MIDCITIES METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2021

with

Independent Auditor's Report

C O N T E N T S

WIPFLI

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

Independent Auditor's Report

Opinion

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2021, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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. In our opinion, such 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 subjected 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.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wipfli

Wipfli LLP
Lakewood, Colorado

June 21, 2022

MIDCITIES METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2021

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and investments	$ 1,461,620	$ -	$ -	$ 1,461,620	$ -	$ 1,461,620
Cash and investments - restricted	10,121	7,487,048	1,331	7,498,500	-	7,498,500
Accounts receivable:						
County Treasurer	9,929	-	-	9,929	-	9,929
Sales/use taxes	-	322,906	-	322,906	-	322,906
Property taxes	144,103	2,634,053	-	2,778,156	-	2,778,156
Prepaid expenses	450	-	-	450	-	450
Capital assets, net of accumulated depreciation	-	-	-	-	7,073,246	7,073,246
Capital assets, not being depreciated	-	-	-	-	4,607,300	4,607,300
Total Assets	$ 1,626,223	$ 10,444,007	$ 1,331	$ 12,071,561	7,073,246	23,752,107
LIABILITIES						
Accounts payable	$ 15,158	$ 5,000	$ 1,331	$ 21,489	-	21,489
Accrued interest on bonds	-	-	-	-	97,763	97,763
Long-term liabilities:						
Due within one year	-	-	-	-	46,125,000	46,125,000
Due in more than one year	-	-	-	-	9,587,000	9,587,000
Total Liabilities	15,158	5,000	1,331	21,489	55,809,763	55,831,252
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	144,103	2,634,053	-	2,778,156	-	2,778,156
Total Deferred Inflows of Resources	144,103	2,634,053	-	2,778,156	-	2,778,156
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepaids	450	-	-	450	(450)	-
Restricted:						
Emergencies	10,121	-	-	10,121	(10,121)	-
Debt service	-	7,804,954	-	7,804,954	(7,804,954)	-
Unassigned	1,456,391	-	-	1,456,391	(1,456,391)	-
Total Fund Balances	1,466,962	7,804,954	-	9,271,916	(9,271,916)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,626,223	$ 10,444,007	$ 1,331	$ 12,071,561		
Net Position:						
Restricted for:						
Emergencies					10,121	10,121
Debt service					7,707,191	7,707,191
Capital projects					-	-
Unrestricted					(42,574,613)	(42,574,613)
Total Net Position					$ (34,857,301)	$ (34,857,301)

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, 2021

	General	Debt Service	Capital Projects	Total	Adjustments	Statement of Activities
EXPENDITURES						
General expenses:						
Accounting	$ 17,752	$ -	$ -	$ 17,752	$ -	$ 17,752
Audit	4,437	-	-	4,437	-	4,437
Property management	70,577	-	-	70,577	-	70,577
District management	17,965	-	-	17,965	-	17,965
Repair and maintenance	2,450	-	-	2,450	-	2,450
Directors fees	2,800	-	-	2,800	-	2,800
Payroll taxes	214	-	-	214	-	214
Insurance	26,819	-	-	26,819	-	26,819
Miscellaneous expense	1,720	-	-	1,720	-	1,720
Legal	46,360	-	-	46,360	-	46,360
Treasurer's fees	2,097	36,446	-	38,543	-	38,543
Capital outlay	-	-	1,775,092	1,775,092	(1,775,092)	-
Depreciation expense	-	-	-	-	307,709	307,709
Debt service:						
Bond interest expense	-	3,305,088	-	3,305,088	(760,094)	2,544,994
Investment advisor	-	5,000	-	5,000	-	5,000
Paying agent fees	-	11,385	-	11,385	-	11,385
Total Expenditures	193,191	3,357,919	1,775,092	5,326,202	(2,227,477)	3,098,725
GENERAL REVENUES						
Property taxes	139,278	2,423,398	-	2,562,676	-	2,562,676
Specific ownership taxes	144,302	-	-	144,302	-	144,302
PILOT revenue	120,756	-	-	120,756	-	120,756
Sales tax revenue	-	2,211,048	-	2,211,048	-	2,211,048
Interest income	1,216	8,579	349	10,144	-	10,144
Miscellaneous income	-	-	100,000	100,000	-	100,000
Total General Revenues	405,552	4,643,025	100,349	5,148,926	-	5,148,926
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	212,361	1,285,106	(1,674,743)	(177,276)	2,227,477	2,050,201
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	(483,372)	-	483,372	-	-	-
Total Other Financing Sources (Uses)	(483,372)	-	483,372	-	-	-
NET CHANGES IN FUND BALANCES	(271,011)	1,285,106	(1,191,371)	(177,276)	177,276	
CHANGE IN NET POSITION					2,050,201	2,050,201
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	1,737,973	6,519,848	1,191,371	9,449,192	(46,356,694)	(36,907,502)
END OF YEAR	$ 1,466,962	$ 7,804,954	$ -	$ 9,271,916	$(44,129,217)	$(34,857,301)

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, 2021

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 139,350	$ 139,278	$ (72)
Specific ownership taxes	119,979	144,302	24,323
PILOT revenue	120,000	120,756	756
Interest income	20,000	1,216	(18,784)
Miscellaneous income	1,000	-	(1,000)
Total Revenues	400,329	405,552	5,223
EXPENDITURES			
Accounting	26,000	17,752	8,248
Audit	5,000	4,437	563
Property management	100,000	70,577	29,423
District management	45,000	17,965	27,035
Repair and maintenance	50,000	2,450	47,550
Directors fees	3,600	2,800	800
Payroll taxes	300	214	86
Insurance	28,000	26,819	1,181
Miscellaneous expense	2,000	1,720	280
Legal	15,000	46,360	(31,360)
Engineering	10,000	-	10,000
Treasurer's fees	2,090	2,097	(7)
Contingency	1,674,471	-	1,674,471
Emergency reserve	8,610	-	8,610
Total Expenditures	1,970,071	193,191	1,776,880
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,569,742)	212,361	1,782,103
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	-	(483,372)	(483,372)
Total Other Financing Sources (Uses)	-	(483,372)	(483,372)
NET CHANGE IN FUND BALANCE	(1,569,742)	(271,011)	1,298,731
FUND BALANCE:			
BEGINNING OF YEAR	1,569,742	1,737,973	168,231
END OF YEAR	$ -	$ 1,466,962	$ 1,466,962

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 *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 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 2021 the District amended its appropriations in the Capital Project Fund from $1,140,000 to $1,850,000 primarily due to increased capital expenditures.

Assets, Liabilities and Net Position:

Fair Value of Financial Instruments

The District’s financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2021, 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 investments 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.

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 has no items that quality for reporting in this category.

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 only has one item that qualifies 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 costs on bond refunding

Deferred costs on bond refunding from the Series 2016A Bonds were being amortized over the term of the bonds using the straight-line method and were fully amortized as of December 1, 2021.

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 capital 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
Monuments:	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 $2,778,156 for 2021. Since these taxes are not normally available to the District in 2021, they are classified as deferred income until 2022.

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 $450 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 $10,121 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 $7,804,954 is restricted for the payment of the debt service costs associated with the 2016 Bonds (see Note 4).

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 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 can report up to 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 of 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, 2021, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 1,461,620
Cash and investments – Restricted	7,498,500
Total	$ 8,960,120

Cash and investments as of December 31, 2021, consist of the following:

Deposits with financial institutions	$ 86,811
Investments - COLOTRUST	1,378,170
Investments - CSAFE	7,495,139
	$ 8,960,120

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, 2021, the District had the following investments:

COLOTRUST

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 venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund with each share maintaining a value of $1.00. COLOTRUST 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 COLOTRUST. Substantially all securities owned by COLOTRUST 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, 2021, the District had $1,378,170 invested in COLOTRUST.

CSAFE

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 CSAFE. CSAFE 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, 2021, the District had $7,495,139 invested in CSAFE.

MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2021

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2021, is as follows:

	Balance 1/1/2021	Additions	Retirements	Balance 12/31/2021
Capital assets, being depreciated:				
Regional trails	$ 366,424	$ -	$ -	$ 366,424
Retaining walls	2,861,398	-	-	2,861,398
Monuments	763,133	-	-	763,133
Streets	2,093,701	-	-	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	13,071,486	-	-	13,071,486
Accumulated depreciation	(5,690,531)	(307,709)	-	(5,998,240)
Total capital assets being depreciated:	7,380,955	(307,709)	-	7,073,246
Capital assets, not being depreciated:				
Construction in progress	422,620	1,775,092	-	2,197,712
Land and easements	2,409,588	-	-	2,409,588
Total capital assets not being depreciated:	2,832,208	1,775,092	-	4,607,300
Total capital assets	$ 10,213,163	$ 1,467,383	$ -	$ 11,680,546

In 2007, District No. 1 conveyed some of its capital assets to the City and County of Broomfield, Colorado. During 2017, District No. 1 conveyed to the District its remaining assets, some of which had already been partially depreciated by District No. 1 and current depreciation on these assets were recorded by the District 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. The parking garage will be conveyed to a third party upon completion of repairs as per the Settlement Agreement (see Note 5).

Note 4: Long-Term Debt

The following is an analysis of changes in long-term obligations for the year ended December 31, 2021:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
Bonds from direct borrowing and direct placements:					
Special Revenue Refunding and Improvement Bonds, Series 2016A	$ 46,125,000	$ -	$ -	$ 46,125,000	$46,125,000
Subordinate Special Revenue Refunding Bonds, Series 2016B	9,587,000	-	-	9,587,000	-
Total Long-term debt	$ 55,712,000	$ -	$ -	$ 55,712,000	$46,125,000

A description of the long-term obligations as of December 31, 2021, 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 monies which the District determines, in its absolute discretion, to credit to the Bond Fund.

<u>Current refunding of debt</u>

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 was recorded as a deferred outflow and amortized over remaining life of the new debt issued. The amount was fully amortized as of December 31, 2021. 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.

Events of Default as defined in the Series 2016A Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the failure of the District to pay the principal of or redemption premium or Prepayment Fee, if applicable, when due, 3) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof, provided, however, that any draw on the Surplus Fund or the Reserve Fund shall not constitute an Event of Default, 4) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds, 5) determination, decision, or decree by the IRS or other court which results in interest payable on the Series 2016A Bonds becoming includable in the gross income of an owner, unless appealed or contested in good faith by the District, and 6) receipt by the Trustee of written notice from the purchaser stating than an "Event of Default" has occurred and is continuing under the Continuing Covenant Agreement. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2016A Bonds is not an available remedy for an Event of Default.

First Amendment to Indenture of Trust

In November 2021, the District entered into the First Amendment to Indenture of Trust with UMB Bank, N.A. (the "Trustee") which modified the original Indenture of Trust to extend the Maturity Date of the Series 2016 Bonds to March 1, 2022 with interest at 81.15% of the Term Secured Overnight Financing Rate ("SOFR") plus an applicable spread (as defined by the agreement). No principal is contemplated under this agreement until maturity, but interest is payable monthly on the first of each month.

Because of the variable interest rate of the bonds and the uncertainty of the amount of the interest payments, no schedule of debt service requirements for the Series 2016A Bonds is presented.

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 Series 2016B 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 for the Series 2016B Bonds is presented.

Events of Default as defined in the Series 2016B Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2016B Bonds is not an available remedy for an Event of Default nor shall the District be subject to punitive or consequential damages.

The District had no unused lines of credit as of December 31, 2021.

Note 5: Other Agreements

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. The Swap Agreement was terminated at par on December 1, 2021, as of the original maturity date of the related Series 2016A Bonds (see Note 4)

Settlement Agreement

On August 13, 2021, the District and Aequus Partners, LLC ("Aequus") entered into a Settlement Agreement which set forth the conditions and obligations related to the Parking Garage owned by the District. Pursuant to this agreement, the District shall pay Aequus $1,667,042 by depositing such funds into an escrow account as per conditions set forth in the Improvements Delivery Agreement dated August 4, 2021 ("Delivery Agreement"). The District also shall convey fee title to the Parking Garage by special warranty deed. During August 2021, the District deposited the required funds into the escrow account and the lawsuit was dismissed.

MIDCITIES METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2021

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 budgeted to refinance the existing debt during 2022.

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 District 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.

<u>Amended and Restated Sales and Use Tax Reimbursement Agreement</u>
On October 3, 2016, the District, District No. 1 and the City 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.

<u>Amended and Restated Master Intergovernmental Agreement (“Master IGA”)</u>
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 were budgeted and 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: Interfund and Operating Transfers

The transfer of $483,372 from the General Fund to the Capital Projects Fund was transferred for the purpose of funding capital expenditures.

Note 12: 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;
2) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
3) 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 capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
2) 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,
3) 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.

Note 13: Subsequent Event

Subsequent to year end, the District negotiated with UMB Bank as Trustee to further extend the maturity date of the Series 2016A bonds to April 30, 2022. On April 27, 2022, the District issued $50,185,000 in Special Revenue Refunding Bonds, Series 2022 ("Series 2022 Bonds"). The proceeds of the Series 2022 Bonds were used in conjunction with funds held by the District to fully refund the Series 2016A Bonds and Series 2016B Bonds, purchase a Bond Insurance Policy, purchase a 2022 Reserve Policy and pay the costs of issuing the Series 2022 Bonds. The Series 2022 Bonds bear interest at a rate of 5.000% and mature on December 1, 2046. The Series 2022 Bonds constitute special revenue obligations of the District payable solely from and to the extent of the Pledged Revenue as defined in the Trust Indenture.

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, 2021

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	$ 2,424,321	$ 2,423,398	$ (923)
Bond Proceeds	55,000,000	-	(55,000,000)
Sales tax revenue	2,200,000	2,211,048	11,048
Interest income	45,657	8,579	(37,078)
Total Revenues	59,669,978	4,643,025	(55,026,953)
EXPENDITURES			
Bond principal	56,125,000	-	56,125,000
Bond interest expense	2,527,444	3,305,088	(777,644)
Investment advisor	5,000	5,000	-
Paying agent fees	10,500	11,385	(885)
Bond Issuance costs	1,650,000	-	1,650,000
Miscellaneous expenses	5,000	-	5,000
Treasurer's fees	36,300	36,446	(146)
Total Expenditures	60,359,244	3,357,919	57,001,325
NET CHANGE IN FUND BALANCE	(689,266)	1,285,106	1,974,372
FUND BALANCE:			
BEGINNING OF YEAR	5,605,210	6,519,848	914,638
END OF YEAR	$ 4,915,944	$ 7,804,954	$ 2,889,010

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, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest income	$ 15,000	$ 8,629	$ 349	$ (8,280)
Miscellaneous income	-	-	100,000	100,000
Total Revenues	15,000	8,629	100,349	91,720
EXPENDITURES				
Capital outlay	1,140,000	1,850,000	1,775,092	74,908
Total Expenditures	1,140,000	1,850,000	1,775,092	74,908
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,125,000)	(1,841,371)	(1,674,743)	166,628
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	-	650,000	483,372	(166,628)
Total Other Financing Sources (Uses)	-	650,000	483,372	(166,628)
NET CHANGE IN FUND BALANCE	(1,125,000)	(1,191,371)	(1,191,371)	-
FUND BALANCE:				
BEGINNING OF YEAR	1,125,000	1,191,371	1,191,371	-
END OF YEAR	$ -	$ -	$ -	$ -

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, 2021

History of Sales Taxes Remitted by the City

Fiscal Year	Pledged Sales Tax Collections	Percent Change
2013	$1,799,257	--
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%
2019	$2,623,129	9.99%
2020	$2,107,638	-19.65%
2021	$2,181,512	3.51%

History of Use Taxes Remitted by the City

Fiscal Year	Pledged Use Tax Collections	Percent Change
2013	$9,437	--
2014	$13,176	39.62%
2015	$16,742	27.06%
2016	$147,632	781.81%
2017	$58,486	-60.38%
2018	$14,740	-74.80%
2019	$14,913	1.17%
2020	$9,678	-35.10%
2021	$29,536	205.19%

Generators of Sales Taxes within the District

	2021	2020
1	Retail Store	Retail Store
2	Eating and Drinking	Eating and Drinking
3	Eating and Drinking	Eating and Drinking
4	Retail Store	Retail Store
5	Hotels and Lodging	Hotels and Lodging
6	Hotels and Lodging	Hotels and Lodging
7	Eating and Drinking	Eating and Drinking
8	Eating and Drinking	Eating and Drinking
9	Retail Store	Retail Store
10	Retail Store	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, 2021

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
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
2019/2020	$45,851,277	$8,789,436	$2,467,950	$4,427,208	$61,535,871
2020/2021	$46,449,890	$8,830,860	$2,476,440	$6,595,150	$64,352,340
2021/2022	$48,034,047	$10,861,490	$2,488,980	$8,830,290	$70,214,807

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
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
2019/2020	3.000	38.901	41.901	30.875	38.000
2020/2021	3.000	38.901	41.901	30.875	38.000
2021/2022	3.000	38.901	41.901	30.875	38.000

Property Tax Collections for the District and the Excluded Property

Levy/ Collection Year	Taxes Levied	Current Tax Collections	Collection Rate
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%
2018/2019	$2,261,866	$2,263,299	100.06%
2019/2020	$2,454,604	$2,450,623	99.84%
2020/2021	$2,563,671	$2,562,676	99.96%

MidCities Metropolitan District No. 2
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Ten Largest Owners of Taxable Property of the District

Taxpayer Name	2021 Final Assessed Valuation	Percentage of Total Assessed Valuation
RLJ II - RH Boulder, LLC	$ 7,737,200	16.11%
MB Hospitality Ribroom LP	6,148,000	12.80%
Wal-Mart Stores, Inc	4,132,480	8.60%
LT Flatiron LLC	3,799,650	7.91%
Pacific Heritage Inn of Broomfield LLC	3,512,470	7.31%
Denver BF Property LLC	3,133,380	6.52%
Aequus Partners, LLC	1,885,000	3.92%
Windscape of Florida LLC	1,097,360	2.28%
Patrick Tash Education Group Inc	986,940	2.05%
Westpac Realty Fund II LLC	864,470	1.80%
Total	$ 33,296,950	69.30%

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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