

KENT PLACE METROPOLITAN DISTRICT NOS. 1 & 2
CITY OF ENGLEWOOD, STATE OF COLORADO

ANNUAL REPORT FOR FISCAL YEAR 2020

Pursuant to the Service Plan for Kent Place Metropolitan District Nos. 1 & 2, the Districts are required to provide an annual report to the City of Englewood, Colorado (the “City”) with regard to the matters below.

1. Boundary changes made or proposed to the Districts’ boundaries as of December 31 of the prior year.

There were no boundary changes made or proposed to the District’s boundaries during 2020.

2. Intergovernmental Agreements with other governmental entities, either entered into or proposed, as of December 31 of the prior year.

Intergovernmental Agreement dated December 20, 2010 by and between the City of Englewood, Colorado, Kent Place Metropolitan District No. 1 and Kent Place Metropolitan District No. 2.

3. Copies of the Districts’ rules and regulations, if any, as of December 31 of the prior year.

There were no rules and regulations for the Districts as of December 31, 2020.

4. A summary of any litigation which involves the Districts’ Public Improvements as of December 31 of the prior year.

To our actual knowledge, based on review of the court records in Arapahoe County, there is no litigation involving the Districts as of December 31, 2020.

5. Status of the Districts’ construction of the Public Improvements as of December 31 of the prior year.

All public improvements have been constructed.

6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.

No facilities or improvements were constructed by the Districts that were dedicated to and accepted by the City of Englewood as of December 31, 2020. All Public Improvements that have been dedicated to the City have been constructed by the Developer.

7. The assessed valuations of the Districts for the current year.

Kent Place MD 1: \$ 145.00

Kent Place MD 2: \$ 3,977,795.00

8. Current year budgets including a description of the Public Improvements to be constructed in such year.

The 2021 budgets for the Districts are attached hereto as **Exhibit A**. No Public Improvements are budgeted for construction by the Districts in 2021.

9. Audit of the Districts' financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

District No. 1 is currently exempt from audit, pursuant to §29-1-604, C.R.S., a copy of the application for exemption and a copy of the 2020 audit for District No. 2 is attached hereto as **Exhibit B**.

10. Notice of any uncured events of default by the Districts, which continue beyond a ninety (90) day period, under any Debt instrument.

To our actual knowledge, there were no events of default for the year ending December 31, 2020.

11. Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

To our actual knowledge, the Districts have been able to pay their obligations as they come due.

Respectfully submitted this 26th day of July, 2020.

EXHIBIT A
2021 Budgets

KENT PLACE METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

KENT PLACE METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/15/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 4,850	\$ 355	\$ 1,473
REVENUES			
Interest income	6	5	10
Developer advance	-	2,600	9,000
Intergovernmental revenues	44,383	45,256	43,142
Total revenues	44,389	47,861	52,152
Total funds available	49,239	48,216	53,625
EXPENDITURES			
General and administrative			
Accounting	22,079	20,000	23,500
Auditing	3,850	3,850	3,850
Dues and licenses	580	600	650
Insurance and bonds	6,360	6,210	6,500
Legal services	15,615	15,000	15,000
Election expense	-	1,083	-
Paying Agent Fees	400	-	-
Contingency	-	-	2,500
Total expenditures	48,884	46,743	52,000
Total expenditures and transfers out requiring appropriation	48,884	46,743	52,000
ENDING FUND BALANCE	\$ 355	\$ 1,473	\$ 1,625
EMERGENCY RESERVE	\$ 1,400	\$ 1,400	\$ 1,300
AVAILABLE FOR OPERATIONS	(1,045)	73	325
TOTAL RESERVE	\$ 355	\$ 1,473	\$ 1,625

No assurance provided. See summary of significant assumptions.

Kent Place Metropolitan District No. 1
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/15/21

ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
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ASSESSED VALUATION

Vacant land	\$ 145	\$ 145	\$ 145
Certified Assessed Value	\$ 145	\$ 145	\$ 145

MILL LEVY

Total mill levy	0.000	0.000	0.000
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PROPERTY TAXES

Budgeted property taxes	\$ -	\$ -	\$ -
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BUDGETED PROPERTY TAXES

\$ -	\$ -	\$ -
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**KENT PLACE METROPOLITAN DISTRICT NO. 1
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Kent Place Metropolitan District No.1 ("District") was organized by Court Order on January 14, 2008, to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of public improvements, including street improvements, park and recreation facilities, sewer and drainage improvements, traffic and safety controls, water, television relay and translators, public transportation, fire protection, security services, mosquito and pest control, and other improvements needed for the Development. The District was organized in conjunction with Kent Place Metropolitan District No. 2. District No. 1 is anticipated to be the Operating District and District No. 2 is anticipated to be the Financing District. The Operating District will construct all, and may own and operate some of the public facilities. The Financing District will generate the majority of tax revenues sufficient to pay the costs of the capital improvements. The functions of the Districts will be clarified in an intergovernmental agreement between the Districts. The District's service area is located entirely within the City of Englewood ("City"), Arapahoe County, Colorado.

On November 6, 2007, District electors approved revenue indebtedness of \$30,000,000 for street improvements, \$30,000,000 for parks and recreation, \$30,000,000 for water improvements, \$30,000,000 for sanitary sewer system, \$30,000,000 for public transportation system, \$30,000,00 for mosquito control, \$30,000,000 for traffic and safety, \$30,000,000 for fire protection, \$30,000,000 for television relay system, \$30,000,000 security services, \$30,000,000 for debt associated with intergovernmental contracts, \$30,000,000 for refinancing of District debt, \$30,000,000 for debt associated with private party contracts, and \$30,000,000 for general operations and maintenance. The election also approved an annual increase in taxes of \$5,000,000 for general operations and maintenance, and \$5,000,000 in revenues other than ad valorem taxes.

Pursuant to the Consolidated Service Plan, the Districts shall not issue debt in excess of \$30,000,000 without the permission of the City. The Districts are also limited to a maximum debt mill levy of 50.000 mills as adjusted for changes in the ratio of actual value to assessed value, for debt which exceeds fifty percent of the District's assessed valuation.

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

The District prepares its budget on the modified accrual basis of accounting, in accordance with the requirements of Section 29-1-105, C.R.S., 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

Developer Advance

In prior years, a portion of the operating and administrative costs were funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer. The District anticipates a developer advance of \$9,000 for 2021.

**KENT PLACE METROPOLITAN DISTRICT NO. 1
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Transfer from District No. 2

District No. 2 levies a general fund mill levy of 10.250 mills. The net property taxes are transferred to the District to help fund administrative expenditures.

Net Investment Income

Interest earned on the District's funds has been at an annual rate of 0.50%.

Expenditures

Administrative Expenditures

Operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, banking, meeting, and other administrative expenses.

Debt and Leases

The only debt of the District is Developer advances, which are not general obligation debt. Repayment is subject to annual appropriation if and when eligible funds become available. As of December 31, 2019, the District's outstanding obligation to the Developer was \$367,934 in principal and accrued interest at 8%. See below for the estimated developer advance activity.

	Balance at 12/31/2019	Additions	Reductions	Balance at 12/31/20*
Developer Advance	\$ 278,738	\$ 2,600	\$ -	\$ 281,338
Developer Advance - Interest	89,196	22,299	-	111,495
Total	\$ 367,934	\$ 24,899	\$ -	\$ 392,833
	Balance at 12/31/20*	Additions	Reductions	Balance at 12/31/21*
Developer Advance	\$ 281,338	\$ 9,000	\$ -	\$ 290,338
Developer Advance - Interest	111,495	22,507	-	134,002
Total	\$ 392,833	\$ 31,507	\$ -	\$ 424,340
*Based on Estimates				

The District has no capital or operating leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of fiscal year spending for 2021, as defined under TABOR.

This information is an integral part of the accompanying budget.

KENT PLACE METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

KENT PLACE METROPOLITAN DISTRICT NO. 2
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/15/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 152,239	\$ 148,883	\$ 7
REVENUE			
Property taxes	188,033	196,690	187,950
Specific ownership tax	14,968	14,050	13,156
Interest income	1,497	1,080	600
Bond proceeds	-	1,870,000	-
Other revenue	-	1,102	1,000
Total revenue	204,498	2,082,922	202,706
Total funds available	356,737	2,231,805	202,713
EXPENDITURES			
General Fund	44,995	47,000	44,726
Debt Service Fund	162,859	2,184,798	157,987
Total expenditures	207,854	2,231,798	202,713
Total expenditures and transfers out requiring appropriation	207,854	2,231,798	202,713
ENDING FUND BALANCES	\$ 148,883	\$ 7	\$ -

No assurance provided. See summary of significant assumptions.

KENT PLACE METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/15/21

ACTUAL	ESTIMATED	BUDGET
2019	2020	2021

ASSESSED VALUATION

Commercial	\$ 4,034,756	\$ 4,074,732	\$ 3,971,510
State assessed	5,500	8,350	5,850
Vacant land	435	435	435
Certified Assessed Value	<u>\$ 4,040,691</u>	<u>\$ 4,083,517</u>	<u>\$ 3,977,795</u>

MILL LEVY

General	10.250	10.250	10.250
Debt Service	37.000	37.000	37.000
Total mill levy	<u>47.250</u>	<u>47.250</u>	<u>47.250</u>

PROPERTY TAXES

General	\$ 41,417	\$ 41,856	\$ 40,772
Debt Service	149,506	151,090	147,178
Levied property taxes	190,923	192,946	187,950
Adjustments to actual/rounding	(2,890)	(900)	-
Refunds and abatements	-	4,644	-
Budgeted property taxes	<u>\$ 188,033</u>	<u>\$ 196,690</u>	<u>\$ 187,950</u>

BUDGETED PROPERTY TAXES

General	\$ 40,790	\$ 42,668	\$ 40,772
Debt Service	147,243	154,022	147,178
	<u>\$ 188,033</u>	<u>\$ 196,690</u>	<u>\$ 187,950</u>

No assurance provided. See summary of significant assumptions.

KENT PLACE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/15/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 907	\$ -	\$ -
REVENUE			
Property taxes	40,790	42,668	40,772
Specific ownership tax	3,247	3,050	2,854
Interest income	51	180	100
Other revenue	-	1,102	1,000
Total revenue	44,088	47,000	44,726
Total funds available	44,995	47,000	44,726
EXPENDITURES			
General and administrative			
County Treasurer's fee	612	642	612
Contingency	-	1,102	972
Intergovernmental expenditures	44,383	45,256	43,142
Total expenditures	44,995	47,000	44,726
Total expenditures and transfers out requiring appropriation	44,995	47,000	44,726
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

KENT PLACE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/15/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 151,332	\$ 148,883	\$ 7
REVENUE			
Property taxes	147,243	154,022	147,178
Specific ownership tax	11,721	11,000	10,302
Bond proceeds	-	1,870,000	-
Interest income	1,446	900	500
Total revenue	160,410	2,035,922	157,980
Total funds available	311,742	2,184,805	157,987
EXPENDITURES			
General and administrative			
County Treasurer's fee	2,209	2,319	2,208
Interest on subordinate note	48,000	42,600	49,000
Bond issue costs	-	119,900	-
Contingency	-	-	799
Debt Service			
Bond interest - Series 2016	93,650	59,673	-
Bond principal - Series 2016	19,000	1,854,000	-
Bond interest - Series 2020	-	56,306	70,980
Bond principal - Series 2020	-	50,000	35,000
Total expenditures	162,859	2,184,798	157,987
Total expenditures and transfers out requiring appropriation	162,859	2,184,798	157,987
ENDING FUND BALANCE	\$ 148,883	\$ 7	\$ -

No assurance provided. See summary of significant assumptions.

**KENT PLACE METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Kent Place Metropolitan District No.2 ("District") was organized by Court Order on January 14, 2008, to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of public improvements, including street improvements, park and recreation facilities, sewer and drainage improvements, traffic and safety controls, water, television relay and translators, public transportation, fire protection, security services, mosquito and pest control, and other improvements needed for the Development. The District was organized in conjunction with Kent Place Metropolitan District No. 1. District No. 1 is anticipated to be the Operating District and District No. 2 is anticipated to be the Financing District. The Operating District will construct all, and may own and operate some of the public facilities. The Financing District will generate the majority of tax revenues sufficient to pay the costs of the capital improvements. The functions of the Districts will be clarified in an intergovernmental agreement between the Districts. The District's service area is located entirely within the City of Englewood ("City"), Arapahoe County, Colorado.

On November 6, 2007, District electors approved revenue indebtedness of \$30,000,000 for street improvements, \$30,000,000 for parks and recreation, \$30,000,000 for water improvements, \$30,000,000 for sanitary sewer system, \$30,000,000 for public transportation system, \$30,000,00 for mosquito control, \$30,000,000 for traffic and safety, \$30,000,000 for fire protection, \$30,000,000 for television relay system, \$30,000,000 security services, \$30,000,000 for debt associated with intergovernmental contracts, \$30,000,000 for refinancing of District debt, \$30,000,000 for debt associated with private party contracts, and \$30,000,000 for general operations and maintenance. The election also approved an annual increase in taxes of \$5,000,000 for general operations and maintenance, and \$5,000,000 in revenues other than ad valorem taxes.

Pursuant to the Consolidated Service Plan, the Districts shall not issue debt in excess of \$30,000,000 without the permission of the City. The Districts are also limited to a maximum debt mill levy of 50.000 mills as adjusted for changes in the ratio of actual value to assessed value, for debt which exceeds fifty percent of the District's assessed valuation.

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

The District prepares its budget on the modified accrual basis of accounting, accordance with the requirements of Section 29-1-105, C.R.S., 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

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.

**KENT PLACE METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

The County Treasurer remits the taxes collected monthly to the District.

The District's maximum Required Mill Levy is 37.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. 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 and interest on the Bonds as the same become due and payable. The calculation of the taxes levied is displayed on the property tax summary page of the Budget at the adopted mill levy of 10.250 mills for the General Fund and 37.000 mills for the Debt Service Fund.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Interest Income

Interest earned on the District's funds has been estimated at an annual rate of 0.50%.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Transfer to District No. 1

The District levies a general fund mill levy of 10.250 mills. The District transfers these net property taxes to District No. 1 to help fund administrative expenditures.

Debt and Leases

Series 2020 Bonds

On February 26, 2020, the District issued General Obligation Refunding Bonds, Series 2020. The proceeds of these bonds were used to refund the 2016 Bonds and pay for costs of issuance.

The Series 2020 Bonds bear simple interest at the rate of 3.90% per annum, payable on June 1 and December 1 beginning June 1, 2020. The Bonds are subject to mandatory redemption in any order of maturity and in whole or partial maturities, on December 1 in each year, commencing December 1, 2020. The Series 2020 Bonds mature on December 1, 2044.

**KENT PLACE METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

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

Subordinate Note – Series 2013

On September 15, 2013, the District entered into a Subordinate Limited Tax General Obligation Note, Series 2013. On August 25, 2020, the Subordinate Note was replaced by two new Subordinate Notes (R1 and R2). Each new Subordinate Notes has a principal amount of \$450,000 with a maturity date of September 15, 2053, and carries a simple interest rate of 8.00%, payable annually on December 15. The principal of and interest on the Subordinate Notes are payable solely from and to the extent of the Series 2013 Subordinate Pledged Revenue on a basis subordinate to the Senior 2020 Bonds and other obligations of the District specifically set forth in the Note Resolution, which may or may not be sufficient to pay the principal of and interest on the Subordinate Notes. Failure of the District to make any interest payment on the Subordinate Notes when the same shall come due shall not constitute an “Event of Default” under the Note Resolution. Interest on the Subordinate Notes shall continue to accrue and shall be paid on the next Interest Payment Date when funds are available for such payment. Furthermore, if any amount of principal or interest remains due and owing on the Subordinate Notes on September 15, 2053, such amounts shall be discharged and no further amounts shall be due on the Subordinate Notes.

Accrued and outstanding interest was at \$132,304 at December 31, 2019. See below for the estimated activity on the Subordinate Notes.

	Balance at 12/31/2019	Additions	Reductions	Balance at 12/31/2020
Subordinate Note - Series 2013	\$ 900,000		\$ 900,000	\$ -
Subordinate Note - R1	-	450,000	-	450,000
Subordinate Note - R2	-	450,000	-	450,000
Accrued interest on Subordinate Notes	132,304	72,000	42,600	161,704
	<u>\$ 1,032,304</u>	<u>\$ 972,000</u>	<u>\$ 942,600</u>	<u>\$ 1,061,704</u>

	Balance at 12/31/2020	Additions	Reductions	Balance at 12/31/2020
Subordinate Note - R1	\$ 450,000	\$ -	\$ -	\$ 450,000
Subordinate Note - R2	450,000	-	-	450,000
Accrued interest on Subordinate Notes	161,704	72,000	49,000	184,704
	<u>\$ 1,061,704</u>	<u>\$ 72,000</u>	<u>\$ 49,000</u>	<u>\$ 1,084,704</u>

**KENT PLACE METROPOLITAN DISTRICT NO. 2
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

Infrastructure Acquisition and Reimbursement Agreement

The District has entered into an Infrastructure Acquisition and Reimbursement Agreement, as amended, with the Developer to repay for advances and infrastructure acquisition made by the Developer for public infrastructure and improvements. The District agrees to repay the Developer along with annual compounding interest of 8% from the date of the advance. As of December 31, 2017, the district had no debt obligations to the Developer.

The District has no operating or capital leases.

Reserves

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all TABOR funds received by the District are transferred to District No. 1, which pays for the District's operations and maintenance costs, an Emergency Reserve is not reflected in the District's Budget.

This information is an integral part of the accompanying budget.

KENT PLACE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

**\$1,870,000 Series 2020,
Limited Tax General Obligation
Refunding and Improvement Bonds
Interest Rate 3.9%**

Year Ended December 31,	Interest Payable June 1 and December 1		
	Principal	Interest	Total
2021	\$ 35,000	\$ 70,980	\$ 105,980
2022	40,000	69,615	109,615
2023	40,000	68,055	108,055
2024	45,000	66,495	111,495
2025	45,000	64,740	109,740
2026	50,000	62,985	112,985
2027	50,000	61,035	111,035
2028	55,000	59,085	114,085
2029	60,000	56,940	116,940
2030	65,000	54,600	119,600
2031	65,000	52,065	117,065
2032	70,000	49,530	119,530
2033	75,000	46,800	121,800
2034	80,000	43,875	123,875
2035	80,000	40,755	120,755
2036	90,000	37,635	127,635
2037	90,000	34,125	124,125
2038	95,000	30,615	125,615
2039	100,000	26,910	126,910
2040	105,000	23,010	128,010
2041	110,000	18,915	128,915
2042	120,000	14,625	134,625
2043	125,000	9,945	134,945
2044	130,000	5,070	135,070
	<u>\$ 1,820,000</u>	<u>\$ 1,068,405</u>	<u>\$ 2,888,405</u>

No amortization schedule is provided for the Subordinate Notes, as subordinate revenue may or may not be sufficient to pay the principal and interest when due.

EXHIBIT B
2020 Application for Audit Exemption, District No. 1,
and
2020 Audit, District No. 2

APPLICATION FOR EXEMPTION FROM AUDIT**SHORT FORM****NAME OF GOVERNMENT
ADDRESS****Kent Place Metropolitan District No. 1****8390 E. Crescent Parkway****Suite 300****Greenwood Village, CO 80111****CONTACT PERSON****Debra Sedgeley****PHONE****303-779-5710****EMAIL****Debra.Sedgeley@claconnect.com****FAX****303-779-0348****For the Year Ended
12/31/20
or fiscal year ended:****PART 1 - CERTIFICATION OF PREPARER**

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:**Debra Sedgeley****TITLE****Accountant for the District****FIRM NAME (if applicable)****CliftonLarsonAllen LLP****ADDRESS****8390 E. Crescent Parkway, Suite 300, Greenwood Village, CO 80111****PHONE****303-779-5710****DATE PREPARED****2/11/2020****PREPARER** (SIGNATURE REQUIRED)**SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT****Please indicate whether the following financial information is recorded
using Governmental or Proprietary fund types****GOVERNMENTAL**
(MODIFIED ACCRUAL BASIS)**PROPRIETARY**
(CASH OR BUDGETARY BASIS)

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ 1	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22	Transfer from Kent Place Metro District No. 2	\$ 46,363	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 46,364	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ 600	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ 6,210	
3-7	Accounting and legal fees	\$ 41,852	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):		
3-24	Election Expense	\$ 1,083	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 49,745	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

		Yes	No																																								
4-1	Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>																																								
4-2	Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; height: 20px; background-color: #f0f0f0; padding: 2px;">N/A</div>	<input type="checkbox"/>	<input type="checkbox"/>																																								
4-3	Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; height: 20px; background-color: #f0f0f0; padding: 2px;">N/A</div>	<input type="checkbox"/>	<input type="checkbox"/>																																								
4-4	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)</th> <th style="width: 10%;">Outstanding at end of prior year*</th> <th style="width: 10%;">Issued during year</th> <th style="width: 10%;">Retired during year</th> <th style="width: 10%;">Outstanding at year-end</th> </tr> </thead> <tbody> <tr> <td>General obligation bonds</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Revenue bonds</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Notes/Loans</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Leases</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Developer Advances</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Other (specify):</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> </tbody> </table>	Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)	Outstanding at end of prior year*	Issued during year	Retired during year	Outstanding at year-end	General obligation bonds	\$ -	\$ -	\$ -	\$ -	Revenue bonds	\$ -	\$ -	\$ -	\$ -	Notes/Loans	\$ -	\$ -	\$ -	\$ -	Leases	\$ -	\$ -	\$ -	\$ -	Developer Advances	\$ -	\$ -	\$ -	\$ -	Other (specify):	\$ -	\$ -	\$ -	\$ -	TOTAL	\$ -	\$ -	\$ -	\$ -		
Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)	Outstanding at end of prior year*	Issued during year	Retired during year	Outstanding at year-end																																							
General obligation bonds	\$ -	\$ -	\$ -	\$ -																																							
Revenue bonds	\$ -	\$ -	\$ -	\$ -																																							
Notes/Loans	\$ -	\$ -	\$ -	\$ -																																							
Leases	\$ -	\$ -	\$ -	\$ -																																							
Developer Advances	\$ -	\$ -	\$ -	\$ -																																							
Other (specify):	\$ -	\$ -	\$ -	\$ -																																							
TOTAL	\$ -	\$ -	\$ -	\$ -																																							

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

		Yes	No
4-5	Does the entity have any authorized, but unissued, debt?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If yes:	How much? Date the debt was authorized: <div style="border: 1px solid black; width: 100%; padding: 2px;">\$ 450,000,000 11/6/2007</div>		
4-6	Does the entity intend to issue debt within the next calendar year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	How much? <div style="border: 1px solid black; width: 100%; padding: 2px;">\$ -</div>		
4-7	Does the entity have debt that has been refinanced that it is still responsible for?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is the amount outstanding? <div style="border: 1px solid black; width: 100%; padding: 2px;">\$ -</div>		
4-8	Does the entity have any lease agreements?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	What is being leased? What is the original date of the lease? Number of years of lease? Is the lease subject to annual appropriation? What are the annual lease payments? <div style="border: 1px solid black; width: 100%; padding: 2px;">\$ -</div>	<input type="checkbox"/>	<input type="checkbox"/>

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

		Amount	Total
5-1	YEAR-END Total of ALL Checking and Savings Accounts	\$ 5,816	
5-2	Certificates of deposit	\$ -	
	Total Cash Deposits		\$ 5,816
	Investments (if investment is a mutual fund, please list underlying investments):		
	C-Safe	\$ 259	
5-3		\$ -	
		\$ -	
		\$ -	
	Total Investments		\$ 259
	Total Cash and Investments		\$ 6,075

Please answer the following questions by marking in the appropriate boxes

		Yes	No	N/A
5-4	Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5-5	Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes

No

6-1 Does the entity have capital assets?

☐☒

6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain:

☐☐

N/A

6-3 Complete the following capital assets table:

	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

7-1 Does the entity have an "old hire" firemen's pension plan?

☐☒

7-2 Does the entity have a volunteer firemen's pension plan?

☐☒

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):

\$ -

State contribution amount:

\$ -

Other (gifts, donations, etc.):

\$ -

TOTAL

\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan

\$ -

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

N/A

8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.?

☒☐☐

8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain:

☒☐☐

If yes: Please indicate the amount budgeted for each fund for the year reported:

Fund Name	Budgeted Expenditures/Expenses
General Fund	\$ 52,000

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box		Yes	No
9-1	Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]? <small>Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.</small>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.		Yes	No
10-1	Is this application for a newly formed governmental entity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	Date of formation: <input type="text"/>		
10-2	Has the entity changed its name in the past or current year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	Please list the NEW name & PRIOR name: <input type="text"/>		
10-3	Is the entity a metropolitan district? Please indicate what services the entity provides: <input type="text"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10-4	Does the entity have an agreement with another government to provide services? If yes: List the name of the other governmental entity and the services provided: <input type="text"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10-5	Has the district filed a Title 32, Article 1 Special District Notice of Inactive Status during If yes: Date Filed: <input type="text"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10-6	Does the entity have a certified Mill Levy?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If yes:	Please provide the following mills levied for the year reported (do not report \$ amounts):		
	Bond Redemption mills	<input type="text"/>	-
	General/Other mills	<input type="text"/>	-
	Total mills	<input type="text"/>	-

Please use this space to provide any explanations or comments:

PART 11 - GOVERNING BODY APPROVAL			
Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure



Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, or
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A <u>MAJORITY</u> of the members of the governing body must complete and sign in the column below.
Board Member 1	Dan Murphy	<p>I, Dan Murphy, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed <u></u> Date: <u>2/19/2021</u> My term Expires: May 2023</p>
Board Member 2	Jennifer Walker	<p>I, Jennifer Walker, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed _____ Date: _____ My term Expires: May 2022</p>
Board Member 3	Lenn Moldenhauer	<p>I, Lenn Moldenhauer, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit.</p> <p>Signed <u></u> Date: <u>2/19/2021</u> My term Expires: May 2022</p>
Board Member 4		
Board Member 5		
Board Member 6		
Board Member 7		



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Accountant's Compilation Report

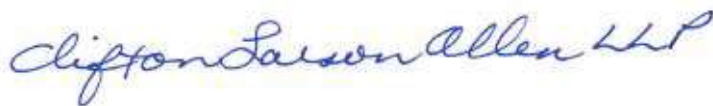
Board of Directors
Kent Place Metropolitan District No. 1
Arapahoe County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Kent Place Metropolitan District No. 1 as of and for the year ended 2020, included in the accompanying prescribed form. 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 American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form 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 financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Kent Place Metropolitan District No. 1.



Greenwood Village, Colorado
February 16, 2021

Certificate Of Completion

Envelope Id: C9DD8A4723FE458193B10BAF8F87FE27

Status: Completed

Subject: Please DocuSign: Kent Place MD No.1 Short Form.pdf

Client Name: Kent Place Metro District No. 1

Client Number: 011-043217-00

Source Envelope:

Document Pages: 8

Signatures: 2

Envelope Originator:

Certificate Pages: 5

Initials: 0

Tom Drobnick

AutoNav: Enabled

220 South 6th Street

Envelopeld Stamping: Enabled

Suite 300

Time Zone: (UTC-06:00) Central Time (US & Canada)

Minneapolis, MN 55402

Tom.Drobnick@claconnect.com

IP Address: 65.59.88.254

Record Tracking

Status: Original

Holder: Tom Drobnick

Location: DocuSign

2/19/2021 9:39:03 AM

Tom.Drobnick@claconnect.com

Signer Events

Dan Murphy

dan.murphy@continuumpartners.com

Security Level: Email, Account Authentication
(None)

Signature

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Signature Adoption: Pre-selected Style
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Timestamp

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Electronic Record and Signature Disclosure:

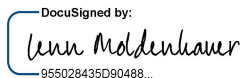
Accepted: 2/19/2021 11:36:58 AM

ID: b0f1da81-6fa1-4ec8-93ec-72ed60e47229

Lenn Moldenhauer

lennm@continuumpartners.com

Security Level: Email, Account Authentication
(None)

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Signed: 2/19/2021 11:49:14 AM

Electronic Record and Signature Disclosure:

Accepted: 2/19/2021 11:48:58 AM

ID: 5671fba9-507f-4e0c-b9c9-210bb58238c3

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	2/19/2021 9:54:23 AM
Certified Delivered	Security Checked	2/19/2021 11:48:58 AM
Signing Complete	Security Checked	2/19/2021 11:49:14 AM
Completed	Security Checked	2/22/2021 9:17:49 AM
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Electronic Record and Signature Disclosure		

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If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

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- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

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- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify CliftonLarsonAllen LLP as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by CliftonLarsonAllen LLP during the course of your relationship with CliftonLarsonAllen LLP.

KENT PLACE METROPOLITAN DISTRICT NO. 2
Arapahoe County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**KENT PLACE METROPOLITAN DISTRICT NO. 2
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Kent Place Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Kent Place Metropolitan District No. 2 as of December 31, 2020, 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.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Sincerely,

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP
March 30, 2021

BASIC FINANCIAL STATEMENTS

KENT PLACE METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 436
Cash and Investments - Restricted	7,083
Receivable - County Treasurer	944
Property Taxes Receivable	<u>187,950</u>
Total Assets	<u>196,413</u>
LIABILITIES	
Due to Kent Place Metropolitan District No. 1	641
Accrued Interest Payable - 2020 Bonds	5,915
Noncurrent Liabilities:	
Due Within One Year	35,000
Due in More Than One Year	<u>2,834,107</u>
Total Liabilities	<u>2,875,663</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>187,950</u>
Total Deferred Inflows of Resources	<u>187,950</u>
NET POSITION	
Restricted For:	
Debt Service	1,907
Unrestricted	<u>(2,869,107)</u>
Total Net Position	<u><u>\$ (2,867,200)</u></u>

See accompanying Notes to Basic Financial Statements.

KENT PLACE METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities	\$ 46,008	\$ -	\$ -	\$ -	\$ (46,008)
Interest and Related Costs on Long-Term Debt	288,479	-	-	-	(288,479)
Total Governmental Activities	<u>\$ 334,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(334,487)
GENERAL REVENUES					
Property Taxes					197,590
Specific Ownership Taxes					13,673
Net Investment Income					<u>1,052</u>
Total General Revenues					<u>212,315</u>
CHANGE IN NET POSITION					(122,172)
Net Position - Beginning of Year					<u>(2,745,028)</u>
NET POSITION - END OF YEAR					<u><u>\$ (2,867,200)</u></u>

See accompanying Notes to Basic Financial Statements.

KENT PLACE METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 436	\$ -	\$ 436
Cash and Investments - Restricted	-	7,083	7,083
Accounts Receivable - County Treasurer	205	739	944
Property Taxes Receivable	40,772	147,178	187,950
Total Assets	<u>\$ 41,413</u>	<u>\$ 155,000</u>	<u>\$ 196,413</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to Kent Place Metropolitan District No. 1	\$ 641	\$ -	\$ 641
Total Liabilities	<u>641</u>	<u>-</u>	<u>641</u>
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	40,772	147,178	187,950
Total Deferred Inflows of Resources	<u>40,772</u>	<u>147,178</u>	<u>187,950</u>
NET CHANGE IN FUND BALANCES			
Restricted	-	7,822	7,822
Total Fund Balances	<u>-</u>	<u>7,822</u>	<u>7,822</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 41,413</u>	<u>\$ 155,000</u>	
Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:			
Bonds Payable - Series 2020			(1,820,000)
Notes Payable			(900,000)
Accrued Interest on Series 2020 Bonds			(5,915)
Accrued Interest on Subordinate Notes			<u>(149,107)</u>
Net Position of Governmental Activities			<u>\$ (2,867,200)</u>

See accompanying Notes to Basic Financial Statements.

KENT PLACE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 42,863	\$ 154,727	\$ 197,590
Specific Ownership Taxes	2,966	10,707	13,673
Net Investment Income	179	873	1,052
Total Revenues	<u>46,008</u>	<u>166,307</u>	<u>212,315</u>
EXPENDITURES			
County Treasurer's Fees	645	2,330	2,975
Intergovernmental Expenditures - Kent Place No. 1	45,363	-	45,363
Bond Interest - Series 2016	-	40,428	40,428
Bond Interest - Series 2020	-	55,710	55,710
Bond Principal - Series 2016	-	1,854,000	1,854,000
Bond Principal - Series 2020	-	50,000	50,000
Bond Issue Costs	-	119,900	119,900
Interest on Subordinate Note	-	55,000	55,000
Total Expenditures	<u>46,008</u>	<u>2,177,368</u>	<u>2,223,376</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(2,011,061)	(2,011,061)
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	-	1,870,000	1,870,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,870,000</u>	<u>1,870,000</u>
NET CHANGE IN FUND BALANCES	-	(141,061)	(141,061)
Fund Balances - Beginning of Year	<u>-</u>	<u>148,883</u>	<u>148,883</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 7,822</u></u>	<u><u>\$ 7,822</u></u>

See accompanying Notes to Basic Financial Statements.

KENT PLACE METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENTS 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	\$ (141,061)
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Amounts reported for governmental activities in the statement of activities are different because:

Long-term debt (e.g., bonds, loans, 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.

Bond Issuance	(1,870,000)
Current Year Bond Principal Payment	1,904,000

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 Long-Term Debt Payable - Change in Liability	<u>(15,111)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (122,172)</u></u>
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**KENT PLACE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budgets		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 41,856	\$ 42,668	\$ 42,863	\$ 195
Specific Ownership Taxes	2,510	3,050	2,966	(84)
Net Investment Income	80	180	179	(1)
Other Income	1,000	1,102	-	(1,102)
Total Revenues	45,446	47,000	46,008	(992)
EXPENDITURES				
County Treasurer's Fees	628	642	645	(3)
Intergovernmental Expenditures - Kent Place No. 1	43,818	45,256	45,363	(107)
Contingency	1,000	1,102	-	1,102
Total Expenditures	45,446	47,000	46,008	992
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

Kent Place Metropolitan District No. 2 (District) was organized by Court Order on January 14, 2008, to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of public improvements, including street improvements, park and recreation facilities, sewer and drainage improvements, traffic and safety controls, water, television relay and translators, public transportation, fire protection, security services, mosquito and pest control, and other improvements needed for the development. The District was organized in conjunction with Kent Place Metropolitan District No. 1 (District No. 1). District No. 1 is anticipated to be the Operating District and District No. 2 is anticipated to be the Financing District. The Operating District will construct all (and may own and operate some) of the public facilities. The Financing District will generate the majority of tax revenues sufficient to pay the costs of the capital improvements. The functions of the Districts will be clarified in an intergovernmental agreement between the Districts. The District's service area is located entirely within the City of Englewood, Arapahoe County, Colorado.

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 property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

KENT PLACE 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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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.

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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	\$ 436
Cash and Investments - Restricted	7,083
Total Cash and Investments	<u><u>\$ 7,519</u></u>

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

Deposits with Financial Institutions	\$ 100
Investments	7,419
Total Cash and Investments	<u><u>\$ 7,519</u></u>

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits had a bank balance and a carrying balance of \$100.

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

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average Under 60 Days	<u>\$ 7,419</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 LONG-TERM OBLIGATIONS

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

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Due Within One Year
Bonds Payable					
General Obligation Bonds Series 2016	\$ 1,854,000	\$ -	\$ 1,854,000	\$ -	\$ -
General Obligation Bonds Series 2020	-	1,870,000	50,000	1,820,000	35,000
Series 2013 - Subordinate Notes	900,000	-	-	900,000	-
	<u>2,754,000</u>	<u>1,870,000</u>	<u>1,904,000</u>	<u>2,720,000</u>	<u>35,000</u>
Accrued Interest on Subordinate Notes	132,107	72,000	55,000	149,107	-
Total Long-Term Obligations	<u>\$ 2,886,107</u>	<u>\$ 1,942,000</u>	<u>\$ 1,959,000</u>	<u>\$ 2,869,107</u>	<u>\$ 35,000</u>

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Subordinate Notes

On September 15, 2013, the District entered into a Subordinate Limited Tax General Obligation Note, Series 2013 in the amount of \$900,000. On August 25, 2020, the Subordinate Note was reassigned to two new owners and designated as No. R-1 and No. R-2. Each reassigned Subordinate Note has a principal amount of \$450,000 with a maturity date of September 15, 2053, and carries a simple interest rate of 8.00%, payable annually on December 15. The principal of and interest on the Subordinate Notes are payable solely from and to the extent of the Series 2013 Subordinate Pledged Revenue on a basis subordinate to the Senior 2020 Bonds and other obligations of the District specifically set forth in the Note Resolution, which may or may not be sufficient to pay the principal of and interest on the Subordinate Notes. Failure of the District to make any interest payment on the Subordinate Notes when the same shall come due shall not constitute an "Event of Default" under the Note Resolution. Interest on the Subordinate Notes shall continue to accrue and shall be paid on the next Interest Payment Date when funds are available for such payment. Furthermore, if any amount of principal or interest remains due and owing on the Subordinate Notes on September 15, 2053, such amounts shall be discharged, and no further amounts shall be due on the Subordinate Notes.

During 2020, \$55,000 of previously accrued interest was paid on the Subordinate Notes. At December 31, 2020, the balance of accrued unpaid interest was \$149,107.

Series 2020 Bonds

On February 26, 2020, the District issued \$1,870,000 of Limited Tax General Obligation Refunding Bonds, Series 2020 (the 2020 Bonds). The 2020 Bonds were purchased by Academy Bank. Proceeds of the 2020 Bonds, along with District funds, were used to refund the 2016 Bonds and to pay the cost of issuance of the 2020 Bonds.

The 2020 Bonds bear interest at the rate of 3.9% per annum, which is due on June 1 and December 1, beginning on June 1, 2020. Principal is due on December 1, beginning on December 1, 2020, with final maturity on December 1, 2044. As of December 31, 2020, the accrued interest balance on the 2020 bonds was \$5,915.

The 2020 Bonds are secured by pledged revenues consisting of the Required Mill Levy, Specific Ownership Taxes collected as a result of certifying the Required Mill Levy, and any other legally available amounts designated by the District at its discretion, as may be permitted under the District's Service Plan.

The Required Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in an amount necessary to generate revenues sufficient to pay the principal and interest on the 2020 Bonds when due, but not in excess of 37 mills, provided that if, on or after January 1, 2020, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the maximum mill levy of 37 mills may be increased or decreased to reflect such changes. But in no event shall the Required Mill Levy exceed 50 mills.

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2020 Bonds (Continued)

The mandatory redemption of the Series 2020 Limited Tax General Obligation Refunding Bonds is as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 35,000	\$ 70,980	\$ 105,980
2022	40,000	69,615	109,615
2023	40,000	68,055	108,055
2024	45,000	66,495	111,495
2025	45,000	64,740	109,740
2026-2030	280,000	294,645	574,645
2031-2035	370,000	233,025	603,025
2036-2040	480,000	152,295	632,295
2041-2044	485,000	48,555	533,555
Total	<u>\$ 1,820,000</u>	<u>\$ 1,068,405</u>	<u>\$ 2,888,405</u>

The above table does not include amortization of the Subordinate Notes, as subordinate revenue may or may not be sufficient to pay the principal and interest when due. Therefore, the amortization of the Subordinate Notes is not determinable.

Authorized Debt

On November 6, 2007, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$420,000,000 for infrastructure improvements and operations, such debt to bear interest at a rate not in excess of 18% per annum. At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

	Amount Authorized on November 6, 2007	Prior Authorization Used	Series 2016 Authorization Used	Series 2020 Authorization Used	Authorized But Unissued as of December 31, 2020
Street Improvements	\$ 30,000,000	\$ 1,588,494	\$ 691,281	\$ -	\$ 27,720,225
Water	30,000,000	-	-	-	30,000,000
Sanitation	30,000,000	-	-	-	30,000,000
Traffic and Safety	30,000,000	19,124	-	-	29,980,876
Intergovernmental Agreements	30,000,000	-	-	-	30,000,000
Private Party Agreements	30,000,000	-	-	-	30,000,000
Fire Protection, Ambulance Service	30,000,000	-	-	-	30,000,000
Perimeter and Interior Security	30,000,000	-	-	-	30,000,000
Park and Recreation	30,000,000	492,382	-	-	29,507,618
Mosquito Control	30,000,000	-	-	-	30,000,000
Television Relay and Translation	30,000,000	-	-	-	30,000,000
Public Transportation	30,000,000	-	-	-	30,000,000
Operations and Maintenance	30,000,000	-	-	-	30,000,000
Debt Refunding	30,000,000	-	1,224,719	1,870,000	26,905,281
	<u>\$ 420,000,000</u>	<u>\$ 2,100,000</u>	<u>\$ 1,916,000</u>	<u>\$ 1,870,000</u>	<u>\$ 414,114,000</u>

Pursuant to its Service Plan, the District is only permitted to issue debt up to \$30,000,000.

In the future, the District may issue a portion of, or all of, the remaining authorized but unissued general obligation debt as allowed under the Service Plan for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 5 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

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 of \$1,907 for debt service as of December 31, 2020.

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of debt issued for public improvements which were conveyed to the City of Englewood and which costs were removed from the District's financial records.

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 RELATED PARTIES

The Developer of the property which constitutes the District is Kent Place Investors, LLC, which is an affiliate of Continuum Partners, LLC. All members of the Board of Directors are officers of, employees of, or associated with the Developer or its affiliates.

NOTE 7 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 (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.

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 6, 2007, the District's voters authorized the District to increase property taxes \$5,000,000 annually, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, spend or retain all revenue without regard to any limitations under TABOR.

KENT PLACE METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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 transfers its net operating revenue to District No. 1 (Operating District) pursuant to an anticipated intergovernmental agreement. Therefore, the Emergency Reserves related to the District's revenues are reported in District No. 1.

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

KENT PLACE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

	Budgets		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 151,090	\$ 151,090	\$ 154,727	\$ 3,637
Specific Ownership Taxes	9,060	9,060	10,707	1,647
Net Investment Income	2,200	2,200	873	(1,327)
Total Revenues	162,350	162,350	166,307	3,957
EXPENDITURES				
Current:				
County Treasurer's Fees	2,266	2,266	2,330	(64)
Interest on Subordinate Note	50,000	50,000	55,000	(5,000)
Bond Interest - Series 2016	92,700	-	40,428	(40,428)
Bond Principal - Series 2016	22,000	1,895,000	1,854,000	41,000
Bond Interest - Series 2020	-	56,306	55,710	596
Bond Principal - Series 2020	-	50,000	50,000	-
Bond Issue Costs	-	137,800	119,900	17,900
Contingency	1,034	8,628	-	8,628
Total Expenditures	168,000	2,200,000	2,177,368	22,632
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(5,650)	(2,037,650)	(2,011,061)	26,589
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	1,890,000	1,870,000	(20,000)
Total Other Financing Sources (Uses)	-	1,890,000	1,870,000	(20,000)
NET CHANGE IN FUND BALANCE	(5,650)	(147,650)	(141,061)	6,589
Fund Balance - Beginning of Year	150,945	150,945	148,883	(2,062)
FUND BALANCE - END OF YEAR	<u>\$ 145,295</u>	<u>\$ 3,295</u>	<u>\$ 7,822</u>	<u>\$ 4,527</u>

OTHER INFORMATION

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

\$1,870,000 Series 2020, Limited Tax General Obligation Refunding Bonds Interest Rate 3.9% Interest Payable June 1 and December 1			
<u>Year Ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 35,000	\$ 70,980	\$ 105,980
2022	40,000	69,615	109,615
2023	40,000	68,055	108,055
2024	45,000	66,495	111,495
2025	45,000	64,740	109,740
2026	50,000	62,985	112,985
2027	50,000	61,035	111,035
2028	55,000	59,085	114,085
2029	60,000	56,940	116,940
2030	65,000	54,600	119,600
2031	65,000	52,065	117,065
2032	70,000	49,530	119,530
2033	75,000	46,800	121,800
2034	80,000	43,875	123,875
2035	80,000	40,755	120,755
2036	90,000	37,635	127,635
2037	90,000	34,125	124,125
2038	95,000	30,615	125,615
2039	100,000	26,910	126,910
2040	105,000	23,010	128,010
2041	110,000	18,915	128,915
2042	120,000	14,625	134,625
2043	125,000	9,945	134,945
2044	130,000	5,070	135,070
Total	<u>\$ 1,820,000</u>	<u>\$ 1,068,405</u>	<u>\$ 2,888,405</u>

NOTE:

No amortization schedule is provided for the Subordinate Notes, as subordinate revenue may or may not be sufficient to pay the principal and interest when due. Therefore, the amortization of the Subordinate Notes is not determinable.

KENT PLACE 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 Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2016	\$ 3,879,365	10.250	37.000	\$ 183,300	\$ 182,752	99.70 %
2017	3,827,225	10.250	37.000	180,836	180,895	100.03
2018	4,168,255	10.250	37.000	196,950	196,781	99.91
2019	4,040,691	10.250	37.000	190,923	188,033	98.49
2020	4,083,517	10.250	37.000	192,946	197,590	102.41
Estimated for the Year Ending December 31, 2021	\$ 3,977,795	10.250	37.000	\$ 187,950		

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.