

**BROMLEY PARK
METROPOLITAN DISTRICT NO. 2
Adams and Weld Counties, Colorado**

**FINANCIAL STATEMENTS
December 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bromley Park Metropolitan District No. 2
Adams and Weld Counties, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Bromley Park Metropolitan District No. 2 (the District) as of and for the year ended December 31, 2017, 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 from material misstatement.

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

We believe 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 each major fund of Bromley Park Metropolitan District No. 2, as of December 31, 2017, and the respective changes in financial position thereof, 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 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 statement in an appropriate operation, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Fiscal Focus Partners, LLC

Lakewood, Colorado
August 16, 2018

BASIC FINANCIAL STATEMENTS

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
December 31, 2017

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 278,028 |
| Cash and investments - Restricted | 1,506,442 |
| Receivable - County Treasurer | 14,378 |
| Property taxes receivable | 2,274,936 |
| Prepaid expenses | 10,925 |
| Capital assets, not being depreciated | 695,857 |
| Total assets | 4,780,566 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Cost on bond refunding | 1,678,087 |
| LIABILITIES | |
| Accounts payable | 189,406 |
| Retainage payable | 7,717 |
| Accrued interest payable - Bonds | 135,286 |
| Noncurrent liabilities: | |
| Due in less than one year | 515,357 |
| Due in more than one year | 50,351,563 |
| Total liabilities | 51,199,329 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property tax revenue | 2,274,936 |
| NET POSITION | |
| Net investment in capital assets | 695,857 |
| Restricted for: | |
| Emergency reserves | 12,900 |
| Debt service | 1,341,026 |
| Unrestricted | (49,065,395) |
| Total net position | \$ (47,015,612) |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | <u>Net (Expense)</u> | |
|---|-------------------------|---------------------------------------|---|---|--|
| | <u>Expenses</u> | <u>Charges for</u> <u>Services</u> | <u>Operating</u> <u>Grants and</u> <u>Contributions</u> | <u>Capital Grants</u> <u>and</u> <u>Contributions</u> | <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u> |
| | | | | | <u>Governmental</u> <u>Activities</u> |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 187,430 | \$ - | \$ 12,898 | \$ 248,782 | \$ 74,250 |
| Interest and related costs on long-term debt | <u>2,764,640</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,764,640)</u> |
| | <u>\$ 2,952,070</u> | <u>\$ -</u> | <u>\$ 12,898</u> | <u>\$ 248,782</u> | <u>(2,690,390)</u> |
| General revenues: | | | | | |
| Property taxes | | | | | 1,843,448 |
| Specific ownership taxes | | | | | 177,157 |
| Net investment income | | | | | 25,593 |
| Other income | | | | | 18 |
| Total general revenues | | | | | <u>2,046,216</u> |
| Change in net position | | | | | <u>(644,174)</u> |
| Net position - Beginning | | | | | <u>(46,371,438)</u> |
| Net position - Ending | | | | | <u>\$ (47,015,612)</u> |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|---|-------------------|---------------------|---------------------|--------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 47,284 | \$ - | \$ 230,744 | \$ 278,028 |
| Cash and investments - Restricted | 12,900 | 1,493,542 | - | 1,506,442 |
| Receivable - County Treasurer | 1,220 | 13,158 | - | 14,378 |
| Due from other funds | 594 | - | 29,794 | 30,388 |
| Property taxes receivable | 193,049 | 2,081,887 | - | 2,274,936 |
| Prepaid expenses | 10,925 | - | - | 10,925 |
| TOTAL ASSETS | \$ 265,972 | \$ 3,588,587 | \$ 260,538 | \$ 4,115,097 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 30,841 | \$ - | \$ 158,565 | \$ 189,406 |
| Retainage payable | - | - | 7,717 | 7,717 |
| Due to other funds | - | 30,388 | - | 30,388 |
| Total liabilities | 30,841 | 30,388 | 166,282 | 227,511 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property tax revenue | 193,049 | 2,081,887 | - | 2,274,936 |
| Total deferred inflows of resources | 193,049 | 2,081,887 | - | 2,274,936 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid Expenses | 10,925 | - | - | 10,925 |
| Restricted for: | | | | |
| Emergency reserves | 12,900 | - | - | 12,900 |
| Debt service | - | 1,476,312 | - | 1,476,312 |
| Unassigned | 18,257 | - | 94,256 | 112,513 |
| Total fund balances | 42,082 | 1,476,312 | 94,256 | 1,612,650 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 265,972 | \$ 3,588,587 | \$ 260,538 | |

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

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds.

Capital assets, net 695,857

Long-term liabilities, including bonds payable and interest payable, are not due
and payable in the current period and, therefore, are not reported in the funds.

Cost of refunding 1,678,087

Bonds payable and accreted interest (36,215,288)

Premium on bonds payable (131,861)

Accrued interest payable - Bonds (135,286)

Developer advance payable (7,030,974)

Accrued interest payable - Developer advances (7,488,797)

Net position of governmental activities **\$ (47,015,612)**

These financial statements should be read only in connection with
the accompanying notes to financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|---|------------------|-------------------------|-----------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 156,433 | \$ 1,687,015 | \$ - | \$ 1,843,448 |
| Specific ownership taxes | 15,033 | 162,124 | - | 177,157 |
| Net investment income | 6,646 | 18,947 | - | 25,593 |
| Conservation Trust entitlement | 12,898 | - | - | 12,898 |
| Mineral deed | - | - | 133,902 | 133,902 |
| Oil lease | - | - | 114,880 | 114,880 |
| Other income | 18 | - | - | 18 |
| Total revenues | <u>191,028</u> | <u>1,868,086</u> | <u>248,782</u> | <u>2,307,896</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Accounting | 36,147 | - | 1,940 | 38,087 |
| Audit | 4,800 | - | - | 4,800 |
| Election | 140 | - | - | 140 |
| Legal | 24,050 | - | 6,729 | 30,779 |
| Management | 23,015 | - | - | 23,015 |
| Insurance and bonds | 10,403 | - | - | 10,403 |
| County Treasurer's fees | 2,352 | 25,362 | - | 27,714 |
| Landscape maintenance - HOA | 67,842 | - | - | 67,842 |
| Landscape maintenance - Utilities | 303 | - | - | 303 |
| Landscape maintenance - District | 8,454 | - | - | 8,454 |
| Miscellaneous | 1,255 | - | - | 1,255 |
| Debt service | | | | |
| Principal - Bonds | - | 455,000 | - | 455,000 |
| Interest expense - Bonds | - | 1,061,101 | - | 1,061,101 |
| Bond issue costs | - | 29,794 | - | 29,794 |
| Paying agent fees | - | 625 | - | 625 |
| Capital outlay | | | | |
| New park construction | - | - | 195,857 | 195,857 |
| Total expenditures | <u>178,761</u> | <u>1,571,882</u> | <u>204,526</u> | <u>1,955,169</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>12,267</u> | <u>296,204</u> | <u>44,256</u> | <u>352,727</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (to) from other funds | <u>(50,000)</u> | <u>-</u> | <u>50,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(50,000)</u> | <u>-</u> | <u>50,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (37,733) | 296,204 | 94,256 | 352,727 |
| FUND BALANCES - BEGINNING OF YEAR | <u>79,815</u> | <u>1,180,108</u> | <u>-</u> | <u>1,259,923</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 42,082</u> | <u>\$ 1,476,312</u> | <u>\$ 94,256</u> | <u>\$ 1,612,650</u> |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**BROMLEY PARK METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

| | |
|--|------------|
| Net change in fund balances - Total governmental funds | \$ 352,727 |
|--|------------|

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. During the current period there were no depreciable assets. Therefore, this is the amount of capital outlay in the current period.

| | |
|----------------|---------|
| Capital outlay | 195,857 |
|----------------|---------|

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:

| | |
|--|---------------------|
| Bond principal payment | 455,000 |
| Amortization of cost on bond refunding | (145,984) |
| Amortization of bond premium | 10,549 |
| Change in accrued interest on Developer advances | (491,491) |
| Change in accrued interest payable | (1,561) |
| Accrued interest on 2007B Bonds | (1,019,271) |
| Changes in net position of governmental activities | <u>\$ (644,174)</u> |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

| | <u>Original and Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|--|---------------------------|---|
| REVENUES | | | |
| Property taxes | \$ 156,408 | \$ 156,433 | \$ 25 |
| Specific ownership taxes | 13,300 | 15,033 | 1,733 |
| Net investment income | 800 | 6,646 | 5,846 |
| Conservation Trust entitlement | 13,000 | 12,898 | (102) |
| Other income | - | 18 | 18 |
| Oil lease | 114,880 | - | (114,880) |
| HOA park contribution | 50,000 | - | (50,000) |
| Community impact | 38,688 | - | (38,688) |
| Total revenues | <u>387,076</u> | <u>191,028</u> | <u>(196,048)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Accounting | 30,000 | 36,147 | (6,147) |
| Audit | 4,800 | 4,800 | - |
| Election | - | 140 | (140) |
| Legal | 18,000 | 24,050 | (6,050) |
| Management | 17,000 | 23,015 | (6,015) |
| Insurance and bonds | 10,597 | 10,403 | 194 |
| County Treasurer's fees | 2,346 | 2,352 | (6) |
| Landscape maintenance - HOA | 70,000 | 67,842 | 2,158 |
| Landscape maintenance - Utilities | 500 | 303 | 197 |
| Landscape maintenance - District | 15,000 | 8,454 | 6,546 |
| Miscellaneous | 2,000 | 1,255 | 745 |
| New park construction | 265,000 | - | 265,000 |
| Contingency | 3,757 | - | 3,757 |
| Total expenditures | <u>439,000</u> | <u>178,761</u> | <u>260,239</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(51,924)</u> | <u>12,267</u> | <u>64,191</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (to) from other funds | - | (50,000) | (50,000) |
| Total other financing sources (uses) | <u>-</u> | <u>(50,000)</u> | <u>(50,000)</u> |
| NET CHANGE IN FUND BALANCES | (51,924) | (37,733) | 14,191 |
| FUND BALANCES - BEGINNING OF YEAR | <u>73,881</u> | <u>79,815</u> | <u>5,934</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 21,957</u> | <u>\$ 42,082</u> | <u>\$ 20,125</u> |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY

Bromley Park Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Adams County on April 23, 1985, and recorded with the Adams County Clerk and Recorder on April 25, 1985, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Adams and Weld Counties, Colorado entirely within the City of Brighton (City). The District is one of six contiguous districts, South Beebe Draw Metropolitan District (formerly Bromley Park Metropolitan District No. 1), Bromley Park Metropolitan Districts No. 2, 3, 5, 6 and Brighton Crossing Metropolitan District (formerly Bromley Park Metropolitan District No. 4) (collectively, the Districts or SBDMD, BPMD Nos. 2, 3, 5 or 6, and BCMD). The District and BCMD had unrelated Boards of Directors from the other Districts at December 31, 2017. SBDMD, BPMD Nos. 2-3 and BCMD were participants to the Annexation Agreement dated June 9, 1985, as amended, between the City and the prior developer of the majority of the property within the District (BPK Holdings, L.L.C., hereinafter referred to as BPK). BPMD Nos. 5 and 6 were formed in 2000 and it is anticipated that these districts will also participate in the Annexation Agreement. Since their creation, all of the Districts have restructured their boundaries by various inclusions and exclusions within the same general land area (the Districts' Service Area).

The District was established principally to provide water, sanitary sewer and storm drainage services and to provide construction, installation, financing and operation of streets, park and recreation, mosquito control, transportation and television relay systems and improvements in addition to the water, sanitary sewer and storm drainage improvements to areas within and outside the boundaries of the District.

On August 4, 1995, in the agreement regarding Designation of District for Remittance of Sales and Use Tax between BPK, SBDMD, BPMD Nos. 2-3 and BCMD, SBDMD was appointed by the entities to receive all sales and use taxes remitted under the Annexation Agreement, as amended, by the City and to apply the receipts to the common benefit of the Districts.

On March 21, 2000, SBDMD, BPMD Nos. 2-3 and BCMD entered into an Interdistrict Regional Facilities Intergovernmental Agreement, which expanded the responsibilities of SBDMD to include coordination of construction, operation and maintenance of regional facilities with ownership retained by SBDMD. Funding for the regional facilities will be from certain fees collected by BPMD Nos. 2-3 and BCMD and transferred to SBDMD.

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 all operations and administrative functions are contracted.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

The District is not financially accountable for any other organization (including SBDMD, BPMD Nos. 3, 5 or 6, or BCMD), nor is the District a component unit of any other primary governmental entity.

NOTE 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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds. 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. Redemption of bonds is recorded as a reduction in liabilities.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

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 accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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 on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2017.

Pooled Cash and Investments

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

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds (current portion of interfund loans) or advances to/from other funds (long-term portion of interfund loans). The interfund balances have been eliminated in the government-wide statements.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks 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 acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets.

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, as applicable.

Certain capital assets constructed by the District have been conveyed to other governmental entities or to the homeowners' association.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the term of the related debt, using the effective interest method. In the fund financial statements, government fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources.

Cost of Bond Refunding

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the defeased bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *cost on bond refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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 bondholders), 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 practice to use the most restrictive classification first.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

| | |
|-----------------------------------|---------------------|
| Cash and investments | \$ 278,028 |
| Cash and investments - Restricted | <u>1,506,442</u> |
| Total cash and investments | <u>\$ 1,784,470</u> |

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2017, consist of the following:

| | |
|--------------------------------------|---------------------|
| Deposits with financial institutions | \$ 5,069 |
| Investments | <u>1,779,401</u> |
| Total cash and investments | <u>\$ 1,784,470</u> |

Deposits with Financial Institutions

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 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.

At December 31, 2017, the District's cash deposits had a bank balance of \$54,736 and a carrying balance of \$5,069.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2017, the District had the following investments:

| Investment | Maturity | Amount |
|---|--------------------------------|---------------------|
| Colorado Surplus Asset Fund Trust (CSAFE) | Weighted average under 60 days | <u>\$ 1,779,401</u> |

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in property for the year ended December 31, 2017, follows:

| <u>By Classification</u> | <u>Balance at December 31, 2016</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at December 31, 2017</u> |
|--|--|-------------------------|---------------------------|--|
| Capital assets, not being depreciated: | | | | |
| Storm drainage channel | \$ 500,000 | \$ - | \$ - | \$ 500,000 |
| Construction in progress | - | 195,857 | - | 195,857 |
| Total capital assets, net | <u>\$ 500,000</u> | <u>\$ 195,857</u> | <u>\$ -</u> | <u>\$ 695,857</u> |

The majority of capital assets constructed by the District in previous years have been dedicated to other governments for ownership and maintenance. When the property is dedicated, the District removes the cost of construction from capital assets. The District will retain ownership of two storm drainage ponds and certain landscaping features.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2017:

| | <u>Balance December 31, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2017</u> | <u>Current Portion</u> |
|------------------------|--|---------------------|-------------------|--|----------------------------|
| General Obligation | | | | | |
| Bonds - Series 2007A | \$ 21,090,000 | \$ - | \$ 455,000 | \$ 20,635,000 | \$ 505,000 |
| General Obligation | | | | | |
| Bonds - Series 2007B | 11,175,000 | - | - | 11,175,000 | - |
| Series 2007B Bonds - | | | | | |
| Accrued interest | 3,386,017 | 1,019,271 | - | 4,405,288 | - |
| Developer advances | 7,030,974 | - | - | 7,030,974 | - |
| Developer advances - | | | | | |
| Accrued interest | 6,997,306 | 491,491 | - | 7,488,797 | - |
| Premium on 2007A Bonds | 142,410 | - | 10,549 | 131,861 | 10,357 |
| | <u>\$ 49,821,707</u> | <u>\$ 1,510,762</u> | <u>\$ 465,549</u> | <u>\$ 50,866,920</u> | <u>\$ 515,357</u> |

The detail of the District's long-term obligation is as follows:

General Obligation Bonds

\$22,340,000 General Obligation Refunding Bonds, Series 2007A, dated July 31, 2007 (Senior Bonds), with an interest rate of 4.00% to 5.25%, consisting of serial bonds issued in the amount of \$2,740,000 due annually from 2013 through 2019, and term bonds issued in the original amount of \$19,600,000 due December 1, 2037. Such term bonds are subject to mandatory redemption. In addition, bonds maturing on and after December 1, 2017, are callable at the option of the District, on any date without redemption premium. These bonds were used to refund the Series 2002 and Series 2003 bonds. The Senior Bonds are secured by the full faith and credit of the District and all revenues generated by the District's debt service mill levy which is not limited as to rate or amount. Pledged Capital Fees and Specific Ownership Taxes attributable to debt service mill levy are also pledged towards the repayment of the Senior Bonds. Payment of the principal and interest on the bonds when due is insured by Radian Asset Assurance, Inc. (Radian). On April 1, 2015, Assured Guaranty Corporation (Assured) acquired Radian. As of December 31, 2017, Standard & Poor's had a rating of AA Stable for Assured. For additional information on the rating change, the reader should contact Standard & Poor's or Assured.

\$11,175,000 General Obligation Limited Tax Convertible Zero Coupon Bonds, Series 2007B, dated July 31, 2007 (Subordinate Bonds), were issued at an original price of \$7,769,419. The bonds were issued as convertible zero coupon bonds, with no interest accruing on the bonds until December 15, 2012, at which time the bonds began to accrue interest at 7%, payable annually on December 15, beginning on December 15, 2013. Annual mandatory sinking fund principal payments are due on December 15 each year, beginning on December 15, 2013. The bonds mature on December 15, 2037. In addition, bonds maturing on and after December 15, 2012, are callable at the option of the District, on any date without redemption premium. The proceeds from the sale of the bonds were used to pay a portion of the costs of capital infrastructure improvements.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Subordinate Bonds are secured by and payable on a subordinate basis to the Senior Bonds, from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) the Required Mill Levy, 2) the portion of Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy, and 3) any other legally available monies which the District determines to be treated as Pledged Revenue. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable. The maximum Required Mill Levy is 57.475 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District, less the number of mills necessary to pay the Senior Bonds, and for so long as the Surplus Fund is less than \$3,000,000, not less than 50 mills.

Pledged Revenue collected in 2017 was not sufficient to pay scheduled principal and interest on the Subordinate Bonds. The remaining principal and interest payments are payable only to the extent of Pledged Revenue and therefore cannot be predicted with certainty. Unpaid principal continues to bear interest and unpaid interest compounds.

The District's general obligation bond principal and interest, excluding the Subordinate Bonds, will mature as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|----------------------|----------------------|----------------------|
| 2018 | \$ 505,000 | \$ 1,041,764 | \$ 1,546,764 |
| 2019 | 530,000 | 1,019,670 | 1,549,670 |
| 2020 | 580,000 | 996,350 | 1,576,350 |
| 2021 | 615,000 | 965,900 | 1,580,900 |
| 2022 | 675,000 | 933,613 | 1,608,613 |
| 2023-2027 | 4,130,000 | 4,115,813 | 8,245,813 |
| 2028-2032 | 5,750,000 | 2,933,807 | 8,683,807 |
| 2033-2037 | 7,850,000 | 1,256,395 | 9,106,395 |
| | <u>\$ 20,635,000</u> | <u>\$ 13,263,312</u> | <u>\$ 33,898,312</u> |

On April 5, 2018, the Senior and Subordinate Bonds were paid and canceled with the issuance of the 2018 bonds (see Note 13).

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$119,095,000 at an interest rate not to exceed 15% per annum. At December 31, 2017, the District had authorized but unissued indebtedness from these elections in the following amounts allocated for the following purposes:

| | Authorized 11/07/2000 Election | Authorization Used Series 2002A-1 Series 2002A-2 Series 2002B Series 2003 | Authorization Used Series 2007A | Authorization Used Series 2007B | Remaining at December 31, 2017 |
|-----------------------|---|--|--|--|---|
| Street | \$ 24,000,000 | \$ 8,023,100 | \$ - | \$ 3,465,000 | \$ 12,511,900 |
| Safety protection | 625,000 | - | - | - | 625,000 |
| Parks and recreation | 8,700,000 | 4,785,400 | - | 2,345,000 | 1,569,600 |
| Water | 10,000,000 | 4,053,250 | - | 1,230,000 | 4,716,750 |
| Sanitation | 12,200,000 | 3,988,250 | - | 4,135,000 | 4,076,750 |
| Television relay | 1,000,000 | - | - | - | 1,000,000 |
| Mosquito control | 320,000 | - | - | - | 320,000 |
| Public transportation | 1,250,000 | - | - | - | 1,250,000 |
| Operations | 1,000,000 | 150,000 | - | - | 850,000 |
| Refunding | 60,000,000 | - | 2,815,000 | - | 57,185,000 |
| | <u>\$ 119,095,000</u> | <u>\$ 21,000,000</u> | <u>\$ 2,815,000</u> | <u>\$ 11,175,000</u> | <u>\$ 84,105,000</u> |

The District had prior debt authorization from an election in 1985 totaling \$24,634,000 which may have been affected by the TABOR amendment. The District also had prior debt authorizations from elections in 1994 and 1997 for \$83,865,736 and \$24,000,000, respectively, which may be considered stale. The authorized debt from the 1985, 1994 and 1997 elections is not included in the above table.

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.

Subsequent to December 31, 2017, the District issued \$51,588,000 in refunding and additional bonds (see Note 13).

Developer Advances

Since 2001, Gateway American Properties, LLC, now known as JF Companies, LLC (the Developer), has been responsible for the development of the property within the District.

Collectively, BPK and the Bromley Companies, L.L.C. and the Bromley Park Industrial Land Company, L.L.C. (herein referred to as Prior Affiliates or the Prior Developer) are related entities and referred to as the Prior Developer.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Advance and Reimbursement Agreement

The District and Gateway American Properties, LLC entered into an Advance and Reimbursement Agreement dated May 1, 2001, which agreement was made effective as of March 28, 2000, to fund certain construction and operating costs of the District. The District is to reimburse Gateway American Properties, LLC from funds available, subject to annual appropriation. Reimbursement is to include interest at the rate of 7%. The balance due at December 31, 2017, was \$7,030,974 plus \$7,488,797 of accrued interest.

Effective May 31, 2006, Gateway American Properties, LLC underwent reorganization. Under the terms of the reorganization, \$4,000,000 of the amount due under the Advance and Reimbursement Agreement prior to May 31, 2006, has been assigned to MDR, LLC. MDR, LLC is a related entity to Gateway American Properties. As part of the reorganization, Gateway American Properties, LLC changed its name to JF Companies, LLC.

NOTE 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 and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the District had net investment in capital assets calculated as follows:

| | Governmental Activities |
|-----------------------------------|------------------------------------|
| Net investment in capital assets: | |
| Capital assets, net | \$ 695,857 |
| Net investment in capital assets | \$ 695,857 |

Restricted assets include net position that are restricted for use either externally imposed by creditors, 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 as of December 31, 2017, as follows:

| | Governmental Activities |
|--------------------------|------------------------------------|
| Restricted net position: | |
| Emergency reserve | \$ 12,900 |
| Debt service | 1,341,026 |
| | \$ 1,353,926 |

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - NET POSITION (CONTINUED)

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 - RELATED PARTY

Two of the members of the Board of Directors are employees of, owners of, or are otherwise associated with JF Companies, LLC or MDR, LLC and may have conflicts of interest in dealing with the District. JF Companies is the current Developer of property within the District and is the current holder, along with MDR, of the Advance and Reimbursement Agreement between the District and the Developer dated May 1, 2001.

Construction Management Agreement

The District and the Developer entered into an Agreement for Construction Management Services, dated March 26, 2002, whereby the Developer is to provide construction management services during the construction of certain improvements. The management fee is 4% of the amount of the construction contract awards. During 2017, the District did not incur any construction management fee expenses.

NOTE 8 - CONTRACTS AND AGREEMENTS

City of Brighton

Pursuant to the Annexation Agreement, as amended, by the First, Second, Third and Fourth Amendments, among BPK, the City, SBDMD, BPMD Nos. 2-3 and BCMD; among BPK, the City of Brighton, Adams County, SBDMD, BPMD Nos. 2-3 and BCMD; and the Interdistrict Regional Facilities Intergovernmental Agreement dated March 21, 2000, and amended in 2003, among SBDMD, BPMD Nos. 2-3 and BCMD, the parties have the following mutual responsibilities:

In general, the Districts and BPK or transferees are to install improvements and transfer the installed facilities, except for certain specified improvements, to the City for ownership, maintenance and operation.

Streets - Bromley Lane was improved by funding from the City, BPK, and the Districts. The City is to reimburse BPK for certain sections over a five year period or require landowners to pay their pro rata share plus interest to the Districts when annexed to the City. The Districts are to pay for their certain sections when development dictates. During 2001, BCMD transferred the responsibility to plant and maintain the medians to BPMD No. 5.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - CONTRACTS AND AGREEMENTS (CONTINUED)

Danube Street is to be developed and installed, but if completed by BPK or the Districts, the City will reimburse the Districts for a portion of the costs incurred. The Districts agree to perform street reconstruction and asphalt overlays on all streets as requested from the City as long as the sales and use taxes are remitted by the City. Other streets are to be constructed by the Districts and transferred to the City for perpetual maintenance.

Water - On May 28, 1996, a Third Amendment to the Annexation Agreement was completed which provides that the City will provide water service to the Districts to full development as determined under the Phase Master Plans under certain conditions. Of the City's water plant investment fee, \$300 is paid to or retained by the District. In consideration of the Developer designing all irrigation systems after December 8, 1998, so that they are capable of being converted to a nonpotable water system, the City will provide water taps for certain public areas at no charge. Effective November 1, 2005, the water development fee charged by the District for lots over 10,000 square feet in size is \$510.

Sewer - The City is to provide sewage collection and treatment capacity to the full development of the BPK property. Pursuant to the Fourth Amendment to the Annexation Agreement, dated October 24, 1997, the City has fulfilled its obligation to provide wastewater treatment facilities for the property draining into the Beebe Draw Basin by execution of the Beebe Draw Wastewater Agreement with the Town of Lochbuie. The City remains obligated to provide transmission and treatment service to the property draining into the South Platte Basin. SBDMD or BPK is obligated to install, at its expense, all sanitary sewer collection and transmission facilities as stipulated in the Sanitary Sewer Master Plan.

Storm Drainage - The City agrees to provide all offsite storm drainage improvements for the BPK property. The Third Amendment to the Annexation Agreement provides that SBDMD may undertake to provide storm drainage to property within SBDMD, District Nos. 2-3 and BCMD, as well as adjoining properties. In such event, SBDMD would pay for offsite improvements and the City shall forego collecting drainage fees and reimbursement. The Districts and/or BPK are to construct all onsite storm drainage improvements. The District collects a storm drainage facility fee of \$1,625 per dwelling unit. Effective November 1, 2005, the storm drainage facility fee for lots over 10,000 square feet in size is \$2,754.

Community Park Construction Agreement

During 2003, the District entered into an agreement with the City and the Developer that outlined the Developer's and District's obligation to design and construct a neighborhood and community park within the District. Pursuant to the agreement, the City is to impose and collect a Community Park Impact Fee, which is a fee that is separate from the District park development fee. The Community Park Impact Fee is \$250 per unit. The City is to escrow these funds and the District can be reimbursed for its actual costs to design and construct the community park to the extent of fees collected by the City. Up to \$25,000 can be reimbursed to the District for design costs of the park, with the remainder of the fee being reimbursed, to the extent of actual costs, upon the completion of the construction of the park. The Agreement indicates that the community park is to be completed no later than the issuance of a building permit for the 508th dwelling unit constructed within the District. The District incurred actual construction costs in the amount of \$762,241 and requested reimbursement from the City for these costs. Cumulative to date, the District has received reimbursement of \$558,990. The District anticipates receiving the remaining amount of \$203,251 in future years to the extent fees are collected.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - CONTRACTS AND AGREEMENTS (CONTINUED)

Sales and Use Tax - Until the earlier of December 16, 2025, or the repayment of all the Districts' outstanding debt related to the funding of facilities and services within the Districts' service area, the City agrees to remit annually one third (1/3) of the sales and use taxes (excluding the 0.75% recreation sales and use tax) generated and collected within the Districts to SBDMD. The Interdistrict Regional Facilities Intergovernmental Agreement dated March 21, 2000, and the Intergovernmental Agreement Regarding Sales and Use Taxes, dated August 4, 1995, allow for the sharing of this revenue among the Districts.

Beebe Draw Wastewater Service Agreement

On November 4, 1997, District Nos. 1-4 entered into the Beebe Draw Wastewater Service Agreement with the City and the Town of Lochbuie (Town) to provide a comprehensive program to finance, construct and operate wastewater facilities within the Beebe Draw drainage basin. SBDMD is responsible for constructing and financing certain sewer lines and is to receive fees from all areas served by the lines, including property within the District. Plant Investment Fees (PIF) are due for connections to the sewer system for treatment facilities within the corporate limits of the Town to be paid directly by builders to the Town. Future expansion of the facilities will be coordinated under the terms of this agreement.

Further, under the agreement, Brighton and Lochbuie are to collect and remit to SBDMD certain "SBDMD fees" equal to the greater of \$1,000 or 40% of the applicable PIF imposed by the Town for a sewer tap connection. SBDMD fees are applied toward payment of the SBDMD 1997 bonds and for other District purposes.

Storm Drainage Management Agreement

On March 19, 1997, SBDMD, the Beebe Draw Drainage Company LLC and the Farmers Reservoir and Irrigation Company (FRICO) entered into the Storm Drainage Management Agreement wherein SBDMD acquired the right to discharge storm water from property within the Districts and the Beebe Draw Drainage area into the storm drainage and maintenance facilities owned and operated by the drainage company. SBDMD agrees to collect and pay certain fees to the drainage company to defray the cost of drainage improvements required to serve the Districts.

In April 2004, SBDMD entered into a Global Settlement Agreement whereby the Storm Drainage Management Agreement of March 19, 1997, was replaced and superseded by a Restated Drainage Agreement entered into by FRICO and SBDMD. In addition, SBDMD purchased from the Beebe Draw Drainage Company for \$4 million, an undivided 80% interest in a storm drainage easement, which is the right to discharge storm water into the Beebe Seep as contemplated by the Master Drainage Plan.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 - CONTRACTS AND AGREEMENTS (CONTINUED)

Infrastructure

The District imposes an infrastructure fee, a system development fee, and a park development fee. Pursuant to a Development Agreement, as amended by 1st and 2nd amendments, between SBDMD and BPMD No. 2 and Brighton dated April 17, 1998, and a Joint Resolution of SBDMD, BPMD Nos. 2-3 and BCMD effective as of July 1, 2003, the City agreed to collect the District infrastructure fee of not less than \$1,075, a District system development fee of not less than \$50 and a District park development fee of not less than \$1,340 upon issuance of a building permit for each single family home. The City remits the fees to SBDMD which may remit to the District. The Districts agree to use the park development fees for public improvements such as the construction of parks.

On August 17, 2004, the Districts entered into an agreement whereby the City will no longer collect fees on behalf of the Districts. The Districts have contracted with an independent third party to collect the fees on behalf of the Districts.

Effective February 23, 2006, the District adopted a resolution that increased the infrastructure fee to \$1,836 per unit and the District system development fee to \$65 per unit for lots over 10,000 square feet in size. The fees on lots under 10,000 square feet did not change.

Cost Sharing Agreement

On July 1, 2007, the District entered into an agreement with the Brighton East Farms Home Owners Association (the HOA) for cost sharing of operation and maintenance expenses for Tracts F and U, Brighton East Farms Filing No. 1. Under this agreement the District will reimburse the HOA for maintenance and operation costs associated with these Tracts. The District will reimburse 27.67% of the costs of weekly lawn maintenance and the irrigation system, 100% of maintenance for the monuments and snow removal within Tracts F and U, and 53.87% of the water bill for the tap located at 4219 Harvest Lane. The HOA expressly understands and agrees that the maximum annual amount the District shall be liable for under this agreement is \$90,000, unless an increase is approved by the District's Board of Directors. This agreement terminates each December 31 and renews for one year terms unless one party gives 60 days written notice prior to December 1 that they will not be renewing the agreement.

Prepaid Fee Reimbursement Agreement

Concurrently with the issuance of the Series 2007 Bonds, the District and the Developer entered into a Prepaid Fee Reimbursement Agreement. The District and the Developer had a fee guaranty agreement in association with the refunded bonds, under which the Developer had prepaid \$1,749,659 in fees. Under the original terms of the fee guaranty agreement, the District agreed to reimburse the Developer for the prepaid fees. Under the Prepaid Fee and Reimbursement Agreement the infrastructure fee, local storm drainage fee, and water plant investment fees received by the District will be applied first to reimburse the Developer the \$1,749,659 of prepaid fees and the remaining fees will be pledged to the payment of the bonds. As of December 31, 2017, the Developer has received a cumulative total of \$823,955 towards this obligation.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 9 - INTERFUND AND OPERATING TRANSFERS

The transfer from the General Fund to the Capital Projects Fund represents accumulated fund balance in the General Fund contributed to the Capital Projects Fund for the purpose of funding construction of a new park.

NOTE 10 - 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.

NOTE 11 - 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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management has taken such steps as it believes necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in reserve taxes of \$1,000,000 annually without regard to any limitations imposed by TABOR for general operations and maintenance of the District.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of December 31, 2017, the District had unexpended construction related contract commitments of approximately \$97,159.

NOTE 13 - SUBSEQUENT EVENTS

The District issued Senior General Obligation Limited Tax Refunding Bonds, Series 2018A (the Senior Bonds), First Subordinate General Obligation Limited Tax Refunding Bonds, Series 2018B (the First Subordinate Bonds), Second Subordinate General Obligation Limited Tax Bonds, Series 2018C (the Second Subordinate Bonds), and Third Subordinate General Obligation Limited Tax Bonds, Series 2018D (the Third Subordinate Bonds and collectively, the Bonds) on April 5, 2018, in the amounts of \$28,855,000, \$8,325,000, \$6,408,000 and \$8,000,000, respectively.

Proceeds from the sale of the Senior Bonds and the First Subordinate Bonds were used to refund, on a current basis, all of the District's outstanding 2007 Senior and Subordinate Bonds. Only proceeds of the Senior Bonds were used to fund: (i) the Senior Reserve Fund; (ii) costs in connection with the issuance of the Senior Bonds; and (iii) certain costs in connection with the issuance of the First Subordinate Bonds. Only proceeds of the First Subordinate Bonds, together with District funds on hand, were used to fund: (i) the First Subordinate Reserve Fund and (ii) other costs in connection with the issuance of the First Subordinate Bonds.

The Second Subordinate Bonds were issued to reimburse Kings Co, LLC for the costs of certain public improvements which costs were incurred under the Original Advance and Reimbursement Agreement and which reimbursement rights were assigned to Kings Co, LLC and are now reimbursable under the 2018 Advance and Reimbursement Agreement.

The draw-down Third Subordinate Bonds were issued to evidence the District's reimbursement obligation with respect to advances made or improvements to be constructed or caused to be constructed and expected to be made by Kings Co, LLC pursuant to the 2018 Advance and Reimbursement Agreement.

The Senior Bonds bear interest at rates ranging from 3.50% to 5.00% payable semi-annually on June 1 and December 1, beginning on June 1, 2018. The Senior Bonds issued as serial bonds mature on December 1 of the years 2018 through 2023; thereafter, the Senior Bonds issued as term bonds have annual mandatory sinking fund principal payments due on December 1, commencing December 1, 2024. The Senior Bonds mature on December 1, 2047.

The Senior Bonds are subject to optional redemption prior to maturity, at the option of the District, on December 1, 2028, and on any date thereafter, upon payment of principal and accrued interest, without redemption premium.

The First Subordinate Bonds bear interest at 6.375% payable annually on December 15, beginning on December 15, 2018. Annual mandatory sinking fund principal payments are due on December 15, beginning on December 15, 2018. The First Subordinate Bonds mature on December 15, 2047.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 - SUBSEQUENT EVENTS (CONTINUED)

The First Subordinate Bonds are subject to optional redemption prior to maturity, at the option of the District, on December 15, 2023, and on any date thereafter, upon payment of principal, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

| <u>Date of Redemption</u> | <u>Redemption Premium</u> |
|---|---------------------------|
| December 15, 2023, to December 14, 2024 | 3.00% |
| December 15, 2024, to December 14, 2025 | 2.00% |
| December 15, 2025, to December 14, 2026 | 1.00% |
| December 15, 2026, and thereafter | 0.00% |

The Second Subordinate Bonds and the Third Subordinate Bonds bear interest at the rate of 7.85% per annum, payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Second and Third Subordinate Pledged Revenue available, if any, and mature on December 15, 2047. The Second Subordinate Bonds and the Third Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Second Subordinate Bonds and the Third Subordinate Bonds compounds annually on each December 15.

The Second Subordinate Bonds and the Third Subordinate Bonds are subject to optional redemption prior to maturity, at the option of the District, on any date, upon payment of principal and accrued interest, without redemption premium.

Pursuant to the 2018 Advance and Reimbursement Agreement, Kings Co, LLC agrees to advance the District up to \$2,500,000 (the Maximum Revenue Advance Amount) for the District's construction related expenses associated with additional improvements, using debt service payments to be received by Kings Co, LLC (in its capacity as the owner of the Second Subordinate Bonds) from the District on the Second Subordinate Bonds, to the extent Second and Third Subordinate Pledged Revenue is available for the debt service payments.

Specifically, on each payment date for the Second Subordinate Bonds, any payment intended to be made by the District to Kings Co, LLC as payment for debt service on the Second Subordinate Bonds (2018C Payment(s)), up to the Maximum Revenue Advance Amount, shall be immediately credited by the Trustee to the Project Fund associated with the Third Subordinate Bonds. Any such 2018C Payment credited to the Project Fund shall be deemed an incremental issuance of the Third Subordinate Bonds in principal amounts equal to the dollar amount of each such Future Advance. The District shall be entitled to retain any such Future Advances, which shall be utilized to fund improvements, and shall be repaid to Kings Co, LLC as a result of issuance of the Third Subordinate Bonds. Once the District has received \$2,500,000 in advances under the 2018 Advance and Reimbursement Agreement, whether from 2018C Payments or from Future Advances from Kings Co, LLC, the District shall release all future 2018C Payments for payment directly to Kings Co, LLC under the Second Subordinate Indenture.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 - SUBSEQUENT EVENTS (CONTINUED)

Also pursuant to the 2018 Advance and Reimbursement Agreement, the parties agree that Kings Co, LLC may provide Future Advances in excess of the Maximum Revenue Advance Amount, up to a maximum amount of \$5,500,000, on a periodic basis as needed by the District for fiscal years 2018 through 2021.

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue consisting of moneys derived by the District from the following sources, net of any costs of collection:

- (i) the Senior Required Mill Levy;
- (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Senior Required Mill Levy;
- (iii) the Capital Fees, if any; and
- (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

The First Subordinate Bonds are secured by and payable solely from and to the extent of First Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collection:

- (i) the First Subordinate Required Mill Levy;
- (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the First Subordinate Required Mill Levy;
- (iii) the First Subordinate Capital Fees, if any; and
- (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as First Subordinate Pledged Revenue.

The Second Subordinate Bonds and the Third Subordinate Bonds are secured by and payable solely from and to the extent of Second and Third Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources, net of any costs of collection:

- (i) the Second and Third Subordinate Required Mill Levy;
- (ii) the Second and Third Subordinate Capital Fee Revenue, if any;
- (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Second and Third Subordinate Required Mill Levy;
- (iv) the Oil and Gas Revenue; and
- (v) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Second and Third Subordinate Pledged Revenue.

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy each year in an amount sufficient to fund the Senior Bond Fund for the relevant Bond Year and pay the Senior Bonds as they come due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Required Senior Reserve, but not in excess of 78.725 mills; provided however, that in the event the method of calculating assessed valuation is changed after the date of the Senior Indenture, the mill levies provided herein shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 - SUBSEQUENT EVENTS (CONTINUED)

nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

The First Subordinate Indenture defines the Subordinate Required Mill Levy as a mill levy imposed upon all taxable property of the District each year in an amount sufficient to fund the First Subordinate Bond Fund for the relevant Bond Year and pay the First Subordinate Bonds as they come due, and if necessary, an amount sufficient to replenish the First Subordinate Reserve Fund to the amount of the Required First Subordinate Reserve, but (i) not in excess of 78.725 mills (as adjusted) less the amount of the Senior Bond Mill Levy; and (ii) for so long as the First Subordinate Surplus Fund is less than the Maximum First Subordinate Surplus Amount, not less than 78.725 mills (as adjusted) less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the First Subordinate Bond Fund for the relevant Bond Year and pay the Bonds as they come due, will replenish the First Subordinate Reserve Fund to the amount of the Required First Subordinate Reserve, and will fund the First Subordinate Surplus Fund up to the Maximum First Subordinate Surplus Amount.

Pursuant to the Second and Third Subordinate Indenture, the District has covenanted to impose a Second and Third Subordinate Required Mill Levy each year in the amount of (i) not more than 78.725 mills less the amount of the Senior Bond Mill Levy and the First Subordinate Bond Mill Levy, or such lesser mill levy which will fund the Second Subordinate Bond Fund and the Third Subordinate Bond Fund in the amount of the Oil and Gas Revenue, and (ii) not less than 50 mills less the amount of the Senior Bond Mill Levy and the First Subordinate Bond Mill Levy, provided that in no event shall the mill levies provided by the foregoing be higher than that which is required to fund the Second Subordinate Bond Fund and the Third Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on both the Second Subordinate Bonds and the Third Subordinate Bonds in full. It is the intent that if the amount of the Senior Bond Mill Levy and the First Subordinate Bond Mill Levy equals or exceeds 78.725 mills (as adjusted) in any year, the Second and Third Subordinate Required Mill Levy for that year shall be zero.

The Second and Third Subordinate Indenture defines the Oil and Gas Revenue, for so long as the Second Subordinate Bonds or the Third Subordinate Bonds are outstanding, as a dollar amount equal to the revenue which would be produced by an annual ad valorem mill levy of 50 mills on taxable properties of the District which are assessed as oil and gas leaseholds and lands. It is the intent that the calculation of the foregoing amount: (i) shall be made on the basis of an assumed annual mill levy of 50 mills (as adjusted), regardless of whether the District's actual mill levy is equal to or higher or lower than such mill levy, and regardless of whether the calculated amount is actually available; and (ii) shall be on a cumulative annual basis so that if in any one year the amount available for credit is less than the full calculated amount, such deficiency shall be made up by subsequent credits of Second and Third Subordinate Pledged Revenue.

The First Subordinate Indenture provides that First Subordinate Pledged Revenue that is not needed to pay debt service on the First Subordinate Bonds in any year will be deposited to and maintained in the First Subordinate Surplus Fund in an amount up to the Maximum First Subordinate Surplus Amount of \$832,500 for so long as any First Subordinate Bond is outstanding.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 13 - SUBSEQUENT EVENTS (CONTINUED)

The Senior Bonds and the First Subordinate Bonds are also secured by amounts on deposit in the Senior Reserve Fund and the First Subordinate Reserve Fund, which will be funded from proceeds of the Senior Bonds and the First Subordinate Bonds in amounts equal to the Required Senior Reserve Fund of \$839,575 and the Required First Subordinate Reserve Fund of \$459,687.

Payment of the principal and interest on the Senior Bonds when due is insured by Build America Mutual Assurance Company.

The Trustee shall apply the Senior Pledged Revenue and such other moneys in the following order of priority:

- FIRST: To the credit of the Senior Bond Fund;
- SECOND: To the credit of the Senior Reserve Fund;
- THIRD: To the credit of any sinking fund, surplus fund, or similar fund or account established in connection with any other Senior Bonds;
- FOURTH: To the credit of any other fund or account established for the payment of the principal of, premium if any, and interest on Subordinate Bonds; and
- FIFTH: To the credit of any other fund or account as may be designated by the District, to be used for any lawful purpose.

The Trustee shall apply the First Subordinate Pledged Revenue and such other moneys in the following order of priority:

- FIRST: To the credit of the First Subordinate Bond Fund;
- SECOND: To the credit of the First Subordinate Reserve Fund;
- THIRD: For so long as any of the Second Subordinate Bonds or the Third Subordinate Bonds are outstanding, to the credit of the fund or account established by the District for the purpose of paying such Second Subordinate Bonds or Third Subordinate Bonds, the dollar amount of the Oil and Gas Revenue;
- FOURTH: To the credit of the First Subordinate Surplus Fund;
- FIFTH: To the credit of any other fund or account established by the District for the payment of the principal of, premium if any, and interest on Junior Bonds; and
- SIXTH: To the credit of any other fund or account as may be designated by the District, to be used for any lawful purpose.

The Trustee shall apply the Second and Third Subordinate Pledged Revenue and such other moneys in the following order of priority:

- FIRST: To the credit of the Second Subordinate Bond Fund;
- SECOND: To the credit of the Third Subordinate Bond Fund; and
- THIRD: To the credit of any other fund or account as may be designated by the District, to be used for any lawful purpose.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|---------------------------|---------------------------|---|
| REVENUES | | | | |
| Property taxes | \$1,686,748 | \$1,664,239 | \$1,687,015 | \$ 22,776 |
| Specific ownership taxes | 143,400 | 154,664 | 162,124 | 7,460 |
| Net investment income | 2,000 | 6,000 | 18,947 | 12,947 |
| Total revenues | <u>1,832,148</u> | <u>1,824,903</u> | <u>1,868,086</u> | <u>43,183</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| County Treasurer's fees | 25,301 | 24,964 | 25,362 | (398) |
| Contingency | 948 | 6,285 | - | 6,285 |
| Debt service | | | | |
| Principal - Bonds | 455,000 | 455,000 | 455,000 | - |
| Interest expense - Bonds | 1,061,101 | 1,061,101 | 1,061,101 | - |
| Bond issue costs | - | 30,000 | 29,794 | 206 |
| Paying agent fees | 2,650 | 2,650 | 625 | 2,025 |
| Total expenditures | <u>1,545,000</u> | <u>1,580,000</u> | <u>1,571,882</u> | <u>8,118</u> |
| NET CHANGE IN FUND BALANCES | 287,148 | 244,903 | 296,204 | 51,301 |
| FUND BALANCES - BEGINNING OF YEAR | <u>1,203,640</u> | <u>1,180,108</u> | <u>1,180,108</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$1,490,788</u></u> | <u><u>\$1,425,011</u></u> | <u><u>\$1,476,312</u></u> | <u><u>\$ 51,301</u></u> |

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------------------|---|
| REVENUES | | | | |
| Mineral deed | \$ - | \$ 133,902 | \$ 133,902 | \$ - |
| Oil lease | - | 114,880 | 114,880 | - |
| Other income | - | 1,218 | - | (1,218) |
| Total revenues | <u>-</u> | <u>250,000</u> | <u>248,782</u> | <u>(1,218)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Accounting | - | 2,000 | 1,940 | 60 |
| Legal | - | 8,000 | 6,729 | 1,271 |
| Capital outlay | | | | |
| New park construction | - | 340,000 | 195,857 | 144,143 |
| Total expenditures | <u>-</u> | <u>350,000</u> | <u>204,526</u> | <u>145,474</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | (100,000) | 44,256 | 144,256 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (to) from other funds | - | 100,000 | 50,000 | (50,000) |
| Total other financing sources (uses) | <u>-</u> | <u>100,000</u> | <u>50,000</u> | <u>(50,000)</u> |
| NET CHANGE IN FUND BALANCES | - | - | 94,256 | 94,256 |
| FUND BALANCES - BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 94,256</u> | <u>\$ 94,256</u> |

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

| Bonds and Interest Maturing in the Year Ending December 31, | \$22,340,000 | | |
|--|---|----------------------|----------------------|
| | General Obligation Refunding Bonds | | |
| | Series 2007A, Dated July 31, 2007 | | |
| | Interest Rate 4.00% to 5.25% | | |
| | Interest Payable June 1 and December 1 | | |
| | Principal Due December 1 | | |
| | Principal | Interest | Total |
| 2018 | \$ 505,000 | \$ 1,041,764 | \$ 1,546,764 |
| 2019 | 530,000 | 1,019,670 | 1,549,670 |
| 2020 | 580,000 | 996,350 | 1,576,350 |
| 2021 | 615,000 | 965,900 | 1,580,900 |
| 2022 | 675,000 | 933,613 | 1,608,613 |
| 2023 | 710,000 | 898,175 | 1,608,175 |
| 2024 | 780,000 | 863,588 | 1,643,588 |
| 2025 | 815,000 | 825,600 | 1,640,600 |
| 2026 | 890,000 | 785,900 | 1,675,900 |
| 2027 | 935,000 | 742,550 | 1,677,550 |
| 2028 | 1,010,000 | 697,000 | 1,707,000 |
| 2029 | 1,065,000 | 645,238 | 1,710,238 |
| 2030 | 1,155,000 | 590,656 | 1,745,656 |
| 2031 | 1,210,000 | 531,463 | 1,741,463 |
| 2032 | 1,310,000 | 469,450 | 1,779,450 |
| 2033 | 1,375,000 | 402,313 | 1,777,313 |
| 2034 | 1,480,000 | 331,844 | 1,811,844 |
| 2035 | 1,560,000 | 255,994 | 1,815,994 |
| 2036 | 1,675,000 | 176,044 | 1,851,044 |
| 2037 | 1,760,000 | 90,200 | 1,850,200 |
| | <u>\$ 20,635,000</u> | <u>\$ 13,263,312</u> | <u>\$ 33,898,312</u> |

The Series 2007B Bonds can only be paid from revenues generated from 57.745 mills less the amount necessary to make payment on the Series 2007A Bonds. No payment was made in 2017 and none is anticipated for 2018 on the 2007B Bonds.

BROMLEY PARK METROPOLITAN DISTRICT NO. 2
SUMMARY OF ASSESSED VALUATION,
MILL LEVY AND PROPERTY TAXES COLLECTED
December 31, 2017

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | Total Property Taxes | | Percentage Collected to Levied |
|--|---|---------------------|---------------------|-----------------------------|------------------|---|
| | | General | Debt Service | Levied | Collected | |
| 2013 | \$ 17,047,580 | 7.300 | 78.725 | \$ 1,466,518 | \$ 1,456,376 | 99.31% |
| 2014 | \$ 16,960,460 | 7.300 | 78.725 | \$ 1,459,023 | \$ 1,460,386 | 100.09% |
| 2015 | \$ 17,258,990 | 7.300 | 78.725 | \$ 1,484,705 | \$ 1,485,219 | 100.03% |
| 2016 | \$ 21,152,580 | 7.300 | 78.725 | \$ 1,819,651 | \$ 1,794,316 | 98.61% |
| 2017 | \$ 21,425,820 | 7.300 | 78.725 | \$ 1,843,156 | \$ 1,843,448 | 100.02% |
| Estimated for the year ending December 31, 2018 | \$ 26,445,060 | 7.300 | 78.725 | \$ 2,274,936 | | |

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.