

**Penrith Park Metropolitan District
Adams County, Colorado**

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2019

Penrith Park Metropolitan District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Penrith Park Metropolitan District
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Penrith Park Metropolitan District (the District) as of and for the year ended December 31, 2019, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Penrith Park Metropolitan District, as of December 31, 2019, and the respective changes in financial position thereof, and the 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

Economic Dependency

As disclosed in Note 8 to the financial statements, the District has not yet established a revenue base sufficient to pay the District's operational expenditures. Until an independent revenue base is established, the District may be dependent upon the Developer of the District's service area for funding of continued operations.

Required Supplementary Information

Management has omitted 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 the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Fiserv Focus Partners, LLC

Greenwood Village, Colorado
July 14, 2020

Penrith Park Metropolitan District
STATEMENT OF NET POSITION
December 31, 2019

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 366 |
| Cash and investments - Restricted | 3,982,299 |
| Prepaid expenses | 10,035 |
| Property taxes receivable | 33,443 |
| Total assets | 4,026,143 |
| LIABILITIES | |
| Accounts payable | 17,372 |
| Accrued interest payable | 14,208 |
| Noncurrent liabilities: | |
| Due within one year | 2,572 |
| Due in more than one year | 4,405,108 |
| Total liabilities | 4,439,260 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred property tax revenue | 33,443 |
| Total deferred inflows of resources | 33,443 |
| NET POSITION | |
| Restricted for: | |
| Emergency reserves | 400 |
| Debt service | 703,006 |
| Capital projects | 3,280,898 |
| Unrestricted | (4,430,864) |
| Total net position | \$ (446,560) |

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenue</u> | | | <u>Net (Expense)</u> |
|--|-------------------|------------------------|----------------------|-----------------------|----------------------|
| | | <u>Charges for</u> | <u>Operating</u> | <u>Capital Grants</u> | <u>Revenue and</u> |
| | | <u>Services</u> | <u>Grants and</u> | <u>and</u> | <u>Changes in</u> |
| | | | <u>Contributions</u> | <u>Contributions</u> | <u>Net Position</u> |
| | | | | | <u>Governmental</u> |
| | | | | | <u>Activities</u> |
| Primary government | | | | | |
| General government | \$ 36,425 | \$ - | \$ - | \$ - | \$ (36,425) |
| Interest on long-term debt and related costs | 418,965 | - | - | - | (418,965) |
| Total governmental activities | <u>\$ 455,390</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(455,390)</u> |
| General revenues: | | | | | |
| | | | | | 89 |
| | | | | | 7 |
| | | | | | 16,046 |
| | | | | | <u>16,142</u> |
| | | | | | (439,248) |
| | | | | | (7,312) |
| | | | | | <u>\$ (446,560)</u> |

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2019

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|------------------------------|----------------------------------|---|
| ASSETS | | | | |
| Cash and investments | \$ 366 | \$ - | \$ - | \$ 366 |
| Cash and investments - Restricted | 400 | 695,881 | 3,286,018 | 3,982,299 |
| Prepaid expenses | 2,910 | 7,125 | - | 10,035 |
| Property taxes receivable | 6,038 | 27,405 | - | 33,443 |
| Total assets | <u>\$ 9,714</u> | <u>\$ 730,411</u> | <u>\$ 3,286,018</u> | <u>\$ 4,026,143</u> |
| LIABILITIES | | | | |
| Accounts payable | 12,252 | - | 5,120 | 17,372 |
| Total liabilities | <u>12,252</u> | <u>-</u> | <u>5,120</u> | <u>17,372</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred property tax revenue | 6,038 | 27,405 | - | 33,443 |
| Total deferred inflows of resources | <u>6,038</u> | <u>27,405</u> | <u>-</u> | <u>33,443</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid expenses | 2,910 | - | - | 2,910 |
| Restricted for: | | | | |
| Emergencies | 400 | - | - | 400 |
| Debt service | - | 703,006 | - | 703,006 |
| Capital projects | - | - | 3,280,898 | 3,280,898 |
| Unassigned | (11,886) | - | - | (11,886) |
| Total fund balances (deficit) | <u>(8,576)</u> | <u>703,006</u> | <u>3,280,898</u> | <u>3,975,328</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 9,714</u> | <u>\$ 730,411</u> | <u>\$ 3,286,018</u> | |

Amounts reported for governmental activities in the statement of net position are different because

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

| | |
|---|---------------------|
| Bonds payable | (4,310,000) |
| Developer advances | (23,800) |
| Bond premium | (56,387) |
| Accrued interest payable - bonds | (30,442) |
| Accrued interest payable - developer advances | (1,259) |
| Net position of governmental activities | <u>\$ (446,560)</u> |

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

| | General Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds |
|---|-------------------|----------------------|--------------------------|--------------------------------|
| Revenues | | | | |
| Property taxes | \$ 89 | \$ - | \$ - | \$ 89 |
| Specific ownership taxes | 7 | - | - | 7 |
| Investment earnings | - | 2,844 | 13,202 | 16,046 |
| Total revenues | <u>96</u> | <u>2,844</u> | <u>13,202</u> | <u>16,142</u> |
| Expenditures | | | | |
| Current | | | | |
| Dues and subscriptions | 295 | - | - | 295 |
| Engineering | 740 | - | 10,070 | 10,810 |
| Insurance | 2,910 | - | - | 2,910 |
| Legal | 11,600 | - | - | 11,600 |
| Management and accounting | 9,503 | - | - | 9,503 |
| Miscellaneous | 111 | 213 | 982 | 1,306 |
| Treasurer fees | 1 | - | - | 1 |
| Bond issuance costs | - | - | 364,397 | 364,397 |
| Debt service | | | | |
| Bond interest | - | 21,313 | - | 21,313 |
| Trustee fees | - | 1,875 | - | 1,875 |
| Total expenditures | <u>25,160</u> | <u>23,401</u> | <u>375,449</u> | <u>424,010</u> |
| Excess of revenues over (under) expenditures | <u>(25,064)</u> | <u>(20,557)</u> | <u>(362,247)</u> | <u>(407,868)</u> |
| Other financing sources (uses) | | | | |
| Bond proceeds, Series 2019A | - | - | 3,410,000 | 3,410,000 |
| Bond proceeds, Series 2019B | - | - | 900,000 | 900,000 |
| Bond premium | - | - | 56,708 | 56,708 |
| Developer advances | 13,300 | - | - | 13,300 |
| Operating transfers in (out) | - | 723,563 | (723,563) | - |
| Total other financing sources and (uses) | <u>13,300</u> | <u>723,563</u> | <u>3,643,145</u> | <u>4,380,008</u> |
| Net change in fund balances | (11,764) | 703,006 | 3,280,898 | 3,972,140 |
| Fund balances - beginning | <u>3,188</u> | <u>-</u> | <u>-</u> | <u>3,188</u> |
| Fund balances (deficit) - ending | <u>\$ (8,576)</u> | <u>\$ 703,006</u> | <u>\$ 3,280,898</u> | <u>\$ 3,975,328</u> |

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

Net change in fund balances - governmental funds: \$ 3,972,140

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bond, leases) 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 proceeds | (4,310,000) |
| Developer advances | (13,300) |
| Bond premium | (56,708) |
| Amortization of bond premium | 321 |

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 bond interest payable - Change in liability | (30,442) |
| Accrued interest payable developer advances - Change in liability | (1,259) |

Change in net position of governmental activities \$ (439,248)

Penrith Park Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|-------------------------------|----------------------------|-------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 88 | \$ 88 | \$ 89 | \$ 1 |
| Specific ownership taxes | 10 | 10 | 7 | (3) |
| Total revenues | <u>98</u> | <u>98</u> | <u>96</u> | <u>(2)</u> |
| EXPENDITURES | | | | |
| Audit | 500 | 500 | - | 500 |
| Dues and subscriptions | 300 | 300 | 295 | 5 |
| Engineering | - | - | 740 | (740) |
| Insurance | 2,600 | 2,600 | 2,910 | (310) |
| Legal | 18,000 | 18,000 | 11,600 | 6,400 |
| Management and accounting | 14,000 | 14,000 | 9,503 | 4,497 |
| Miscellaneous | - | - | 111 | (111) |
| Treasurer fees | - | 2 | 1 | 1 |
| Emergency reserves | 1,500 | 1,500 | - | 1,500 |
| Contingency | 10,000 | 10,000 | - | 10,000 |
| Total expenditures | <u>46,900</u> | <u>46,902</u> | <u>25,160</u> | <u>21,742</u> |
| Excess of revenues over expenditures | <u>(46,802)</u> | <u>(46,804)</u> | <u>(25,064)</u> | <u>21,740</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer advances | 50,000 | 50,000 | 13,300 | (36,700) |
| Taxable operations note proceeds | - | 173,000 | - | (173,000) |
| Total other financing sources (uses) | <u>50,000</u> | <u>223,000</u> | <u>13,300</u> | <u>(209,700)</u> |
| Net change in fund balances | 3,198 | 176,196 | (11,764) | (187,960) |
| Fund balances - beginning | <u>2,492</u> | <u>2,492</u> | <u>3,188</u> | <u>696</u> |
| Fund balances (deficit) - ending | <u>\$ 5,690</u> | <u>\$ 178,688</u> | <u>\$ (8,576)</u> | <u>\$ (187,264)</u> |

The accompanying Notes to the Financial Statements are an integral part of these statements.

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Note 1 – Definition of Reporting Entity

Penrith Park Metropolitan District (the District) is a quasi-municipal corporation and political subdivision of the State of Colorado, was created by order and decree of the Adams County District Court on March 14, 2018, and recorded with the County Clerk on March 29, 2018, and is governed pursuant to provisions of the Colorado Special Districts Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located within the Town of Bennett (the Town) in Adams County, Colorado. The District operates under an Amended and Restated Service Plan approved by the Town on August 28, 2018. The District was organized to provide for the planning, design, acquisition, construction, installation relocation, redevelopment and financing of public infrastructure improvements within the boundaries of the District. The District is to dedicate the completed public improvements to the Town, other appropriate jurisdictions, or one or more owners' associations in a manner consistent with the Development Plan, the Intergovernmental Agreement with the Town and other rules and regulations of the Town and applicable provisions of the Town Code. Pursuant to the Amended and Restated Service Plan, the District is obligated to impose a Regional Improvement Mill Levy, the BRI mill levy, which is currently equal to 1.106 mills, and convey the revenue to the Town to be used for planning, designing, construction, installing, acquiring, relocating, redeveloping, or financing of the Regional Improvements.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including the Town.

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Note 2 – Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and 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 taxes.

The statement of net position reports all financial resources of the District. The difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources of the District is reported as net position.

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 revenue to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2019

obligations, are recorded when the liability is incurred or the long-term obligation is 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 reported in another fund.

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

The Capital Project Fund is used to account for financial resources to be used for the acquisition and construction of capital facilities and other assets.

Budgetary Information

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of 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 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 budgets in the General Fund, Debt Service Fund, and Capital Projects Fund for the year ended December 31, 2019.

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 minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

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

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires District management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the government'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:

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. 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 above criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s policy to use the most restrictive classification first.

Deficit

The General Fund reported a deficit balance in the fund financial statements as of December 31, 2019. This deficit will be eliminated with the receipt of funds advanced by the Developer in 2020.

Note 3 – Cash and Investments

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

| | |
|---------------------------------|----------------------------|
| Statement of net position: | |
| Cash and investments | \$ 366 |
| Cash and investments-Restricted | <u>3,982,299</u> |
| Total cash and investments | <u><u>\$ 3,982,665</u></u> |

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2019

Cash and investments as of December 31, 2019 consist of the following:

| | | |
|--------------------------------------|----|------------------|
| Deposits with financial institutions | \$ | 766 |
| Investments | | 3,981,899 |
| Total cash and investments | \$ | <u>3,982,665</u> |

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 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, 2019, the District's cash deposits had a bank balance of \$1,661 and a carrying balance of \$766.

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 which are believed to have 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

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2019, the District had the following investments:

| Investment | Amount |
|---|----------------------------|
| Colorado Liquid Asset Trust (Colotrust) | <u>\$ 3,981,899</u> |
| Total investments | <u><u>\$ 3,981,899</u></u> |

Colotrust

The District invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, Colotrust Prime and Colotrust Plus. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. Colotrust Plus may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's investment portfolios pursuant to custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. Colotrust is rated AAAM by Standard and Poor's. Colotrust records its investments at fair value and the District records its investment in Colotrust at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Note 4 – Long-Term Obligations

Changes in long-term debt for the year ended December 31, 2019 are summarized as follows:

| | Balance at December 31, 2018 | Additions | Reductions | Balance at December 31, 2019 | Due Within One Year |
|--|------------------------------------|---------------------|---------------|------------------------------------|---------------------------|
| Governmental Activities: | | | | | |
| General Obligation Limited Tax Bonds - Series 2019A | \$ - | \$ 3,410,000 | \$ - | \$ 3,410,000 | \$ - |
| Bond Premium | - | 56,708 | 321 | 56,387 | 2,572 |
| Subordinate General Obligation Limited Tax Bonds - Series 2019B | - | 900,000 | - | 900,000 | - |
| Accrued Interest Subordinate Bonds - Series 2019B | - | 16,234 | - | 16,234 | - |
| Developer Advances - Operating | 10,500 | 13,300 | - | 23,800 | - |
| Accrued Interest - Operating | - | 1,259 | - | 1,259 | - |
| | <u>\$ 10,500</u> | <u>\$ 4,397,501</u> | <u>\$ 321</u> | <u>\$ 4,407,680</u> | <u>\$ 2,572</u> |

General Obligation Limited Tax Bonds, Series 2019A (Series 2019A Bonds) and Subordinate General Obligation Limited Tax Bonds, Series 2019B (Series 2019B Bonds, and together with the 2019A Senior Bonds, the 2019 Bonds) dated October 16, 2019

Bond Details

On October 16, 2019, the District issued General Obligation Limited Tax Bonds – Series 2019A (“2019A Bonds”) with a par amount of \$3,410,000, and with the original issuance premium on the 2019A Bonds of \$56,708, a total bond proceeds amount of \$3,466,708. The 2019A Bonds were issued for the purposes of: (i) paying or reimbursing Project Costs; (ii) paying the costs of issuance of the 2019A and 2019B bonds; (iii) funding the Senior Reserve Fund; and (iv) funding a portion of the interest to accrue on the 2019A bonds.

Interest on the 2019A Bonds is payable semiannually on June 1 and December 1 each year, commencing December 1, 2019 at the rate of 5.00% per annum. To the extent principal of any 2019A Bond is not paid when due, such principal is to remain outstanding until paid and is to continue to bear interest at the rate then borne by the 2019A Bonds. To the extent interest on any 2019A Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2019A Bonds. The District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2019A Bonds, including all payments of principal, premium if any, and interest, and all 2019A Bonds will be

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

deemed defeased and no longer outstanding upon the payment by the District of such amount.

On October 16, 2019, the District issued General Obligation Limited Tax Bonds – Series 2019B (“2019B Bonds”) with a par amount of \$900,000. The 2019B Bonds were issued for the purposes of paying or reimbursing Project Costs.

The 2019B Bonds bear interest 8.75% per annum payable on December 15 each year to the extent of Subordinate Pledged Revenue available therefore, commencing December 15, 2019. The 2019B Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal thereof prior to the final maturity date. To the extent principal of any 2019B Bonds is not paid when due, such principal shall remain outstanding until the Subordinate Termination Date and shall continue to bear interest at the rate then borne by the 2019B Bonds. To the extent interest on any 2019B Bonds is not paid when due, such interest is to compound on each interest payment date, at the rate then borne by the 2019B Bonds. The District is not to be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2019B Bonds including all payments of principal, premium, if any, and interest and all 2019B Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. All of the 2019B Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 16, 2059 (“the Subordinate Bond Termination Date”) regardless of the amount of principal and interest paid prior to the Subordinate Bond Termination Date.

Optional Redemption

The 2019A Bonds are subject to redemption prior to maturity, at the option of the District on December 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|--|-------------------------------|
| December 1, 2024, to November 30, 2025 | 3.00% |
| December 1, 2025, to November 30, 2026 | 2.00% |
| December 1, 2026, to November 30, 2027 | 1.00% |
| December 1, 2027, and thereafter | 0.00% |

The 2019B Bonds are subject to redemption prior to maturity, at the option of the District on December 15, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|---|-------------------------------|
| December 15, 2024, to December 14, 2025 | 3.00% |
| December 15, 2025, to December 14, 2026 | 2.00% |
| December 15, 2026, to December 14, 2027 | 1.00% |
| December 15, 2027, and thereafter | 0.00% |

Security

The 2019A Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) the Senior Required Mill Levy; (ii) the portion of the Specific Ownership tax which is collected as a result of the imposition of the Senior Required Mill Levy; and (iii) any other legally available money which the District determines, in its absolute discretion to transfer to the Trustee for application as Senior Pledged Revenue.

The 2019A Bonds are also secured by amounts on deposit in the Senior Reserve Fund in an amount equal to \$267,000, and amounts, if any, accumulated in the Senior Surplus Fund up to the Maximum Surplus Amount of \$341,000. As of December 31, 2019, the balance in the Senior Reserve Fund was \$267,995 and the balance in the Senior Surplus Fund was \$0.

The 2019B Bonds are secured by and payable from the moneys derived by the District from the following sources, net of any costs of collection: (i) the Subordinate Required Mill Levy; (ii) the portion of the Specific Ownership tax which is collected as a result of the imposition of the Subordinate Required Mill Levy; (iii) the amounts, if any, in the Senior Surplus Fund after the payment or defeasance of the 2019A Bonds; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 55.277 mills, and (ii) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 55.277 mill, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Bonds as they become due, will replenish the Reserve Fund to the amount of the Required Reserve, and will fund the Surplus Fund up to the Maximum Surplus Amount. If after January 1, 2018, there are changes in the ratio of actual valuation to assessed valuation, then the minimum and maximum mill levies shall be increased or decreased to offset such changes.

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

The District's Amended and Restated Service Plan limits the District's imposition of ad valorem taxes for all purposes (debt service and operations and maintenance) to 66.333 mills (subject to adjustment). The maximum Debt Mill Levy is 55.277 mills for so long as the total amount of aggregate debt of the District exceeds fifty percent of the District's assessed valuation.

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy each year in the amount of 55.277 mills less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Bonds in full. If after January 1, 2018 there are changes in the actual valuation to assessed valuation the mill levy will be adjusted to offset such changes. It is the intent that if the Senior Bond Mill Levy equals or exceeds 55.277 mills in any year, adjusted for changes in the actual valuation to assessed valuation, the Subordinate Required Mill Levy for that year shall be zero.

Project Funds

Proceeds of \$2,395,539 from the sale of the 2019A Bonds have been deposited to a Senior Project Fund and proceeds of \$873,000 from the sale of the 2019B Bonds have been deposited into a Subordinate Project Fund. The Project Funds are held by the Trustee and funds are only released to the District after a "Requisition" is submitted for reimbursement of approved project costs within the District in accordance with the Senior Indenture and the Subordinate Indenture, as applicable. Upon the receipt by the Trustee of a resolution of the District determining that all Project Costs have been paid from the Senior or Subordinate Project Funds, any balance remaining in the Project Funds shall be credited to the appropriate Bond Fund in the amounts determined by the District. The Project Funds shall terminate at such time as no further moneys remain therein.

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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

| <u>Year Ended December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|---------------------|---------------------|---------------------|
| 2020 | \$ - | \$ 170,500 | \$ 170,500 |
| 2021 | - | 170,500 | 170,500 |
| 2022 | - | 170,500 | 170,500 |
| 2023 | - | 170,500 | 170,500 |
| 2024 | 35,000 | 170,500 | 205,500 |
| 2025-2029 | 260,000 | 820,250 | 1,080,250 |
| 2030-2034 | 400,000 | 742,000 | 1,142,000 |
| 2035-2039 | 570,000 | 625,750 | 1,195,750 |
| 2040-2044 | 795,000 | 462,000 | 1,257,000 |
| 2045-2049 | 1,350,000 | 235,750 | 1,585,750 |
| | <u>\$ 3,410,000</u> | <u>\$ 3,738,250</u> | <u>\$ 7,148,250</u> |

The annual debt service requirements on the 2019B Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

Operations Funding Agreement

On June 27, 2018, the District entered into the 2018 Operation Funding Agreement (2018 OFA) with Penrith Park Joint Venture, LLC (the Developer). The Developer agreed to advance funds for ongoing operations and maintenance expenses incurred by the District in an amount of \$50,000 (Shortfall Amount). The 2018 OFA expired on December 31, 2018. This agreement was amended on October 29, 2018 to amend the title of the 2018 OFA to the Operations Funding Agreement (OFA), increase the shortfall amount to \$60,000, and to extend the term of the OFA to December 31, 2019. The First Amendment to the OFA was amended and restated on August 16, 2019 with an effective date of October 29, 2018. Per the Amended and Restated First Amendment to the OFA, the Developer agrees to advance funds for ongoing operations and maintenance expenses incurred by the District through December 31, 2019 in an amount not to exceed \$60,000 (Shortfall Amount). Any obligation of the Developer to advance funds will expire on March 15, 2020. The District agrees to repay the advances from funds available after the payment of any annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget appropriation. Simple interest will accrue on each advance from the date of deposit at a rate of 8% per annum. Payments to reimburse the Developer shall be paid by December 2 of each year and shall be applied (a) first to the Original OFA principal amount due and then to the Original OFA accrued and unpaid interest; and then (b) first to the First Amendment principal amount due and then to the First Amendment accrued and unpaid interest. Any obligation to reimburse the Developer shall expire on December 31, 2059. In the event the District has not

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

reimbursed the Developer for any advances made pursuant to this agreement on or before December 31, 2059, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Facility Acquisition and Reimbursement Agreement

On February 21, 2019 the District entered in the Facility Acquisition and Reimbursement Agreement (FARA) with Penrith Park Joint Venture LLC (the Developer) and Melody Homes, Inc. (Melody) with an effective date of August 8, 2018. Pursuant to a Contract of Sale dated August 6, 2018 between the Developer and Melody, Melody purchased certain property within the boundaries of the District to construct Public Improvements (Improvements). The District does not currently have sufficient funds available to construct and/or acquire the Improvements; therefore, the District determined that for reasons of economic efficiency and timeliness it is in the best interest of the District for Melody to construct or cause construction of the Improvements. The District does not currently have the sufficient funds to pay for the expenses incurred in organizing the District; therefore, the Developer incurred these costs.

The parties agree that a condition precedent to the District's acquisition of the Improvements and obligation to reimburse the Developer for Construction Costs incurred by Melody shall be the District's receipt of a written certification of an independent engineer retained by the District. The District shall acquire the Improvements after preliminary acceptance from the appropriate jurisdiction and prior to final acceptance upon receipt, review and approval by the District's accountant and engineer. The District agrees to reimburse the Developer for Certified Construction Costs up to a maximum amount of \$10,000,000 plus accrued interest (Reimbursement Limitation). The District shall have no reimbursement obligation for Certified Construction Costs that exceed the Reimbursement Limitation. Certified Construction Costs prior to the Organization Date of the District shall accrue interest from the Organization Date, and Certified Construction Costs incurred after the Organization Date shall accrue interest from the date Melody delivers evidence of Construction Costs to the District. Simple interest shall accrue on amounts reimbursable to the Developer under this agreement, until paid, at 8% per annum.

No payment shall be required of the District until the District issues bonds or a loan in an amount sufficient to reimburse the Developer for all or a portion of the Certified Construction Costs and Organization Expenses. The District may make payments from available funds after the payment of the District's annual debt service and operations and maintenance expenses. To the extent amounts are still owed under this agreement after the District issues bonds or a loan, any obligation to pay such amounts are subordinate to such bonds or loan. The District and the Developer agree that payments by the District to the Developer shall credit first against accrued and unpaid interest and then to principal. The obligations of the District contemplated in

Penrith Park Metropolitan District
NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2019

this Agreement are subject to annual appropriation and shall not be deemed to be a multiple-fiscal year obligation.

The District shall not be obligated to make any payments to the Developer for Construction Costs incurred by Melody, but not provided to the District within 365 days of initial acceptance of the Improvement. In the event the District has not reimbursed the Developer for any portion of the Certified Construction Costs and/or Organization Expenses by December 31, 2058, any amount of principal and accrued interest outstanding on such date shall be deemed to be forever discharged and satisfied in full.

Debt Authorization

On November 7, 2017, the District's electorate authorized total indebtedness of \$100,000,000 to finance the costs of designing, acquiring, constructing, relocating, installing, completing and otherwise providing Public Improvements, including those improvements constituting the Project.

| | Amount Authorized November 7, 2017 | Authorization Used October 16, 2019 | Remaining at December 31, 2019 |
|---|---|--|--------------------------------------|
| Street improvements | \$ 10,000,000 | \$ 1,436,667 | \$ 8,563,333 |
| Parks and recreation improvements | 10,000,000 | - | 10,000,000 |
| Water improvements | 10,000,000 | 1,436,667 | 8,563,333 |
| Sanitation improvements | 10,000,000 | 1,436,666 | 8,563,334 |
| Transportation improvements | 10,000,000 | - | 10,000,000 |
| Mosquito control improvements | 10,000,000 | - | 10,000,000 |
| Safety protection improvements | 10,000,000 | - | 10,000,000 |
| Fire protection improvements | 10,000,000 | - | 10,000,000 |
| Television and relay translation improvements | 10,000,000 | - | 10,000,000 |
| Security services | 10,000,000 | - | 10,000,000 |
| Operations and maintenance costs | 10,000,000 | - | 10,000,000 |
| Refunding | 10,000,000 | - | 10,000,000 |
| Intergovernmental agreements | 10,000,000 | - | 10,000,000 |
| Total | <u>\$ 130,000,000</u> | <u>\$ 4,310,000</u> | <u>\$ 125,690,000</u> |

Pursuant to the District's Amended and Restated Service Plan dated August 28, 2018 the District is limited to issuing \$10,000,000 in debt for purposes of financing Public Improvements and \$10,000,000 in debt for the purpose of funding Regional Improvements, aggregating a total debt limit of \$20,000,000. After the issuance of the 2019 Bonds, the District has \$5,690,000 remaining debt authorization under its Service Plan for Public Improvements and \$10,000,000 remaining debt authorization for Regional Improvements.

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Pursuant to the District's Amended and Restated Service Plan, the maximum total mill levy for the District is 66.333 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District.

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

Note 5 – Agreements

Bennett Park and Recreation District Intergovernmental Agreement

On September 5, 2019, the District entered into an Intergovernmental Agreement (Agreement) with the Bennett Park and Recreation District (BPRD) in which the District agrees to obtain approval from the BPRD prior to construction or installation of any park or recreational improvements. The District also agreed to not apply for grants or other funding from Great Outdoors Colorado (GOCO), receive money from the Colorado Conservation Trust Fund, receive grants from the Town of Bennett Sales Tax programs, or any other funds available from or through governmental or non-profit entities in which the District is eligible to apply or compete with BPRD for funding.

Note 6 – Net Position

The District's net position consists of two components – restricted and unrestricted.

Restricted assets include net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2019:

| | <u>Governmental Activities</u> |
|-------------------------------|---|
| Restricted net position: | |
| Emergency reserve | \$ 400 |
| Debt service | 703,006 |
| Capital projects | 3,280,898 |
| Total restricted net position | <u>\$ 3,984,304</u> |

As of December 31, 2019, the District has unrestricted net position of \$(4,430,864).

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Note 7 – Related Parties

The Developer of the property which constitutes the District is Penrith Park Joint Venture, LLC a Colorado limited liability company. The members of the Board of Directors are officers, employees, or associated with the Developer and may have conflicts of interest in dealing with the District.

Note 8 – Economic Dependency

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

Note 9 – Interfund Transfers

The transfer from the Capital Projects Fund to the Debt Service Fund was to fund the Senior Reserve Fund and the Senior Bond Fund in the amounts of \$267,000 and \$447,563 respectively, and to pay the annual Trustee fee of \$9,000.

Note 10 – 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, public officials’ liability and workers compensation 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 11 - Tax, Spending and Debt Limitation

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

Penrith Park Metropolitan District

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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.

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 and benefit increases.

On November 7, 2017, the District's voters authorized the District to collect, spend or retain all revenues collected or received by the District in fiscal year 2017 and in each fiscal year thereafter, without regard to any limitations under TABOR.

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.

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SUPPLEMENTAL INFORMATION

Penrith Park Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2019

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|-------------------------------|----------------------------|-------------------|---|
| REVENUES | | | | |
| Investment earnings | \$ - | \$ - | \$ 2,844 | \$ 2,844 |
| Total revenues | <u>-</u> | <u>-</u> | <u>2,844</u> | <u>2,844</u> |
| EXPENDITURES | | | | |
| Miscellaneous | - | - | 213 | (213) |
| Trustee fees | - | 5,000 | 1,875 | 3,125 |
| Bond interest | - | 25,000 | 21,313 | 3,687 |
| Total expenditures | <u>-</u> | <u>30,000</u> | <u>23,401</u> | <u>6,599</u> |
| Excess of expenditures over (under) revenues | - | (30,000) | (20,557) | 9,443 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | - | 892,000 | 723,563 | (168,437) |
| Total other financing sources (uses) | <u>-</u> | <u>892,000</u> | <u>723,563</u> | <u>(168,437)</u> |
| Net change in fund balances | - | 862,000 | 703,006 | (158,994) |
| Fund balances - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ 862,000</u> | <u>\$ 703,006</u> | <u>\$ (158,994)</u> |

Penrith Park Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

For the Year Ended December 31, 2019

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|-------------------------------|----------------------------|---------------------|---|
| REVENUES | | | | |
| Investment earnings | \$ - | \$ - | \$ 13,202 | \$ 13,202 |
| Total revenues | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,202</u> | <u>\$ 13,202</u> |
| EXPENDITURES | | | | |
| Cost of issuance | - | 350,000 | 364,397 | (14,397) |
| Engineering | - | - | 10,070 | (10,070) |
| Miscellaneous | - | - | 982 | (982) |
| Capital improvements | - | 508,000 | - | 508,000 |
| Total expenditures | <u>-</u> | <u>858,000</u> | <u>375,449</u> | <u>482,551</u> |
| Excess of expenditures over (under) revenues | - | (858,000) | (362,247) | 495,753 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds - Series 2019A | - | 4,095,000 | 3,410,000 | (685,000) |
| Bond proceeds - Series 2019B | - | 1,155,000 | 900,000 | (255,000) |
| Bond premium | - | - | 56,708 | 56,708 |
| Reimbursement to developer | - | (3,500,000) | - | 3,500,000 |
| Transfers out | - | (892,000) | (723,563) | 168,437 |
| Total other financing sources (uses) | <u>-</u> | <u>858,000</u> | <u>3,643,145</u> | <u>2,785,145</u> |
| Net change in fund balances | - | - | 3,280,898 | 3,280,898 |
| Fund balances - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,280,898</u> | <u>\$ 3,280,898</u> |

Penrith Park Metropolitan District

DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2019

| Bonds and Interest Maturing in the Year Ending December 31, | \$3,410,000 General Obligation Limited Tax Bonds, Series 2019A Dated October 16, 2019 Interest Rate 5.00% Interest Payable on June 1 and December 1 Principal Due December 1 | | |
|--|--|---------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ - | \$ 170,500 | \$ 170,500 |
| 2021 | - | 170,500 | 170,500 |
| 2022 | - | 170,500 | 170,500 |
| 2023 | - | 170,500 | 170,500 |
| 2024 | 35,000 | 170,500 | 205,500 |
| 2025 | 40,000 | 168,750 | 208,750 |
| 2026 | 50,000 | 166,750 | 216,750 |
| 2027 | 50,000 | 164,250 | 214,250 |
| 2028 | 60,000 | 161,750 | 221,750 |
| 2029 | 60,000 | 158,750 | 218,750 |
| 2030 | 70,000 | 155,750 | 225,750 |
| 2031 | 70,000 | 152,250 | 222,250 |
| 2032 | 80,000 | 148,750 | 228,750 |
| 2033 | 85,000 | 144,750 | 229,750 |
| 2034 | 95,000 | 140,500 | 235,500 |
| 2035 | 100,000 | 135,750 | 235,750 |
| 2036 | 105,000 | 130,750 | 235,750 |
| 2037 | 110,000 | 125,500 | 235,500 |
| 2038 | 125,000 | 120,000 | 245,000 |
| 2039 | 130,000 | 113,750 | 243,750 |
| 2040 | 140,000 | 107,250 | 247,250 |
| 2041 | 145,000 | 100,250 | 245,250 |
| 2042 | 160,000 | 93,000 | 253,000 |
| 2043 | 170,000 | 85,000 | 255,000 |
| 2044 | 180,000 | 76,500 | 256,500 |
| 2045 | 190,000 | 67,500 | 257,500 |
| 2046 | 205,000 | 58,000 | 263,000 |
| 2047 | 215,000 | 47,750 | 262,750 |
| 2048 | 230,000 | 37,000 | 267,000 |
| 2049 | 510,000 | 25,500 | 535,500 |
| Total | \$ 3,410,000 | \$ 3,738,250 | \$ 7,148,250 |

Penrith Park Metropolitan District

**SCHEDULE OF ASSESSED VALUATION,
MILL LEVY, AND PROPERTY TAXES COLLECTED**

December 31, 2019

| Year ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | Total Property Taxes | | Percent Collected to Levied |
|---|---|--------------|--------------|-------------------------|-----------|-----------------------------------|
| | | General | Debt Service | Levied | Collected | |
| 2019 | \$ 1,330 | 66.333 | 0.000 | \$ 88 | \$ 89 | 101.14% |
| Estimated for calendar year ending December 31, 2020 | \$ 492,330 | 11.133 | 56.797 | \$ 33,443 | | |

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied and /or abatements from valuations in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.