

KENT PLACE METROPOLITAN DISTRICT NO. 2

FINANCIAL STATEMENTS

OCTOBER 31, 2020

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

	General	Debt Service	Total
ASSETS			
1st Bank - Reserve Account	\$ -	\$ 1,983	\$ 1,983
C - Safe	629	143,882	144,511
Receivable from County Treasurer	304	1,098	1,402
TOTAL ASSETS	\$ 933	\$ 146,963	\$ 147,896
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Due to other districts	\$ 933	\$ -	\$ 933
Total Liabilities	933	-	933
FUND BALANCES			
Total Fund Balances	-	146,963	146,963
TOTAL LIABILITIES AND FUND BALANCES	\$ 933	\$ 146,963	\$ 147,896

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statements of revenues, expenditures and changes in funds balances - governmental funds have been omitted.

**KENT PLACE METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE TEN MONTHS ENDED OCTOBER 31, 2020**

GENERAL FUND

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 41,856	\$ 42,668	\$ 812
Specific ownership tax	2,510	2,531	21
Interest income	80	165	85
Other revenue	1,000	-	(1,000)
TOTAL REVENUES	<u>45,446</u>	<u>45,364</u>	<u>(82)</u>
EXPENDITURES			
County Treasurer's fee	628	642	(14)
Intergovernmental expenditures	43,818	44,722	(904)
Contingency	1,000	-	1,000
TOTAL EXPENDITURES	<u>45,446</u>	<u>45,364</u>	<u>82</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	-	-	-
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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SUPPLEMENTARY INFORMATION

**KENT PLACE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE TEN MONTHS ENDED OCTOBER 31, 2020**

DEBT SERVICE FUND

	Amended Budget	Year to Date Actual	Variance
REVENUES			
Property taxes	\$ 151,090	\$ 154,022	\$ 2,932
Specific ownership tax	9,060	9,138	78
Interest income	2,200	812	(1,388)
Bond proceeds	1,890,000	1,870,000	(20,000)
TOTAL REVENUES	2,052,350	2,033,972	(18,378)
EXPENDITURES			
County Treasurer's fee	2,266	2,319	(53)
Bond interest - Series 2016	56,306	59,673	(3,367)
Bond principal - Series 2016	1,945,000	1,854,000	91,000
Interest on subordinate note	50,000	-	50,000
Bond issue costs	137,800	119,900	17,900
Contingency	8,628	-	8,628
TOTAL EXPENDITURES	2,200,000	2,035,892	164,108
NET CHANGE IN FUND BALANCES	(147,650)	(1,920)	145,730
FUND BALANCES - BEGINNING	150,945	148,882	(2,063)
FUND BALANCES - ENDING	\$ 3,295	\$ 146,962	\$ 143,667

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**KENT PLACE METROPOLITAN DISTRICT NO. 2
2020 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
2020 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 6% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

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 2016 Bonds

On May 31, 2016, the District issued General Obligation Refunding and Improvement Bonds, Series 2016. The proceeds of these bonds were used to pay and cancel the 2011 Promissory Note, fund a Debt Service Reserve Fund, repay existing developer advances and interest, and pay for costs of issuance.

The Series 2016 Bonds bear simple interest at the rate of 5.00% per annum, payable on June 1 and December 1 beginning December 1, 2016. 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, 2016. The Series 2016 Bonds mature on December 1, 2045.

**KENT PLACE METROPOLITAN DISTRICT NO. 2
2020 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, on or after December 1, 2019 at a redemption price equal to 101% of the principal amount thereof plus accrued interest thereon to the redemption date.

Subordinate Note – Series 2013

On September 15, 2013, the District entered into a Subordinate Limited Tax General Obligation Note, Series 2013. The Subordinate Note has a principal amount of \$900,000 with a maturity date of September 15, 2053, and carries a simple interest rate of 8.00%, payable annually beginning September 15, 2014. The principal of and interest on the Subordinate Note are payable solely from and to the extent of the Series 2013 Subordinate Pledged Revenue on a basis subordinate to the Senior Note 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 Note. Failure of the District to make any interest payment on the Subordinate Note when the same shall come due shall not constitute an “Event of Default” under the Note Resolution. Interest on the Subordinate Note 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 this Series 2013 Subordinate Note on September 15, 2053, such amounts shall be discharged and no further amounts shall be due on this Series 2013 Subordinate Note.

Accrued and outstanding interest is estimated at \$132,304 at December 31, 2019.

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.

Debt Service

The District has a reserve of \$145,000 for the Series 2016 Bonds.

KENT PLACE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (1)

**\$1,916,000 Series 2016,
Limited Tax General Obligation
Refunding and Improvement Bonds
Interest Rate 5.0%
Interest Payable**

<u>Year Ended December 31,</u>	<u>June 1 and December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 22,000	\$ 92,700	\$ 114,700
2021	23,000	91,600	114,600
2022	27,000	90,450	117,450
2023	28,000	89,100	117,100
2024	32,000	87,700	119,700
2025	33,000	86,100	119,100
2026	37,000	84,450	121,450
2027	39,000	82,600	121,600
2028	43,000	80,650	123,650
2029	46,000	78,500	124,500
2030	50,000	76,200	126,200
2031	53,000	73,700	126,700
2032	58,000	71,050	129,050
2033	61,000	68,150	129,150
2034	67,000	65,100	132,100
2035	70,000	61,750	131,750
2036	76,000	58,250	134,250
2037	80,000	54,450	134,450
2038	87,000	50,450	137,450
2039	91,000	46,100	137,100
2040	98,000	41,550	139,550
2041	103,000	36,650	139,650
2042	111,000	31,500	142,500
2043	117,000	25,950	142,950
2044	125,000	20,100	145,100
2045	277,000	13,850	290,850
	<u>\$ 1,854,000</u>	<u>\$ 1,658,650</u>	<u>\$ 3,512,650</u>

(1) Amortization is based upon an annual interest rate of 5.0% per annum due on June 1 and December 1 of each year. Payment of principal and interest is calculated based upon a 30-year period, beginning on May 31, 2016, and all amounts of unpaid principal and accrued interest due and payable on December 1, 2045.

(2) No amortization schedule is provided for the Series 2013 Subordinate Note, as subordinate revenue may or may not be sufficient to pay the principal and interest when due.

KENT PLACE METROPOLITAN DISTRICT NO. 2

Schedule of Cash Position

October 31, 2020

Updated as of November 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>CSAFE - Kent Place No. 2</u>			
Balance as of 10/31/20	\$ 629.01	\$ 143,882.28	\$ 144,511.29
Subsequent activities:			
11/10/2020 Property Tax	304.25	1,098.25	1,402.50
Anticipated activities:			-
<i>Anticipated Debt Service Payment - Senior Bond</i>	-	<i>(86,465.00)</i>	<i>(86,465.00)</i>
<i>Anticipated Transfer to KP#1</i>	<i>(933.26)</i>	-	<i>(933.26)</i>
<i>Anticipated transfer from 1st Bank</i>	-	<i>1,882.50</i>	<i>1,882.50</i>
<i>Anticipated subordinate bond payment</i>	-	<i>(60,298.00)</i>	<i>(60,298.00)</i>
<i>Anticipated Balance</i>	<u>\$ -</u>	<u>\$ 100.03</u>	<u>\$ 58,515.53</u>
<u>1st Bank - Reserve Fund - Kent Place No. 2</u>			
Balance as of 10/31/20	\$ -	\$ 1,982.50	\$ 1,982.50
Subsequent activities:			
Anticipated activities:			
Anticipated transfer to CSAFE	-	<i>(1,882.50)</i>	<i>(1,882.50)</i>
<i>Anticipated Balance</i>	<u>-</u>	<u>100.00</u>	<u>1,982.50</u>
<i>Anticipated Total Balance</i>	<u>\$ -</u>	<u>\$ 200.03</u>	<u>\$ 60,498.03</u>

Yield information (10/31/2020)

CSAFE - .09%

KENT PLACE METROPOLITAN DISTRICT NO. 2 (remitted to District No. 1)
Property Taxes Reconciliation
2020

	Current Year						Prior Year				
	Property Taxes	Delinquent Taxes, Rebates and Abatements	Specific Ownership Taxes	Interest	Treasurer's Fees	Net Amount Received	% of Total Property Taxes Received		Total Cash Received	% of Total Property Taxes Received	
							Monthly	Y-T-D		Monthly	Y-T-D
January	\$ -	\$ 1,754.91	\$ 1,148.29	\$ 352.47	\$ (31.61)	\$ 3,224.06	0.91%	0.91%	\$ 1,197.29	0.00%	0.00%
February	54,735.80	2,889.15	1,200.33	260.02	(868.27)	58,217.03	29.87%	30.78%	\$ 33,645.25	17.09%	17.09%
March	41,815.40	-	1,058.45	-	(627.23)	42,246.62	21.67%	52.45%	\$ 60,304.06	31.47%	48.56%
April	39,313.94	-	702.12	-	(589.71)	39,426.35	20.38%	72.82%	\$ 5,408.54	2.37%	50.93%
May	149.55	-	963.84	-	(2.24)	1,111.15	0.08%	72.90%	\$ 33,013.51	16.92%	67.85%
June	42,023.95	-	1,254.05	-	(630.36)	42,647.64	21.78%	94.68%	\$ 58,677.10	30.50%	98.36%
July	13,581.83	-	1,482.90	78.38	(204.90)	14,938.21	7.04%	101.72%	\$ 1,156.79	0.00%	98.36%
August	425.67	-	1,132.45	17.02	(6.64)	1,568.50	0.22%	101.94%	\$ 1,635.50	0.13%	98.49%
September	-	-	1,324.30	-	-	1,324.30	0.00%	101.94%	\$ 1,302.93	0.00%	98.49%
October	-	-	1,402.50	-	-	1,402.50	0.00%	101.94%	\$ 1,162.11	0.00%	98.49%
November	-	-	-	-	-	-	0.00%	101.94%	\$ 1,435.25	0.00%	98.49%
December	-	-	-	-	-	-	0.00%	101.94%	\$ 1,250.03	0.00%	98.49%
	\$ 192,046.14	\$ 4,644.06	\$ 11,669.23	\$ 707.89	\$ (2,960.96)	\$ 206,106.36	101.94%	101.94%	\$ 200,188.36	98.49%	98.49%

Assessed Value	Taxes Levied	% of Levied	Property Taxes Collected	% Collected to Amount Levied	Mill Levy
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Property Tax

General Fund	\$ 4,083,517	\$ 41,856.00	21.69%	\$ 42,668.23	101.94%	10.250
Debt Service Fund		\$ 151,090.00	78.31%	154,021.97	101.94%	37.000
		<u>\$ 192,946.00</u>	<u>100.00%</u>	<u>\$ 196,690.20</u>	<u>101.94%</u>	<u>47.250</u>

Specific Ownership Tax

General Fund	\$ 2,510.00	21.69%	\$ 2,531.42	100.85%
Debt Service Fund	9,060.00	78.31%	9,137.81	100.86%
	<u>\$ 11,570.00</u>	<u>100.00%</u>	<u>\$ 11,669.23</u>	<u>100.86%</u>

Treasurer's Fees

General Fund	\$ (628.00)	21.69%	\$ (642.32)	102.28%
Debt Service Fund	(2,266.00)	78.31%	(2,318.64)	102.32%
	<u>\$ (2,894.00)</u>	<u>100.00%</u>	<u>\$ (2,960.96)</u>	<u>102.31%</u>

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