



Certified Public Accountants and Business Consultants

### Accountant's Compilation Report

Board of Directors  
Midcities Metropolitan District No. 2  
City and County of Broomfield, Colorado

Management is responsible for the accompanying budget of revenues, expenditures and fund balances of Midcities Metropolitan District No. 2 for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, the actual comparative information for the year ending December 31, 2016, and the adopted budget for the year ending December 31, 2017 in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. 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.

We draw attention to the Budget Message included in the budget submission to the State of Colorado which describes that the budgetary basis of accounting is the modified accrual basis in accordance with the requirements of Colorado Revised Statutes 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 Midcities Metropolitan District No. 2.

*Barnes Griggs & Associates, PC*

Lakewood, Colorado  
January 15, 2018

Barnes Griggs & Associates, PC

**MIDCITIES METROPOLITAN DISTRICT NO. 2**  
**Assessed Value, Property Tax and Mill Levy Information**

	2016 Actual	2017 Adopted Budget	2018 Adopted Budget
<b>Assessed Valuation</b>	\$ 37,157,455	\$ 36,983,470	\$ 38,707,580
<b>Greystar Exclusion</b>	\$ 6,938,190	\$ 6,737,490	\$ 7,632,380
<b>Filing 15 Exclusion</b>	\$ 2,188,240	\$ 2,320,720	\$ 2,216,980
<b>Pathfinder Exclusion</b>	\$ 527,970	\$ 527,970	\$ 475,220
<b>CP III Exclusion</b>	\$ 2,683,070	\$ 2,718,160	\$ 3,456,320
<b>Mill Levy</b>			
General Fund	3.000	3.000	3.000
Debt Service Fund	38.000	38.901	38.901
Debt Service Fund-Greystar Exclusion	22.136	30.875	30.875
Debt Service Fund-Filing 15 Exclusion	38.000	38.000	38.000
Pathfinder Exclusion	38.000	38.000	38.000
CP III Exclusion	38.000	38.000	38.000
Debt Service Fund-Additional Mill Levy	9.000	-	-
Debt Service Fund-Greystar Exclusion-Additional	9.000	-	-
Debt Service Fund-Filing 15 Exclusion-Additional	9.000	-	-
Pathfinder Exclusion-Additional	9.000	-	-
CP III Exclusion-Additional	9.000	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements-General Fund	0.036	-	-
Refunds and Abatements-Debt Fund	-	1.268	-
Refunds and Abatements-Filing 15 (Debt Fund)	-	1.268	-
Refunds and Abatements-Greystar (Debt Fund)	-	1.268	-
Refunds and Abatements- CP III (Debt Fund)	-	1.268	-
Refunds and Abatements- Pathfinder (Debt Fund)	-	1.268	-
<b>Total Mill Levy</b>	50.036	43.169	41.901
<b>Property Taxes</b>			
General Fund	\$ 111,472	\$ 110,950	\$ 116,123
Debt Service Fund	1,411,983	1,438,694	1,505,764
Greystar Exclusion	153,584	208,020	235,650
Filing 15 Exclusion	83,153	88,187	84,245
Pathfinder Exclusion	20,063	20,063	18,058
CP III Exclusion	101,957	103,290	131,340
Debt Service Fund-Additional Mill Levy	334,417	-	-
Debt Service Fund-Greystar Exclusion-Additional	62,444	-	-
Debt Service Fund-Filing 15 Exclusion-Additional	19,694	-	-
Pathfinder Exclusion-Additional	4,752	-	-
CP III Exclusion-Additional	24,148	-	-
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements-General Fund	1,338	-	-
Refunds and Abatements-Debt Fund	-	46,895	-
Refunds and Abatements-Filing 15 (Debt Fund)	-	2,943	-
Refunds and Abatements-Greystar (Debt Fund)	-	8,543	-
Refunds and Abatements- CP III (Debt Fund)	-	3,447	-
Refunds and Abatements- Pathfinder (Debt Fund)	-	669	-
<b>Actual/Budgeted Property Taxes</b>	\$ 2,329,005	\$ 2,031,701	\$ 2,091,180

**MIDCITIES METROPOLITAN DISTRICT NO. 2**

**GENERAL FUND  
2018 Adopted Budget  
with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated**

	<b>2016 Actual</b>	<b>2017 Adopted Budget</b>	<b>2017 Estimated</b>	<b>2018 Adopted Budget</b>
<b>BEGINNING FUND BALANCE</b>	\$ 672,081	\$ 766,366	\$ 784,742	\$ 1,158,695
<b>REVENUE</b>				
Property Tax Revenue	111,558	110,950	114,359	116,123
Specific Ownership Taxes	129,258	110,000	110,000	125,000
Met Sun - PILOT	67,020	67,000	87,549	87,500
Castlewood Partners- PILOT	1,403	1,400	3,613	3,600
Salon Republic - PILOT	-	-	-	52,500
Interest Income	4,640	4,200	10,000	9,000
Transfer from District No. 1	-	-	217,733	-
<b>Total Revenue</b>	<b>313,879</b>	<b>293,550</b>	<b>543,254</b>	<b>393,723</b>
<b>Total Funds Available</b>	<b>985,960</b>	<b>1,059,916</b>	<b>1,327,996</b>	<b>1,552,418</b>
<b>EXPENDITURES</b>				
Accounting	-	30,000	20,000	20,000
District Management	-	40,000	35,000	35,000
Audit	4,500	4,750	4,750	4,750
Director's Fees	-	3,600	3,600	3,600
Election Expense	-	-	-	2,000
Insurance/SDA	3,734	4,100	3,516	20,000
Legal	-	50,000	20,000	25,000
Miscellaneous Expense	70	25	200	500
Payroll Taxes	-	275	275	275
Treasurer's Fees	1,674	1,664	1,960	1,742
Property Management/FOA	-	75,000	80,000	100,000
Repairs and Maintenance	-	-	-	50,000
Contingency	-	50,000	-	10,000
<b>Total Expenditures</b>	<b>9,979</b>	<b>259,414</b>	<b>169,301</b>	<b>272,867</b>
<b>Transfers and Other Uses</b>				
Transfer to District No. 1	191,239	-	-	-
Emergency Reserve	-	8,807	-	11,812
<b>Total Expenditures Requiring Appropriation</b>	<b>201,218</b>	<b>259,414</b>	<b>169,301</b>	<b>284,679</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 784,742</b>	<b>\$ 800,502</b>	<b>\$ 1,158,695</b>	<b>\$ 1,267,739</b>
<b>O&amp;M Reserve</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,000</b>
<b>Undesignated</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 767,739</b>
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,267,739</b>

This financial information should be read only in connection with the accompanying accountant's compilation report and budget message.

**MIDCITIES METROPOLITAN DISTRICT NO. 2**

**DEBT SERVICE FUND  
2018 Adopted Budget  
with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated**

	<b>2016 Actual</b>	<b>2017 Adopted Budget</b>	<b>2017 Estimated</b>	<b>2018 Adopted Budget</b>
BEGINNING FUND BALANCE	\$ 1,214,195	\$ 3,776,040	\$ 3,235,695	\$ 3,281,600
<b>REVENUE</b>				
Property Tax Revenue	1,372,495	1,438,694	1,463,394	1,505,764
Prop. Tax - Greystar	149,130	208,020	216,534	235,650
Prop Tax-Pathfinder Exclusion	20,063	20,063	20,732	18,058
Prop. Tax Filing 15	76,498	88,187	91,130	84,245
Property Taxes CPIII Excl	101,957	103,290	105,220	131,340
Refunds and Abatements	-	62,497	-	-
Debt Restructure Proceeds	432,857	-	-	-
Bond Proceeds	60,200,000	-	-	-
Transfer from District #1	6,876,865	-	3,242	-
Sales Tax Revenue	902,670	1,856,000	1,856,000	1,856,000
Interest Income	11,644	3,900	40,000	40,000
<b>Total Revenue</b>	<b>70,144,178</b>	<b>3,780,651</b>	<b>3,796,252</b>	<b>3,871,057</b>
<b>Total Funds Available</b>	<b>71,358,373</b>	<b>7,556,691</b>	<b>7,031,947</b>	<b>7,152,657</b>
<b>EXPENDITURES</b>				
2006 Bond Interest	536,759	-	-	-
2016A Loan & Swap Interest	293,774	1,800,332	1,800,332	1,762,403
2016A Loan Principal	950,000	1,075,000	1,075,000	1,175,000
2016B Bond Principal	-	-	830,604	-
Investment Advisor	-	5,000	5,000	5,000
Bond Issuance Costs	2,197,219	-	-	-
Trustee/Paying Agent Fees	1,558	10,500	10,500	10,500
Legal	37,385	-	-	-
Miscellaneous	3,501	100	100	100
Treasurer's Fees	32,308	28,811	28,811	29,626
Payment to escrow agent	21,521,759	-	-	-
<b>Total Expenditures</b>	<b>25,574,264</b>	<b>2,919,743</b>	<b>3,750,347</b>	<b>2,982,629</b>
<b>Transfers and Other Uses</b>				
Transfer to District No. 1	42,548,414	-	-	-
<b>Total Expenditures Requiring Appropriation</b>	<b>68,122,678</b>	<b>2,919,743</b>	<b>3,750,347</b>	<b>2,982,629</b>
ENDING FUND BALANCE	\$ 3,235,695	\$ 4,636,948	\$ 3,281,600	\$ 4,170,028

**Reserve Requirement \$2,000,000**

**MIDCITIES METROPOLITAN DISTRICT NO. 2**

**CAPITAL PROJECTS FUND**

**2018 Adopted Budget**

with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated

	<b>2016 Actual</b>	<b>2017 Adopted Budget</b>	<b>2017 Estimated</b>	<b>2018 Adopted Budget</b>
BEGINNING FUND BALANCE	\$ 169,175	\$ 1,670,071	\$ 1,672,523	\$ 1,684,898
<b>REVENUE</b>				
Bond Proceeds	1,500,000	-	-	-
Interest Income	3,348	250	16,215	1,700
<b>Total Revenue</b>	<b>1,503,348</b>	<b>250</b>	<b>16,215</b>	<b>1,700</b>
<b>Total Funds Available</b>	<b>1,672,523</b>	<b>1,670,321</b>	<b>1,688,738</b>	<b>1,686,598</b>
<b>EXPENDITURES</b>				
Trails	-	100,000	-	285,000
Engineering	-	-	-	60,000
Parking Garage Structure	-	1,000,000	-	1,200,000
Retaining Wall	-	50,000	1,640	60,000
Drainage Improvements	-	30,000	-	30,000
Miscellaneous Improvements	-	490,321	2,200	51,598
<b>Total Expenditures</b>	<b>-</b>	<b>1,670,321</b>	<b>3,840</b>	<b>1,686,598</b>
<b>Total Expenditures Requiring Appropriation</b>				
	-	1,670,321	3,840	1,686,598
ENDING FUND BALANCE	\$ 1,672,523	\$ -	\$ 1,684,898	\$ -

# MIDCITIES METROPOLITAN DISTRICT NO. 2

## 2018 Budget Message

### Introduction

The District was formed in 1998 for the purpose of providing design, financing, acquisition, and construction, of certain infrastructure improvements including water, streets, sanitary sewer, and park and recreation. When appropriate, these improvements have been dedicated to the City and County of Broomfield, or such other entities as appropriate for the use and benefit of the District taxpayers and service users.

The 2018 budget was prepared in accordance with Local Government Colorado Budget Law. The budget reflects the projected spending plan for the 2018 fiscal year based on available revenues. This budget provides for the annual debt service on the District's general obligation debt as well as the general operation of the District and capital improvements.

### Current District

The District's assessed value increased 4.66% from \$36,983,470 to \$38,707,580 in 2017. In addition, there is an increase in assessed value of \$1,476,560 for excluded areas. The excluded areas do not pay the operations mill levy but they do pay a debt service mill levy. The District's total mill levy decreased from 43.169 to 41.901 mills for taxes to be collected in the 2018 fiscal year with 3.000 mills certified to the General Fund and 38.901 mills certified to the Debt Service Fund.

### Exclusions

The District has four exclusions known as Greystar, Filing 15, Pathfinder, and CPIII. These exclusions are responsible for their proportionate share of the annual debt service of the Series 2016 General Obligation Refunding and Improvement Bonds. The District certified mill levies of 38.000 mills each for the Filing 15, Pathfinder and CPIII exclusions and 30.875 mills for the Greystar exclusion.

### Budgetary Basis of Accounting

The District uses Funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the District's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

### Fund Summaries

**General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax and expenditures which include district administration, legal services, and other expenses related to statutory operations of a local government.

**Debt Service Fund** is used to account for property taxes and other revenues, such as a sales tax revenue sharing agreement with the City and County of Broomfield, dedicated to pay the fiscal year's debt expense which includes principal payments, interest payments, and administrative costs associated with debt obligations. In October of 2016, the District refunded the MidCities Metropolitan District No. 1 Special Revenue Variable Rate Refunding and Improvement Bonds, Series 2004A and B in December and District No. 2's 2006 General Obligation Bonds were also refunded. In place of the refunded bonds, the District issued Special Revenue Refunding and Improvement Bonds, Series 2016A in the amount of \$51,975,000 and Subordinate Special Revenue Bonds, Series 2016B in the amount of \$9,725,000. Below is a consolidated summary of the District's long-term debt.

### Summary of Debt Outstanding

#### MidCities Metropolitan District No. 2

Bonds Principal and Interest Maturing in the Year(s) Ending December 31,	\$61,700,000		
	2016A Special Revenue Refunding & Improvement Bonds and 2016B Subordinate Special Revenue Bonds		
	Principal	Interest	Total
2018	\$ 1,175,000	\$ 1,762,403	\$ 2,937,403
2019	1,275,000	1,720,945	2,995,945
2020	1,375,000	1,680,550	3,055,550
2021	1,260,000	1,627,444	2,887,444
2022	1,305,000	1,582,987	2,887,987
2023-2027	7,285,000	7,193,412	14,478,412
2028-2032	8,715,000	5,812,928	14,527,928
2033-2037	10,445,000	4,153,694	14,598,694
2038-2042	10,185,000	2,196,525	12,381,525
2043-2046	16,655,000	725,630	17,380,630
Total	<u>\$ 59,675,000</u>	<u>\$ 28,456,518</u>	<u>\$ 88,131,518</u>

**Capital Projects Fund** is used to account for revenues and expenditures to complete capital projects such as new improvements and upgrades to existing infrastructure. The major revenue source is the proceeds from the Special Revenue Refunding and Improvement Bonds, Series 2016A.

### Emergency Reserve

As required by the TABOR amendment to the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenue in the General Fund.