MIDCITIES METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2018

with

Independent Auditors' Report

CONTENTS

	Page
Independent Auditors' Report	I
Basic Financial Statements	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	22
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Capital Projects Fund	23
Continuing Disclosure Annual Financial Information – Unaudited	
Continuing Disclosure Certificate, Exhibit B History of Sales Taxes Remitted by the City History of Use Taxes Remitted by the City Generators of Sales Taxes within the District	24
Continuing Disclosure Certificate, Exhibit B History of Assessed Valuations for the District and Excluded Property History of Mill Levies for the District and Excluded Property Property Tax Collections for the District and the Excluded Property	25
Continuing Disclosure Certificate, Exhibit B Ten Largest Owners of Taxable Property of the District	26
Continuing Disclosure Certificate, Exhibit B – Other Schedules	27

stratagem
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
MidCities Metropolitan District No. 2
Broomfield County, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of MidCities Metropolitan District No. 2 (the "District") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards general accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of MidCities Metropolitan District No. 2 as of December 31, 2018, and the respective changes in the financial position and the respective budgetary comparison of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles general accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The continuing disclosure annual financial information, as listed in the table of contents, has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Stratagem PC
Certified Public Accountants
Lakewood, Colorado

July 2, 2019

MIDCITIES METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2018

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	$ 1,246,209	$ -	$ -	$ 1,246,209	$ -	$ 1,246,209
Cash and investments - restricted	9,002	3,800,335	1,603,950	5,413,287	-	5,413,287
Accounts receivable:						
County Treasurer	38,059	-	-	38,059	-	38,059
Sales/use taxes	-	408,946	-	408,946	-	408,946
Property taxes	144,008	2,117,858	-	2,261,866	-	2,261,866
Other	13,125	-	-	13,125	-	13,125
Prepaid expenses	27,911	8,379	-	36,290	-	36,290
Fair value of investment in interest rate exchange agreement	-	-	-	-	2,312,033	2,312,033
Capital assets, net of accumulated depreciation	-	-	-	-	7,804,129	7,804,129
Capital assets, not being depreciated	-	-	-	-	2,483,194	2,483,194
Total Assets	1,478,314	6,335,518	1,603,950	9,417,782	10,116,162	22,017,138
DEFERRED OUTFLOWS OF RESOURCES						
Deferred cost on refunding	-	-	-	-	603,810	603,810
Total Deferred Outflows of Resources	-	-	-	-	603,810	603,810
Total Assets and Deferred Outflows of Resources	$ 1,478,314	$ 6,335,518	$ 1,603,950	$ 9,417,782		
LIABILITIES						
Accounts payable	$ 36,767	$ 5,000	$ 5,443	$ 47,210	-	47,210
Accrued interest on bonds	-	-	-	-	174,370	174,370
Due to county treasurer	-	294,820	-	294,820	-	294,820
Long-term liabilities:						
Due within one year	-	-	-	-	1,275,000	1,275,000
Due in more than one year	-	-	-	-	57,087,000	57,087,000
Total Liabilities	36,767	299,820	5,443	342,030	58,536,370	58,878,400
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows from interest rate exchange agreement	-	-	-	-	2,312,033	2,312,033
Deferred property taxes	144,008	2,117,858	-	2,261,866	-	2,261,866
Total Deferred Inflows of Resources	144,008	2,117,858	-	2,261,866	2,312,033	4,573,899
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepaids	27,911	-	-	27,911	(27,911)	-
Restricted:						
Emergencies	9,002	-	-	9,002	(9,002)	-
Debt service	-	3,917,840	-	3,917,840	(3,917,840)	-
Capital projects	-	-	1,598,507	1,598,507	(1,598,507)	-
Unassigned	1,260,626	-	-	1,260,626	(1,260,626)	-
Total Fund Balances	1,297,539	3,917,840	1,598,507	6,813,886	(6,813,886)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,478,314	$ 6,335,518	$ 1,603,950	$ 9,417,782		
Net Position:						
Restricted for:						
Emergencies					9,002	9,002
Debt service					3,743,470	3,743,470
Capital projects					1,598,507	1,598,507
Unrestricted					(46,182,330)	(46,182,330)
Total Net Position					$ (40,831,351)	$ (40,831,351)

The notes to the financial statements are an integral part of these statements.

MIDCITIES METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Activities
EXPENDITURES						
General expenses:						
Accounting	$ 19,155	$ -	$ -	$ 19,155	$ -	$ 19,155
Audit	5,425	-	-	5,425	-	5,425
Property management	70,809	-	-	70,809	-	70,809
District management	39,914	-	-	39,914	-	39,914
Repair and maintenance	20,448	-	-	20,448	-	20,448
Directors fees	2,400	-	-	2,400	-	2,400
Election expense	836	-	-	836	-	836
Payroll taxes	183	-	-	183	-	183
Insurance	29,906	-	-	29,906	-	29,906
Miscellaneous expense	396	4,052	-	4,448	-	4,448
Legal	66,530	-	-	66,530	-	66,530
Treasurer's fees	1,448	25,486	-	26,934	-	26,934
Capital outlay	-	-	99,721	99,721	(99,721)	-
Depreciation expense	-	-	-	-	308,958	308,958
Debt service:						
Bond principal	-	1,313,000	-	1,313,000	(1,313,000)	-
Bond interest expense	-	2,595,345	-	2,595,345	117,341	2,712,686
Investment advisor	-	5,000	-	5,000	-	5,000
Paying agent fees	-	10,601	-	10,601	-	10,601
Total Expenditures	257,450	3,953,484	99,721	4,310,655	(986,422)	3,324,233
GENERAL REVENUES						
Property taxes	96,478	1,698,640	-	1,795,118	-	1,795,118
Specific ownership taxes	134,952	-	-	134,952	-	134,952
PILOT revenue	129,258	-	-	129,258	-	129,258
Sales tax revenue	-	2,399,571	-	2,399,571	-	2,399,571
Interest income	18,867	47,575	29,788	96,230	-	96,230
Miscellaneous income	1,733	-	-	1,733	-	1,733
Total General Revenues	381,288	4,145,786	29,788	4,556,862	-	4,556,862
NET CHANGES IN FUND BALANCES	123,838	192,302	(69,933)	246,207	(246,207)	
CHANGE IN NET POSITION					1,232,629	1,232,629
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR, AS RESTATED	1,173,701	3,725,538	1,668,440	6,567,679	(48,631,659)	(42,063,980)
END OF YEAR	$ 1,297,539	$ 3,917,840	$ 1,598,507	$ 6,813,886	$(47,645,237)	$(40,831,351)

The notes to the financial statements are an integral part of these statements.

MIDCITIES METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2018

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 116,123	$ 96,478	$ (19,645)
Specific ownership taxes	125,000	134,952	9,952
PILOT revenue	143,600	129,258	(14,342)
Interest income	9,000	18,867	9,867
Miscellaneous income	-	1,733	1,733
Total Revenues	393,723	381,288	(12,435)
EXPENDITURES			
Accounting	20,000	19,155	845
Audit	4,750	5,425	(675)
Property management	100,000	70,809	29,191
District management	35,000	39,914	(4,914)
Repair and maintenance	50,000	20,448	29,552
Directors fees	3,600	2,400	1,200
Election expense	2,000	836	1,164
Payroll taxes	275	183	92
Insurance	20,000	29,906	(9,906)
Miscellaneous expense	500	396	104
Legal	25,000	66,530	(41,530)
Treasurer's fees	1,742	1,448	294
Contingency	10,000	-	10,000
Emergency reserve	11,812	-	11,812
Total Expenditures	284,679	257,450	27,229
NET CHANGE IN FUND BALANCE	109,044	123,838	14,794
FUND BALANCE:			
BEGINNING OF YEAR	1,158,695	1,173,701	15,006
END OF YEAR	$ 1,267,739	$ 1,297,539	$ 29,800

The notes to the financial statements are an integral part of these statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of MidCities Metropolitan District No. 2, ("District"), located in the City and County of Broomfield, Colorado, ("County") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on November 6, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act to pay for various services and facilities which were previously provided by MidCities Metropolitan District No. 1 ("District No. 1"). The two districts worked together to serve the development and to provide the necessary public improvements and services as required by the Development Agreement. District No. 1 is referred to in both Service Plans as the "Service District" and the District is referred to as the "Tax District". The Districts were established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District is required to generate property tax revenue sufficient to pay the costs of operations and some of the debt service for public improvements. The District is governed by an elected Board of Directors.

During 2017 MidCities Metropolitan District No. 1 was dissolved and all functions and obligations were assigned to the District.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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.*

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 *availabl*e 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 of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

> *General Fund* - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.
>
> *Debt Service Fund* – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.
>
> *Capital Projects Fund* – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total 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 appropriation is at the total fund expenditures level and lapses at year end.

During November 2018, the District amended its appropriation in the Debt Service Fund from $2,982,629 to $4,000,000 due to higher than expected debt service costs.

Assets, Liabilities and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred cost on refunding reported in the government-wide statement of net position. A deferred cost on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has types of items that qualify for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows from interest rate exchange agreement are expected inflows that will be recognized in future periods.

Original Issue Premium, Prepaid Debt Insurance and Deferred costs on bond refunding

Deferred costs on bond refunding from the Series 2016A Bonds are being amortized over the term of the bonds using the straight-line method. Accumulated amortization of deferred cost on refunding amounted to $465,797 at December 31, 2018.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure including trails, walls, streets, storm drainage and parking structures:	40 years
Monumentation:	10 years

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 30 or if in equal installments, at the taxpayers' 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 collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Property owners within the boundaries of the District have been assessed $2,261,866 for 2018. Since these taxes are not normally available to the District in 2018, they are classified as deferred income until 2019.

Long-Term Obligations
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance
Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of $27,911 represents prepaid insurance expenditures.

Restricted Fund Balance
The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of $9,002 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of $3,917,840 is restricted for the payment of the debt service costs associated with the 2016 Bonds (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of $1,598,507 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance
The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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
Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance
Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position
Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2018, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 1,246,209
Cash and investments – Restricted	5,413,287
Total	$ 6,659,496

Cash and investments as of December 31, 2018, consist of the following:

Deposits with financial institutions	$ 43,919
Investments - COLOTRUST	766,777
Investments - CSAFE	5,848,800
	$ 6,659,496

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District adopted a policy to comply with state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments:

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments are not required to be categorized within the fair value hierarchy. The COLOTRUST investment's value is calculated using the net asset value method (NAV) per share while the CSAFE investment's value is calculated using the amortized cost method.

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

As of December 31, 2018, the District had the following investments:

<u>COLOTRUST</u>

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAm by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2018, the District had $766,777 invested in COLOTRUST.

<u>CSAFE</u>

The local government investment pool Colorado Surplus Asset Fund Trust ("CSAFE"), is rated AAAm by Standard and Poor's with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians' internal records identify the investments owned by CSAFE. At December 31, 2018, the District had $5,848,800 invested in CSAFE

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2018, is as follows:

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
Capital assets, being depreciated:				
Regional trails	$ 366,424	$ -	$ -	$ 366,424
Retaining walls	2,765,679	-	-	2,765,679
Monumentation	763,133	-	-	763,133
Streets	2,050,489	43,212	-	2,093,701
Parking lot	1,123,265	-	-	1,123,265
Storm drainage	1,442,747	-	-	1,442,747
Parking garage	4,420,818	-	-	4,420,818
Total infrastructure	12,932,555	43,212	-	12,975,767
Accumulated depreciation	(4,862,680)	(308,958)	-	(5,171,638)
Total capital assets being depreciated:	8,069,875	(265,746)	-	7,804,129
Capital assets, not being depreciated:				
Construction in progress	17,097	56,509	-	73,606
Land and easements	2,409,588	-	-	2,409,588
Total capital assets not being depreciated:	2,426,685	56,509	-	2,483,194
Total capital assets	$ 10,496,560	$ (209,237)	$ -	$ 10,287,323

In 2007, the District conveyed its capital assets to the City and County of Broomfield, Colorado. During 2017 MidCities Metropolitan District No. 1 conveyed its assets to the District and these assets were depreciated starting in 2018. The capital assets will be maintained by the District with the exception of any construction in progress that is anticipated to be conveyed to other governmental entities.

Note 4: Long Term Debt

The following is an analysis of changes in long-term obligations for the year ended December 31, 2018:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Current Portion
Special Revenue Refunding and Improvement Bonds, Series 2016A	$ 49,950,000	$ -	$ 1,175,000	$ 48,775,000	$ 1,275,000
Refunding Bonds, Series 2016B	9,725,000	-	138,000	9,587,000	-
Total Long-term debt	$ 59,675,000	$ -	$ 1,313,000	$ 58,362,000	$ 1,275,000

A description of the long-term obligations as of December 31, 2018, is as follows:

General Obligation Refunding and Improvement Bonds, Series 2006

On July 12, 2006 the District issued $24,400,000 of General Obligation Refunding and Improvements Bonds Series 2006 (“Bonds”). The purpose of the Bonds was to 1) refund all of the District’s outstanding general obligation debt; 2) finance the acquisition of land and the construction and acquisition of public improvements; 3) fund capitalized interest; 4) fund the Reserve Fund and 5) pay for the costs of issuing the bonds. The interest rate varied from 4.000% to 5.125% consisting of serial bonds due annually commencing on December 1, 2010. Interest was paid semi-annually on June 1st and December 1st commencing on December 1, 2006. The Bonds were secured by pledged revenues derived by the required mill levy on the property. Additionally, the Bonds and interest were insured as to repayment by Radian Asset Assurance, Inc. (“Radian”). During March 2016, Standard & Poor’s upgraded the rating of Radian to “BBB-”.

The Series 2006 Bonds were defeased on October 3, 2016, in conjunction with the issuance of the Series 2016A and Series 2016B Bonds.

Special Revenue Refunding and Improvement Bonds, Series 2016A

On October 3, 2016, the District issued $51,975,000 of Special Revenue Refunding and Improvement Bonds, Series 2016A, ("Series 2016A Bonds") dated October 3, 2016, for the purpose (a) paying Project Costs, (b) paying the costs of refunding all of the Series 2006 Bonds of District No. 2 and some of the 2004 Bonds of District No. 1, (c) funding the Reserve Fund in the amount of the Reserve Requirement and (d) paying other costs in connection with the issuance of the Series 2016A Bonds. The bonds bear interest at the rate of 1.64% plus 70% of the One Month LIBOR Rate, payable monthly on the first New York Business Day of every month, commencing on November 1, 2016. In order to effectively convert this variable rate to a fixed rate, the District entered into a SWAP agreement to achieve a "synthetic" interest rate of 3.48% (See Note 5). The Series 2016A Bonds mature on December 1, 2021, are subject to a mandatory sinking fund redemption commencing on December 1, 2016, and are subject to early redemption at the option of the District on any date prior to the Maturity Date with a prepayment fee. The 2016A Bonds are secured by Pledged Revenues including (i) the Required Mill Levy, (ii) all amounts received from the City pursuant to the City Agreement (sales and use taxes), (iii) all Counterparty Net Regularly Scheduled Swap payments received by the District from the Exchange Agreement Provider under the 2016 Exchange Agreement (see Note 5), (iv) any Termination payments received the by District, and (v) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

Current refunding of debt

The 2016A Bonds were issued to provide resources to purchase securities to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2006 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $1,069,607. This amount is recorded as a deferred outflow and is being amortized over remaining life of the new debt issued. The refunding resulted in an economic gain of $922,271 due to the average interest rate of the Series 2016 Bonds being lower than the refunded bonds.

The debt service requirements for the Series 2016A Bonds as of December 31, 2018, are as follows:

	Principal	Interest	Total
2019	$ 1,275,000	$ 1,720,945	$ 2,995,945
2020	1,375,000	1,680,550	3,055,550
2021	46,125,000	1,627,444	47,752,444
	$ 48,775,000	$ 5,028,939	$ 53,803,939

Subordinate Special Revenue Refunding Bonds, Series 2016B

On October 3, 2016, the District issued $9,725,000 of Subordinate Special Revenue Refunding Bonds, Series 2016B, ("Series 2016B Bonds") dated October 3, 2016, for the purpose of (a) paying a portion of the costs of refunding District No. 1's Series 2004 Bonds and (b) paying the costs of issuing the bonds. The bonds bear interest at the rate of 7.75%, payable to the extent of Subordinate Pledged Revenue available annually on each December 15, commencing on December 15, 2016, and mature on December 15, 2046. The Series 2016B Bonds are subject to early redemption at the option of the District and are also subject to mandatory redemption under certain circumstances as set forth in the Trust Indenture.

Because of the cash flow nature of the bonds and the uncertainty of the timing of principal and interest payments, no schedule of debt service requirements is presented.

Note 5: Interest Rate Exchange Agreement

On October 3, 2016, the District entered into an Interest Rate Exchange Agreement ("Swap Agreement") with U.S. Bank N.A. Under the Swap Agreement, the District pays a fixed interest rate of 1.84% plus an incremental amount to equal 3.48%, for the period from October 3, 2016, through December 1, 2046 plus a swap advisory fee. The effective date of the Swap Agreement was October 3, 2016, and the termination date is December 1, 2046. The purpose of the Swap Agreement is for the District to create a synthetic fixed interest rate on its variable rate loan of 3.48%. The original notional amount of the Swap Agreement was $51,975,000. At December 31, 2018, the fair value and the notional amount of the Swap Agreement was $2,312,033 and $48,775,000, respectively. The notional amount is equal to the principal balance outstanding on the 2016A Loan as of that date. The District pays a fixed interest rate of 3.48% on the notional amount as described above. The variable rate of interest is 70% of the 1-Month USD-LIBOR-BBA rate.

The fair value of the interest rate exchange agreement was calculated by Hilltop Securities Inc. on their report dated January 3, 2019. Their valuation was performed using Level 2 inputs and used pricing models that incorporated all the contractual terms of the swap. The resulting fair market value represents the present value of the floating leg cash flows minus the present value of the fixed leg cash flows.

Credit Risk

The District's Swap Agreement relies upon the performance of the counterparty and as a result the District is exposed to a credit risk – i.e. the risk that the counterparty fails to perform according to its contractual obligations. As of December 31, 2018, the District had no net exposure to actual credit risk on its hedging derivative as the swap is a liability of the District. U.S. Bank N.A. was rated A1 by Moody's Investors Service as of December 31, 2018.

Basis Risk
The District was not exposed to basis risk as the variable rate paid to the holders of the variable rate debt is equivalent to the variable interest rate received on the Swap Agreement.

Termination Risk
The District's Swap Agreement does not contain any out-of-the-ordinary termination events that would expose it to significant termination risk.

Rollover Risk
The District is not exposed to rollover risk as the Swap Agreement's termination date is the same date as the maturity date of the associated debt.

Foreign Currency Risk
The Swap Agreement is denominated in US Dollars and therefore the District is not exposed to foreign currency risk.

Interest Rate Risk
The District was not exposed to interest rate risk as the Swap Agreement effectively converts the variable rate debt into fixed rate debt.

Note 6: Debt Authorization:

At elections held November 3, 1998; November 2, 1999, November 6, 2000 and November 2, 2004, a majority of the qualified electors of the District who voted in the elections authorized the issuance of general obligation indebtedness in an amount not to exceed $119,230,000 for providing public improvements and $128,080,000 for refunding of previously issued indebtedness. After the issuance of the 2016 Bonds, the District has approximately $98,576,664 in public infrastructure authorization remaining. The District has not budgeted to issue any new debt during 2019.

Note 7: Related Party Transactions:

Some of the members of the Board of Directors were formerly employed by the developer of the development or were formerly employed by entities which conduct business with such developer or are former development partners or officers of such developer. Such directors, therefore, may have potential conflicts of interest with respect to matters which come before the Board of Directors with respect to any prior agreements with such developer.

Note 8: Commitments:

Sales and Use Tax Reimbursement Agreement

On November 30, 2004, the District entered into a Sales and Use Tax Reimbursement Agreement with District No. 1 and the City and County of Broomfield, Colorado ("City"). City payments under the agreement are pledged to the repayment of the Series 2004A and 2004B Bonds of District No. 1. The City payment consists of 65% of the 3.5% Sales Tax that is collected within the boundaries of the Districts and 50% of the 3.5% Use Tax levied on commercial buildings and construction materials. The City agrees to deposit the revenues into a Special Fund of the City. The termination date of this agreement is the earlier of (i) the date which all of the District No. 1 bonds, any associated liabilities, and any reimbursements due from the District are no longer outstanding, or (ii) July 9, 2032. On October 3, 2016, the District approved the Amended and Restated Sales and Use Tax Reimbursement Agreement which replaced this agreement.

Amended and Restated Sales and Use Tax Reimbursement Agreement

On October 3, 2016, the District, District No. 1 and the City and County of Broomfield, Colorado, entered into an Amended and Restated Sales and Use Tax Reimbursement Agreement. City payments under the agreement are pledged to the repayment of the Series 2016A Bonds and Series 2016B Bonds issued by the District, as well as any District bonds subsequently issued to refund the 2016 Bonds. The City payment consists of 65% of the 3.5% Sales Tax that is collected within the boundaries of the Districts and 50% of the 3.5% Use Tax levied on commercial buildings and construction materials. The City agrees to deposit the revenues into a Special Fund maintained the City. The Original Reimbursement Obligation to the City has been extended from July 10, 2031, through July \9,2041, provided that the District imposes a debt service mill levy to repay the City under this agreement. The termination of this agreement is the later of (i) the date on which all of the District Bonds are no longer outstanding under any Indenture and any amounts owing to the issuer of any letter of credit, liquidity, facility, standby bond purchase agreement, insurance policy or other credit or liquidity instrument issued in connection with any District Bonds have been paid and (ii) the Extended Reimbursement Obligation has been repaid to the City.

Amended and Restated Master Intergovernmental Agreement ("Master IGA")
Dated November 30, 2004, this Master IGA establishes the obligations of MidCities Metropolitan Districts No. 1 and No. 2. District No. 1 shall acquire, construct, complete, manage, operate, maintain and repair any public improvements owned by District No.1 and shall generally administer the operations and business of the Districts, including, without limitation, the payment of all costs associated therewith. The District agrees to budget and appropriate that amount from legally available funds and impose a mill levy no greater than 3.000 mills to fund such amounts. The District shall impose a mill levy sufficient to pay all current or past due interest and principal amounts due on the District's Bonds. All specific ownership taxes imposed by a mill levy in the District shall be transferred to District No. 1 to pay the administrative and operating expenses of the Districts. Additionally, the District shall impose a mill levy without limitation as to the rate to fulfill the District's debt service obligations and District No. 1's obligations to maintain the reserve requirements on the Series 2004A and Series 2004B Bonds, if the proceeds from the Sales and Use taxes are not sufficient for such purposes. As part of District No. 1's LOC extension related to its Series 2004A and Series 2004B Bonds, the District was required to certify an additional debt service mill levy of 9 mills. These funds are budgeted to be transferred to District No. 1.

On September 26, 2016, this agreement was modified by the Second Amended and Restated Master Intergovernmental Agreement which further detailed the methods and procedures for the cooperation between the Districts in conjunction with the refunding all the Districts bonds.

Intergovernmental Agreement with the City and County of Broomfield
MidCities Metropolitan Districts Nos. 1 & 2 and the City and County of Broomfield entered into an Intergovernmental Agreement which outlines the Districts' obligations for the financing and construction of the public infrastructure within the boundaries of the Districts. It was amended on December 12, 2000 to include the issuance of additional debt of approximately $15,000,000 for the District. On October 19, 2001, it was again amended to authorize the issuance of additional bonds by the Districts in 2001 and the redemption of the District No. 1's 1998 bonds. On June 27, 2006 it was amended again to include the issuance of the District's bonds for $24,400,000 and the redemption of the Series 2000 and Series 2001A bonds. On October 3, 2016, it was amended again to authorize the consolidation of all outstanding indebtedness of the Districts by refunding at a lower interest rate the District's outstanding Series 2006 Bonds and the District No. 1's Series 2004A and Series 2004B Bonds, causing the termination of the District's general obligation regarding the guarantee the payment of all Series 2004 Bonds, improving, completing, repairing and replacing the Districts' public infrastructure and paying the costs of the issuance of all Series 2016 Bonds. This amendment also limited the total debt of the Districts to $74,000,000 unless approved by the City, and in conjunction with the issuance on the 2016 Bonds, the City agreed to extend the term of the Tax Reimbursement Agreement for an additional 10 years subject to additional terms as per the Amended and Restated Tax Reimbursement Agreement with the City.

Note 9: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Note 10: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Note 11: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The *Governmental Funds Balance Sheet/Statement of Net Position* includes an adjustments column. The adjustments have the following elements:

1) unamortized debt insurance and deferred loss on refunding are not financial resources and, therefore are not reported in the funds; and,

2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities* includes an adjustments column. The adjustments have the following elements:

1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,

2) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

MIDCITIES METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 1,975,057	$ 1,920,750	$ 1,698,640	$ (222,110)
Sales tax revenue	1,856,000	2,469,338	2,399,571	(69,767)
Interest income	40,000	3,900	47,575	43,675
Total Revenues	3,871,057	4,393,988	4,145,786	(248,202)
EXPENDITURES				
Bond principal	1,175,000	1,313,000	1,313,000	-
Bond interest expense	1,762,403	2,641,500	2,595,345	46,155
Investment advisor	5,000	5,000	5,000	-
Paying agent fees	10,500	10,500	10,601	(101)
Miscellaneous expenses	100	4,000	4,052	(52)
Treasurer's fees	29,626	26,000	25,486	514
Total Expenditures	2,982,629	4,000,000	3,953,484	46,516
NET CHANGE IN FUND BALANCE	888,428	393,988	192,302	(201,686)
FUND BALANCE:				
BEGINNING OF YEAR	3,281,600	3,776,040	3,725,538	(50,502)
END OF YEAR	$ 4,170,028	$ 4,170,028	$ 3,917,840	$ (252,188)

The notes to the financial statements are an integral part of these statements.

MIDCITIES METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2018

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	$ 1,700	$ 29,788	$ 28,088
Total Revenues	1,700	29,788	28,088
EXPENDITURES			
Capital outlay	1,686,598	99,721	1,586,877
Total Expenditures	1,686,598	99,721	1,586,877
NET CHANGE IN FUND BALANCE	(1,684,898)	(69,933)	1,614,965
FUND BALANCE:			
BEGINNING OF YEAR	1,684,898	1,668,440	(16,458)
END OF YEAR	$ -	$ 1,598,507	$ 1,598,507

The notes to the financial statements are an integral part of these statements.

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

MidCities Metropolitan District No. 2
Continuing Disclosures Certificate, Exhibit B
December 31, 2018

History of Sales Taxes Remitted by the City

Fiscal Year	Pledged Sales Tax Collections	Percent Change
2011	$1,785,603	--
2012	$1,822,179	2.05%
2013	$1,799,257	-1.26%
2014	$1,865,037	3.66%
2015	$1,934,148	3.71%
2016	$2,046,275	5.80%
2017	$2,202,168	7.62%
2018	$2,384,831	8.29%

History of Use Taxes Remitted by the City

Fiscal Year	Pledged Use Tax Collections	Percent Change
2011	$4,296	--
2012	$15,566	262.34%
2013	$9,437	-39.37%
2014	$13,176	39.62%
2015	$16,742	27.06%
2016	$147,632	781.81%
2017	$58,486	-60.38%
2018	$13,847	-76.32%

Generators of Sales Taxes within the District

	2018	2017
1		Retail Store
2		Eating and Drinking
3		Eating and Drinking
4		Retail Store
5	Not yet available.	Hotels and Lodging
6		Hotels and Lodging
7		Eating and Drinking
8		Eating and Drinking
9		Retail Store
10		Retail Store

* Source: City & County of Broomfield. The above chart sets forth the estimated and historic top ten Sales Tax Generators in the City and County. Gross sales of generating entities are confidential.

MidCities Metropolitan District No. 2
Continuing Disclosures Certificate, Exhibit B
December 31, 2018

History of Assessed Valuations for the District and Excluded Property

Levy/ Collection Year	Property Within the District	2001 Excluded Property	2007 Excluded Property	2012 Excluded Property	Total
2011/2012	$37,069,400	$4,909,050	$2,841,910	--	$44,820,360
2012/2013	$33,562,440	$4,844,040	$1,006,860	--	$39,413,340
2013/2014	$36,532,850	$6,344,210	$1,235,660	$1,045,410	$45,158,130
2014/2015	$36,119,444	$6,287,445	$1,961,780	$1,271,990	$45,640,659
2015/2016	$37,157,455	$6,938,190	$2,188,240	$3,211,040	$49,494,925
2016/2017	$36,983,470	$6,737,490	$2,320,720	$3,246,130	$49,287,810
2017/2018	$38,707,580	$7,632,380	$2,216,980	$3,931,540	$52,488,480
2018/2019	$42,144,398	$7,615,883	$2,460,644	$3,940,938	$56,161,863

History of Mill Levies for the District and Excluded Property

Levy/ Collection Year	District General Fund	District Debt Service	District Total Levy	2001 Excluded Property Debt Service	2007 Excluded Property Debt Service
2011/2012	3.311	38.000	41.311	20.596	38.000
2012/2013	3.000	38.000	41.000	22.547	38.000
2013/2014	3.000	38.000	41.000	20.336	38.000
2014/2015	3.063	47.809	50.872	30.435	47.000
2015/2016	3.036	47.000	50.036	31.136	47.000
2016/2017	3.000	40.169	43.169	32.143	39.268
2017/2018	3.000	38.901	41.901	30.875	38.000
2018/2019	3.417	38.901	42.318	30.875	38.000

Property Tax Collections for the District and the Excluded Property

Levy/ Collection Year	Taxes Levied	Current Tax Collections	Collection Rate
2010/2011	$1,920,530	$1,882,666	98.03%
2011/2012	$1,740,474	$1,697,115	97.51%
2012/2013	$1,648,627	$1,629,159	98.82%
2013/2014	$1,713,543	$1,702,099	99.33%
2014/2015	$2,180,814	$2,180,566	99.99%
2015/2016	$2,329,004	$2,264,558	97.23%
2016/2017	$2,031,701	$2,023,633	99.60%
2017/2018	$2,091,180	$1,795,118	85.84%

MidCities Metropolitan District No. 2
Continuing Disclosures Certificate, Exhibit B
December 31, 2018

Ten Largest Owners of Taxable Property of the District

Taxpayer Name	2018 Final Assessed Valuation	Percentage of Total Assessed Valuation
CH Realty VII Bell MF Denver Interlocken LLC	$ 7,344,830	13.08%
RLJ II - RH Boulder, LLC	5,920,640	10.54%
MB Hospitality Ribroom LP	5,656,160	10.07%
Wal-Mart Stores, Inc	4,132,470	7.36%
BRE Avalanche Property Owner LLC	3,745,290	6.67%
Green Leaf Rockvue LLC	3,458,750	6.16%
LT Flatiron LLC	3,219,060	5.73%
Broomfield Co Senior Living Owner LLC	2,163,990	3.85%
Aequus Partners, LLC	1,594,990	2.84%
Windscape of Florida LLC	1,080,220	1.92%
Total	$ 30,971,570	68.22%

MidCities Metropolitan District No. 2
Continuing Disclosures Certificate, Exhibit B
December 31, 2018

Statement of Revenue, Expenditures and Changes in Fund Balance - (See Audit, Basic Financial Statements, Supplemental Information)

- General Fund
- Debt Service Fund
- Capital Projects Fund

Budget Summary and Comparison - (See Audit, Basic Financial Statements, Supplemental Information)

- General Fund
- Debt Service Fund
- Capital Projects Fund