

CITYSET METROPOLITAN DISTRICT NO. 2

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032

NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Navin Dimond	President	2022/May 2022
William (“Trey”) O’Shields, III	Treasurer	2023/May 2023
Jason Gaede	Assistant Secretary	2022/May 2022
Chris Manley	Assistant Secretary	2023/May 2023
VACANT		2023/May 2022
David Solin	Secretary	

DATE: June 17, 2020

TIME: 10:30 A.M.

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

IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE CALL IN TO THE CONFERENCE BRIDGE AT 1-877-250-3814 AND WHEN PROMPTED, DIAL IN THE PASSCODE OF 5592663.

I. ADMINISTRATIVE MATTERS

- A. Present Disclosures of potential conflicts of interest and confirm quorum.

- B. Approve Agenda, confirm location of meeting and posting of meeting notices and designate 24 hour posting location.

- C. Discuss results of the cancelled May 5, 2020 Regular Election for Directors (enclosure).

- D. Acknowledge the resignation of Michael Szapor effective as of May 22, 2020.

- E. Consider appointment of William G. Martinic to the Board of Directors. Administer Oath of Director.

F. Consider Appointment of Officers:

President _____
 Treasurer _____
 Secretary _____
 Asst. Secretary _____
 Asst. Secretary _____
 Asst. Secretary _____

G. Review and approve the Minutes of the December 18, 2019 Special Meeting (enclosure).

II. FINANCIAL MATTERS

A. Review and ratify the approval of the payment of claims as follows (enclosures):

Fund	Period Ending Dec. 17, 2020	Period Ending Dec. 26, 2020	Period Ending Jan. 16, 2020	Period Ending Feb. 13, 2020
General	\$ 42,372.99	\$ 1,852.04	\$ 7,761.09	\$ 7,050.64
Debt Service	\$ 79,791.88	\$ -0-	\$ -0-	\$ 124,227.14
Capital Projects	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 122,164.87	\$ 1,852.04	\$ 7,761.09	\$ 131,227.78

Fund	Period Ending March 13, 2020	Period Ending April 15, 2020	Period Ending May 7, 2020
General	\$ 44,141.69	\$ 9,979.76	\$ 5,022.17
Debt Service	\$ -0-	\$ -0-	\$ 198,276.13
Capital Projects	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 44,141.69	\$ 9,979.76	\$ 203,298.30

B. Review and accept unaudited financial statements through the period ending March 31, 2020 and the schedule of cash position statement dated March 31, 2020 (enclosure).

C. Discuss status of 2015 Loan refunding.

D. Review and consider approval of 2019 Audit and authorize execution of the Representations Letter (enclosure).

- E. Ratify appointment of District Accountant to prepare the 2021 Budget and date set for the Public Hearing to consider adoption of the 2021 Budget on November 21, 2020.
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III. LEGAL MATTERS

- A. Ratify approval of Landscape Maintenance Service Agreement with Powder Country, Inc.
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- B. Review and consider approval of McGeady Becher District Records Retention Policy.
-

IV. PROJECTS

- A. Discuss Parking Lot and Repaving.
-
- B. Discuss landscape matters.
 - a. Additional planting and refreshing.
-
- b. Grounds Maintenance.
-
- C. Discuss Fountain Repair.
-
- D. Discuss improvements to ventilation in Camera Room.
-
- E. Discuss new UPS back-up for Security Camera System.
-

V. OTHER MATTERS

- A. _____
-

VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 18, 2020.**

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

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

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

<u>Name</u>	<u>Term</u>
William O'Shields III	Second Regular Election, May 2023
Michael Szapor	Second Regular Election, May 2023
Christopher Richard Manley	Next Regular Election, May 2022

/s/ David Solin
(Designated Election Official)

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

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE CITYSET METROPOLITAN DISTRICT NO. 2 HELD DECEMBER 18, 2019

A Special Meeting of the Board of Directors (hereinafter referred to as the “Board”) of CitySet Metropolitan District No. 2 (hereinafter referred to as the “District”) was held on Wednesday, December 18, 2019, at 9:30 a.m., at Stonebridge Companies, 4949 South Niagra St., Suite 300, Denver, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Navin Dimond
William “Trey” O’Shields, III
Jason Gaede
Christopher “Chris” Manley (via speakerphone)
Mike Szapor

Also In Attendance Were:

David Solin; Special District Management Services, Inc.

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

Kimberly Johannis; Simmons & Wheeler, P.C.

Howard Pollack and John Davis; Stonebridge Companies

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board and to the Secretary of State. Mr. Solin noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney Williams noted that all Directors’ Disclosure Statements had been filed.

*As used herein, the term “Developer” means any and/or all of the following entities: Cherry Creek Lodging, LLC; Stonebridge Realty Advisors, Inc.; Sonley Lodging, LLC; Sonley Retail, LLC; Dimond Holdings LLC; and Group Four Holdings, LLC

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: The Board reviewed the proposed Agenda for the District's Special Meeting.

Following discussion, upon motion duly made by Director Dimond, seconded by Director Gaede and, upon vote, unanimously carried, the Agenda was approved, as amended.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board Meeting.

Following discussion, upon motion duly made by Director Dimond, seconded by Director Gaede and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within the District boundaries to conduct this meeting, it was determined to conduct the meeting at the above-stated date, time and location. The Board further noted that notice of this location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within District boundaries.

Minutes: The Board reviewed Minutes of the October 2, 2019 Special Meeting.

Following discussion, upon motion duly made by Director Dimond, seconded by Director Gaede and, upon vote, unanimously carried, the Minutes of October 2, 2019 Special Meeting were approved, as presented.

2020 Regular Meeting Dates: The Board entered into discussion regarding Resolution No. 2019-12-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Locations for Posting of 24-Hour Notices.

Mr. Solin discussed the business to be conducted in 2020 to meet the statutory compliance requirements. Following discussion, the Board determined to meet on the June 17, 2020 at 10:30 a.m. and November 18, 2020 at 9:30 a.m. at Stonebridge Companies, 4949 South Niagra St., Suite 300, Denver, Colorado.

Following discussion, upon motion duly made by Director Gaede, seconded by Director Dimond and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-12-01; Resolution Establishing Regular Meeting Dates, Time and Location, and designating Locations for Posting of 24-Hour Notices. A copy of the Resolution is attached hereto and incorporated herein by this reference.

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RECORD OF PROCEEDINGS

§32-1-809, C.R.S. – Transparency Notice: The Board entered into discussion regarding §32-1-809, C.R.S. – Transparency Notice reporting requirements and mode of eligible elector notification.

Following discussion, the Board directed staff to post the required information to the SDA website, satisfying the statutory requirement.

McGeady Becher P.C. District Records Retention Policy: Attorney Williams discussed with the Board an update to the McGeady Becher P.C. Records Retention Policy. No action was taken.

**PUBLIC
COMMENT**

There were no public comments.

**FINANCIAL
MATTERS**

Claims: The Board reviewed and considered ratifying approval of payment of claims for the periods ending as follows:

Fund	Period Ending Oct. 17, 2019	Period Ending Nov. 12, 2019
General	\$ 12,253.25	\$ 8,012.4944
Debt Service	\$ 98,854.36	\$ 171,326.70
Capital	\$ -0-	\$ -0-
Total Claims	\$ 111,107.61	\$ 179,339.19

Following review, upon motion duly made by Director Dimond, seconded by Director Gaede and, upon vote, unanimously carried, the Board ratified the payment of claims, as presented.

Unaudited Financial Statements: Ms. Johanns reviewed the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending September 30, 2019.

Following review and discussion, upon motion duly made by Director Dimond, seconded by Director Szapor and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending September 30, 2019, as presented.

2019 Audit: The Board considered engagement of Haynie & Company to perform the 2019 Audit.

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RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Dimond seconded by Director O'Shields and, upon vote, unanimously carried, the Board approved the engagement of Haynie & Company to perform the 2019 Audit, for an amount not to exceed \$5,600.

2019 Budget Amendment Hearing: The President opened the Public Hearing to consider an Amendment to the 2019 Budget and to discuss related issues.

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

It was noted that an amendment to the 2019 Budget was not needed.

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

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

Ms. Johanns reviewed the estimated 2019 expenditures and the proposed 2020 expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2019-11-02 to Adopt the 2020 Budget and Appropriate Sums of Money and Resolution No. 2019-11-03 to Set Mill Levies (for the General Fund at 0.000 mills and the Debt Service Fund at 0.000 mills, for a total mill levy of 0.000 mills). Upon motion duly made by Director Gaede, seconded by Director Szapor and, upon vote, unanimously carried, Resolution No. 2019-11-02 to Adopt the 2020 Budget and Appropriate Sums of Money and Resolution No. 2019-11-03 to Set Mill Levies were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, prior to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2019. Mr. Solin was authorized to transmit the Certification of Mill Levies to Arapahoe County and the Division of

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RECORD OF PROCEEDINGS

Local Government, not later than December 15, 2019. Mr. Solin was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2020.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Gaede, seconded by Director Szapor and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

2021 Budget Preparation: The Board entered into discussion regarding appointing the District Accountant to prepare the 2021 Budget and setting the date for a Public Hearing to adopt the 2021 Budget for November 18, 2020.

Following discussion, upon motion duly made by Director *Gaede*, seconded by Director *Szapor* and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2021 Budget and set the date for a Public Hearing to adopt the 2021 Budget for November 18, 2020.

LEGAL MATTERS

Election Resolution: The Board discussed Resolution No. 2019-12-04; Resolution Calling a Regular Election for Directors on May 5, 2020, appointing the Designated Election Official (“DEO”) and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election.

Following discussion, upon motion duly made by Director Dimond, seconded by Director Gaede and, upon vote, unanimously carried, the Board adopted Resolution No. 2019-12-04; Resolution Calling a Regular Election for Directors on May 5, 2020, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

Potential Debt Refunding: The Board discussed the debt refunding. It was noted by the Board that Director O’Shields is working on discussions with BOK. The maturity date of the current loan is in 2020.

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RECORD OF PROCEEDINGS

PROJECTS

Service Agreement between the District and Collins Engineers, Inc. to serve as District Engineer: The Board reviewed the Service Agreement between the District and Collins Engineers, Inc. to serve as District Engineer.

Following discussion, upon motion duly made by Director Gaede, seconded by Director Szapor, and upon vote, unanimously carried, the Board ratified approval of the Service Agreement between the District and Collins Engineers, Inc. to serve as District Engineer.

Service Agreement between the District and Collins Engineers, Inc. to serve as Manager for the Asphalt Paving Project: The Board reviewed the Service Agreement between the District and Collins Engineers, Inc. to serve as Manager for the Asphalt Paving Project.

Following discussion, upon motion duly made by Director Dimond, seconded by Director O'Shields, and upon vote, unanimously carried, the Board approved the Service Agreement between the District and Collins Engineers, Inc. to serve as Manager for the Asphalt Paving Project.

Proposal from Ramey Environmental Compliance, Inc. for Operator in Responsible Charge services for Lift Station: The Board reviewed the proposal from Ramey Environmental Compliance, Inc. for Operator in Responsible Charge services for Lift Station.

Following discussion, upon motion duly made by Director Dimond, seconded by Director Szapor, and upon vote, unanimously carried, the Board approved the proposal from Ramey Environmental Compliance, Inc. for Operator in Responsible Charge services for Lift Station.

Parking Lot and Repaving Project: The Board discussed the Parking Lot and Repaving Project. It was noted that the Board would like the District to proceed with obtaining bids.

Fountain Repair Project: Mr. Solin discussed with the Board the efforts to find a company to do the fountain repair, and that he is still looking to obtain a proposal.

Improvements to ventilation in Camera Room: Mr. Solin discussed with the Board the status of improvements to ventilation in Camera Room. He noted that he is working with the Engineer on a design.

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RECORD OF PROCEEDINGS

Holiday Lighting, Snow Removal and Landscape Maintenance: The Board discussed moving the Holiday Lighting, Snow Removal and Landscape Maintenance expenses to the District.

Following discussion, upon motion duly made by Director Dimond, seconded by Director Szapor and, upon vote, unanimously carried, the Board authorized obtaining proposals and the District entering into agreements for snow plow and landscaping, as well as holiday decorations, subject to legal review.

Garage Cleaning: The Board noted that the garage has been cleaned, but may need to be potentially restriped.

OTHER MATTERS

There were no other matters.

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

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Cityset Metro District No.2
December-19

	General	Debt	Totals	
Disbursements	\$ 42,372.99	\$ 79,791.88	\$ -	\$ 122,164.87
	\$ -	\$ -	\$ -	\$ -
Total Disbursements from Checking Acct	\$42,372.99	\$79,791.88	\$0.00	\$122,164.87

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1255						
12/17/2019	CO Special Districts P & L Pool	POL-0001530 6111	Prepaid Expenses	1-143	400.00	400.00
12/17/2019	CO Special Districts P & L Pool	POL-0002811	Prepaid Expenses	1-143	24,473.00	24,473.00
Total 1255:						24,873.00
1256						
12/17/2019	McGeady Becher P.C.	1096W - OCT	Legal	1-675	1,741.00	1,741.00
12/17/2019	McGeady Becher P.C.	46 - OCT	Legal	1-675	25.00	25.00
Total 1256:						1,766.00
1257						
12/17/2019	National Pavement Partners	191374	Repair and maintenance	1-805	1,000.00	1,000.00
Total 1257:						1,000.00
1258						
12/17/2019	Ramey Environmental, Inc	19679	Repair and maintenance	1-805	524.00	524.00
Total 1258:						524.00
1259						
12/17/2019	Simmons & Wheeler, P.C.	25296	Management and Accoun	1-612	2,361.98	2,361.98
Total 1259:						2,361.98
1260						
12/17/2019	Special Dist Management Srvs	11.30.19	Management and Accoun	1-612	1,925.00	1,925.00
12/17/2019	Special Dist Management Srvs	NOV 19	Miscellaneous	1-685	59.87	59.87
Total 1260:						1,984.87
1261						
12/17/2019	T. Charles Wilson Insurance Serv	7663	Prepaid Expenses	1-143	495.00	495.00
Total 1261:						495.00
1262						
12/17/2019	The Sherwin Williams Co.	6523500	Repair and maintenance	1-805	23.14	23.14
Total 1262:						23.14
1263						
12/17/2019	Top Gun Pressure Washing	100396	Repair and maintenance	1-805	9,345.00	9,345.00
Total 1263:						9,345.00
1264						
12/17/2019	Zions First National Bank	11.30.19	Zion's Bank-Pledged Rev	2-117	79,791.88	79,791.88
Total 1264:						79,791.88
Grand Totals:						122,164.87

Cityset Metro District No.2
 December-19
 Special Check Run 12.26.19

	General	Debt			Totals
Disbursements	\$ 1,852.04	\$ -	\$ -	\$ -	\$ 1,852.04
	\$ -	\$ -	\$ -	\$ -	\$ -
Total Disbursements from Checking Acct	\$1,852.04	\$0.00	\$0.00	\$0.00	\$1,852.04

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1265						
12/26/2019	Freeman Signs, Inc.	7781	Repair and maintenance	1-805	1,262.12	1,262.12
Total 1265:						1,262.12
1266						
12/26/2019	Ramey Environmental, Inc	19437	Repair and maintenance	1-805	589.92	589.92
Total 1266:						589.92
Grand Totals:						1,852.04

Cityset Metro District No.2
January-20

	General	Debt			Totals
Disbursements	\$ 7,761.09	\$ -	\$ -	\$ -	\$ 7,761.09
	\$ -	\$ -	\$ -	\$ -	-
Total Disbursements from Checking Acct	\$7,761.09	\$0.00	\$0.00	\$0.00	\$7,761.09

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1267						
01/16/2020	McGeady Becher P.C.	1096W 11/19	Legal	1-675	1,367.50	1,367.50
Total 1267:						1,367.50
1268						
01/16/2020	Ramey Environmental, Inc	19817	Repair and maintenance	1-805	524.00	524.00
Total 1268:						524.00
1269						
01/16/2020	Simmons & Wheeler, P.C.	25476	Management and Accoun	1-612	1,513.29	1,513.29
Total 1269:						1,513.29
1270						
01/16/2020	Special Dist Management Srvs	63911 12/2019	Miscellaneous	1-685	120.06	120.06
01/16/2020	Special Dist Management Srvs	63911 12/2019	Management and Accoun	1-612	1,925.00	1,925.00
Total 1270:						2,045.06
1271						
01/16/2020	Yesco LLC	INY-0202821	Repair and maintenance	1-805	2,311.24	2,311.24
Total 1271:						2,311.24
Grand Totals:						7,761.09

Cityset Metro District No.2
February-20

	General	Debt	Totals	
Disbursements	\$ 7,050.64	\$ 124,227.14	\$ -	\$ 131,277.78
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$7,050.64	\$124,227.14	\$0.00	\$131,277.78

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1272						
02/13/2020	Centric Elevator Corporation	267091	Repair and maintenance	1-805	321.09	321.09
02/13/2020	Centric Elevator Corporation	269562	Repair and maintenance	1-805	328.01	328.01
Total 1272:						649.10
1273						
02/13/2020	McGeady Becher P.C.	1096W-44	Legal	1-675	1,547.30	1,547.30
Total 1273:						1,547.30
1274						
02/13/2020	Ramey Environmental, Inc	19966	Repair and maintenance	1-805	524.00	524.00
Total 1274:						524.00
1275						
02/13/2020	Simmons & Wheeler, P.C.	25650	Management and Accoun	1-612	1,484.55	1,484.55
Total 1275:						1,484.55
1276						
02/13/2020	Special Dist Management Srvs	01/2020	Election	1-635	140.00	140.00
02/13/2020	Special Dist Management Srvs	01/2020	Miscellaneous	1-685	88.00	88.00
02/13/2020	Special Dist Management Srvs	01/2020	Management and Accoun	1-612	1,785.00	1,785.00
Total 1276:						2,013.00
1277						
02/13/2020	Special District Association	2020 RENEWAL	Insurance/SDA Dues	1-670	832.69	832.69
Total 1277:						832.69
1278						
02/13/2020	Zions First National Bank	01/2020	Zion's Bank-Pledged Rev	2-117	124,227.14	124,227.14
Total 1278:						124,227.14
Grand Totals:						131,277.78

Cityset Metro District No.2
March-20

	General	Debt	Totals	
Disbursements	\$ 44,141.69		\$ -	\$ 44,141.69
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$44,141.69	\$0.00	\$0.00	\$44,141.69

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1279						
03/13/2020	Ambius	014756DE266575R	Miscellaneous	1-685	3,841.27	3,841.27
Total 1279:						3,841.27
1280						
03/13/2020	Centric Elevator Corporation	269862	Repair and maintenance	1-805	328.01	328.01
Total 1280:						328.01
1281						
03/13/2020	FASTSIGNS Denver Midtown	E479-92468	Repair and maintenance	1-805	184.31	184.31
Total 1281:						184.31
1282						
03/13/2020	Mai Mechanical LLC	12-340145	Repair and maintenance	1-805	190.00	190.00
Total 1282:						190.00
1283						
03/13/2020	McGeady Becher P.C.	1096W 01/20	Legal	1-675	658.08	658.08
Total 1283:						658.08
1284						
03/13/2020	Powder Country LLC	2699	Repair and maintenance	1-805	1,053.00	1,053.00
03/13/2020	Powder Country LLC	2703	Repair and maintenance	1-805	14,475.00	14,475.00
03/13/2020	Powder Country LLC	2727	Repair and maintenance	1-805	1,132.00	1,132.00
03/13/2020	Powder Country LLC	2761	Repair and maintenance	1-805	6,838.50	6,838.50
03/13/2020	Powder Country LLC	2787	Repair and maintenance	1-805	10,473.00	10,473.00
Total 1284:						33,971.50
1285						
03/13/2020	Ramey Environmental, Inc	20118	Repair and maintenance	1-805	524.00	524.00
03/13/2020	Ramey Environmental, Inc	20189	Repair and maintenance	1-805	1,470.07	1,470.07
Total 1285:						1,994.07
1286						
03/13/2020	Simmons & Wheeler, P.C.	25826	Management and Accoun	1-612	741.53	741.53
Total 1286:						741.53
1287						
03/13/2020	Special Dist Management Srvs	02/2020	Election	1-635	210.00	210.00
03/13/2020	Special Dist Management Srvs	02/2020	Insurance/SDA Dues	1-670	70.00	70.00
03/13/2020	Special Dist Management Srvs	02/2020	Management and Accoun	1-612	1,008.00	1,008.00
03/13/2020	Special Dist Management Srvs	02/2020	Miscellaneous	1-685	56.32	56.32
Total 1287:						1,344.32
1288						
03/13/2020	Special District Association	2020 DUES	Insurance/SDA Dues	1-670	150.00	150.00
Total 1288:						150.00

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1289						
03/13/2020	Voss Lighting	57083672-00	Repair and maintenance	1-805	738.60	738.60
Total 1289:						738.60
Grand Totals:						44,141.69

Cityset Metro District No.2
April-20

	General	Debt	Totals	
Disbursements	\$ 9,979.76		\$ -	\$ 9,979.76
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$9,979.76	\$0.00	\$0.00	\$9,979.76

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1290						
04/15/2020	Centric Elevator Corporation	270920	Repair and maintenance	1-805	328.01	328.01
Total 1290:						328.01
1291						
04/15/2020	McGeady Becher P.C.	1096W 02/2020	Legal	1-675	125.00	125.00
Total 1291:						125.00
1292						
04/15/2020	Omnisite	72564	Miscellaneous	1-685	263.01	263.01
Total 1292:						263.01
1293						
04/15/2020	Powder Country LLC	2819	Repair and maintenance	1-805	438.00	438.00
04/15/2020	Powder Country LLC	2825	Repair and maintenance	1-805	298.50	298.50
04/15/2020	Powder Country LLC	2831	Repair and maintenance	1-805	398.50	398.50
04/15/2020	Powder Country LLC	2848	Repair and maintenance	1-805	5,160.50	5,160.50
Total 1293:						6,295.50
1294						
04/15/2020	Ramey Environmental, Inc	20268	Repair and maintenance	1-805	524.00	524.00
Total 1294:						524.00
1295						
04/15/2020	Simmons & Wheeler, P.C.	26015	Management and Accoun	1-612	465.54	465.54
Total 1295:						465.54
1296						
04/15/2020	Special Dist Management Svcs	03/2020	Audit	1-615	98.00	98.00
04/15/2020	Special Dist Management Svcs	03/2020	Election	1-635	168.00	168.00
04/15/2020	Special Dist Management Svcs	03/2020	Management and Accoun	1-612	1,659.00	1,659.00
04/15/2020	Special Dist Management Svcs	03/2020	Miscellaneous	1-685	53.70	53.70
Total 1296:						1,978.70
Grand Totals:						9,979.76

Cityset Metro District No.2
May-20

	General	Debt		Totals
Disbursements	\$ 5,022.17	\$ 198,276.13	\$ -	\$ 203,298.30
	\$ -		\$ -	\$ -
Total Disbursements from Checking Acct	\$5,022.17	\$198,276.13	\$0.00	\$203,298.30

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total
1297						
05/06/2020	Centric Elevator Corporation	271604	Repair and maintenance	1-805	328.01	328.01
Total 1297:						328.01
1298						
05/06/2020	McGeady Becher P.C.	1096W 03/20	Legal	1-675	65.00	65.00
Total 1298:						65.00
1299						
05/06/2020	Phoenix Precast Products, Inc.	612564	Furnishings	1-806	750.78	750.78
Total 1299:						750.78
1300						
05/06/2020	Powder Country LLC	2858	Repair and maintenance	1-805	248.50	248.50
05/06/2020	Powder Country LLC	2863	Repair and maintenance	1-805	309.00	309.00
05/06/2020	Powder Country LLC	2864	Repair and maintenance	1-805	388.00	388.00
05/06/2020	Powder Country LLC	2870	Repair and maintenance	1-805	348.50	348.50
Total 1300:						1,294.00
1301						
05/06/2020	Ramey Environmental, Inc	20393	Repair and maintenance	1-805	524.00	524.00
Total 1301:						524.00
1302						
05/06/2020	Special Dist Management Srvs	04/2020	Audit	1-615	70.00	70.00
05/06/2020	Special Dist Management Srvs	04/2020	Election	1-635	28.00	28.00
05/06/2020	Special Dist Management Srvs	04/2020	Insurance/SDA Dues	1-670	14.00	14.00
05/06/2020	Special Dist Management Srvs	04/2020	Management and Accoun	1-612	1,813.00	1,813.00
05/06/2020	Special Dist Management Srvs	04/2020	Miscellaneous	1-685	45.70	45.70
Total 1302:						1,970.70
1303						
05/06/2020	The Villager Legals	9657	Election	1-635	44.84	44.84
05/06/2020	The Villager Legals	9669	Election	1-635	44.84	44.84
Total 1303:						89.68
1304						
05/07/2020	Zions First National Bank	05/2020	Zion's Bank-Pledged Rev	2-117	198,276.13	198,276.13
Total 1304:						198,276.13
Grand Totals:						203,298.30

CitySet Metropolitan District No. 2
Financial Statements
March 31, 2020

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
CitySet Metropolitan District No. 2

Management is responsible for the accompanying financial statements of each major fund of CitySet Metropolitan District No. 2, as of and for the period March 31, 2020, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the three months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to CitySet Metropolitan District No. 2 because we performed certain accounting services that impaired our independence.

Simmons & Wheeler, P.C.

May 13, 2020
Englewood, Colorado

CitySet Metropolitan District No. 2
 Combined Balance Sheet
 March 31, 2020

See Accountant's Compilation Report

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Account Groups</u>	<u>Total All Funds</u>
Assets				
Current assets				
Cash in Bank - BOK	\$ -	\$ 35,718	\$ -	\$ 35,718
Zion's Bank - Loan Payment	-	248,507	-	248,507
Zion's Bank - Pledged Revenue	-	83,866	-	83,866
Zion's Bank - Reserve Fund	-	1,000,537	-	1,000,537
Sales and Lodging Receivable	-	55,354	-	55,354
Increment receivable	-	188,151	-	188,151
PIF Receivable	127,252	-	-	127,252
Due to/from other funds	<u>(115,799)</u>	<u>115,799</u>	<u>-</u>	<u>-</u>
	<u>11,453</u>	<u>1,727,932</u>	<u>-</u>	<u>1,739,385</u>
Other assets				
Land Easements	-	-	3,707,541	3,707,541
Phase I & II - Parking Garage	-	-	11,786,861	11,786,861
Lift Station	-	-	208,100	208,100
Accumulated Depreciation	-	-	(1,875,585)	(1,875,585)
Amount available in debt service fund	-	-	1,727,932	1,727,932
Amount to be provided for retirement of debt	<u>-</u>	<u>-</u>	<u>15,936,554</u>	<u>15,936,554</u>
	<u>-</u>	<u>-</u>	<u>31,491,403</u>	<u>31,491,403</u>
	<u>\$ 11,453</u>	<u>\$ 1,727,932</u>	<u>\$ 31,491,403</u>	<u>\$ 33,230,788</u>
Liabilities and Equity				
Current liabilities				
Accounts payable	<u>\$ 11,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,453</u>
	<u>11,453</u>	<u>-</u>	<u>-</u>	<u>11,453</u>
2015 Loan	-	-	12,505,000	12,505,000
Dev Advance - Cap Interest	<u>-</u>	<u>-</u>	<u>5,159,486</u>	<u>5,159,486</u>
Total liabilities	<u>11,453</u>	<u>-</u>	<u>17,664,486</u>	<u>17,675,939</u>
Fund Equity				
Investment in improvements	-	-	13,826,917	13,826,917
Fund balance (deficit)	<u>-</u>	<u>1,727,932</u>	<u>-</u>	<u>1,727,932</u>
	<u>-</u>	<u>1,727,932</u>	<u>13,826,917</u>	<u>15,554,849</u>
	<u>\$ 11,453</u>	<u>\$ 1,727,932</u>	<u>\$ 31,491,403</u>	<u>\$ 33,230,788</u>

CitySet Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For Three Months Ended March 31, 2020
General Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
PIF Collections	\$ 830,000	\$ 127,252	\$ (702,748)
Other income	1,000	-	(1,000)
	<u>831,000</u>	<u>127,252</u>	<u>(703,748)</u>
Expenditures			
Management & Accounting	30,000	6,317	23,683
Audit	6,000	98	5,902
Election Expense	10,000	518	9,482
Insurance/SDA Dues	28,000	27,221	779
Legal	10,000	848	9,152
PIF Collection Fee	16,600	-	16,600
Miscellaneous	2,000	4,302	(2,302)
Repairs & Maintenance	110,000	7,450	102,550
Snow Removal	-	40,267	(40,267)
Furnishings	5,000	751	4,249
Transfer to Debt Service	600,000	39,480	560,520
Contingency	6,872	-	6,872
Emergency reserve	6,528	-	6,528
	<u>831,000</u>	<u>127,252</u>	<u>703,748</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CitySet Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For Three Months Ended March 31, 2020
Capital Projects Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Bond/Loan proceeds	\$ <u>500,000</u>	\$ <u>-</u>	\$ <u>(500,000)</u>
	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Expenditures			
Paving and landscape	<u>400,000</u>	<u>-</u>	<u>400,000</u>
	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Excess (deficiency) of revenues over expenditures	100,000	-	(100,000)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 100,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (100,000)</u></u>

CitySet Metropolitan District No. 2
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For Three Months Ended March 31, 2020
Debt Service Fund

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Sales and Lodging Tax - TIF Collection	\$ 385,000	\$ 55,354	\$ (329,646)
Property Tax Increment Rev	360,000	189,096	(170,904)
Transfer from General Fund	600,000	39,480	(560,520)
Bond/Loan proceeds	12,000,000	-	(12,000,000)
Interest income	<u>5,000</u>	<u>1,390</u>	<u>(3,610)</u>
	<u>13,350,000</u>	<u>285,320</u>	<u>(13,064,680)</u>
Expenditures			
Debt service - loan principal	12,660,000	155,000	12,505,000
Debt service - loan interest	351,729	89,604	262,125
Sub Debt payment	500,000	-	500,000
TIF Collection Fee	1,925	-	1,925
Tax increment collection	1,800	945	855
Paying agent fees	<u>3,000</u>	<u>-</u>	<u>3,000</u>
	<u>13,518,454</u>	<u>245,549</u>	<u>13,272,905</u>
Excess (deficiency) of revenues over expenditures	(168,454)	39,771	208,225
Fund balance - beginning	<u>1,719,631</u>	<u>1,688,161</u>	<u>(31,470)</u>
Fund balance - ending	<u>\$ 1,551,177</u>	<u>\$ 1,727,932</u>	<u>\$ 176,755</u>

CitySet Metropolitan District No. 2

Annual Financial Report

December 31, 2019

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Independent Auditor's Report

To the Board of Directors
CitySet Metropolitan District No. 2

We have audited the accompanying financial statements of the governmental activities and the major funds of CitySet Metropolitan District No. 2 as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of CitySet Metropolitan District No. 2, as of December 31, 2019 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

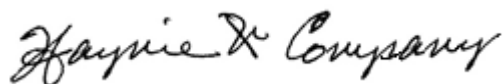
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CitySet Metropolitan District No. 2's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.



Littleton, Colorado
May ____, 2020

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Basic Financial Statements

CitySet Metropolitan District No. 2
Statement of Net Position
December 31, 2019

Assets	Governmental Activities
Cash and cash equivalents	\$ 95,946
Cash and cash equivalents - restricted	1,372,106
Accounts receivable	246,970
Prepaid expenses	800
Capital assets, net of depreciation	<u>13,521,840</u>
Total assets	<u>15,237,662</u>
Liabilities	
Accounts payable	44,322
Loans payable:	
Due within one year	12,660,000
Due in more than one year	-
Accrued interest payable - loans	89,605
Accrued interest payable - developer advance	<u>5,016,306</u>
Total liabilities	<u>17,810,233</u>
Net Position	
Net investment in capital assets	(4,244,071)
Restricted for:	
Emergencies	22,539
Debt service	1,671,500
Unrestricted	<u>(22,539)</u>
Total net position	<u>(2,572,571)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 15,237,662</u>

The accompanying notes are an integral part of these financial statements.

CitySet Metropolitan District No. 2
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Primary government:					
Governmental activities:					
General government	\$ 468,394	\$ -	\$ -	\$ -	\$ (468,394)
Interest and related costs on long term debt	932,457	-	-	-	(932,457)
	<u>1,400,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,400,851)</u>
General revenues:					
Public improvement fees					750,692
TIF collections					346,819
Property tax increment					359,932
Investment income					5,243
Miscellaneous					600
Total general revenues and transfers					<u>1,463,286</u>
Change in net position					62,435
Net position - beginning of year - as restated					<u>(2,635,006)</u>
Net position - end of year					<u>\$ (2,572,571)</u>

The accompanying notes are an integral part of these financial statements.

CitySet Metropolitan District No. 2
Governmental Funds Balance Sheet
and Reconciliation of Fund Balances to Net Position
December 31, 2019

Assets	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Cash and investments	\$ -	\$ 1,468,052	\$ 1,468,052
Accounts receivable	172,752	74,218	246,970
Due from other funds	-	129,230	129,230
Prepaid expense	800	-	800
Total assets	<u>173,552</u>	<u>1,671,500</u>	<u>1,845,052</u>
Liabilities			
Accounts payable	44,322	-	44,322
Due to other funds	129,230	-	129,230
Total liabilities	<u>173,552</u>	<u>-</u>	<u>173,552</u>
Fund Balances			
Non-spendable	800	-	800
Restricted for:			
Emergencies (TABOR)	22,539	-	22,539
Debt service	-	1,671,500	1,671,500
Unassigned	(23,339)	-	(23,339)
Total fund balances	<u>-</u>	<u>1,671,500</u>	<u>1,671,500</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 173,552</u>	<u>\$ 1,671,500</u>	<u>\$ 1,845,052</u>
Total governmental fund balance per above			\$ 1,671,500
Amounts reported for governmental activities in the statement of net position excluded from the governmental fund balance because:			
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are excluded from the funds.			13,521,840
Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:			
Loans payable			(12,660,000)
Accrued interest payable - loans			(89,605)
Accrued interest payable - developer advance			<u>(5,016,306)</u>
Net position of governmental activities			<u>\$ (2,572,571)</u>

The accompanying notes are an integral part of these financial statements.

CitySet Metropolitan District No. 2
Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Revenues:			
Public improvement fees	\$ 750,692	\$ -	\$ 750,692
TIF collections	-	346,819	346,819
Property tax increment	-	359,932	359,932
Net investment income	-	5,243	5,243
Miscellaneous	600	-	600
Total General Revenues	<u>751,292</u>	<u>711,994</u>	<u>1,463,286</u>
Expenses:			
General government			
Legal and professional fees	51,993	-	51,993
PIF collection fees	15,014	-	15,014
TIF collection fees	-	1,734	1,734
Tax increment collection fee	-	1,800	1,800
Insurance/SDA Dues	26,571	-	26,571
Repair and maintenance	56,151	-	56,151
Other expenses	10,054	-	10,054
Debt service			
Loan principal - senior debt	-	620,000	620,000
Loan interest - senior debt	-	369,388	369,388
Loan interest - subordinate debt	-	260,000	260,000
Paying agent fees	-	3,000	3,000
Total Expenditures	<u>159,783</u>	<u>1,255,922</u>	<u>1,415,705</u>
Revenues over (under) expenditures	<u>591,509</u>	<u>(543,928)</u>	<u>47,581</u>
Other financing sources (uses):			
Interfund transfers	<u>(616,447)</u>	<u>616,447</u>	<u>-</u>
Net change in fund balance	<u>(24,938)</u>	<u>72,519</u>	<u>47,581</u>
Fund balances:			
Beginning of the year	<u>24,938</u>	<u>1,598,981</u>	<u>1,623,919</u>
End of the year	<u>\$ -</u>	<u>\$ 1,671,500</u>	<u>\$ 1,671,500</u>

The accompanying notes are an integral part of these financial statements.

CitySet Metropolitan District No. 2
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2019

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

Net change in fund balance—total governmental funds	\$ 47,581
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure; however, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. In addition, in the Statement of Activities, conveyance of assets from other entities is reported as a revenue, and the assumption of debt is reported as an expense.</p>	
Depreciation	(305,077)
<p>Long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.</p>	
Loan principal payments	620,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest - change in liability, loans	4,388
Accrued interest - change in liability, developer advance	<u>(304,457)</u>
Change in net position of governmental activities	<u>\$ 62,435</u>

The accompanying notes are an integral part of these financial statements.

CitySet Metropolitan District No. 2
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2019

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Public improvement fees	\$ 905,000	\$ 750,692	\$ (154,308)
Miscellaneous	-	600	600
Total revenue	905,000	751,292	(153,708)
Expenditures:			
General government			
Accounting and audit	33,000	40,516	(7,516)
Insurance/SDA dues	29,000	26,571	2,429
Legal	10,000	11,477	(1,477)
PIF collection fee	18,000	15,014	2,986
Miscellaneous	1,000	10,054	(9,054)
Contingency	84,604	-	84,604
Repair and maintenance	40,000	56,151	(16,151)
Furnishings	3,500	-	3,500
Emergency Reserve	27,150	-	27,150
Total Expenditures	246,254	159,783	86,471
Revenue Over Expenditures	658,746	591,509	(67,237)
Other Sources and (Uses)			
Interfund transfers	(700,000)	(616,447)	83,553
Total Sources and (Uses)	(700,000)	(616,447)	83,553
Net Change in Fund Balance	(41,254)	(24,938)	16,316
Fund Balance—Beginning of year	41,254	24,938	(16,316)
Fund Balance—End of Year	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2019

1. Definition of Reporting Entity

CitySet Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on March 3, 2011 and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District's service area is located in the City of Glendale, Colorado. The District operates under a Service Plan to provide for the design, acquisition, construction, installation, financing, relocation and redevelopment, and operation and maintenance of certain water, sanitation, stormwater, street, traffic and safety control, park and recreation, TV and relay, fire protection, safety protection, transportation, and mosquito control improvements.

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

The District has no employees and contracts for all of its management and professional services.

The District is not a component unit of any other primary governmental entity.

2. Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities are currently supported by public improvement fees, TIF collections, and debt financing.

CitySet Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Expenditures for capital outlay are shown as increases in assets and redemption of long-term debts are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are public improvement fees and TIF collections. Nearly all revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation paid.

CitySet Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2019

2. Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

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

The Debt Service Fund is used to account for financial resources to be used for the acquisition and repayment of debt obligations.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

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

The Board of Directors may amend the budget subsequent to adoption, in accordance with provisions of Colorado Revised State Statutes.

Capital Assets

Capital assets, which include infrastructure assets (e.g. road, water, sewer improvements and similar items), are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

CitySet Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2019

2. Summary of Significant Accounting Policies (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset 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, by the straight-line method. Depreciable lives of capital assets are as follows:

Parking garage	40 years
Lift station	20 years

Fund Equity

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

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as lenders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

CitySet Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

The total fund balance of the governmental funds was \$1,671,500 as of December 31, 2019. Of this balance, \$800 was non-spendable since it had already been used to pre-pay expenses of 2020; \$22,539 is restricted for emergencies, as required by TABOR; \$1,671,500 is restricted for debt service; and the remaining balance is an unassigned deficit of \$23,339.

3. Cash and Cash Equivalents

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

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

As of December 31, 2019, the District's cash deposits had a carrying balance and bank balance of \$1,468,052, of which \$1,122,106 was not FDIC insured, but collateralized by the PDPA.

CitySet Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2019

4. Capital Assets

An analysis of the changes in net capital asset during 2019 follows:

	December 31, 2018	Additions	Disposals	December 31, 2019
Governmental Activities:				
Capital assets, non-depreciable:				
Land	\$ 3,707,541	\$ -	\$ -	\$ 3,707,541
Capital assets, depreciable:				
Lift Station	208,100	-	-	208,100
Parking Garage	11,786,861	-	-	11,786,861
Accumulated depreciation	<u>(1,875,585)</u>	<u>(305,077)</u>	<u>-</u>	<u>(2,180,662)</u>
Total depreciable capital assets, net	<u>10,119,376</u>	<u>(305,077)</u>	<u>-</u>	<u>9,814,299</u>
Total capital assets, net	<u>\$ 13,826,917</u>	<u>\$ (305,077)</u>	<u>\$ -</u>	<u>\$ 13,521,840</u>

Depreciation expense charged in 2019 to the governmental functions of the District was \$305,077.

5. Long-Term Liabilities

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

	December 31, 2018	Additions	Retirements	December 31, 2019	Due Within One Year
Series 2015 Loan	<u>\$ 13,280,000</u>	<u>\$ -</u>	<u>\$ (620,000)</u>	<u>\$ 12,660,000</u>	<u>\$ 12,660,000</u>
Total Long Term Debt	<u>\$ 13,280,000</u>	<u>\$ -</u>	<u>\$ (620,000)</u>	<u>\$ 12,660,000</u>	<u>\$ 12,660,000</u>

CitySet Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2019

5. Long-Term Liabilities (continued)

Series 2015 Loan

On October 16, 2015 the District entered into a loan agreement with CoBiz Public Finance, Inc. in the original principal amount of \$15,000,000 for the series 2015 loan. This series bears an interest rate of 2.8%, with interest payments on the loan due quarterly.

2015 Note – Total principal payments on the 2015 note due annually as set forth below:

Payment Date	Principal Due
2020	<u>\$ 12,660,000</u>

Developer Advances

The District assumed rights and obligations of that certain Facilities Funding and Acquisition Agreement, as amended, and an Operation Funding Agreement, as amended, (the Funding Agreements) with the Cherry Creek Lodging, LLC; Stonebridge Realty Advisors, Inc.; Sonley Lodging, LLC; Sonley Retail, LLC; Dimond Holdings, LLC; and Group Four Holdings, LLC (collectively, the “Developer”) from CitySet Metropolitan District No. 1 by virtue of that certain Termination, Assignment and Assumption of Facilities Funding, Construction and Operations Agreement dated October 16, 2015 where the Developer is to provide for the advancement of certain monies to the District for capital improvement costs and operation and maintenance costs. The District agrees to repay the Developer, along with accrued interest, at a rate of 12% compounded interest. As of December 31, 2019, outstanding advances had been paid in full and remaining accrued interest on the advances was \$5,016,306.

Debt Authorization

On November 2, 2010, qualified electors of the District approved the District to issue debt of up to \$540,000,000 for the purposes of financing construction or acquisition of capital improvements. As of December 31, 2019, the District had \$525,000,000 in authorized but unissued debt. Pursuant to the Intergovernmental Agreement with the City of Glendale, Colorado, the District will not issue more than \$60,000,000 in indebtedness. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District’s service area; however, as of December 31, 2019, the amount and timing of any debt issuance is not determinable.

CitySet Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2019

6. Net Position

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, less the outstanding balance of debt or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position includes items that are restricted for use either externally imposed by grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$1,694,039 as of December 31, 2019 which are restricted for debt service and emergencies as required by Colorado legislation. The District's unrestricted net position as of December 31, 2019 totaled a deficit \$22,539.

7. Related Parties

One of the Developers of the property which constitutes the District is Stonebridge Realty Advisors, Inc. The members of the Board of Directors of the District are officers, employees or otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

8. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

CitySet Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2019

9. Intergovernmental Agreements

City of Glendale Intergovernmental Agreement

On April 15, 2011, the District entered into an intergovernmental agreement (the “City IGA”) with the City of Glendale, Colorado (the “City”). The City IGA describes the rights and responsibilities of the District regarding operation and ownership of public facilities, agreements relative to certain regional improvements and continued oversight by the City. The District is to finance such activities through fees and levies imposed by the District. The mill levy of the District is limited to 50 mills and total debt issued may not exceed \$60,000,000.

Declaration of Covenants Imposing and Implementing the Public Improvement Fees (“PIF Covenant”)

On December 23, 2009, Cherry Creek Lodging, LLC executed the PIF Covenant and caused the same to be recorded in the real property records of Arapahoe County against the real property located in the boundaries of the District (the “PIF Covenant Area”). The PIF Covenant obligates all Retailers located within the PIF Covenant Area to collect a public improvement fee in the amount of: (i) two percent (2%) of all PIF Sales (defined below) that occur within the PIF Covenant Area; and (ii) an additional one percent (1%)(for a total of three percent (3%)) on all Lodging PIF Sales (as defined below) that occur within the PIF Covenant Area (collectively, the “PIF Revenues”). PIF Sales means any exchange of goods or services for money or other media of exchange initiated, consummated, conducted or otherwise occurring from or within the PIF Covenant Area upon which a Sales Tax would be payable pursuant to Sales Tax Ordinances. Lodging PIF Sales means an exchange of services for money or other media of exchange relating to overnight lodging for one or more nights, which is initiated, consummated, conducted, transacted or otherwise occurring from or within the PIF Covenant Area, and that is subject to sales taxation by the City of Glendale pursuant to its Sales Tax Ordinances. Under the PIF Covenant, the PIF Revenues are intended to pay for eligible costs of public improvements.

PIF Collection Agreement

Cherry Creek Lodging, LLC, Cherry Creek-Sonley Public Improvement Corporation and the City of Glendale entered into that certain PIF Collection Agreement dated March 1, 2010 (the “PIF Collection Agreement”). Cherry Creek-Sonley Public Improvement Corporation subsequently assigned its rights and obligations under the PIF Collection Agreement to CitySet Metropolitan District No. 1 by virtue of that certain Assignment of PIF Collection Agreement dated June 18, 2012. CitySet Metropolitan District No. 1 assigned its rights and obligations under the PIF Collection Agreement to the District by virtue of that certain Assignment of PIF Collection Agreement dated October 16, 2015. Under the PIF Collection Agreement the Retailers are to collect and remit the PIF to the PIF Collection Agent. The City of Glendale (the “City”) has agreed to act as the PIF Collection Agent.

CitySet Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2019

9. Intergovernmental Agreements (continued)

Under the PIF Collection Agreement, the City receives the PIF Revenues and after deduction of the City's reimbursable expenses, remits the PIF Revenues to the District for payment of eligible costs of public improvements.

Cooperation Agreement

The property within the District is located within the CitySet Urban Renewal Area (the "Plan Area"). The City and the Glendale Economic Redevelopment Authority (the "Authority") entered into that certain Cooperation Agreement dated August 30, 2011 with respect to the Plan Area. Under the Cooperation Agreement, the City agreed to remit to the Authority the Pledged Sales Tax Increment Revenues and the Pledged Lodger's Tax Increment Revenues. The Pledged Lodger's Tax Increment Revenue is 35% of the Lodger's Tax Increment Revenues and the Pledged Sales Tax Increment Revenues is 35% of the Sales Tax Increment Revenues. The Lodger's Tax Increment Revenues is the total amount of revenues actually produced from the levy of a Lodger's Tax within Parcel B in the Plan Area following the Lodger's Tax Base year. The Sales Tax Increment Revenues is all of that portion of the municipal sales tax revenue above the Sales Base produced by a levy of 3.75% imposed by the City upon all sales transactions subject to the municipal sales tax after deducted from such revenue the actual cost of collection and enforcement of such sales tax revenue. The Sales Tax Base is the amount of revenues actually produced from the levy of the Sales Taxes within Parcel B in the Sales Tax Base Year which amount is zero.

Reimbursement Agreement

The Authority and the CitySet Metropolitan District No. 1 entered into that certain Reimbursement Agreement dated as of August 30, 2011. On October 16, 2015 CitySet Metropolitan District No. 1 assigned its rights and obligations under the Reimbursement Agreement to the District by virtue of that certain Assignment of Reimbursement Agreement.

Pursuant to the Reimbursement Agreement, the Authority has pledged certain revenues to the District for the District's repayment of bonds issued in connection with the District's construction of eligible public improvements. Under the Reimbursement Agreement, the Authority agrees to remit to the District: (i) 35% of the incremental revenues collected by the City and received by the Authority from the imposition of the City's 6.5% Lodger's Tax on the private improvements on Parcel B within the District's service area; (ii) 35% of that portion of the municipal sales tax revenue received by the City from a levy of three and three quarters percent (3.75%) imposed by the City upon all transactions subject to municipal sales tax within the private improvements or otherwise on Parcel B within the District's service area after deducted from such revenue the actual cost of collection and enforcement of such sales tax revenue; (iii) Property Tax Increment Revenue which is equal to the annual ad valorem

CitySet Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2019

9. Intergovernmental Agreements (continued)

property tax revenue received by the Authority from the Arapahoe County Treasurer in excess of the amount produced by the levy of those taxing bodies that levy property taxes against the base assessed value of the taxable property in the Urban Renewal Area; (iv) any portion of the Districts' Debt Service Mill Levy (if imposed) and (v) any funds obtained or actually recovered by the Developer or the Districts as reimbursement for any and all expenditures for eligible public improvements, including amounts recovered from public utility companies, other metropolitan districts and other developers or property owners.

Facilities Funding, Construction and Operations Agreement

The District and CitySet Metropolitan District No. 1 ("District No. 1" and collectively, with the District, the "Districts") entered into that certain Facilities Funding, Construction and Operations Agreement (the "FFCO") on November 30, 2011 to coordinate the financing, construction, operation and maintenance of the public improvements within the service area of the Districts and to establish the relationship between the respective responsibilities of the Districts. The FFCO provides a framework for the equitable allocation over time among the Districts of the costs of administration of the Districts and the costs of financing, constructing, operating and maintaining the public improvements contemplated therein. Pursuant to the FFCO, District No. 1 is the "Operating District" and is generally responsible for providing the financing, construction, operations and maintenance of the public infrastructure to serve the service area. The District is the Taxing District and is generally responsible for cooperating with the Operating District to effectuate the financing of the public improvements. The FFCO is intended to constitute a multiple fiscal year financial obligation of the Districts, and as such, it was submitted to and approved by the electorates of each of the Districts prior to being executed. The FFCO Agreement terminated October 16, 2015, by virtue of that certain Termination, Assignment, and Assumption of FCCO Agreement.

2011-2012 Operation Funding Agreement

On March 3, 2011, CitySet Metropolitan District No. 1, Cherry Creek Lodging, LLC and Stonebridge Realty Advisors, Inc., entered into that certain 2011-2012 Operation Funding Agreement (the "OFA"). The OFA was amended by that certain First Amendment dated effective November 11, 2011 and that certain Second Amendment dated effective November 30, 2011 which added the following parties as the Developer: Sonley Retail, LLC, Sonley Lodging, LLC, Dimond Holdings, LLC and Group Four Holdings, LLC (collectively, with Cherry Creek Lodging, LLC and Stonebridge Realty Advisors, Inc., the "Developer"). CitySet Metropolitan District No. 1 assigned its rights and obligations under the OFA to the District by virtue of that certain Termination, Assignment and Assumption of Facilities Funding, Construction and Operations Agreement dated October 16, 2015.

CitySet Metropolitan District No. 2

Notes to Financial Statements (continued)

December 31, 2019

9. Intergovernmental Agreements (continued)

As of December 31, 2019, the amount had been advanced by the Developer was paid back in full.

Facilities Funding and Acquisition Agreement

CitySet Metropolitan District No. 1 and Cherry Creek Lodging, LLC and Stonebridge Realty Advisors, Inc., entered into a Facilities Funding and Acquisition Agreement dated October 11, 2011 (the “FFAA”). The FFAA was amended by a First Amendment dated November 11, 2011 to add the following parties as the Developer: Sonley Retail, LLC, Sonley Lodging, LLC, Dimond Holdings, LLC and Group Four Holdings, LLC (collectively, with Cherry Creek Lodging, LLC and Stonebridge Realty Advisors, Inc., the “Developer”). Pursuant to the FFAA, the District acknowledged that the Developer expended certain funds for Organizational Expenses. In addition, the District and the Developer agreed that the Developer would design, construct and complete certain public improvements. The FFAA provided for the District’s acquisition of the public improvements from the Developer and repayment of the Organizational Expenses. The interest rate on such amounts is established at 12% per annum on the amounts outstanding commencing from the date(s) set forth in the FFAA. The agreement was further amended on December 2, 2013, to set the priority of payments as being first applied to principal and second to accrued and unpaid interest. CitySet Metropolitan District No. 1 assigned its rights and obligations under the FFAA to the District by virtue of that certain Termination, Assignment and Assumption Agreement as to Facilities Funding, Construction and Operations Agreement dated October 16, 2015.

10. Tax, Spending and Debt Limitations

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

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

CitySet Metropolitan District No. 2
Notes to Financial Statements (continued)
December 31, 2019

10. Tax, Spending and Debt Limitations (continued)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year revenues (excluding debt service). At December 31, 2019, the District had an emergency reserve of \$22,539. 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 revenues limits will require judicial interpretation.

11. Restatement

During 2019, the calculation for the developer advance compounding interest was reviewed and it was noted that each “principal” addition should be treated differently due to the fact that interest is to be compounded annually. It was also noted that the loan interest for the 4th quarter of 2018 was not accrued.

These changes caused the beginning government-wide net position to be restated:

	<u>December 31, 2018</u>		<u>December 31, 2018</u>
	<u>As Originally Stated</u>	<u>Restatement</u>	<u>As Restated</u>
Accrued interest payable - developer advance	\$ 5,399,850	\$ (688,001)	\$ 4,711,849
Accrued interest payable - loans	\$ -	\$ 93,993	\$ 93,993
Net Position	\$ (3,229,014)	\$ 594,008	\$ (2,635,006)

Supplementary Information

DRAFT

CitySet Metropolitan District No. 2
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Debt Service Fund
For the Year Ended December 31, 2019

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
TIF collections	\$ 396,000	\$ 346,819	\$ (49,181)
Property tax increment	330,000	359,932	29,932
Net investment income	3,500	5,243	1,743
Total Revenue	<u>729,500</u>	<u>711,994</u>	<u>(17,506)</u>
Expenditures:			
TIF collection fees	2,500	1,734	766
Tax increment collection fee	2,000	1,800	200
Loan principal	620,000	620,000	-
Loan interest	369,388	369,388	-
Developer payments	700,000	260,000	440,000
Paying agent fees	3,000	3,000	-
Other expenses	-	-	-
Total Expenditures	<u>1,696,888</u>	<u>1,255,922</u>	<u>440,966</u>
Revenue Over (Under) Expenditures	(967,388)	(543,928)	423,460
Other Sources and (Uses)			
Interfund transfers	700,000	616,447	(83,553)
Total Sources and (Uses)	<u>700,000</u>	<u>616,447</u>	<u>(83,553)</u>
Net Change in Fund Balance	(267,388)	72,519	339,907
Fund Balance—Beginning of year	<u>1,553,661</u>	<u>1,598,981</u>	<u>45,320</u>
Fund Balance—End of Year	<u>\$ 1,286,273</u>	<u>\$ 1,671,500</u>	<u>\$ 385,227</u>