Payable - Current and Accrued

(28,803,000)
(238,013)

Net Position of Governmental Activities

\$ (2,230,254)

See accompanying Notes to Basic Financial Statements.

FUTURE LEGENDS SPORTS PARK 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				
Bond Proceeds	\$ 110,000	\$ -	\$ 28,803,000	\$ 28,913,000
Interest Income	-	276	865	1,141
Other Revenue	1,244	-	-	1,244
Total Revenues	<u>111,244</u>	<u>276</u>	<u>28,803,865</u>	<u>28,915,385</u>
EXPENDITURES				
Accounting	21,998	-	-	21,998
Contingency	473	-	-	473
Dues and Licenses	403	-	-	403
Legal	47,210	-	-	47,210
Organization costs	6,788	-	-	6,788
Debt Service:				
Interest - Series 2020A Bonds	-	690,059	-	690,059
Paying Agent Fees	-	-	-	-
Capital:				
Capital Outlay	-	-	11,476,757	11,476,757
Repay Developer Advance	-	-	110,000	110,000
Bond Issue Costs	-	-	1,227,695	1,227,695
Total Expenditures	<u>76,872</u>	<u>690,059</u>	<u>12,814,452</u>	<u>13,581,383</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,372	(689,783)	15,989,413	15,334,002
OTHER FINANCING SOURCES (USES)				
Transfer (to) from other fund	-	5,619,065	(5,619,065)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,619,065</u>	<u>(5,619,065)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	34,372	4,929,282	10,370,348	15,334,002
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 34,372</u>	<u>\$ 4,929,282</u>	<u>\$ 10,370,348</u>	<u>\$ 15,334,002</u>

See accompanying Notes to Basic Financial Statements.

**FUTURE LEGENDS SPORTS PARK 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 \$ 15,334,002

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 any cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay 11,476,757

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 position. Also, governmental funds report the effect of 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:

Bond Principal (28,803,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Bonds - Change in Liability (238,013)

Change in Net Position of Governmental Activities \$ (2,230,254)

See accompanying Notes to Basic Financial Statements.

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Developer Advance	\$ 55,000	\$ -	\$ 110,000	\$ 110,000
Other Revenue	-	1,244	1,244	-
Total Revenues	<u>55,000</u>	<u>1,244</u>	<u>111,244</u>	<u>110,000</u>
EXPENDITURES				
Accounting	10,000	25,000	21,998	3,002
Contingency	7,500	20,000	473	19,527
District Management	10,000	10,000	-	10,000
Dues and Licenses	-	500	403	97
Election	2,500	2,500	-	2,500
Insurance	2,500	3,000	-	3,000
Legal	20,000	30,000	47,210	(17,210)
Organization costs	-	7,000	6,788	212
Total Expenditures	<u>52,500</u>	<u>98,000</u>	<u>76,872</u>	<u>21,128</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,500</u>	<u>(96,756)</u>	<u>34,372</u>	<u>131,128</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	111,700	-	(111,700)
Total Other Financing Sources (Uses)	<u>-</u>	<u>111,700</u>	<u>-</u>	<u>(111,700)</u>
NET CHANGE IN FUND BALANCES	2,500	14,944	34,372	19,428
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ 2,500</u>	<u>\$ 14,944</u>	<u>\$ 34,372</u>	<u>\$ 19,428</u>

See accompanying Notes to Basic Financial Statements.

FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

Future Legends Sports Park 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 for the County of Weld, Colorado on September 23, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City on September 23, 2019, and as modified on April 27, 2020. The District is located within the boundaries of the Town of Windsor, Colorado.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

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 sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

FUTURE LEGENDS SPORTS PARK 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 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. Redemption of bonds is recorded as a reduction in liabilities.

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, specific ownership taxes and operations fees. 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.

FUTURE LEGENDS SPORTS PARK 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.

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 and investments.

FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include infrastructure assets, 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 the net investment in capital assets.

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. 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.

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

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.

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	\$ 53,634
Cash and Investments - Restricted	17,055,288
Total Cash and Investments	<u>\$ 17,108,922</u>

FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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

Deposits with Financial Institutions	\$ 58,734
Investments	<u>17,050,188</u>
Total Cash and Investments	<u><u>\$ 17,108,922</u></u>

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 \$58,734 and a carrying balance of \$58,734.

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.

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Morgan Stanley Institutional Liquidity Funds	Weighted Average Under 60 Days	<u>\$ 17,050,188</u>

Morgan Stanley Institutional Liquidity Funds

The debt service money that is included in the trust accounts at United Missouri Bank is invested in the Morgan Stanley Institutional Liquidity Funds' Treasury Securities Portfolio. This portfolio is a money market fund that is managed by Morgan Stanley Investment Management and each share is equal in value to \$1.00. The fund is AAAM rated and invests exclusively in U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less. The fund records its investments at amortized costs and the District records its investments in the fund at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

FUTURE LEGENDS SPORTS PARK 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 - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 11,476,757	\$ -	\$ 11,476,757
Capital Assets, Net	<u>\$ -</u>	<u>\$ 11,476,757</u>	<u>\$ -</u>	<u>\$ 11,476,757</u>

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Governmental Activities:					
General Obligation					
Bonds Payable:					
Series 2020A	-	25,375,000	-	25,375,000	-
Series 2020B	-	3,428,000	-	3,428,000	-
Accrued Interest on					
General Obligation Bonds:					
Series 2020B	-	121,711	-	121,711	-
Total	<u>\$ -</u>	<u>\$ 28,924,711</u>	<u>\$ -</u>	<u>\$ 28,924,711</u>	<u>\$ -</u>

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$25,375,000 Series 2020A Limited Tax General Obligation Bonds

On June 3, 2020 the District issued Limited Tax General Obligation Senior Bonds in the amount of \$25,375,000. Proceeds from the sale of the Senior Bonds were used and will be used for the purposes of: (i) funding costs of acquiring, constructing, and installing certain public improvements; (ii) providing an initial deposit to the Reserve Fund; (iv) providing capitalized interest; and (v) paying the costs of issuing the Bonds. The Senior Bonds bear interest at a rate of 5.500% per annum, with interest payable on June 1 and December 1, and principal payable on December 1. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on June 1, 2025, and on any date thereafter, upon payment of par and accrued interest. The Senior Bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2024, and each December 1 thereafter.

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2025 to May 31, 2027	3.00%
June 1, 2027 to May 31, 2028	2.00
June 1, 2028 to November 30, 2030	1.00
December 1, 2030 and Thereafter	0.00

The Senior Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (i) all Senior Property Tax Revenues, (ii) all Senior Specific Ownership Tax Revenues, (iii) all Capital Fees, and (iiii) any other legally available monies which the District determines to be treated as Pledged Revenue. The Senior Property Tax Revenues and Senior Specific Ownership Tax Revenues are all monies derived from imposition by the District of the Senior Required Mill Levy equal to 50 mills, or such lesser amount that will generate Senior Property Tax Revenues (i) sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable, to replenish the Reserve Fund to the Reserve Requirement and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (ii) which, when combined with moneys then on deposit in the Senior Bond Fund, the Surplus Fund and the Reserve Fund, will pay the Bonds in full in the year such levy is collected.

The Senior Bonds are further secured by the Reserve Fund in the Required Reserve Amount of \$2,104,375. The Reserve Fund is to be maintained in the amount of the Required Reserve for so long as the Bonds are outstanding.

The Senior Bonds mature on June 1, 2050.

FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$3,428,000 Series 2020B Limited Tax General Obligation Subordinate Bonds

On June 3, 2020, the District issued Subordinate Limited Tax General Obligation Bonds in the amount of \$3,428,000. The proceeds from the sale of the Subordinate Bonds were and are to be used for the purposes of additional construction costs of public infrastructure improvements benefitting the District, and paying costs of issuance of the Subordinate Bonds. Interest on the Subordinate Bonds is at a rate of 6.500% per annum is payable annually on December 15, beginning on December 15, 2020. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. The Subordinate Bonds are subject to optional redemption prior to maturity as described in the Subordinate Indenture.

The Subordinate Bonds are secured by and payable solely from Pledged Revenue defined in the Subordinate Indenture as the moneys derived by the District, net of any costs of collection, from: (i) all Subordinate Property Tax Revenues; (ii) all Subordinate Specific Ownership Tax; (iii) all Subordinate Capital Fee Revenue; and (iiii) any other legally available monies which the District determines to credit to the Subordinate Bond Fund. The Senior Property Tax Revenues and Senior Specific Ownership Tax Revenues are all monies derived from imposition by the District of the Subordinate Required Mill Levy equal to (i) 50 mills less the Senior Obligation Mill Levy, or (ii) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues

The District's long-term obligations will mature as follows:

<u>Year Ending December 31.</u>	<u>Series 2020A Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,395,625	\$ 1,395,625
2022	-	1,395,625	1,395,625
2023	-	1,395,625	1,395,625
2024	135,000	1,530,625	1,665,625
2025-2029	1,575,000	8,373,550	9,948,550
2030-2034	2,695,000	8,932,000	11,627,000
2035-3040	5,020,000	11,312,275	16,332,275
2041-2045	6,190,000	9,942,375	16,132,375
2046-2050	9,760,000	11,466,650	21,226,650
Total	<u>\$ 25,375,000</u>	<u>\$ 55,744,350</u>	<u>\$ 81,119,350</u>

A schedule for the 2020B Bonds is not presented as the repayments of those bonds are subject to cash availability.

FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

On November 5, 2019 the District's voters authorized total indebtedness of \$855,750,000. The District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed which exceeds forty (40) years after the year of the initial imposition of such mill levy unless a majority of the Board are residents of the District and have voted in favor of a refunding of part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 110-56-101, C.R.S., et seq.

At December 31, 2020, the District had authorized but unissued general obligation indebtedness in the following amounts for the following purposes:

	Authorized November 5, 2019 Election	Authorization Used Series 2020A	Authorization Used Series 2020B	Remaining at December 31, 2020
Street Improvements	\$ 40,750,000	\$ 550,800	\$ 3,062,000	\$ 37,137,200
Parks and Recreation	40,750,000	-	-	\$ 40,750,000
Water	40,750,000	-	-	\$ 40,750,000
Sanitation/Storm Sewer	40,750,000	-	-	\$ 40,750,000
Transportation	40,750,000	-	-	\$ 40,750,000
Mosquito Control	40,750,000	-	-	\$ 40,750,000
Traffic and Safety Protection	40,750,000	-	-	\$ 40,750,000
Fire Protection	40,750,000	-	-	\$ 40,750,000
TV Relay and Translation	40,750,000	-	-	\$ 40,750,000
Security	40,750,000	-	-	\$ 40,750,000
Refunding of Debt	448,250,000	-	-	\$ 448,250,000
Total	<u>\$ 855,750,000</u>	<u>\$ 550,800</u>	<u>\$ 3,062,000</u>	<u>\$ 852,137,200</u>

NOTE 6 AGREEMENTS

Funding and Reimbursement Agreement

The District entered into a Funding and Reimbursement Agreement (the Agreement) with Future Legends, LLC (the Developer) on December 10, 2019. Pursuant to the Agreement, the Developer will provide advances to the District for operations and maintenance, not to exceed the aggregate of \$55,000 per annum for three years. The advances will bear an interest rate of 6.50%.

FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Restricted 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 a restricted net position of \$100 as of December 31, 2020 for emergencies.

The District has a deficit in unrestricted net position. The deficit at December 31, 2020 was primarily due to interest paid and related costs on long-term debts.

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is Future Legends, LLC. Certain members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

NOTE 9 TRANSFERS

The District transferred money from the Capital Projects Fund to the Debt Service Fund pursuant to the 2020 Bond issuance.

NOTE 10 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be 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 (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, workers compensation, 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.

FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 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 6, 2007 and November 4, 2014, the District's voters approved for an annual increase in taxes of \$500,000 and \$5,000,000, respectively, for general operations and maintenance without limitation of rate. This election question allowed the District to collect and spend the additional revenue without regard to any spending, revenue raising, or other limitations contained within TABOR.

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

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 276	\$ 276
Total Revenues	-	-	276	276
EXPENDITURES				
Interest - Series 2020A Bonds	-	690,059	690,059	-
Paying Agent Fees	-	4,000	-	4,000
Contingency	-	55,941	-	55,941
Total Expenditures	-	750,000	690,059	59,941
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(750,000)	(689,783)	60,217
OTHER FINANCING SOURCES (USES)				
Transfer from Other Fund	-	5,558,859	5,619,065	60,206
Total Other Financing Sources (Uses)	-	5,558,859	5,619,065	60,206
NET CHANGE IN FUND BALANCES	-	4,808,859	4,929,282	120,423
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 4,808,859</u>	<u>\$ 4,929,282</u>	<u>\$ 120,423</u>

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Bond Proceeds	\$ -	\$ 28,803,000	\$ 28,803,000	\$ -
Other Revenue	-	2,197,000	-	(2,197,000)
Interest Income	-	-	865	865
Total Revenues	-	31,000,000	28,803,865	(2,196,135)
EXPENDITURES				
Bond Issue Costs	-	1,126,363	1,227,695	(101,332)
Capital Outlay	-	22,117,778	11,476,757	10,641,021
Repay Developer Advance	-	-	110,000	(110,000)
Contingency	-	2,197,000	-	2,197,000
Total Expenditures	-	25,441,141	12,814,452	12,626,689
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	5,558,859	15,989,413	10,430,554
OTHER FINANCING SOURCES (USES)				
Transfer from other fund	-	(5,558,859)	(5,619,065)	(60,206)
Total Other Financing Sources (Uses)	-	(5,558,859)	(5,619,065)	(60,206)
NET CHANGE IN FUND BALANCES				
	-	-	10,370,348	10,370,348
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ 10,370,348	\$ 10,370,348

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2020**

\$25,375,000 Limited Tax
General Obligation Bonds
Series 2020A
Dated June 3, 2020
Interest at 5.500%
Due June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,395,625	\$ 1,395,625
2022	-	1,395,625	1,395,625
2023	-	1,395,625	1,395,625
2024	135,000	1,530,625	1,665,625
2025	155,000	1,543,200	1,698,200
2026	310,000	1,689,675	1,999,675
2027	330,000	1,692,625	2,022,625
2028	380,000	1,724,475	2,104,475
2029	400,000	1,723,575	2,123,575
2030	455,000	1,756,575	2,211,575
2031	480,000	1,756,550	2,236,550
2032	545,000	1,795,150	2,340,150
2033	575,000	1,795,175	2,370,175
2034	640,000	1,828,550	2,468,550
2035	675,000	1,828,350	2,503,350
2036	750,000	1,866,225	2,616,225
2037	790,000	1,864,975	2,654,975
2038	875,000	1,906,525	2,781,525
2039	920,000	1,903,400	2,823,400
2040	1,010,000	1,942,800	2,952,800
2041	1,065,000	1,942,250	3,007,250
2042	1,160,000	1,978,675	3,138,675
2043	1,225,000	1,979,875	3,204,875
2044	1,335,000	2,022,500	3,357,500
2045	1,405,000	2,019,075	3,424,075
2046	1,525,000	2,061,800	3,586,800
2047	1,610,000	2,062,925	3,672,925
2048	1,740,000	2,104,375	3,844,375
2049	1,835,000	2,103,675	3,938,675
2050	3,050,000	3,133,875	6,183,875
	<u>\$ 25,375,000</u>	<u>\$ 55,744,350</u>	<u>\$ 81,119,350</u>

**FUTURE LEGENDS SPORTS PARK METROPOLITAN DISTRICT NO. 2
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		General	Debt Service	Levied	Collected	
Estimated for the Year Ending December 31, 2021	\$ 419,120	10.000	50.000	\$ 25,147		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.