

KENT PLACE METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

**KENT PLACE METROPOLITAN DISTRICT NO. 2
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

9/12/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 7/31/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 148,883	\$ 7	\$ 7,822	\$ 7,822	\$ 9,694
REVENUE					
Property taxes	197,590	187,950	181,935	187,950	189,888
Specific ownership tax	13,673	13,156	7,587	13,156	13,293
Interest income	1,052	600	1,175	2,010	290
Bond proceeds	1,870,000	-	-	-	-
Other revenue	-	1,000	-	-	1,000
Total revenue	<u>2,082,315</u>	<u>202,706</u>	<u>190,697</u>	<u>203,116</u>	<u>204,471</u>
Total funds available	<u>2,231,198</u>	<u>202,713</u>	<u>198,519</u>	<u>210,938</u>	<u>214,165</u>
EXPENDITURES					
General Fund	46,008	44,726	41,366	44,056	45,137
Debt Service Fund	2,177,368	157,987	37,641	157,188	166,196
Total expenditures	<u>2,223,376</u>	<u>202,713</u>	<u>79,007</u>	<u>201,244</u>	<u>211,333</u>
Total expenditures and transfers out requiring appropriation	<u>2,223,376</u>	<u>202,713</u>	<u>79,007</u>	<u>201,244</u>	<u>211,333</u>
ENDING FUND BALANCES	<u>\$ 7,822</u>	<u>\$ -</u>	<u>\$ 119,512</u>	<u>\$ 9,694</u>	<u>\$ 2,832</u>

No assurance provided. See summary of significant assumptions.

**KENT PLACE METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

9/12/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 7/31/2021	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION					
Commercial	\$ 3,435,630	\$ 3,435,630	\$ 3,435,630	\$ 3,435,630	\$ 3,547,570
State assessed	30	20	20	20	50
Vacant land	435	435	435	435	435
Personal property	647,422	541,710	541,710	541,710	470,733
Certified Assessed Value	<u>\$ 4,083,517</u>	<u>\$ 3,977,795</u>	<u>\$ 3,977,795</u>	<u>\$ 3,977,795</u>	<u>\$ 4,018,788</u>
MILL LEVY					
General	10.250	10.250	10.250	10.250	10.250
Debt Service	37.000	37.000	37.000	37.000	37.000
Total mill levy	<u>47.250</u>	<u>47.250</u>	<u>47.250</u>	<u>47.250</u>	<u>47.250</u>
PROPERTY TAXES					
General	\$ 41,856	\$ 40,772	\$ 40,772	\$ 40,772	\$ 41,193
Debt Service	151,090	147,178	147,178	147,178	148,695
Levied property taxes	192,946	187,950	187,950	187,950	189,888
Adjustments to actual/rounding	-	-	(6,015)	-	-
Refunds and abatements	4,643	-	-	-	-
Budgeted property taxes	<u>\$ 197,589</u>	<u>\$ 187,950</u>	<u>\$ 181,935</u>	<u>\$ 187,950</u>	<u>\$ 189,888</u>
BUDGETED PROPERTY TAXES					
General	\$ 42,863	\$ 40,772	\$ 39,467	\$ 40,772	\$ 41,193
Debt Service	154,727	147,178	142,468	147,178	148,695
	<u>\$ 197,589</u>	<u>\$ 187,950</u>	<u>\$ 181,935</u>	<u>\$ 187,950</u>	<u>\$ 189,888</u>

No assurance provided. See summary of significant assumptions.

KENT PLACE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

9/12/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 7/31/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUE					
Property taxes	42,863	40,772	39,467	40,772	41,193
Specific ownership tax	2,966	2,854	1,646	2,854	2,884
Interest income	179	100	253	430	60
Other revenue	-	1,000	-	-	1,000
Total revenue	<u>46,008</u>	<u>44,726</u>	<u>41,366</u>	<u>44,056</u>	<u>45,137</u>
Total funds available	<u>46,008</u>	<u>44,726</u>	<u>41,366</u>	<u>44,056</u>	<u>45,137</u>
EXPENDITURES					
General and administrative					
County Treasurer's fee	645	612	596	612	618
Contingency	-	972	-	-	1,000
Intergovernmental expenditures	45,363	43,142	40,770	43,444	43,519
Total expenditures	<u>46,008</u>	<u>44,726</u>	<u>41,366</u>	<u>44,056</u>	<u>45,137</u>
Total expenditures and transfers out requiring appropriation	<u>46,008</u>	<u>44,726</u>	<u>41,366</u>	<u>44,056</u>	<u>45,137</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

KENT PLACE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

9/12/21

	ACTUAL 2020	BUDGET 2021	ACTUAL 7/31/2021	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 148,883	\$ 7	\$ 7,822	\$ 7,822	\$ 9,694
REVENUE					
Property taxes	154,727	147,178	142,468	147,178	148,695
Specific ownership tax	10,707	10,302	5,941	10,302	10,409
Bond proceeds	1,870,000	-	-	-	-
Interest income	873	500	922	1,580	230
Total revenue	<u>2,036,307</u>	<u>157,980</u>	<u>149,331</u>	<u>159,060</u>	<u>159,334</u>
Total funds available	<u>2,185,190</u>	<u>157,987</u>	<u>157,153</u>	<u>166,882</u>	<u>169,028</u>
EXPENDITURES					
General and administrative					
County Treasurer's fee	2,330	2,208	2,151	2,208	2,230
Interest on subordinate note	55,000	49,000	-	49,000	53,000
Bond issue costs	119,900	-	-	-	-
Contingency	-	799	-	-	1,351
Debt Service					
Bond interest - Series 2016	40,428	-	-	-	-
Bond principal - Series 2016	1,854,000	-	-	-	-
Bond interest - Series 2020	55,710	70,980	35,490	70,980	69,615
Bond principal - Series 2020	50,000	35,000	-	35,000	40,000
Total expenditures	<u>2,177,368</u>	<u>157,987</u>	<u>37,641</u>	<u>157,188</u>	<u>166,196</u>
Total expenditures and transfers out requiring appropriation	<u>2,177,368</u>	<u>157,987</u>	<u>37,641</u>	<u>157,188</u>	<u>166,196</u>
ENDING FUND BALANCE	<u>\$ 7,822</u>	<u>\$ -</u>	<u>\$ 119,512</u>	<u>\$ 9,694</u>	<u>\$ 2,832</u>

No assurance provided. See summary of significant assumptions.

**KENT PLACE METROPOLITAN DISTRICT NO. 2
2022 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
2022 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 based on an average interest rate of 0.03% per annum.

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
2022 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 September 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 \$149,107 at December 31, 2020. See below for the estimated activity on the Subordinate Notes.

	<u>Balance at 12/31/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/2021</u>
Subordinate Note - R1	\$ 450,000	\$ -	\$ -	\$ 450,000
Subordinate Note - R2	450,000	-	-	450,000
Accrued interest on Subordinate Notes	149,107	72,000	49,000	172,107
	<u>\$ 1,049,107</u>	<u>\$ 72,000</u>	<u>\$ 49,000</u>	<u>\$ 1,072,107</u>

	<u>Balance at 12/31/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/2022</u>
Subordinate Note - R1	\$ 450,000	\$ -	\$ -	\$ 450,000
Subordinate Note - R2	450,000	-	-	450,000
Accrued interest on Subordinate Notes	172,107	72,000	53,000	191,107
	<u>\$ 1,072,107</u>	<u>\$ 72,000</u>	<u>\$ 53,000</u>	<u>\$ 1,091,107</u>

**KENT PLACE METROPOLITAN DISTRICT NO. 2
2022 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%
Interest Payable**

<u>Year Ended December 31,</u>	<u>June 1 and December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 40,000	\$ 68,055	\$ 108,055
2023	45,000	66,495	111,495
2024	45,000	64,740	109,740
2025	50,000	62,985	112,985
2026	50,000	61,035	111,035
2027	55,000	59,085	114,085
2028	60,000	56,940	116,940
2029	65,000	54,600	119,600
2030	65,000	52,065	117,065
2031	70,000	49,530	119,530
2032	75,000	46,800	121,800
2033	80,000	43,875	123,875
2034	80,000	40,755	120,755
2035	90,000	37,635	127,635
2036	90,000	34,125	124,125
2037	95,000	30,615	125,615
2038	100,000	26,910	126,910
2039	105,000	23,010	128,010
2040	110,000	18,915	128,915
2041	120,000	14,625	134,625
2042	125,000	9,945	134,945
2043	130,000	5,070	135,070
	<u>\$ 1,785,000</u>	<u>\$ 997,425</u>	<u>\$ 2,782,425</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.

No assurance provided. See summary of significant assumptions.