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Accountant's Compilation Report

Board of Directors
SW Downtown Metropolitan District No. 2

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of SW Downtown Metropolitan District No. 2 for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to SW Downtown Metropolitan District No. 2.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
December 5, 2020



An independent member of Nexia International

SW DOWNTOWN METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

12/5/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	-	-	-
EXPENDITURES			
Total expenditures	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**SW DOWNTOWN METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

12/5/19

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
ASSESSED VALUATION			
Commercial	\$ -	\$ 1,476,790.00	\$ 1,792,170
Vacant land	-	406,550	228,690
	-	1,883,340	2,020,860
Adjustments	-	(159,140)	-
Certified Assessed Value	\$ -	\$ 1,724,200	\$ 2,020,860
MILL LEVY			
General	0.000	0.000	0.000
Total mill levy	0.000	0.000	0.000
PROPERTY TAXES			
General	\$ -	\$ -	\$ -
Budgeted property taxes	\$ -	\$ -	\$ -
BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**SW DOWNTOWN METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

SW Downtown Metropolitan District No. 2 (the "District") and SW Downtown Metropolitan District No. 1 ("District No. 1") (collectively the "Districts") were formed under a Service Plan approved by the City of Colorado Springs, El Paso County, Colorado (the "City"), on September 26, 2017. The Districts' service area is located entirely within the City. The primary purpose of the Districts will be to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of public improvements and services as listed below. The District was organized by El Paso County Court Order on December 11, 2017.

At an election held on November 7, 2017, the voters approved general indebtedness of \$440,000,000 at a maximum interest rate of 18% for each of the following improvements and services: streets, water supply, sanitary sewer, traffic and safety controls, parks and recreation, mosquito control, television relay and translation, public transportation, security services, and fire protection/medical emergency services. The election authorized indebtedness of \$440,000,000 each for operations and maintenance, reimbursement agreements, and debt refunding. The voters also approved an annual increase in taxes of up to \$5,000,000 at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District's operations, maintenance, and other expenses. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution.

Pursuant to the Districts' Service Plan filed with the City, the maximum debt mill levy for a residential district shall be 30 mills, which can be adjusted for changes in the method of calculating assessed valuation after January 1, 2006. The adjusted maximum debt mill levy is 33.167. The maximum debt mill levy for a commercial district is 50 mills. Pursuant to the Service Plan, the Districts are permitted to issue bond indebtedness of up to \$220,000,000.

The maximum operating mill levy for the payment of operating and maintenance expenses is 10 mills, which can be adjusted for changes in the method of calculating assessed valuation after January 1, 2006.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues and Expenditures

The District does not anticipate any financial transactions during 2020.

Debt and Leases

The District has no debt, nor any operating or capital leases.

This information is an integral part of the accompanying budget.