

CitySet Metropolitan District No. 2

Annual Financial Report

December 31, 2021





Table of Contents


	Page
INDEPENDENT AUDITOR’S REPORT	I-III
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position.....	1
Statement of Activities	2
Governmental Funds Balance Sheet and Reconciliation of Fund Balances to Net Position	3
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	5
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—General Fund	6-7
Notes to Basic Financial Statements.....	8-23
SUPPLEMENTARY INFORMATION	
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Debt Service Fund	24
Statement of Revenue, Expenditures and Changes in Fund Balance —Actual and Budget—Governmental Fund Type—Capital Projects Fund.....	25



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
CitySet Metropolitan District No. 2

Opinions

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, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of CitySet Metropolitan District No. 2, as of December 31, 2021 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 CitySet Metropolitan District No. 2 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 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.

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 CitySet Metropolitan District No. 2's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 CitySet Metropolitan District No. 2'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 CitySet Metropolitan District No. 2'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

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, as listed in the table of contents, 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

Sincerely,

Haynie & Company

Littleton, Colorado

June 10, 2022

Basic Financial Statements

CitySet Metropolitan District No. 2
Statement of Net Position
December 31, 2021

Assets	Governmental Activities
Cash and cash equivalents	\$ 4,690
Cash and cash equivalents - restricted	1,186,208
Accounts receivable	208,488
Prepaid expenses	450
Capital assets, net of depreciation	<u>13,062,993</u>
Total Assets	<u>14,462,829</u>
Liabilities	
Accounts payable	27,462
Bonds payable:	
Due in less than one year	450,000
Due in more than one year	17,165,000
Developer advance payable - general operations	238,272
Accrued interest payable	<u>60,123</u>
Total Liabilities	<u>17,940,857</u>
Net Position	
Net investment in capital assets	(4,162,130)
Restricted for:	
Emergencies	18,068
Debt service	1,141,423
Unrestricted	<u>(475,389)</u>
Total Net Position	<u>(3,478,028)</u>
Total Liabilities and Net Position	<u>\$ 14,462,829</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, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
Primary government:					
Governmental activities:					
General government	\$ 597,905	\$ -	\$ -	\$ -	\$ (597,905)
Interest and related costs on long term debt	<u>733,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(733,917)</u>
	<u>\$ 1,331,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,331,822)</u>
General revenues:					
Public improvement fees					\$ 602,257
Sales and Lodger's tax increment					281,128
Property tax increment/URA					413,517
Investment income					<u>186</u>
Total general revenues and transfers					<u>1,297,088</u>
Change in net position					(34,734)
Net position - beginning of year					<u>(3,443,294)</u>
Net position - end of year					<u>\$ (3,478,028)</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, 2021

Assets	General Fund	Debt Service Fund	Capital Projects Fund	Total
Cash and investments	\$ 4,690	\$ -	\$ -	\$ 4,690
Cash and investments - restricted	18,068	1,152,072	16,068	1,186,208
Accounts receivable	142,312	66,176	-	208,488
Developer advance receivable	22,591	-	-	22,591
Due from other funds	77,623	-	-	77,623
Prepaid expense	450	-	-	450
Total assets	265,734	1,218,248	16,068	1,500,050
Liabilities				
Accounts payable	27,462	-	-	27,462
Due to other funds	-	76,825	798	77,623
Total liabilities	27,462	76,825	798	105,085
Fund Balances				
Non-spendable	450	-	-	450
Restricted for:				
Emergencies (TABOR)	18,068	-	-	18,068
Debt service	-	1,141,423	-	1,141,423
Assigned	-	-	15,270	15,270
Unassigned	219,754	-	-	219,754
Total fund balances	238,272	1,141,423	15,270	1,394,965
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 265,734	\$ 1,218,248	\$ 16,068	\$ 1,500,050
Total governmental fund balance per above				\$ 1,394,965
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.				13,062,993
Amounts not yet funded are excluded from governmental activities				
Developer advances receivable				(22,591)
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:				
Developer advances payable				(227,324)
Bonds payable				(17,615,000)
Accrued interest payable - developer advances				(10,948)
Accrued interest payable - bonds				(60,123)
Net position of governmental activities				\$ (3,478,028)

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, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:				
Public improvement fees	\$ 602,257	\$ -	\$ -	\$ 602,257
Sales and Lodger's tax increment	-	281,128	-	281,128
Property tax increment/URA	-	413,517	-	413,517
Net investment income	14	169	3	186
Total General Revenues	<u>602,271</u>	<u>694,814</u>	<u>3</u>	<u>1,297,088</u>
Expenditures:				
General government				
Management and Accounting	35,053	-	-	35,053
Auditing	6,000	-	-	6,000
Insurance/SDA Dues	27,540	-	-	27,540
Legal	17,783	-	-	17,783
PIF collection fees	12,045	-	-	12,045
Property tax increment/URA collection fee	-	1,983	-	1,983
Sales and Lodger's tax collection fee	-	1,406	-	1,406
Paying Agent Fees	-	3,000	-	3,000
Miscellaneous	2,631	-	-	2,631
Repair and maintenance	6,249	-	-	6,249
Garage repairs and maintenance	1,288	-	-	1,288
Elevator repairs and maintenance	11,597	-	-	11,597
Snow Removal	43,400	-	-	43,400
Holiday Lighting	8,753	-	-	8,753
Landscape Maintenance	17,340	-	-	17,340
Landscape Improvements	55,778	-	-	55,778
Furnishings	19,130	-	-	19,130
Lift Station Operations	8,485	-	-	8,485
General labor	13,367	-	-	13,367
Debt service				
Interest - bonds	-	841,721	-	841,721
Bond issuance costs	-	1,000	-	1,000
Total Expenditures	<u>286,439</u>	<u>849,110</u>	<u>-</u>	<u>1,135,549</u>
Revenues over (under) expenditures	<u>315,832</u>	<u>(154,296)</u>	<u>3</u>	<u>161,539</u>
Other financing sources (uses):				
Developer advances	105,336	-	-	105,336
Interfund transfers	(182,896)	182,896	-	-
Total sources (uses)	<u>(77,560)</u>	<u>182,896</u>	<u>-</u>	<u>105,336</u>
Net change in fund balance	238,272	28,600	3	266,875
Fund balances:				
Beginning of the year	-	1,112,823	15,267	1,128,090
End of the year	<u>\$ 238,272</u>	<u>\$ 1,141,423</u>	<u>\$ 15,270</u>	<u>\$ 1,394,965</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, 2021

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

Net change in fund balance—total governmental funds	\$	266,875
<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 proceeds and the repayment of the principal of long-term debt provides or consumes the current financial resources of governmental funds.</p>		
Developer advances		(105,336)
<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, bonds		119,752
Accrued interest - change in liability, developer advances		<u>(10,948)</u>
Change in net position of governmental activities	\$	<u><u>(34,734)</u></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, 2021

	Original	Final		Variance
	Budget	Budget	Actual	Favorable
				(Unfavorable)
Revenue:				
Public improvement fees	\$ 616,000	\$ 616,000	\$ 602,257	\$ (13,743)
Developer advances	-	230,000	-	(230,000)
Miscellaneous	500	500	-	(500)
Transfer from debt service	-	453,500	-	(453,500)
Net investment income	-	-	14	14
Total revenue	<u>616,500</u>	<u>1,300,000</u>	<u>602,271</u>	<u>(697,729)</u>
Expenditures:				
General government				
Management and Accounting	32,000	44,000	35,053	8,947
Auditing	6,000	6,000	6,000	-
Insurance/SDA dues	30,000	28,000	27,540	460
Legal	17,000	24,000	17,783	6,217
PIF collection fee	12,320	12,320	12,045	275
Miscellaneous	2,000	4,000	2,631	1,369
Repair and maintenance	15,000	15,000	6,249	8,751
Security Systems repair and maintenance	3,000	3,000	-	3,000
Garage repairs and maintenance	5,000	5,000	1,288	3,712
Elevator repairs and maintenance	4,750	15,000	11,597	3,403
Surface parking repair and maintenance	8,000	8,000	-	8,000
Snow Removal	40,000	50,000	43,400	6,600
Holiday Lighting	8,000	8,752	8,753	(1)
Landscape Maintenance	10,000	15,000	17,340	(2,340)
Landscape Improvements	13,000	75,000	55,778	19,222
Furnishings	6,000	25,000	19,130	5,870
Lift Station Operations	8,000	8,000	8,485	(485)
General labor	13,500	13,500	13,367	133
Repay developer	-	455,878	0	455,878
Contingency	20,000	-	-	-
Emergency Reserve	6,602	-	-	-
Total Expenditures	<u>260,172</u>	<u>815,450</u>	<u>286,439</u>	<u>529,011</u>
Revenue Over (Under) Expenditures	356,328	484,550	315,832	(168,718)

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 (continued)
For the Year Ended December 31, 2021

Carried forward from previous page	356,328	484,550	315,832	(168,718)
Other Sources and (Uses)				
Developer advances	-	-	105,336	105,336
Interfund transfers	<u>(356,328)</u>	<u>(484,550)</u>	<u>(182,896)</u>	<u>301,654</u>
Total Sources and (Uses)	<u>(356,328)</u>	<u>(484,550)</u>	<u>(77,560)</u>	<u>406,990</u>
Net Change in Fund Balance	-	-	238,272	238,272
Fund Balance—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 238,272</u></u>	<u><u>\$ 238,272</u></u>

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

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

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

December 31, 2021

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.

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.

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

- The *Debt Service Fund* is used to account for financial resources to be used for the acquisition and repayment of debt obligations.
- The *Capital Projects Fund* is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

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. The 2021 budget was amended.

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.

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

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

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.
- *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 \$1,394,965 as of December 31, 2021. Of this balance, \$450 was non-spendable since it had already been used to pre-pay expenses of 2022; \$18,068 is restricted for emergencies, as required by TABOR; \$1,141,423 is restricted for debt service; \$15,270 is assigned for capital projects; and the remaining balance is an unassigned deficit of \$219,754.

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

3. 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	\$ 4,690
Cash and investments – restricted	<u>1,186,208</u>
Total	<u>\$ 1,190,898</u>

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

Deposits with financial institutions	\$ 1,168,140
Investments – COLOTRUST	<u>22,758</u>
	<u>\$ 1,190,898</u>

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 does not have a formal policy for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments

Credit Risk

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

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

3. Cash and Investments (continued)

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 investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

As of December 31, 2021, the District had the following investments:

COLOTRUST

As of December 31, 2021, the District invested in the Colorado Local Governmental Liquid Asset Trust ("COLOTRUST"), a local governmental investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value ("NAV") of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments. COLOTRUST Plus+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the next asset value. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less and is rated AAAM by Standard & Poor's. At December 31, 2021, the District had \$22,758 invested in COLOTRUST PLUS+.

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.

CitySet Metropolitan District No. 2
Notes to Financial Statements
December 31, 2021

4. Capital Assets

An analysis of the changes in net capital asset during 2021 follows:

	December 31, 2020	Additions	Disposals	December 31, 2021
Governmental Activities:				
Capital assets, non-depreciable:				
Land	\$ 3,858,848	\$ -	\$ -	\$ 3,858,848
Capital assets, depreciable:				
Lift Station	208,100	-	-	208,100
Parking Garage	11,786,861	-	-	11,786,861
Accumulated depreciation	<u>(2,485,739)</u>	<u>(305,077)</u>	-	<u>(2,790,816)</u>
Total depreciable capital assets, net	<u>9,509,222</u>	<u>(305,077)</u>	-	<u>9,204,145</u>
Total capital assets, net	<u>\$ 13,368,070</u>	<u>\$ (305,077)</u>	<u>\$ -</u>	<u>\$ 13,062,993</u>

Depreciation expense charged in 2021 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, 2021:

	December 31, 2020	Increases	Decreases	December 31, 2021
<u>General Obligation Bonds:</u>				
Series 2020 Bonds	\$ 17,615,000	\$ -	\$ -	\$ 17,615,000
	<u>17,615,000</u>	<u>-</u>	<u>-</u>	<u>17,615,000</u>
<u>Notes from direct borrowing and direct placements:</u>				
Developer Advances	144,579	82,745	-	227,324
	<u>144,579</u>	<u>82,745</u>	<u>-</u>	<u>227,324</u>
<u>Accrued Interest</u>				
Accrued Interest- Developer Advances	-	10,948	-	10,948
	<u>-</u>	<u>10,948</u>	<u>-</u>	<u>10,948</u>
	<u>144,579</u>	<u>93,693</u>	<u>-</u>	<u>238,272</u>
Total	<u>\$ 17,759,579</u>	<u>\$ 93,693</u>	<u>\$ -</u>	<u>\$ 17,853,272</u>

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

5. Long-Term Liabilities (continued)

Limited Tax General Obligation and Special Revenue Refunding and Improvement Bonds, Series 2020

On October 1, 2020, the District issued \$17,615,000 of Limited Tax General Obligation and Special Revenue Refunding and Improvement bonds (Series 2020 Bonds). The Series 2020 Bonds were issued to repay the Series 2015 loan with CoBiz Public Finances, Inc., accrued interest on developer advances, certain project and bond issuance costs, and to fund the initial deposit of the Surplus Fund as defined in the Series 2020 Bond indenture.

The Series 2020 Bonds are limited tax and special revenue obligations of the District secured by and payable from the Pledged Revenue, including (i) the property tax increment revenue, the pledged sales tax increment revenue, and the pledged lodger's tax revenue, (ii) the PIF pledged revenue, (iii) the property tax revenue, (iv) specific ownership tax revenue, which are collected by the District, (v) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the trustee for deposit into the Revenue Fund, or otherwise held under the indenture, and (vi) all income or other gain, if any, from any investment of the foregoing. PIF pledged revenue is defined as the amount received by the District from the Public Improvement Fees (see Note 9), less an amount equal to the operations and maintenance costs, which is limited to \$130,000 in calendar year 2020 and, thereafter, to increase one and one-half percent annually.

The Series 2020 Bonds include interest at rates ranging from 3.500% to 4.500% payable semiannually on each June 1 and December 1, commencing on June 1, 2021, and mature on 2045. The Series 2020 Bonds are subject to both optional and mandatory redemption, in whole or in part, upon payment of par, accrued interest, and a redemption premium. The optional redemption begins December 1, 2025 and the mandatory redemption begins December 1, 2022, December 1, 2031, and December 1, 2041.

Events of default for the Series 2020 Bonds include: (i) failure by the District to impose the required mill levy or to apply the pledged revenue as required by the indenture; (ii) default by the District in the performance of any other of the covenants, agreements, or conditions in the indenture and failure by the District to remedy; or (iii) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2020 Bonds.

CitySet Metropolitan District No. 2
Notes to Financial Statements
December 31, 2021

5. Long-Term Liabilities (continued)

The following is a summary of the annual long-term debt principal and interest requirements on the Series 2020 Bonds:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 450,000	\$ 721,475	\$ 1,171,475
2023	475,000	705,725	1,180,725
2024	580,000	689,100	1,269,100
2025	605,000	668,800	1,273,800
2026	715,000	647,625	1,362,625
2027-2031	4,165,000	2,835,800	7,000,800
2032-2036	5,450,000	1,893,469	7,343,469
2037-2041	2,565,000	939,500	3,504,500
2042-2045	2,610,000	301,500	2,911,500
Total	\$ 17,615,000	\$ 9,402,994	\$ 27,017,994

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, 2021, \$227,324 of developer advances and \$10,948 of related interest are payable.

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

5. Long-Term Liabilities (continued)

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, 2021, the District had \$507,385,000 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, 2021, the amount and timing of any debt issuance is not determinable.

Line of Credit

As of December 31, 2021, the District has no unused line of credit.

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 \$1,159,491 as of December 31, 2021 which are restricted for debt service and emergencies as required by Colorado legislation. The District's unrestricted net position as of December 31, 2021 totaled a deficit of \$475,389, which is expected to be remedied through future income and developer advances.

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.

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

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.

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

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

9. Intergovernmental Agreements (continued)

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.

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.

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

9. Intergovernmental Agreements (continued)

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 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.

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

9. Intergovernmental Agreements (continued)

Facilities Funding, Construction and Operations Agreement (continued)

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.

As of December 31, 2021, the amount of \$313,990 advanced by the Developer is payable.

2021 Operation Funding Agreement

The District and Stonebridge Realty Advisors, Inc. (“Stonebridge”) entered into a 2021 Operation Funding Agreement dated and effective January 1, 2021, (the “2021 OFA”). Pursuant to the 2021 OFA, Stonebridge agreed to advance funds to the District for operation and maintenance expenses for fiscal year 2021 up to the Shortfall Amount of \$200,000. The District agrees to reimburse Stonebridge for the amounts advanced under the 2021 OFA together with accrued interest of 8% per annum. The 2021 OFA does not constitute a debt, but is an annual appropriation intended to be repaid to the extent the District has funds available. The obligation of the District to reimburse Stonebridge for advances made under the 2021 OFA expires on December 31, 2061, and any amounts of principal or interest outstanding on such date are deemed to be forever discharged and satisfied.

As of December 31, 2021, the amount of \$238,272 advanced by the Developer is payable, of which \$227,324 is principal and \$10,948 is interest.

CitySet Metropolitan District No. 2

Notes to Financial Statements

December 31, 2021

9. Intergovernmental Agreements (continued)

2022 Operation Funding Agreement

The District and Oxbridge Properties, Inc. (“Oxbridge”) entered into a 2022 Operation Funding Agreement dated November 17, 2021, and effective January 1, 2022, (the “2022 OFA”). Pursuant to the 2022 OFA, Oxbridge agreed to advance funds to the District for operation and maintenance expenses for fiscal year 2022 up to the Shortfall Amount of \$155,000. The District agrees to reimburse Oxbridge for the amounts advanced under the 2022 OFA together with accrued interest of 8% per annum. The 2022 OFA does not constitute a debt, but is an annual appropriation intended to be repaid to the extent the District has funds available. The obligation of the District to reimburse Oxbridge for advances made under the 2022 OFA expires on December 31, 2062, and any amounts of principal or interest outstanding on such date are deemed to be forever discharged and satisfied.

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.

CitySet Metropolitan District No. 2
Notes to Financial Statements
December 31, 2021

10. Tax, Spending and Debt Limitations (continued)

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 revenues (excluding debt service). At December 31, 2021, the District had an emergency reserve of \$18,068. 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.

Supplementary Information

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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Sales and Lodger's tax increment	\$ 282,000	\$ 282,000	\$ 281,128	\$ (872)
Property tax increment/URA	396,000	396,000	413,517	17,517
Net investment income	<u>2,000</u>	<u>2,000</u>	<u>169</u>	<u>(1,831)</u>
Total Revenue	<u>680,000</u>	<u>680,000</u>	<u>694,814</u>	<u>14,814</u>
Expenditures:				
Property tax increment/URA collection fee	1,980	2,075	1,983	92
Sales and Lodger's tax increment collection fee	1,410	1,410	1,406	4
Loan interest	841,721	841,721	841,721	-
Cost of issuance	-	1,000	1,000	-
Sub debt payment	-	96,294	-	96,294
Paying agent fees	<u>4,000</u>	<u>4,000</u>	<u>3,000</u>	<u>1,000</u>
Total Expenditures	<u>849,111</u>	<u>946,500</u>	<u>849,110</u>	<u>97,390</u>
Revenue Over (Under) Expenditures	(169,111)	(266,500)	(154,296)	112,204
Other Sources and (Uses)				
Interfund transfers	<u>356,328</u>	<u>31,050</u>	<u>182,896</u>	<u>151,846</u>
Total Sources and (Uses)	<u>356,328</u>	<u>31,050</u>	<u>182,896</u>	<u>151,846</u>
Net Change in Fund Balance	187,217	(235,450)	28,600	264,050
Fund Balance—Beginning of year	<u>1,023,523</u>	<u>1,112,823</u>	<u>1,112,823</u>	<u>-</u>
Fund Balance—End of Year	<u>\$ 1,210,740</u>	<u>\$ 877,373</u>	<u>\$ 1,141,423</u>	<u>\$ 264,050</u>

CitySet Metropolitan District No. 2
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Capital Projects Fund
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Developer Advances	\$ -	\$ 4,733	\$ -	\$ (4,733)
Net investment income	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Total Revenue	<u>-</u>	<u>4,733</u>	<u>3</u>	<u>(4,730)</u>
Expenditures:				
Paving and Landscape	<u>\$ 15,266</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Total Expenditures	<u>15,266</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net Change in Fund Balance	(15,266)	(15,267)	3	15,270
Fund Balance—Beginning of year	<u>15,266</u>	<u>15,267</u>	<u>15,267</u>	<u>-</u>
Fund Balance—End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,270</u>	<u>\$ 15,270</u>