

DENARGO MARKET METROPOLITAN DISTRICT NO. 2

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 · 800-741-3254
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NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expires:</u>
Laura H. Newman	President	2023/May 2023
Donald D. Cabrera	Treasurer	2023/May 2023
Todd T. Wenskoski	Asst. Secretary	2022/May 2022
Jeffrey D. Jones	Asst. Secretary	2022/May 2022
David H. Smith	Asst. Secretary	2022/May 2022
Ann E. Finn	Secretary	

DATE: June 16, 2020

TIME: 4:30 p.m.

Due to Executive Order D 2020 044 Safer at Home issued by Governor Polis on April 26, 2020, and Public Health Order 20-28 implementing the Executive Order, issued by the Colorado Department of Health and Environment (CDPHE) on April 26, 2020, this meeting will be held via teleconferencing and can be joined through the directions below:

CONFERENCE CALL NUMBER: **1-877-261-8991**
PASSCODE: **6168588**

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda, confirm location of the meeting and posting of meeting notice.

1. Discuss status of the District's website.

C. Discuss results of the May 5, 2020 Regular Election (enclosure).

D. Consider appointment of Officers:

President _____

Treasurer _____

Secretary _____

Asst. Secretary _____

Asst. Secretary _____

Asst. Secretary _____

- E. Review and approve the Minutes of the November 19, 2019 Regular Meeting (enclosure).

- F. Consider approval of First Amendment to Resolution No. 2019-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, Establishing District Website and Designating Location for Posting of 24-Hour Notices (enclosure).

- G. Consider authorizing all interested Board Members (and guest) to attend the 2020 SDA Conference in Keystone on September 23, 24 and 25, 2020.

II. PUBLIC COMMENT

- A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes per person.

III. FINANCIAL MATTERS

- A. Review and accept the unaudited financial statements through the period ending _____, 2020 and Schedule of Cash Position as of _____, 2020 (to be distributed).

- B. Consider approval of draft 2019 Audit (enclosure) and approval of execution of Representations Letter.

- C. Consider appointment of the District Accountant to prepare the 2021 Budget and set the date for a Public Hearing to adopt the 2021 Budget for November 17, 2020, at 4:30 p.m., to be held at AMLI Denargo Market Apartment Complex (Conference Room), 2525 Wewatta Way, Denver, Colorado 80216.

IV. LEGAL MATTERS

- A. _____

V. OTHER MATTERS

- A. _____

VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 17, 2020 – BUDGET HEARING**

NOTICE OF CANCELLATION
and
CERTIFIED STATEMENT OF RESULTS
§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

NOTICE IS HEREBY GIVEN by the Denargo Market Metropolitan District No. 2, City and County of Denver, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 5, 2020 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

<u>Name</u>	<u>Term</u>
Donald D. Cabrera	Second Regular Election, May 2023
Laura H. Newman	Second Regular Election, May 2023
Jeffrey D. Jones	Next Regular Election, May 2022
David H. Smith	Next Regular Election, May 2022

/s/ Ann Finn
(Designated Election Official)

Contact Person for the District:	Ann Finn
Telephone Number of the District:	303-987-0835
Address of the District:	141 Union Boulevard, Suite 150, Lakewood, CO 80228
District Facsimile Number:	303-987-2032
District Email:	afinn@sdmsi.com

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE DENARGO MARKET METROPOLITAN DISTRICT NO. 2 HELD NOVEMBER 19, 2019

A Regular Meeting of the Board of Directors (referred to hereafter as the "Board") of the Denargo Market Metropolitan District No. 2 (referred to hereafter as the "District") was held on Tuesday, the 19th day of November, 2019, at 4:30 p.m., at The Waterford at RiNo, 2797 Wewatta Way, Denver, Colorado 80216. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Laura H. Newman
Jeffrey D. Jones
David H. Smith
Todd T. Wenskoski

Following discussion, upon motion duly made by Director Smith, seconded by Director Jones and, upon vote, unanimously carried, the absence of Director Cabrera was excused.

Also In Attendance Were:

Ann E. Finn and Brian Bowers; Special District Management Services, Inc. ("SDMS")

Paula Williams, Esq.; McGeady Becher P.C.

Jason Carroll and Matt Vigil; CliftonLarsonAllen LLP

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board and to the Secretary of State. Attorney Williams noted that disclosures of potential conflicts of interest statements for each of the Directors had been filed with the Secretary of State seventy-two hours in advance of the meeting. Ms. Finn requested that the Directors consider whether they had any additional conflicts of interest to disclose. It was noted for the record that there were no additional disclosures made by the Directors present at the meeting and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statutes.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: Ms. Finn reviewed with the Board a proposed Agenda for the District's Regular Meeting.

Following discussion, upon motion duly made by Director Smith, seconded by Director Jones and, upon vote, unanimously carried, the Agenda was approved, as presented.

Minutes: The Board reviewed the Minutes of the July 22, 2019 Special Meeting.

Following discussion, upon motion duly made by Director Smith, seconded by Director Jones and, upon vote, unanimously carried, the Board approved the Minutes of the July 22, 2019 Special Meeting.

Resolution Establishing Regular Meeting Dates, Times and Location, Establishing District Website and Designating Location for Posting 24-Hour Notices: The Board discussed Resolution No. 2019-11-01; Establishing Regular Meeting Dates, Times and Location, Establishing a District Website and Designating Locations for Posting of 24-Hour Notices.

Ms. Finn reviewed the business to be conducted in 2020 to meet the statutory compliance requirements. The Board determined to meet on June 16, 2020 and November 17, 2020 at 4:30 p.m., at The Waterford RiNo, 2797 Wewatta Way, Denver, Colorado 80216.

Following discussion, upon motion duly made by Director Newman, seconded by Director Jones and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-11-01; Establishing Regular Meeting Dates, Times and Location, Establishing a District Website and Designating Locations for Posting of 24-Hour Notices. A copy of the Resolution is attached hereto and incorporated herein by this reference.

CONSENT AGENDA

The Board considered the following actions:

- Discuss §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification (Transparency Notice was posted on the SDA's website in 2019).
- Ratify appointment of District Accountant to prepare the 2020 Budget.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Newman, seconded by Director Jones and, upon vote, unanimously carried, the Board approved and/or ratified approval of the Consent Agenda items.

PUBLIC COMMENT

There were no public comments.

FINANCIAL MATTERS

Unaudited Financial Statements: Mr. Carroll reviewed with the Board the unaudited financial statements through the period ending September 30, 2019 and Schedule of Cash Position, updated as of October 23, 2019.

Following review, upon motion duly made by Director Smith, seconded by Director Newman and, upon vote, unanimously carried, the Board accepted the unaudited financial statements through the period ending September 30, 2019 and Schedule of Cash Position, updated as of October 23, 2019.

2019 Audit: The Board reviewed the proposal from Dazzio & Associates, LLC to perform the 2019 Audit.

Following discussion, upon motion duly made by Director Newman, seconded by Director Jones and, upon vote, unanimously carried, the Board approved the engagement of Dazzio & Associates, LLC to perform the 2019 Audit, for an amount not to exceed \$4,500.

Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3: The Board reviewed Resolution No. 2019-11-02, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3.

Following discussion, upon motion duly made by Director Smith, seconded by Director Newman and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-11-02, Resolution Authorizing Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3. A copy of the adopted Resolution is attached to these minutes and incorporated herein by this reference.

2019 Budget Amendment Hearing: The President opened the public hearing to consider the Resolution to Amend the 2019 Budget and discuss related issues.

RECORD OF PROCEEDINGS

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2019 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to or at this public hearing. No public comments were received and the President closed the public hearing.

Following review and discussion, Director Smith moved to adopt the Resolution to Amend 2019 Budget, Director Newman seconded the motion and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-11-03 to Amend the 2019 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

2020 Budget Hearing: The President opened the public hearing to consider the proposed 2020 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2020 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to or at this public hearing. No public comments were received and the President closed the public hearing.

Mr. Carroll reviewed the estimated year-end 2019 revenues and expenditures and the proposed 2020 estimated revenues and expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2019-11-04 to Adopt the 2020 Budget and Appropriate Sums of Money and Resolution No. 2019-11-05 to Set Mill Levies (for the General Fund at 11.000 mills and the Debt Service Fund at 30.209 mills, for a total of 41.209 mills). Upon motion duly made by Director Smith, seconded by Director Newman and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2019. Ms. Finn was authorized to transmit the Certification of Mill Levies to the City and County of Denver Assessor not later than December 15, 2019. Ms. Finn was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2020. Copies of the adopted Resolutions are attached hereto and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the City and County of Denver Assessor.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Smith, seconded by Director Newman and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the City and County of Denver Assessor.

Preparation of the 2021 Budget: The Board discussed preparation of the 2021 Budget.

Following discussion, upon motion duly made by Director Smith, seconded by Director Newman, and upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2021 Budget.

LEGAL MATTERS

Election Resolution: The Board discussed Resolution No. 2019-11-06; Resolution Calling a Regular Election for Directors on May 5, 2020, appointing the Designated Election Official (“DEO”) and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election.

Following discussion, upon motion duly made by Director Newman, seconded by Director Jones and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-11-06; Resolution Calling a Regular Election for Directors on May 5, 2020, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

McGeady Becher P.C. Document Retention Policy: Attorney Williams presented to the Board an update to the McGeady Becher P.C. Document Retention Policy.

Following discussion, the Board acknowledged the update and directed a copy of the approved McGeady Becher P.C. Document Retention Policy be attached to the Minutes. Accordingly, a copy of the updated McGeady Becher P.C. Document Retention Policy is attached hereto and incorporated herein by reference.

OTHER MATTERS

Annual Meeting for Property Owners: Ms. Finn reported that the 2019 Annual Property Owners Meeting Notice was provided to all property owners on October 10, 2019. It was noted that no property owners were in attendance.

RECORD OF PROCEEDINGS

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made, seconded and upon vote, unanimously carried the meeting was adjourned.

Respectfully submitted,

By: _____
Secretary for the Meeting

RESOLUTION NO. 2019-11- 02

**RESOLUTION OF THE BOARD OF DIRECTORS OF DENARGO MARKET
METROPOLITAN DISTRICT NO. 2 AUTHORIZING ADJUSTMENT OF THE
DISTRICT MILL LEVY IN ACCORDANCE WITH THE COLORADO
CONSTITUTION, ARTICLE X, SECTION 3**

A. Denargo Market Metropolitan District No. 2 (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to Title 32, Colorado Revised Statutes.

B. The District operates pursuant to its Service Plan approved by the City Council of the City and County of Denver, Colorado, on March 8, 2010 (the “**Service Plan**”), which provides the District with the authority to impose mill levies on taxable property. Such mill levies will be the primary source of revenue for repayment of debt service, public improvements, and operations and maintenance costs of the District.

C. The Service Plan authorizes a maximum mill levy of 10.000 mills for Operations and Maintenance (“**Limited Operating Levy**”) and 40.000 mills for Debt Service (“**Debt Mill Cap**”, “**Debt Mill Cap**” and “**Limited Operating Levy**” together, the “**Limited Mill Levies**”). Notwithstanding the separate Debt Mill Cap and the Limited Operating Levy, the District shall not be authorized to impose its Limited Mill Levies in excess of fifty (50) mills, as may be adjusted pursuant to subpart VIII.F.11 of the District’s Service Plan.

D. The Service Plan and Article X, Section 3 of the Colorado Constitution, (the “**Gallagher Amendment**”) authorize adjustment of the Maximum Mill Levy in the event that the method of calculating assessed valuation is changed after March 8, 2010, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The Limited Mill Levies may be increased or decreased to reflect such changes. Such increases or decreases shall be determined by the Board in good faith (such determination to be binding and final) so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

E. The Service Plan and Gallagher Amendment provide that, for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

F. The Colorado General Assembly (the “**General Assembly**”) passed House Bill 17-1349, signed by the Governor of Colorado on June 15, 2017, which amended Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property tax years commencing on and after January 1, 2017, until the next property tax year that the General Assembly determined to adjust the ratio of valuation for assessment for residential real property.

G. In 2019, the General Assembly passed Senate Bill 19-255, signed by the Governor of Colorado on June 3, 2019, further amending Section 39-1-104.2, C.R.S. by setting the ratio of valuation for assessment for real residential property at 7.15% (decreased from 7.2%)

for property tax years commencing on or after January 1, 2019, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property.

H. In order to mitigate the effect of the 2019 statutory change in the ratio of valuation for assessment for residential real property from 7.20% to 7.15%, so that actual tax revenues are neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment, the Board determines it to be in the best interest of the District, its residents, users, property owners, and the public to adjust the Limited Operating Levy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Denargo Market Metropolitan District No. 2, City and County of Denver, Colorado:

1. The Board of the District hereby authorizes the adjustment of the Limited Mill Levies to reflect the 2019 statutory change in the ratio of valuation for assessment for residential real property to 7.15%.

2. The Gallagher Amendment allows for a total mill levy imposition of 10.069 mills for Operations and Maintenance; and 30.209 mills for Debt Service Mill Levy (the “**Adjusted Mill Levy**”) so that District revenues shall be neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment to 7.15% pursuant to the authority granted by the Service Plan and the Gallagher Amendment.

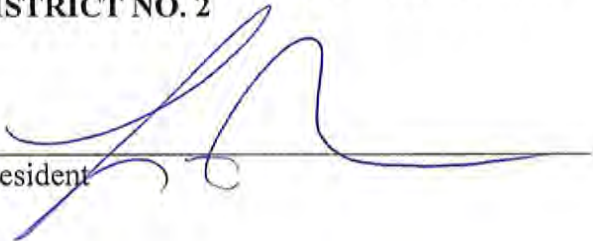
3. The Adjusted Mill Levy shall be reflected in the District’s Certification of Tax Levies to be submitted to the Denver County Assessor on or before December 15, 2019, for collection in 2020.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING ADJUSTMENT OF THE
DISTRICT MILL LEVY IN ACCORDANCE WITH THE COLORADO
CONSTITUTION, ARTICLE X, SECTION 3]**


RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 19, 2019.

**DENARGO MARKET METROPOLITAN
DISTRICT NO. 2**



President

Attest:



Secretary

RESOLUTION TO AMEND 2019 BUDGET
DENARGO MARKET METROPOLITAN DISTRICT NO. 2

WHEREAS, the Board of Directors of the Denargo Market Metropolitan District No. 2 adopted a budget and appropriated funds for the fiscal year 2019 as follows:

General Fund	\$	205,102
Debt Service Fund	\$	550,173

WHEREAS, the necessity has arisen for additional expenditures in the General Fund and Debt Service Fund requiring the unanticipated expenditure of funds in excess of those appropriated for the fiscal year 2019; and

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of adoption of the budget; and

WHEREAS, funds are available for such expenditures in the General Fund from specific ownership taxes; and

WHEREAS, funds are available for such expenditures in the Debt Service Fund from proceeds from loan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Denargo Market Metropolitan District No. 2 shall and hereby does amend the adopted Budget for the fiscal year 2019 and adopts a supplemental budget and appropriation for the General Fund and Debt Service Fund, for the fiscal year 2019, as follows:

General Fund	\$	210,000
Debt Service Fund	\$	1,100,000

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the proper funds for the purposes stated.

DATED this 19th day of November, 2019.

DENARGO MARKET METROPOLITAN
DISTRICT NO. 2

By: _____



Secretary

RESOLUTION NO. 2019 - 11 - 04

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE DENARGO MARKET METROPOLITAN DISTRICT NO. 2
TO ADOPT THE 2020 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Denargo Market Metropolitan District No. 2 ("District") has appointed the District Accountant to prepare and submit a proposed 2020 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2019, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 19, 2019, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Denargo Market Metropolitan District No. 2:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Denargo Market Metropolitan District No. 2 for the 2020 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 19th day of November, 2019.



A handwritten signature in blue ink, appearing to be "ATZ", is written above a horizontal line.

Secretary

EXHIBIT A
(Budget)



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

Accountant's Compilation Report

Board of Directors
Denargo Market Metro District No. 2

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

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

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

We are not independent with respect to Denargo Market Metro District No. 2.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 7, 2020

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/7/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 20,220	\$ 6,031	\$ 80,981
REVENUES			
Property taxes	612,244	773,967	1,052,762
Specific ownership tax	35,349	58,070	63,166
Interest income	2,281	3,500	5,300
Proceeds from Loan	-	489,456	-
Total revenues	649,874	1,324,993	1,121,228
Total funds available	670,094	1,331,024	1,202,209
EXPENDITURES			
General Fund	162,760	207,148	297,877
Debt Service Fund	501,303	1,042,895	629,686
Total expenditures	664,063	1,250,043	927,563
Total expenditures and transfers out requiring appropriation	664,063	1,250,043	927,563
ENDING FUND BALANCES	\$ 6,031	\$ 80,981	\$ 274,646

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

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

1/7/20

ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
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ASSESSED VALUATION

Residential	\$ 15,393,180	\$ 18,878,110	\$ 25,097,960
State assessed	-	355,500	350,300
Personal property		115,550	98,640
Certified Assessed Value	<u>\$ 15,393,180</u>	<u>\$ 19,349,160</u>	<u>\$ 25,546,900</u>

MILL LEVY

General	7.816	10.000	11.000
Debt Service	32.184	30.000	30.209
Total mill levy	<u>40.000</u>	<u>40.000</u>	<u>41.209</u>

PROPERTY TAXES

General	\$ 120,313	\$ 193,492	\$ 281,016
Debt Service	495,414	580,475	771,746
Budgeted property taxes	<u>\$ 615,727</u>	<u>\$ 773,967</u>	<u>\$ 1,052,762</u>

BUDGETED PROPERTY TAXES

General	\$ 120,313	\$ 193,492	\$ 281,016
Debt Service	495,414	580,475	771,746
	<u>\$ 615,727</u>	<u>\$ 773,967</u>	<u>\$ 1,052,762</u>

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

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

1/7/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ (862)	\$ -
REVENUES			
Property taxes	153,061	193,492	281,016
Specific ownership tax	8,837	14,518	16,861
Total revenues	<u>161,898</u>	<u>208,010</u>	<u>297,877</u>
Total funds available	<u>161,898</u>	<u>207,148</u>	<u>297,877</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	1,531	2,902	2,810
Transfers to District No. 1	161,229	204,246	295,067
Total expenditures	<u>162,760</u>	<u>207,148</u>	<u>297,877</u>
Total expenditures and transfers out requiring appropriation	<u>162,760</u>	<u>207,148</u>	<u>297,877</u>
ENDING FUND BALANCE	<u>\$ (862)</u>	<u>\$ -</u>	<u>\$ -</u>

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

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

1/7/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 20,220	\$ 6,893	\$ 80,981
REVENUES			
Property taxes	459,183	580,475	771,746
Specific ownership tax	26,512	43,552	46,305
Interest income	2,281	3,500	5,300
Proceeds from loan	-	489,456	-
Total revenues	487,976	1,116,983	823,351
Total funds available	508,196	1,123,876	904,332
EXPENDITURES			
General and administrative			
County Treasurer's fee	4,592	5,805	7,717
Paying Agent Fees	1,500	1,500	2,000
Bond Issuance Cost	1,500	-	-
Non use fees	18,396	16,000	16,000
Bond Interest - 2016A	349,031	345,541	340,363
Bond Interest - 2016B	21,883	11,665	44,578
Repay developer advance	-	486,509	-
Debt Service			
Bond principal 2016A	100,000	175,000	200,000
Bond principal 2016B	4,401	875	19,028
Total expenditures	501,303	1,042,895	629,686
Total expenditures and transfers out requiring appropriation	501,303	1,042,895	629,686
ENDING FUND BALANCE	\$ 6,893	\$ 80,981	\$ 274,646

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

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation, was formed in June 2010, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Denver, Colorado.

The District was established to provide for acquisition, construction, and installation of water, sanitation, drainage, street improvements, parks and recreational facilities, television relay and translation, and mosquito control.

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

Revenues

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

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 1.50%.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, and meeting expense.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures (Continued)

Debt Service

Principal and interest payments in 2020 are provided based on the debt amortization schedule from the Series 2016A and 2016B Bonds (discussed under Debts and Leases).

Debt and Leases

Series 2016 Bonds

\$10,000,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Improvement Loan, Series 2016A, dated September 29, 2016 {the Series 2016A Loan} as evidenced by a Loan Agreement between the District and ZB, N.A. dba Vectra Bank, Colorado {the Bank}.

Proceeds from the sale of the Series 2016A Loan were used for the purposes of (i) reimbursing a portion of the costs of certain public infrastructure incurred by District No. 1; (ii) paying the costs of issuance of the Series 2016A Loan and (iii) funding a portion of interest to accrue on the Series 2016A Loan.

Interest is payable on each June 1 and December 1 beginning on June 1, 2017 and continuing through December 1, 2046, based on a 360-day year and actual number of days elapsed in any applicable period.

The Series 2016A Loan is a variable rate loan in which the rate resets as follows:

(a) From September 29, 2016 to the First Rate Reset Date, being December 1, 2021, interest is at the rate of 3.4425% per annum.

(b) Thereafter, on each five-year anniversary being, December 1, 2026; December 1, 2031; December 1, 2036; and December 1, 2041, interest is equal to the Bank Qualified Tax-Exempt Rate, as defined in the Loan Agreement, computed by the Bank, on each such Rate Reset Date.

The Series 2016A Loan is secured by and payable solely from Pledged Revenues, which include: the (a) Required Mill Levy; (b) Specific Ownership Taxes; (c) System Development Fees; (d) Additional Revenue, if any; and (e) any other legally available moneys.

The Required Mill Levy is equal to an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of and interest on the Series 2016A Loan as the same become due and payable in the succeeding collection year but not greater than 40 mills and not less than the Minimum Mill Levy, defined as the lesser of (a) 30 mills or (b) the number of mills necessary to produce tax revenue in the applicable loan year in an amount which, when combined with the other net revenue budgeted to be received in such loan year, will cause the Debt Service Ratio, as defined in the Loan Agreement, to equal 1.25 times, provided that the foregoing maximum mill levy and Minimum Mill Levy may be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation occurring after March 8, 2010 (being the date of the Service Plan) so that to the extent possible, the actual revenues generated by such minimum and maximum mill levies are neither diminished nor enhanced as a result of such changes.

Among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed a change in the method of calculating assessed valuation.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

The Series 2016A Loan is subject to prepayment on the following dates and under the following conditions:

(a) No Prepayment. During the first and second years after the closing date and during the first and second years of each five-year period occurring between Rate Reset Dates, the Series 2016A Loan shall not be prepaid. Specifically, the 2016A Loan may not be prepaid during the following periods:

- (i) from the Closing Date to but not including September 29, 2018;
- (ii) December 1, 2021 to but not including December 1, 2023;
- (iii) December 1, 2026 to but not including December 1, 2028;
- (iv) December 1, 2031 to but not including December 1, 2033;
- (v) December 1, 2036 to but not including December 1, 2038; and
- (vi) December 1, 2041 to but not including December 1, 2043.

(b) Prepayment with 1% Prepayment Fee. During the third year after the closing date and during the third year of each five-year period occurring between Rate Reset Dates, the Series 2016A Loan may be prepaid in whole, but not in part, upon payment of the then current loan balance plus accrued and unpaid interest thereon to the date of such prepayment, together with a prepayment fee equal to 1.0% of the loan balance during the following periods:

- (i) September 29, 2018 to but not including September 29, 2019;
- (ii) December 1, 2023 to but not including December 1, 2024;
- (iii) December 1, 2028 to but not including December 1, 2029;
- (iv) December 1, 2033 to but not including December 1, 2034;
- (v) December 1, 2038 to but not including December 1, 2039; and
- (vi) December 1, 2043 to but not including December 1, 2044.

(c) Prepayment at Par. During the fourth and fifth years after the closing date and during the fourth and fifth years occurring between Rate Reset Dates, the Series 2016A Loan may be prepaid in whole, but not in part, upon payment of the then current Loan Balance plus accrued and unpaid interest thereon to the date of such prepayment, without prepayment fee, premium or penalty; provided, during the following periods:

- (i) September 29, 2019 to but not including December 1, 2021;
- (ii) December 1, 2024 to but not including December 2026;
- (iii) December 1, 2029 to but not including December 1, 2031;
- (iv) December 1, 2034 to but not including December 1, 2036;
- (v) December 1, 2039 to but not including December 1, 2041; and
- (vi) December 1, 2044 through and including the Maturity Date.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

\$8,000,000 Limited Tax {Convertible to Unlimited Tax} Taxable General Obligation Advancing Improvement Loan, Series 201GB, dated September 29, 2016 (the Series 2016B Loan) as evidenced by a Loan Agreement with the Bank, with a maturity date of December 1, 2046. The 2016B Loan is further evidenced by the 2016B-1 and 2016B-2 Notes.

The District is authorized to request advances from the Bank on the Series 2016B Loan only under the following circumstances:

1. Inclusion of additional property into the District - Real property has been legally included within the boundaries of the District after September 29, 2016. Additional property included in the District after September 29, 2016 will be eligible for Advances based on (1) Contributed Land; (2) Construction Buildings; and (3) Completed Buildings.
2. True-Up of Assessed Valuation - After receipt of the final certified assessed valuation for 2017 from the Denver County Assessor, if the Assessed Value of the District No. 2 Property has increased from the projected assessed valuation of \$14,315,606 for 2017 that was the basis for the funding of the 2016A Loan on September 29, 2016.
3. Real property has been legally included within the boundaries of District No. 1 or District No. 3 after September 29, 2016 and there exists a pledge to the Bank of additional revenue. Property included in the boundaries of District No. 1 and/or District No. 3 after September 29, 2016 will be eligible for Advances based on (1) Contributed Land; (2) Construction Buildings; and (3) Completed Buildings.

The District may make advance requests once each calendar quarter in amounts not less than \$250,000 for Construction Buildings and Completed Buildings. There shall be no minimum amount for Advance Requests relating to Contributed Land or to True-Up of Assessed Valuations.

The Series 2016B Loan is a variable rate loan with interest accruing at the taxable rate as follows: For advances made:

Prior to December 1, 2017 - 3.00% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2017 and November 30, 2018 - 3.00% plus the four-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2018 and November 30, 2019 - 3.00% plus the three-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2019 and November 30, 2020 - 3.00% plus the two-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

On or after December 1, 2020 and November 30, 2021 - 3.00% plus the one-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

Thereafter, on each rate reset on December 1, 2021, and each 5-year anniversary of such date until maturity, interest is 3.00% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance

On December 9, 2016, the District entered into a Loan Pricing and Purchase Agreement whereby the interest rate on the 2016B-1 Note was changed to the Bank Qualified Tax Exempt Rate, which is equal to the taxable rate, as defined above, multiplied by 75%.

The Series 2016B Loan is secured by and payable solely from the same Pledged Revenues as the Series 2016A Loan and follow the same prepayment conditions as the Series 2016A Loan. The Series 2016B Loan is parity debt to the Series 2016A Loan.

On December 27, 2017, the District received advances amounting to \$440,147. The advances are evidenced by the 2016B-1 and 2016B-2 Notes amounting to \$50,001 and \$390,146, respectively. Proceeds from the advances were used for the purposes of (i) reimbursing a portion of the costs of certain public infrastructure and operating costs incurred by District No. 1; (ii) paying the costs of issuance of the Series 2016B advances and (iii) funding a portion of interest to accrue on the Series 2016B-1 and 2016B-2 Notes.

During June 2019 the District drew an additional \$308,983 against its existing Series 2016B loan. The new proceeds from the loan were used to pay off in its entirety the outstanding principal and interest that was due under the Series 2016 B-1 and Series 2016 B-2 Loans.

Reserve Fund

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all operating funds received by the District are transferred to District No. 1, which pays for all Districts' 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.

I, Ann Finn, hereby certify that I am the duly appointed Secretary of the Denargo Market Metropolitan District No. 2, and that the foregoing is a true and correct copy of the budget for the budget year 2020, duly adopted at a meeting of the Board of Directors of the Denargo Market Metropolitan District No. 2 held on November 19, 2019.

By: ATF
Secretary

RESOLUTION NO. 2019 - 11 - 05

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE DENARGO MARKET METROPOLITAN DISTRICT NO. 2
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Denargo Market Metropolitan District No. 2 ("District") has adopted the 2020 annual budget in accordance with the Local Government Budget Law on November 19, 2019; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2020 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Denargo Market Metropolitan District No. 2:

1. That for the purposes of meeting all general fund expenses of the District during the 2020 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2020 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the City Council of the City and County of Denver, Colorado, the mill levies for the District as set forth in the District's Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 19th day of November, 2019.




Secretary

EXHIBIT A
(Certification of Tax Levies)

CERTIFICATION OF TAX LEVIES for NON-SCHOOL GovernmentsTO: County Commissioners¹ of Denver, Colorado.On behalf of the Denargo Market Metropolitan District No. 2,(taxing entity)^Athe Board of Directors(governing body)^Bof the Denargo Market Metropolitan District No. 2(local government)^C

Hereby officially certifies the following mills

to be levied against the taxing entity's GROSS \$ 25,546,900

assessed valuation of:

(GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation

(AV) different than the GROSS AV due to a Tax

Increment Financing (TIF) Area^F the tax levies must be

calculated using the NET AV. The taxing entity's total

property tax revenue will be derived from the mill levy

multiplied against the NET assessed valuation of:

\$ 25,546,900(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED
BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted:

12/10/2019

for budget/fiscal year

2020

(no later than Dec. 15)

(mm/dd/yyyy)

(yyyy)

PURPOSE (see end notes for definitions and examples)**LEVY²****REVENUE²**1. General Operating Expenses^H11.000

mills

\$ 281,0162. <Minus> Temporary General Property Tax Credit/
Temporary Mill Levy Rate Reduction^I

<

>

mills

\$ <

>

SUBTOTAL FOR GENERAL OPERATING:11.000

mills

\$ 281,0163. General Obligation Bonds and Interest^J30.209

mills

\$ 771,7464. Contractual Obligations^K

mills

\$

5. Capital Expenditures^L

mills

\$

6. Refunds/Abatements^M

mills

\$

7. Other^N (specify): _____

mills

\$

mills

\$

TOTAL: [Sum of General Operating
Subtotal and Lines 3 to 7]41.209

mills

\$ 1,052,762

Contact person:

(print)

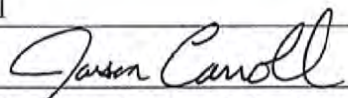
Jason Carroll

Daytime

phone:

(303) 779-5710

Signed:



Title:

Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|-------|-------------------|------------------------------------|
| 1. | Purpose of Issue: | Public Improvements and Facilities |
| | Series: | Improvement Loan 2016A |
| | Date of Issue: | September 29, 2016 |
| | Coupon Rate: | 3.4425% |
| | Maturity Date: | December 1, 2046 |
| | Levy: | 27.028 |
| | Revenue: | 690,482 |
| <hr/> | | |
| 2. | Purpose of Issue: | Public Improvements and Facilities |
| | Series: | Improvement Loan 2016B-1 |
| | Date of Issue: | September 29, 2016 |
| | Coupon Rate: | 3.88% - 4.0875% |
| | Maturity Date: | December 1, 2046 |
| | Levy: | 1.136 |
| | Revenue: | 29,021 |
| <hr/> | | |
| 3. | Purpose of Issue: | Public Improvements and Facilities |
| | Series: | Improvement Loan 2016B-2 |
| | Date of Issue: | September 29, 2016 |
| | Coupon Rate: | 5.17% - 5.45% |
| | Maturity Date: | December 1, 2046 |
| | Levy: | 2.045 |
| | Revenue: | 52,243 |
| <hr/> | | |

CONTRACTS^K:

- | | | |
|----|----------------------|--|
| 4. | Purpose of Contract: | |
| | Title: | |
| | Date: | |
| | Principal Amount: | |
| | Maturity Date: | |
| | Levy: | |
| | Revenue: | |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

RESOLUTION NO. 2019-11- 06

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
DENARGO MARKET METROPOLITAN DISTRICT NO. 2
CALLING A REGULAR ELECTION FOR DIRECTORS
MAY 5, 2020**

A. The term of the office of Director Cabrera shall expire upon the election of his successor at the regular election, to be held on May 5, 2020 ("**Election**"), and upon such successor taking office.

B. The terms of the offices to which Directors Jones, Smith and Newman have previously been appointed expire upon their re-election, or the election of their successors at the Election, and upon such successors taking office.

C. In accordance with the provisions of the Special District Act ("**Act**") and the Uniform Election Code ("**Code**"), the Election must be conducted to elect two (2) Directors to serve until the next regular election, to occur May 3, 2022, and two (2) Directors to serve until the second regular election, to occur May 2, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Denargo Market Metropolitan District No. 2 (the "**District**") of the City and County of Denver, Colorado:

1. Date and Time of Election. The Election shall be held on May 5, 2020, between the hours of 7:00 A.M. and 7:00 P.M. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, two (2) Directors shall be elected to serve until the next regular election, to occur May 3, 2022, and two (2) Directors shall be elected to serve until the second regular election, to occur May 2, 2023.

2. Precinct. The District shall consist of one (1) election precinct for the convenience of the eligible electors of the District.

3. Conduct of Election. The Election shall be conducted as an independent mail ballot election in accordance with all relevant provisions of the Code. The Designated Election Official shall have on file, no later than fifty-five (55) days prior to the Election, a plan for conducting the independent mail ballot Election.

4. Designated Election Official. Ann E. Finn shall be the Designated Election Official and is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code or other applicable laws. The Election shall be conducted in accordance with the Act, Code and other applicable laws. Among other matters, the Designated Election Official shall appoint election judges as necessary, arrange for the required notices of election (either by mail or publication) and printing of ballots, and direct that all other appropriate actions be accomplished.

5. Absentee Ballot Applications. NOTICE IS FURTHER GIVEN, pursuant to Section 1-13.5-1002, C.R.S., that applications for and return of absentee ballots may be filed

with the Designated Election Official of the District, c/o Special District Management Services, Inc., 141 Union Blvd., Suite 150, Lakewood, CO 80228, between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (April 28, 2020).

6. Self-Nomination and Acceptance Forms. Self-nomination and acceptance forms are available at the office of the Designated Election Official located at the above address. All candidates must file a self-nomination and acceptance form with the Designated Election Official no later than 3:00 P.M. on February 28, 2020.

7. Cancellation of Election. If the only matter before the electors is the election of Directors of the District and if, at 5:00 P.M. on March 3, 2020, there are not more candidates than offices to be filled at the Election, including candidates timely filing affidavits of intent, the Designated Election Official shall cancel the Election and declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with law.

8. Severability. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution, it being the Board of Director's intention that the various provisions hereof are severable.

9. Repealer. All acts, orders and resolutions, or parts thereof, of the Board of Directors which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

10. Effective Date. The provisions of this Resolution shall take effect as of the date adopted and approved by the Board of Directors of Denargo Market Metropolitan District No. 2.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION
CALLING A REGULAR ELECTION FOR DIRECTORS
MAY 5, 2020]**

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 19, 2019.

**DENARGO MARKET METROPOLITAN
DISTRICT NO. 2**

By: _____

President

Attest:

Secretary

McGeady Becher P.C.
Document Retention Policy

Types of Documents

In representing you we will or may take possession of, create, and/or keep various types of documents. These consist of documents you provide to us, documents which constitute the District's official public record, and internal documents we create to assist us in providing services to you.

Documents You Provide to Us

It is our policy to copy and return original documents you provide to us as soon as practicable. Exceptions to this policy are original documents which should be kept as part of the District's official public record, instances where we must have an original document to represent you, or cases where we have affirmatively agreed retain a document for safekeeping.

The District's Record

As a part our engagement, we will maintain the District's official public Record (the "**Record**"). The Record is a highly useful and detailed compilation of documents reflecting the official actions of the District and serves multiple functions. First, it collects those documents which the public is entitled to inspect and copy under various state and federal public records and freedom of information statutes. Second, it organizes the records of the District – such as its contracts, land and title records, and easements - in a manner which is useful in conducting the ongoing business of the District. Third, the Record helps expedite the District's annual audit process. Fourth, in the event you should change legal counsel or employ in-house counsel, the Record will enable that counsel to understand the status and assume representation of the District with maximum efficiency.

The Record includes the District's organizational documents, fully-executed agreements which are still in effect, rules, regulations, resolutions adopted by the District, official minutes books, meeting notices, agendas, insurance policies, District maps, election records, bond documents, audit documents, and many more. A comprehensive list of documents comprising the Record is available from us at any time upon request.

Creating and maintaining the Record is an important and complex task, and you agree to pay our actual costs and hourly fees associated with doing this.

Supplemental Documents

All other documents created in course of representing you are referred to as Supplemental Documents. These include our notes, drafts, memoranda, worksheets, electronic communications, and other electronic documents stored in various media or file servers.

Documents We Retain

Except as provided in this Document Retention Policy or an amendment thereto, we will keep the Record and any original documents accepted by us for safekeeping so long as we represent you.

Delivery of the Record

Once a matter is concluded or our has representation terminated, we deliver the original, printed Record, together with any original documents we have accepted for safekeeping, to you or the District's designee, provided our fees and costs have been paid in full. If you do not designate someone to receive these records, we will deliver them to a then-current officer or director of the District. If we are unable to deliver these documents because of your failure to designate a recipient, we may retain, destroy, or otherwise dispose of them in manner which assures their continued confidentiality within thirty (30) days following the conclusion of a matter or the termination of our representation.

We will also confidentially destroy the Record of any District in our possession if a final order of dissolution of the District is entered.

All other documents, including all Supplemental Documents, are routinely, periodically, confidentially, and permanently purged by us once they are no longer useful to us in providing services to you.

RESOLUTION NO. 2020-05-01

**FIRST AMENDMENT TO RESOLUTION OF THE BOARD OF DIRECTORS OF
THE DENARGO MARKET METROPOLITAN DISTRICT NO. 2
ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION,
ESTABLISHING DISTRICT WEBSITE AND
DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. On November 19, 2019, Denargo Market Metropolitan District No. 2 (the "District") adopted Resolution No. 2019-11-01 Establishing Regular Meeting Dates, Time, Location, Establishing District Website and Designating Location for Posting of 24-Hour Notices (the "Resolution"); and

B. The District desires to amend the Resolution due to change of the location of the meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Denargo Market Metropolitan District No. 2 (the "**District**"), City and County of Denver, Colorado:

1. That regular meetings of the District Board for the year 2020 shall be held at AMLI Denargo Market Apartment Complex (Conference Room), 2525 Wewatta Way, Denver, Colorado 80216.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO FIRST AMENDMENT TO RESOLUTION ESTABLISHING
REGULAR MEETING DATES, TIME, AND LOCATION,
ESTABLISHING DISTRICT WEBSITE AND DESIGNATING LOCATION FOR 24-
HOUR NOTICES]**

RESOLUTION APPROVED AND ADOPTED ON JUNE 16, 2020.

**DENARGO MARKET METROPOLITAN
DISTRICT NO. 2**

By: _____
President

Attest:

Secretary

**DENARGO MARKET METROPOLITAN
DISTRICT NO. 2
CITY AND COUNTY OF DENVER, COLORADO**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**DENARGO MARKET METROPOLITAN DISTRICT NO. 2
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YEAR ENDED DECEMBER 31, 2019**

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INSERT INDEPENDENT AUDITOR'S REPORT

BASIC FINANCIAL STATEMENTS

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 38,803
Receivable - County Treasurer	4,196
Property Taxes Receivable	<u>1,052,762</u>
Total Assets	<u>1,095,761</u>
LIABILITIES	
Due to District No. 1	3,352
Accrued Interest Payable	31,942
Accrued Non-use Fee Payable	1,202
Noncurrent Liabilities:	
Due Within One Year	219,510
Due in More Than One Year	<u>10,392,989</u>
Total Liabilities	<u>10,648,995</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	<u>1,052,762</u>
Total Deferred Inflows of Resources	<u>1,052,762</u>
NET POSITION	
Unrestricted	<u>(10,605,996)</u>
Total Net Position	<u><u>\$ (10,605,996)</u></u>

See accompanying Notes to Basic Financial Statements.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
Administration	\$ 206,650	\$ -	\$ -	\$ -	\$ (206,650)
Interest and Related Costs on Long-Term Debt	883,516	-	-	10,655	(872,861)
Total Governmental Activities	<u>\$ 1,090,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,655</u>	(1,079,511)
GENERAL REVENUES					
Property Taxes					773,967
Specific Ownership Taxes					56,080
Net Investment Income					5,394
Total General Revenues					<u>835,441</u>
CHANGE IN NET POSITION					(244,070)
Net Position - Beginning of Year					<u>(10,361,926)</u>
NET POSITION - END OF YEAR					<u><u>\$ (10,605,996)</u></u>

See accompanying Notes to Basic Financial Statements.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments - Restricted	\$ 2,303	\$ 36,500	\$ 38,803
Accounts Receivable - County Treasurer	1,049	3,147	4,196
Property Taxes Receivable	<u>281,016</u>	<u>771,746</u>	<u>1,052,762</u>
Total Assets	<u><u>\$ 284,368</u></u>	<u><u>\$ 811,393</u></u>	<u><u>\$ 1,095,761</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to District No. 1	<u>\$ 3,352</u>	<u>\$ -</u>	<u>\$ 3,352</u>
Total Liabilities	3,352	-	3,352
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	<u>281,016</u>	<u>771,746</u>	<u>1,052,762</u>
Total Deferred Inflows of Resources	281,016	771,746	1,052,762
FUND BALANCES			
Restricted For:			
Debt Service	-	39,647	39,647
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>39,647</u>	<u>39,647</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 284,368</u></u>	<u><u>\$ 811,393</u></u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore, are not recorded as liabilities in the funds.			
Bonds Payable			(10,612,499)
Accrued Interest Payable			(31,942)
Non-Use Fee Payable			<u>(1,202)</u>
Net Position of Governmental Activities			<u><u>\$ (10,605,996)</u></u>

See accompanying Notes to Basic Financial Statements.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 193,492	\$ 580,475	\$ 773,967
Specific Ownership Taxes	14,020	42,060	56,080
Net Investment Income	-	5,394	5,394
System Development Fees	-	10,655	10,655
Total Revenues	<u>207,512</u>	<u>638,584</u>	<u>846,096</u>
EXPENDITURES			
Current:			
County Treasurer's Fees	1,935	-	1,935
Transfers to District No. 1	204,715	-	204,715
Debt Service:			
Paying Agent Fees	-	4,500	4,500
Non Use Fees	-	14,886	14,886
Bond Issuance Cost	-	5,895	5,895
Bond Interest - 2016A	-	345,541	345,541
Bond Interest - 2016B	-	32,985	32,985
County Treasurer's Fee	-	5,805	5,805
Bond Principal 2016A	-	175,000	175,000
Bond Principal 2016B	-	37,703	37,703
Transfers to District No. 1	-	472,971	472,971
Total Expenditures	<u>206,650</u>	<u>1,095,286</u>	<u>1,301,936</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	862	(456,702)	(455,840)
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	-	489,456	489,456
Total Other Financing Sources (Uses)	<u>-</u>	<u>489,456</u>	<u>489,456</u>
NET CHANGE IN FUND BALANCES	862	32,754	33,616
Fund Balances - Beginning of Year	<u>(862)</u>	<u>6,893</u>	<u>6,031</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 39,647</u></u>	<u><u>\$ 39,647</u></u>

See accompanying Notes to Basic Financial Statements.

**DENARGO MARKET METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$ 33,616
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Amounts reported for governmental activities in the statement of activities are different because:

Long-term debt (e.g., bonds) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Proceeds 2016B	(489,456)
Bond Principal 2016A Payment	175,000
Bond Principal 2016B Payment	37,703

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.

Bond Interest - Change in Liability	(1,033)
Non-use Fee Payable - Change in Liability	<u>100</u>

Net Position - Governmental Activities	<u><u>\$ (244,070)</u></u>
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See accompanying Notes to Basic Financial Statements.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 193,492	\$ 193,492	\$ 193,492	\$ -
Specific Ownership Tax	11,610	16,508	14,020	(2,488)
Total Revenues	205,102	210,000	207,512	(2,488)
EXPENDITURES				
Current:				
County Treasurer's Fees	2,902	3,000	1,935	1,065
Transfers to District No. 1	202,200	207,000	204,715	2,285
Total Expenditures	205,102	210,000	206,650	3,350
NET CHANGE IN FUND BALANCES	-	-	862	862
Fund Balance - Beginning of Year	-	-	(862)	(862)
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 DEFINITION OF REPORTING ENTITY

Denargo Market Metropolitan District No. 2 (the District, or District No. 2), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by recorded order and decree of the District Court for the City and County of Denver (the City) on June 30, 2010, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the City on March 8, 2010. The District's service boundaries are located entirely within the City. The District is one of three related districts: Denargo Market Metropolitan Districts Nos. 1, 2 and 3 (the Districts). As of December 31, 2018, the Districts have the same membership of their respective Boards of Directors. Pursuant to the Service Plan, Districts Nos. 2 and 3 are referred to as the Financing Districts or Taxing Districts and District No. 1 is the Management District.

The Management District is responsible for managing, implementing and coordinating the financing, acquisition, construction, completion, operation and maintenance of all public infrastructure and services within and without the project known as Denargo Market. The Financing Districts provide the funding for the improvements and the tax base needed to support ongoing operations of the Districts.

The District, in its capacity as a Financing District, or Taxing District, is responsible for supporting the Management District in managing, implementing and coordinating the financing, acquisition, construction, completion and maintenance of the Improvements (as defined in the Service Plan), some of which may ultimately be transferred to the City or other governmental entity, and the provision of related services within and without the boundaries of the Districts and the Service Area (as defined in the Service Plan).

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

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

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

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and special assessment fees.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows 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 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. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2019.

Cash and Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, certain corporate bonds, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes monthly to the District.

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

Restricted Assets

Certain assets whose use is restricted for bonded debt service by debt indentures are segregated on the government-wide statement of net position and the fund balance sheet.

Deferred Inflows of Resources

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

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

Fund Balance

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

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

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

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 CASH AND INVESTMENTS

Deposits with Financial Institutions

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

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

At December 31, 2019, the District's cash deposits had a bank balance and a carrying balance of \$38,803.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of US local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

At December 31, 2019, the District did not have any investments.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2019:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Governmental Activities					
Limited Tax General Obligation Improvement Loan, Series 2016A	\$ 9,900,000	\$ -	\$ (175,000)	\$ 9,725,000	\$ 200,000
Limited Tax General Obligation Improvement Loan, Series 2016B-1	49,501	-	(875)	48,626	1,000
Limited Tax General Obligation Improvement Loan, Series 2016B-2	386,245	489,456	(36,828)	838,873	18,510
Total	<u>\$ 10,335,746</u>	<u>\$ 489,456</u>	<u>\$ (212,703)</u>	<u>\$ 10,612,499</u>	<u>\$ 219,510</u>

\$10,000,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Improvement Loan, Series 2016A, dated September 29, 2016 (the Series 2016A Loan) as evidenced by a Loan Agreement between the District and ZB, N.A. dba Vectra Bank, Colorado (the Bank).

Proceeds from the sale of the Series 2016A Loan were used for the purposes of (i) reimbursing a portion of the costs of certain public infrastructure incurred by District No. 1; (ii) paying the costs of issuance of the Series 2016A Loan and (iii) funding a portion of interest to accrue on the Series 2016A Loan.

Interest is payable on each June 1 and December 1 beginning on June 1, 2017 and continuing through December 1, 2046, based on a 360-day year and actual number of days elapsed in any applicable period.

The Series 2016A Loan is a variable rate loan in which the rate resets as follows:

(a) From September 29, 2016 to the First Rate Reset Date, being December 1, 2021, interest is at the rate of 3.4425% per annum.

(b) Thereafter, on each five-year anniversary being, December 1, 2026; December 1, 2031; December 1, 2036; and December 1, 2041, interest is equal to the Bank Qualified Tax-Exempt Rate, as defined in the Loan Agreement, computed by the Bank, on each such Rate Reset Date.

The Series 2016A Loan is secured by and payable solely from Pledged Revenues, which include: the (a) Required Mill Levy; (b) Specific Ownership Taxes; (c) System Development Fees; (d) Additional Revenue, if any; and (e) any other legally available moneys.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The Required Mill Levy is equal to an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of and interest on the Series 2016A Loan as the same become due and payable in the succeeding collection year but not greater than 40 mills and not less than the Minimum Mill Levy, defined as the lesser of (a) 30 mills or (b) the number of mills necessary to produce tax revenue in the applicable loan year in an amount which, when combined with the other net revenue budgeted to be received in such loan year, will cause the Debt Service Ratio, as defined in the Loan Agreement, to equal 1.25 times, provided that the foregoing maximum mill levy and Minimum Mill Levy may be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation occurring after March 8, 2010 (being the date of the Service Plan) so that to the extent possible, the actual revenues generated by such minimum and maximum mill levies are neither diminished nor enhanced as a result of such changes. Among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed a change in the method of calculating assessed valuation.

The Series 2016A Loan is subject to prepayment on the following dates and under the following conditions:

(a) *No Prepayment.* During the first and second years after the closing date and during the first and second years of each five-year period occurring between Rate Reset Dates, the Series 2016A Loan shall not be prepaid. Specifically, the 2016A Loan may not be prepaid during the following periods:

- (i) from the Closing Date to but not including September 29, 2018;
- (ii) December 1, 2021 to but not including December 1, 2023;
- (iii) December 1, 2026 to but not including December 1, 2028;
- (iv) December 1, 2031 to but not including December 1, 2033;
- (v) December 1, 2036 to but not including December 1, 2038; and
- (vi) December 1, 2041 to but not including December 1, 2043.

(b) *Prepayment with 1% Prepayment Fee.* During the third year after the closing date and during the third year of each five-year period occurring between Rate Reset Dates, the Series 2016A Loan may be prepaid in whole, but not in part, upon payment of the then current loan balance plus accrued and unpaid interest thereon to the date of such prepayment, together with a prepayment fee equal to 1.0% of the loan balance during the following periods:

- (i) September 29, 2018 to but not including September 29, 2019;
- (ii) December 1, 2023 to but not including, December 1, 2024;
- (iii) December 1, 2028 to but not including December 1, 2029;
- (iv) December 1, 2033 to but not including December 1, 2034;
- (v) December 1, 2038 to but not including December 1, 2039; and
- (vi) December 1, 2043 to but not including December 1, 2044.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

(c) Prepayment at Par. During the fourth and fifth years after the closing date and during the fourth and fifth years occurring between Rate Reset Dates, the Series 2016A Loan may be prepaid in whole, but not in part, upon payment of the then current Loan Balance plus accrued and unpaid interest thereon to the date of such prepayment, without prepayment fee, premium or penalty; provided, during the following periods:

- (i) September 29, 2019 to but not including December 1, 2021;
- (ii) December 1, 2024 to but not including December 2026;
- (iii) December 1, 2029 to but not including December 1, 2031;
- (iv) December 1, 2034 to but not including December 1, 2036;
- (v) December 1, 2039 to but not including December 1, 2041; and
- (vi) December 1, 2044 through and including the Maturity Date.

The Series 2016A Loan will mature as follows (interest amounts do not reflect any potential effect of a rate change on any given Rate Reset Dates):

Year	Principal	Interest	Total
2020	\$ 200,000	\$ 340,363	\$ 540,363
2021	125,000	332,452	457,452
2022	150,000	328,089	478,089
2023	175,000	322,853	497,853
2024	175,000	317,614	492,614
2025-2029	950,000	1,491,164	2,441,164
2030-2034	1,400,000	1,299,113	2,699,113
2035-2039	2,100,000	1,007,547	3,107,547
2040-2044	3,000,000	582,640	3,582,640
2045-2046	1,450,000	75,915	1,525,915
	<u>\$ 9,725,000</u>	<u>\$ 6,097,750</u>	<u>\$ 15,822,750</u>

\$8,000,000 Limited Tax (Convertible to Unlimited Tax) Taxable General Obligation Advancing Improvement Loan, Series 2016B, dated September 29, 2016 (the Series 2016B Loan) as evidenced by a Loan Agreement with the Bank, with a maturity date of December 1, 2046. The 2016B Loan is further evidenced by the 2016B-1 and 2016B-2 Notes.

The District is authorized to request advances from the Bank on the Series 2016B Loan only under the following circumstances:

1. Inclusion of additional property into the District - Real property has been legally included within the boundaries of the District after September 29, 2016. Additional property included in the District after September 29, 2016 will be eligible for Advances based on (1) Contributed Land; (2) Construction of Buildings; and (3) Completed Buildings.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

2. True-Up of Assessed Valuation - After receipt of the final certified assessed valuation for 2017 from the Denver County Assessor, if the Assessed Value of the District No. 2 Property has increased from the projected assessed valuation of \$14,315,606 for 2017 that was the basis for the funding of the 2016A Loan on September 29, 2016.
3. Real property has been legally included within the boundaries of District No. 1 or District No. 3 after September 29, 2016 and there exists a pledge to the Bank of additional revenue. Property included in the boundaries of District No. 1 and/or District No. 3 after September 29, 2016 will be eligible for Advances based on (1) Contributed Land; (2) Construction of Buildings; and (3) Completed Buildings.

The District may make advance requests once each calendar quarter in amounts not less than \$250,000 for Construction of Buildings and Completed Buildings. There shall be no minimum amount for Advance Requests relating to Contributed Land or to True-Up of Assessed Valuations.

The Series 2016B Loan is a variable rate loan with interest accruing at the taxable rate as follows:

For advances made:

Prior to December 1, 2017 – 3.00% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2017 and November 30, 2018 - 3.00% plus the four-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2018 and November 30, 2019 - 3.00% plus the three-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2019 and November 30, 2020 - 3.00% plus the two-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

On or after December 1, 2020 and November 30, 2021 - 3.00% plus the one-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

Thereafter, on each rate reset on December 1, 2021, and each 5-year anniversary of such date until maturity, interest is 3.00% plus the five-year Federal Home Loan Bank Des Moines Fixed Rate on the day of the advance.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

On December 9, 2016, the District entered into a Loan Pricing and Purchase Agreement whereby the interest rate on the 2016B-1 Note was changed to the Bank Qualified Tax Exempt Rate (as defined in the Loan Pricing and Purchase Agreement), and which is equal to the taxable rate, as defined above, multiplied by 75%.

The Series 2016B Loan is secured by and payable solely from the same Pledged Revenues as the Series 2016A Loan and follow the same prepayment conditions as the Series 2016A Loan. The Series 2016B Loan is parity debt to the Series 2016A Loan.

On December 27, 2017, the District received advances amounting to \$440,147. The advances are evidenced by the 2016B-1 and 2016B-2 Notes amounting to \$50,001 and \$390,146, respectively. Proceeds from the advances were used for the purposes of (i) reimbursing a portion of the costs of certain public infrastructure and operating costs incurred by District No. 1; (ii) paying the costs of issuance of the Series 2016B advances and (iii) funding a portion of interest to accrue on the Series 2016B-1 and 2016B-2 Notes.

On June 21, 2019, the District received advances amounting to \$489,456. The advances are evidenced by the 2016B-2 Notes amounting to \$319,009 and \$170,447, respectively. Proceeds from the advances were used for the purposes of (i) reimbursing a portion of the District formation costs; (ii) reimbursing District operating costs and (iii) paying the costs of issuance of the Series 2016B-2 advances.

The Series 2016B-1 Note will mature as follows (interest amounts do not reflect any potential effect of a rate change on any given Rate Reset Dates):

Year	Principal	Interest	Total
2020	\$ 1,000	\$ 2,021	\$ 3,021
2021	625	1,974	2,599
2022	750	1,948	2,698
2023	875	1,917	2,792
2024	875	1,886	2,761
2025-2029	4,750	8,853	13,603
2030-2034	7,000	7,713	14,713
2035-2039	10,500	5,982	16,482
2040-2044	15,000	3,459	18,459
2045-2046	7,251	450	7,701
	<u>\$ 48,626</u>	<u>\$ 36,203</u>	<u>\$ 84,829</u>

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2016B-2 Notes will mature as follows (interest amounts do not reflect any potential effect of a rate change on any given Rate Reset Dates):

Year	Principal	Interest	Total
2020	\$ 18,510	\$ 40,922	\$ 59,432
2021	16,111	39,911	56,022
2022	17,577	39,150	56,727
2023	19,065	38,313	57,378
2024	19,549	37,501	57,050
2025-2029	109,801	172,413	282,214
2030-2034	144,856	143,050	287,906
2035-2039	193,981	103,226	297,207
2040-2044	239,514	49,998	289,512
2045-2046	59,909	3,551	63,460
	<u>\$ 838,873</u>	<u>\$ 668,035</u>	<u>\$ 1,506,908</u>

Authorized Debt

On May 4, 2010, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$256,155,000 at an interest rate not to exceed 18% per annum. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 4, 2010	Series 2016A Loan (1)	Series 2016B Loan	Authorized but Unissued at December 31, 2018
Streets	\$ 25,615,500	\$ 3,600,000	\$ 18,000	\$ 21,997,500
Parks and Recreation	25,615,500	3,700,000	18,501	21,896,999
Water	25,615,500	800,000	4,000	24,811,500
Sanitation	25,615,500	1,900,000	9,500	23,706,000
Transportation	25,615,500	-	-	25,615,500
Mosquito Control	25,615,500	-	-	25,615,500
Traffic and Safety Controls	25,615,500	-	-	25,615,500
Operations and Maintenance	25,615,500	-	879,602	24,735,898
Refundings	25,615,500	-	-	25,615,500
Intergovernmental Agreements	25,615,500	-	-	25,615,500
Total	<u>\$ 256,155,000</u>	<u>\$ 10,000,000</u>	<u>\$ 929,603</u>	<u>\$ 245,225,397</u>

(1) Estimated – The 2016A Loan does not include detailed information related to authorized indebtedness. Amounts are allocated by District purpose (i.e. streets, traffic and safety controls, etc.) for the debt issuance.

Pursuant to the Service Plan, the Districts are permitted to issue bonded indebtedness up to \$22,612,500; provided however that the total debt authorization of \$22,612,500 may increase by an additional \$3,000,000 with the prior written approval of the Manager of Finance of the City.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 DISTRICT AGREEMENTS

Memorandum of Understanding

A Memorandum of Understanding was entered into on October 29, 2010, and amended on August 22, 2016, by and among the District, District No. 1 and District No. 3 (MOU). The MOU acknowledges that District No. 1 shall provide for the financing, construction, design, operation and maintenance of the Improvements, as well as the overall administration of the Districts and further acknowledges that District No. 1 has the authority to enter into agreement(s) and other obligations with the developer of the Property to provide for the financing of such services. The District issued the 2016A Loan to repay the 2010 Note and the District and District No. 3 will impose an operations mill levy to fund the Districts' services provided by District No. 1. The MOU acknowledges that the Districts will enter into an IGA detailing such services (District IGA). The MOU further provides that the District IGA will require District No. 1 and District No. 3 to reimburse the District for any debt issued by the District for public improvements on an allocable basis.

During the year ending December 31, 2019, the District transferred \$204,715 and \$489,456 to District No. 1, representing property and specific ownership taxes collected by the District and loan proceeds for the purpose of repaying developer advances, respectively.

Capital Pledge Agreement

On October 29, 2010, the District entered into a Capital Pledge Agreement (the Pledge Agreement) with District No. 1 and District No. 3. The terms of the Pledge Agreement call for the District and District No. 3 (the Taxing Districts) to pledge revenues, consisting of property taxes, specific ownership taxes and facilities fees, towards the payment of the \$22,612,500 Subordinate Nonrevolving Line of Credit Note, Series 2010 (the 2010 Note) between District No. 1 and Denargo Market, L.P. The 2010 Note was subsequently reissued to Denargo Market Development, LLC (the "Developer") and such 2010 Note was further Amended and Restated. The Taxing Districts agreed to impose the Capital Levies upon the direction of District No. 1 for 30 years after the direction of District No. 1 in the amount of the Capital Levies as determined by District No. 1; provided however that the Capital Levy cannot exceed 35 mills for each Taxing District, provided that in the event the method of calculating assessed valuation is changed after March 8, 2010, the maximum mill levy will be increased or decreased to reflect such changes. If the Notes are held by an owner who does not qualify as a "financial institution or an institutional investor" as defined in §32-1-103 (6.5), C.R.S., or does not otherwise meet the requirements of §32-1-1101(6)(a) C.R.S., then the Capital Levy shall not be subject to adjustment.

The Series 2016A Loan (see Note 4) repaid amounts outstanding to the Developer under the 2010 Note and accordingly, the 2010 Note was amended and restated to an amount not to exceed \$500,000, reflecting amounts due to the Developer following the issuance of the Series 2016A Loan and use of the proceeds thereof to pay down the 2010 Note (the Amended Note).

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 DISTRICT AGREEMENTS (CONTINUED)

Capital Pledge Agreement (Continued)

On September 29, 2016, the Districts entered into an Amendment to and Subordination of Capital Pledge Agreement (the Subordination Agreement). The Subordination Agreement states that any and all obligations of the Districts under the Pledge Agreement are fully subordinate and shall be performed and payable only on a subordinate basis to the 2016 Loan (see Note 4). The Parties further acknowledge that any proceeds received in the future from the Series 2016B Loan shall be used first to repay the Amended Note and at such time as the Amended Note is paid in full, the Pledge Agreement shall terminate and be of no further force and effect.

NOTE 6 NET POSITION

The District has net position consisting of one component – unrestricted.

Unrestricted net position represents assets that do not have any third-party limitations on their use. The District's unrestricted net position as of December 31, 2019 is (\$10,605,996). This deficit amount was a result of the District being responsible for the repayment of debt obligations issued for public improvements, which were conveyed to other entities.

NOTE 7 RELATED PARTY

Some of the members of the Board of Directors of the District may be or have been employees, consultants, owners of, or otherwise associated with the original developer, Denargo Market L.P. or the Developer, and may have conflicts of interest in dealing with the District. Additionally, one of the directors is employed by the City and as such, may have conflicts of interest in dealing with the District. Specific details of transactions with the Developer regarding organization, advances and debt are described elsewhere in these footnotes.

NOTE 8 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 natural disasters.

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 general and automobile liability, public officials, auto physical damage and worker's compensation coverage. In the event aggregate 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.

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District transfers its net operating revenue to Denargo Market Metropolitan District No. 1 pursuant to the Memorandum of Understanding, as amended. Therefore, the Emergency Reserves related to the District's revenues are captured in the financial statements of Denargo Market Metropolitan District No. 1.

On May 4, 2010, the voters approved the District to increase property taxes \$3,000,000 annually for the purpose of paying the District's operations and maintenance expenses and \$6,000,000 (up to 10 mills) for paying the costs associated with regional improvements as required by the City, without regard to any spending, revenue raising or other limitation contained within Article X, Section 20 of the Colorado Constitution or any other property tax limitation or law.

Additionally, the voters authorized the District to collect, retain and spend all revenues received by the District during 2011 and all subsequent years as voter-approved revenue changes without regard to any spending, revenue raising or other limitation.

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 and qualification as an Enterprise will require judicial interpretation.

SUPPLEMENTARY INFORMATION

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 580,475	\$ 580,475	\$ 580,475	\$ -
Specific Ownership Tax	34,829	42,060	42,060	-
System Development Fees	-	10,655	10,655	-
Net Investment Income	800	5,394	5,394	-
Total Revenues	616,104	638,584	638,584	-
EXPENDITURES				
Debt Service:				
Paying Agent Fees	2,000	4,500	4,500	-
Non Use Fees	16,000	14,886	14,886	-
Bond Issuance Cost	-	5,895	5,895	-
Bond Interest - 2016A	345,541	345,541	345,541	-
Bond Interest - 2016B	2,050	32,985	32,985	-
County Treasurer's Fee	8,707	5,805	5,805	-
Bond Principal 2016A	175,000	175,000	175,000	-
Bond Principal 2016B	875	37,703	37,703	-
Transfers to District No. 1	-	477,685	472,971	4,714
Total Expenditures	550,173	1,100,000	1,095,286	4,714
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	65,931	(461,416)	(456,702)	4,714
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	489,456	489,456	-
Total Other Financing Sources (Uses)	-	489,456	489,456	-
NET CHANGE IN FUND BALANCES	65,931	28,040	32,754	4,714
Fund Balance - Beginning of Year	8,412	6,893	6,893	-
FUND BALANCE - END OF YEAR	<u>\$ 74,343</u>	<u>\$ 34,933</u>	<u>\$ 39,647</u>	<u>\$ 4,714</u>

OTHER INFORMATION

DENARGO MARKET METROPOLITAN DISTRICT NO. 2
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	Total Mills Levied			Total Property Taxes		Percent Collected to Levied
		General Operations	Debt Service	Total	Levied	Collected	
2016	\$ 5,414,550	0.000	40.000	40.000	\$ 216,582	\$ 216,582	100.00 %
2017	8,578,320	7.816	32.184	40.000	343,133	343,133	100.00
2018	15,393,180	10.000	30.000	40.000	615,727	612,244	99.43
2019	19,349,160	10.000	30.000	40.000	773,967	773,967	100.00
Estimated for Year Ending December 31, 2020	\$ 25,546,900	11.000	30.209	41.209	\$ 1,052,762		

Note:

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

Source: City and County of Denver Assessor and Treasurer.