

WYNDHAM HILL METROPOLITAN DISTRICT NOS. 1, 2 AND 3

2022 ANNUAL REPORT

TO

THE TOWN OF FREDERICK

Pursuant to the Consolidated Service Plan for the Wyndham Hill Metropolitan District Nos. 1, 2 and 3, the Districts are required to provide an annual report to the Town of Frederick. The report is to include information concerning these matters that occurred during the prior fiscal year. For the year ending December 31, 2022, the Districts make the following report:

A. Boundary changes made or proposed.

No boundary changes.

B. Intergovernmental Agreements with other governmental bodies entered into or Proposed for 2022.

None.

C. Changes or proposed changes in the Districts' policies.

None.

D. Changes or proposed changes in the Districts' operations.

There have been no changes or proposed changes in the Districts' operations.

E. Changes in the financial status of the Districts including revenue projections or operating costs.

The revenue projections and operating costs of the Districts are budgeted annually.

F. A summary of any litigation involving the Districts.

To our actual knowledge, based on a review of the court records in Weld County, Colorado, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts as of December 31, 2022.

G. Proposed plans for the year immediately following the year summarized in the Annual Report.

The Districts will continue to make debt service payments on the outstanding debt and perform regular administrative functions.

H. Status of Public Improvement Construction Schedule.

Infrastructure construction within the Wyndham Hill project is ongoing as necessary to meet development demands.

- I. List of all facilities and improvements constructed/financed by the Districts that have also been both dedicated to and accepted by Frederick.

As public infrastructure is completed it enters into the warranty periods before final acceptance by the Town. See Attachment below.

- J. Submission of current assessed valuation in the Districts.

The Districts have received a certification of valuation from the Weld County Assessor that reports 2022 taxable assessed valuations for Wyndham Hill Metropolitan District No. 1 in the amount of \$10.00, District No. 2 of \$29,467,910.00, and District No. 3's net amount of \$827,062.40.

- K. A copy of the current year's budget

See Exhibit A for District Nos. 1-3's budgets

- L. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable

See Exhibit B

- M. Notice of any uncured defaults existing for more than ninety days under any debt instrument of the special district - NONE

- N. Any inability of the special district to pay its obligations as they come due under any obligation which continues beyond a ninety-day period. § 32-1-207(3)(c)(II), C.R.S. – NONE

Exhibit A

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
GOVERNMENTAL FUND**

	2021		2022		2023 BUDGET									
	Actual	Final	Original Budget	Amended Budget (if applicable)	Projected Final	General Fund Budget	Debt Service Budget	Total Budget						
REVENUES														
Taxes														
Property	\$	784	\$	173	\$	173	\$	173	\$	1	\$	-	\$	1
Specific ownership		39		9		10		10		0		-		0
TIF		-		-		-		-		-		-		-
Intergovernmental														
Transfers from Wyndham Hill MD No. 2		-		-		-		-		-		-		-
Transfers from Wyndham Hill MD No. 3		45,000		50,000		56,000		56,000		50,000		-		50,000
Transfers from Wyndham Hill MD No. 4		-		-		-		-		5,000		-		5,000
Investment income		380		-		58		58		-		-		-
Other		-		-		-		-		-		-		-
Total revenue	\$	46,203	\$	50,181	\$	56,241	\$	56,241	\$	55,001	\$	-	\$	55,001
EXPENDITURES														
Current														
County Treasurer's fees		12		3		3		3		0		-		0
Letter of credit fees		1,553		-		-		-		-		-		-
Insurance		3,500		3,500		3,257		3,257		3,500		-		3,500
Accounting		13,892		20,000		11,734		11,734		15,000		-		15,000
Audit		12,390		13,000		12,390		12,390		13,000		-		13,000
Legal		7,494		15,000		9,101		9,101		12,500		-		12,500
Director fees		60		60		60		60		60		-		60
Other		1,827		1,000		1,177		1,177		2,500		-		2,500
Subtotal current expenses		40,729		52,563		37,721		37,721		46,560		-		46,560
Capital outlay														
Work in process		1,286,214		150,000		239,728		239,728		-		-		-
Subtotal capital outlay		1,286,214		150,000		239,728		239,728		-		-		-
Intergovernmental														
Transfers to Wyndham Hill MD No. 2		-		-		-		-		-		-		-
Transfers to Wyndham Hill MD No. 3		8,923		18,000		11,538		11,538		16,250		-		16,250
Transfers to Wyndham Hill MD No. 4		2,313		33,000		-		-		-		-		-
Subtotal intergovernmental		11,236		51,000		11,538		11,538		16,250		-		16,250

	2021	2022		2023 BUDGET			
	Actual Final	Original Budget	Amended Budget (if applicable)	Projected Final	General Fund Budget	Debt Service Budget	Total Budget
Total expenditures	\$ 1,338,179	\$ 253,563	\$ 288,987	\$ 288,987	\$ 62,810	\$ -	\$ 62,810
(DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (1,291,976)	\$ (203,381)	\$ (232,746)	\$ (232,746)	\$ (7,809)	\$ -	\$ (7,809)
OTHER FINANCING SOURCES							
Debt proceeds	-	-	-	-	-	-	-
Developer Advances received	15,000	-	-	-	-	-	-
Change in working capital	(53,633)	-	(44,023)	(44,023)	-	-	-
Total other financing sources	\$ (38,633)	\$ -	\$ (44,023)	\$ (44,023)	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCE	(1,330,609)	(203,381)	(276,769)	(276,769)	(7,809)	-	(7,809)
FUND BALANCE - BEGINNING OF YEAR	1,654,217	237,543	323,609	323,609	50,732	-	50,732
FUND BALANCE - END OF CURRENT PERIOD	\$ 323,609	\$ 34,162	\$ 46,840	\$ 46,840	\$ 42,922	\$ -	\$ 42,922

WYNDHAM HILL MD NO. 1 2023 REVENUE PROJECTION	2022 AV, Collected in 2023		
	Certified Assessed Value	Total Mill Levy	Ad Valorem Revenue
Vacant Land	-	57.220	-
Residential	-	57.220	-
Commercial	-	57.220	-
Agricultural	10	57.220	0.57
Oil & Gas	-	57.220	-
State Assessed	-	57.220	-
	\$ 10	57.220	\$ 0.57

2023 MILL LEVY APPROPRIATION	Levy Appropriation	Ad Valorem Revenue	S.O. Revenue	Treasurer's Fees
		0.57	5.00%	1.50%
General Fund	57.220	0.57	0.03	0.01
Debt Service	0.000	-	-	-
	\$ 57.220	\$ 0.57	\$ 0.03	\$ 0.01

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1

2023 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Wyndham Hill Metropolitan District No. 1 (the "District"), was formed to manage the construction and operation of facilities and improvements within the property known as "Wyndham Hill", located in Frederick, Colorado. Public improvements include, but are not limited to, storm drainage, water, utilities, streets, traffic and safety and parks and recreation improvements.

The Service Plan, as amended in 2005, 2006, 2008 and 2020, provides the ability for the District to impose a maximum mill levy for the combined debt service and operational and maintenance requirements of the Wyndham Hill Metropolitan District Nos. 1, 2 and 3. The Fourth Amendment to the Service Plan allocated the combined debt limit, as follows: \$2,000,000 for District No. 1, \$27,000,000 for District No. 2 and \$7,000,000 for District No. 3. The Third Amendment to the Service Plan established a separate and specific revenue debt limit of \$30,000,000 for District No. 3 to accommodate the issuance of revenue-based indebtedness for the portion of public infrastructure construction costs attributable to the commercial development.

In 2005, the District issued Subordinate Bond Anticipation Notes ("2005 BAN") (via the 2005 BAN Authorization Resolution) in an aggregate principal amount of \$3,279,000 to Frederick Development Company ("Developer"). As of January 1, 2023, there remains \$1,558,609 outstanding on the 2005 BAN.

The District prepares its budget on the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

Revenue

Transfers from District No. 3

The District expects to receive revenues of approximately \$50,000 from District No. 3 in 2023 and approximately \$5,000 from District No. 4, which will mainly be derived from ad valorem property tax and specific ownership tax revenues collected by the District Nos. 3 and 4.

Ad Valorem Property Taxes

Another source of revenue for the District is property taxes. Property taxes are assessed and collected based upon the assessed value of all of the non-exempt property located within the District. The District adopts mill levies for debt service and for operations which, when combined with the District's other sources of revenue, provide sufficient resources to pay the required debt service (if any), capital purchases and the estimated costs of operations for the calendar year.

Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy limit is 57.220 mills in 2023. The District adopted a mill levy of 57.220 mills for general fund expenditures in 2023.

The total taxable assessed valuation within the District in 2022 was \$10, a decrease of \$3,090 from the 2021 valuation.

Specific Ownership Tax

Specific ownership tax revenue is collected on annual motor vehicle registrations within Weld County and is distributed based upon the proportion of property taxes levied within the County during the preceding calendar year. The specific ownership tax revenue is estimated to be 5.00% of the ad valorem property taxes collected in 2023.

Expenditures

Administrative

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years.

Capital Outlay

The District does not anticipate expenditures for capital improvements in 2023.

Reserve Funds

The District has provided for an emergency reserve equal to \$42,922, which is intended for use on any unanticipated expenditures in 2023. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
GOVERNMENTAL FUND**

	2021	2022		Projected Final	2023 BUDGET		
	Actual Final	Original Budget	Amended Budget (if applicable)		General Fund Budget	Debt Service Budget	Total Budget
REVENUE							
Taxes							
Property	\$ 1,351,654	\$ 1,526,833	\$ 1,526,835	\$ 1,526,835	\$ 141,240	\$ 1,544,914	\$ 1,686,154
Specific ownership	67,257	76,342	90,366	90,366	7,062	77,246	84,308
Intergovernmental							
Transfers from Wyndham Hill MD No. 1	-	-	-	-	-	-	-
Transfers from Wyndham Hill MD No. 3	-	-	-	-	-	-	-
Royalties	50,281	-	81,115	81,115	-	-	-
Investment income	527	-	13,741	13,741	-	-	-
Other	-	-	7	7	-	-	-
Total revenue	\$ 1,469,718	\$ 1,603,175	\$ 1,712,064	\$ 1,712,064	\$ 148,302	\$ 1,622,160	\$ 1,770,462
EXPENDITURES							
Current							
County Treasurer's fees	20,281	22,903	22,910	22,910	2,119	23,174	25,292
Insurance	12,210	3,500	12,182	12,182	12,500	-	12,500
Accounting	12,752	15,000	11,032	11,032	15,000	-	15,000
Audit	12,075	13,000	12,075	12,075	13,000	-	13,000
Legal	8,555	10,000	9,489	9,489	10,000	-	10,000
Director fees	-	-	-	-	-	-	-
Other	1,062	5,000	2,386	2,386	5,000	-	5,000
Subtotal current	66,936	69,403	70,074	70,074	57,619	23,174	80,792
Capital outlay							
Work in process	-	25,000	-	-	25,000	-	25,000
Subtotal capital outlay	-	25,000	-	-	25,000	-	25,000
Debt Service							
Custodial / trustee fees	7,000	7,000	7,000	7,000	-	7,000	7,000
Principal							
Series 2018B Limited Tax Revenue Notes	-	-	-	-	-	-	-
Series 2020A Senior G.O. Limited Tax Bonds	195,000	270,000	270,000	270,000	-	280,000	280,000
Series 2020B Subordinate G.O. Limited Tax Bonds	-	-	-	-	-	-	-
Interest							
Series 2018B Limited Tax Revenue Notes	-	250,000	250,000	250,000	200,000	-	200,000
Series 2020A Senior G.O. Limited Tax Bonds	763,769	754,019	754,019	754,019	-	740,519	740,519
Series 2020B Subordinate G.O. Limited Tax Bonds	331,080	423,871	439,578	439,578	-	571,467	571,467
Subtotal debt service	1,296,849	1,704,890	1,720,597	1,720,597	200,000	1,598,986	1,798,986

	2021	2022		2023 BUDGET			
	Actual Final	Original Budget	Amended Budget (if applicable)	Projected Final	General Fund Budget	Debt Service Budget	Total Budget
Total expenditures	\$ 1,363,785	\$ 1,799,292	\$ 1,790,671	\$ 1,790,671	\$ 282,619	\$ 1,622,160	\$ 1,904,778
(DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 105,933	\$ (196,117)	\$ (78,607)	\$ (78,607)	\$ (134,317)	\$ -	\$ (134,317)
OTHER FINANCING SOURCES							
Debt proceeds	-	-	-	-	-	-	-
Developer Advances received	-	-	-	-	-	-	-
Change in working capital	30,677	-	(1,649)	(1,649)	-	-	-
Total other financing sources	\$ 30,677	\$ -	\$ (1,649)	\$ (1,649)	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCE	136,610	(196,117)	(80,256)	(80,256)	(134,317)	-	(134,317)
FUND BALANCE - BEGINNING OF YEAR	118,064	250,479	254,674	254,674	172,356	1,083,229	1,255,585
FUND BALANCE - END OF CURRENT PERIOD	\$ 254,674	\$ 54,362	\$ 174,418	\$ 174,418	\$ 38,039	\$ 1,083,229	\$ 1,121,268

WYNDHAM HILL MD NO. 2 2023 REVENUE PROJECTION	2022 AV, Collected in 2023		
	Certified Assessed Value	Total Mill Levy	Ad Valorem Revenue
Vacant Land	397,750	57.220	22,759.26
Residential	26,703,140	57.220	1,527,953.67
Commercial	34,410	57.220	1,968.94
Agricultural	-	57.220	-
Oil & Gas	1,645,220	57.220	94,139.49
State Assessed	687,390	57.220	39,332.46
	\$ 29,467,910	57.220	\$1,686,153.82

2023 MILL LEVY APPROPRIATION	Levy Appropriation	Ad Valorem Revenue	S.O. Revenue	Treasurer's Fees
			1,686,153.82	5.00%
General Fund	4.793	141,239.69	7,061.98	2,118.60
Debt Service	52.427	1,544,914.13	77,245.71	23,173.71
	57.220	\$ 1,686,153.82	\$ 84,307.69	\$ 25,292.31

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2

2023 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Wyndham Hill Metropolitan District No. 2 (the "District"), was formed to provide funding, financing and tax base to for the cost of public improvements necessary to provide access to and appropriate services within the property known as "Wyndham Hill", located in Frederick, Colorado. Public improvements include, but are not limited to, storm drainage, water, utilities, streets, traffic and safety and parks and recreation improvements.

The Service Plan, as amended in 2005, 2006, 2008 and 2020, provides the ability for the District to impose a maximum mill levy for the combined debt service and operational and maintenance requirements of the Wyndham Hill Metropolitan District Nos. 1, 2 and 3. The Fourth Amendment to the Service Plan allocated the combined debt limit, as follows: \$2,000,000 for District No. 1, \$27,000,000 for District No. 2 and \$7,000,000 for District No. 3. The Third Amendment to the Service Plan established a separate and specific revenue debt limit of \$30,000,000 for District No. 3 to accommodate the issuance of revenue-based indebtedness for the portion of public infrastructure construction costs attributable to the commercial development.

The District's Board of Directors authorized the issuance of the Series 2018B Subordinate Limited Tax Revenue Notes ("2018B Notes") to the Developer in an aggregate principal amount not to exceed \$10,000,000 for the purpose of reimbursing the costs of providing certain public improvements for the District. As of January 1, 2023, the balance on the 2018B Notes is \$3,419,703.

On May 5, 2020, the District issued the (i) Series 2020A, Senior General Obligation Limited Tax Bonds in the aggregate principal amount of \$20,070,000 (the "2020A Senior Bonds"); and (ii) Series 2020B, Subordinate General Obligation Limited Tax Bonds in the aggregate principal amount of \$9,600,000 (the "2020B Subordinate Bonds") for the purposes of (i) paying and discharging all or a portion of the Series 2015 Notes, the Series 2016A Note, the Series 2016B Note, the Series 2018B Note and the Series 2019A Note; (ii) funding a debt service reserve fund (solely for the benefit of the Series 2020A Bonds); and (iii) paying costs of issuance in connection with the 2020A and 2020B Bonds.

The District prepares its budget on the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

Revenue

Ad Valorem Property Taxes

Another source of revenue for the District is property taxes. Property taxes are assessed and collected based upon the assessed value of all of the non-exempt property located within the District. The District adopts mill levies for debt service and for operations which, when combined with the District's other sources of revenue, provide sufficient resources to pay the required debt service (if any), capital purchases and the estimated costs of operations for the calendar year.

Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy is 57.220 mills in 2023. The District adopted a mill levy of 52.427 mills for debt service and 4.793 mills for operating expenses in 2023.

The total taxable assessed valuation within the District in 2022 was \$29,467,910 an increase of \$2,037,960 from the 2021 valuation.

Specific Ownership Tax

Specific ownership tax revenue is collected on annual motor vehicle registrations within Weld County and is distributed based upon the proportion of property taxes levied within the County during the preceding calendar year. The specific ownership tax revenue is estimated to be 5.00% of the ad valorem property taxes collected in 2023.

Expenditures

Administrative

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years.

Debt Service

The District intends to fully fund its annual debt service obligations under the Series 2020A Senior Bonds including principal in the amount of \$280,000 and interest in the amount of \$740,519. The District also anticipates that it will make interest payments in the amount of \$571,467 on the Series 2020B Subordinate Bonds and \$200,000 on the 2018B Notes.

Reserve Funds

The District has provided for an emergency reserve equal to \$1,121,268 in 2023. Of this reserve amount, \$1,083,229 is restricted for debt service and the remaining \$38,039 is intended for use on any unanticipated expenditures in 2023. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 3
GOVERNMENTAL FUND**

	2021		2022		2023 BUDGET									
	Actual	Final	Original Budget	Amended Budget (if applicable)	Projected Final	General Fund Budget	Debt Service Budget	Total Budget						
REVENUE														
Taxes														
Property	\$	41,367	\$	44,373	\$	44,791	\$	44,791	\$	47,324	\$	-	\$	47,324
Specific ownership		2,360		2,219		2,915		2,915		2,366		-		2,366
TIF		5,748		4,880		4,880		4,880		5,423		-		5,423
Intergovernmental														
Transfers from Wyndham Hill MD No. 1		-		18,000		11,538		11,538		16,250		-		16,250
Investment income		4		-		205		205		-		-		-
Other		-		-		-		-		-		-		-
Total revenue	\$	49,479	\$	69,472	\$	64,328	\$	64,328	\$	71,364	\$	-	\$	71,364
EXPENDITURES														
Current														
County Treasurer's fees		764		666		750		750		710		-		710
Insurance		2,156		2,500		1,906		1,906		2,500		-		2,500
Accounting		2,205		5,000		2,353		2,353		4,000		-		4,000
Audit		1,850		2,000		2,100		2,100		2,250		-		2,250
Legal		1,964		7,500		4,501		4,501		5,000		-		5,000
Other		981		1,000		655		655		2,500		-		2,500
Subtotal current		9,921		18,666		12,264		12,264		16,960		-		16,960
Intergovernmental														
Transfers to Wyndham Hill MD No. 1		36,077		50,000		56,000		56,000		50,000		-		50,000
Subtotal intergovernmental		36,077		50,000		56,000		56,000		50,000		-		50,000
Total expenditures	\$	45,998	\$	68,666	\$	68,264	\$	68,264	\$	66,960	\$	-	\$	66,960
(DEFICIENCY) OF REVENUE OVER EXPENDITURES														
	\$	3,481	\$	806	\$	(3,936)	\$	(3,936)	\$	4,404	\$	-	\$	4,404
OTHER FINANCING SOURCES														
Change in working capital		633		-		278		278		-		-		-
Total other financing sources	\$	633	\$	-	\$	278	\$	278	\$	-	\$	-	\$	-

	2021		2022		2023 BUDGET			
	Actual	Final	Original Budget	Amended Budget (if applicable)	Projected Final	General Fund Budget	Debt Service Budget	Total Budget
NET CHANGE IN FUND BALANCE	4,113		806	(3,658)	(3,658)	4,404	-	4,404
FUND BALANCE - BEGINNING OF YEAR	495		11,428	4,609	4,609	709	-	709
FUND BALANCE - END OF CURRENT PERIOD	<u>\$ 4,609</u>		<u>\$ 12,234</u>	<u>\$ 951</u>	<u>\$ 951</u>	<u>\$ 5,113</u>	<u>\$ -</u>	<u>\$ 5,113</u>

WYNDHAM HILL MD NO. 3 2023 REVENUE PROJECTION	2022 AV, Collected in 2023		
	Certified Assessed Value	Total Mill Levy	Ad Valorem Revenue
Vacant Land	561,420	57.220	32,124.45
Residential	-	57.220	-
Commercial	-	57.220	-
Agricultural	10	57.220	0.57
Oil & Gas	42,490	57.220	2,431.28
State Assessed	317,920	57.220	18,191.38
	<u>\$ 921,840</u>	<u>57.220</u>	<u>\$ 52,747.68</u>
TIF District Increment	94,778	57.220	5,423.21
Net Assessed Valuation	827,062	57.220	47,324.49

2023 MILL LEVY APPROPRIATION					
	Levy Appropriation	TIF Revenue	Ad Valorem Revenue	S.O. Revenue	Treasurer's Fees
		5,423.21	47,324.49	5.00%	1.50%
General Fund	57.220	5,423.21	47,324.49	2,366.22	709.87
Debt Service	0.000	-	-	-	-
	<u>57.220</u>	<u>\$ 5,423.21</u>	<u>\$ 47,324.49</u>	<u>\$ 2,366.22</u>	<u>\$ 709.87</u>

WYNDHAM HILL METROPOLITAN DISTRICT NO. 3

2023 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Wyndham Hill Metropolitan District No. 3 (the "District"), was formed to provide funding and tax base to Wyndham Hill Metropolitan District No. 1 for the cost of public improvements necessary to provide access to and appropriate services within the property known as "Wyndham Hill," which is located in Frederick, Colorado. Such public improvements include, but are not limited to, storm drainage, water, utilities, streets, traffic and safety and parks and recreation improvements.

The Service Plan, as amended in 2005, 2006, 2008 and 2020, provides the ability for the District to impose a maximum mill levy for the combined debt service and operational and maintenance requirements of the Wyndham Hill Metropolitan District Nos. 1, 2 and 3. The Fourth Amendment to the Service Plan allocated the combined debt limit, as follows: \$2,000,000 for District No. 1, \$27,000,000 for District No. 2 and \$7,000,000 for District No. 3. The Third Amendment to the Service Plan established a separate and specific revenue debt limit of \$30,000,000 for District No. 3 to accommodate the issuance of revenue-based indebtedness for the portion of public infrastructure construction costs attributable to the commercial development.

The District prepares its budget on the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

Revenue

Ad Valorem Property Taxes

The primary source of revenue for the District is property taxes. Property taxes are assessed and collected based upon the assessed value of all of the non-exempt property located within the District. The District adopts mill levies for debt service and for operations which, when combined with the District's other sources of revenue, provide sufficient resources to pay the required debt service (if any), capital purchases and the estimated costs of operations for the calendar year.

Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy is 57.220 mills in 2023. The District adopted a mill levy of 57.220 mills for general fund expenditures in 2023.

The net total taxable assessed valuation within the District in 2022 was \$827,062, an increase of \$29,892 from the 2021 valuation.

Specific Ownership Tax

Specific ownership tax revenue is collected on annual motor vehicle registrations within Weld County and is distributed based upon the proportion of property taxes levied within the County during the preceding calendar year. The specific ownership tax revenue is estimated to be 5.00% of the ad valorem property taxes collected in 2023.

Expenditures

Transfers to District No. 1

The District projects that it will transfer approximately \$50,000 in revenue derived from ad valorem property taxes and specific ownership taxes to District No. 1 in 2023 to fund operating expenses and the debt service obligations of the Districts.

Administrative

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years.

Reserve Funds

The District has provided for an emergency reserve equal to \$5,113, which is intended for use on any unanticipated expenditures in 2023. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.

Exhibit B

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021



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**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wyndham Hill Metropolitan District No. 1
Frederick, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 1, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Wyndham Hill Metropolitan District No. 1's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 1, as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Matured Debt

As discussed in Note 6, the District holds a Bond Anticipation Note (BAN), which matured at December 20, 2010. At the date of this report, the District has the ability to consummate the refinancing of the outstanding BAN in accordance with the GASB No. 62, Paragraph 39. Based on this ability, the District has excluded this BAN from current liabilities as of December 31, 2021. The agreement states that the outstanding BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. Our opinions are not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wyndham Hill Metropolitan District No. 1 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 opinions.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic 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 basic 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 Wyndham Hill Metropolitan District No. 1'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 basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wyndham Hill Metropolitan District No. 1'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
April 28, 2022

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 1,463
Restricted Cash	322,146
Accounts Receivable	17,496
Property Taxes Receivable	173
Loans Receivable	288,794
Refundable Deposit	35,274
Prepaid Items	3,262
Due from County Treasurer	3
Construction in Progress	642,953
Total Assets	<u>1,311,564</u>
LIABILITIES	
Accounts Payable and Retainage Payable	147,485
Accrued Interest Payable	363,365
Due in More Than One Year:	
Bond Anticipation Note	1,558,609
Developer Advances	470,000
Total Liabilities	<u>2,539,459</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	173
Total Deferred Inflows of Resources	<u>173</u>
NET POSITION	
Restricted for TABOR	561
Restricted for Capital Projects	178,309
Unrestricted	<u>(1,406,938)</u>
Total Net Position	<u><u>\$ (1,228,068)</u></u>

See accompanying Notes to Basic Financial Statements.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenue Charges for Services	Net Revenues (Expenses) and Change in Net Position Governmental Activities
Governmental Activities:			
General Government	\$ 51,965	\$ -	\$ (51,965)
Public Works	820,755	17,496	(803,259)
Interest and Fiscal Charges	171,228	-	(171,228)
	\$ 1,043,948	\$ 17,496	(1,026,452)
 General Revenues			
Property Taxes			784
Specific Ownership Taxes			39
Net Investment Income			380
Intergovernmental Revenue - Districts No. 2 and No. 3			45,000
Total General Revenues			46,203
Change in Net Position			(980,249)
Net Position - Beginning of Year			(247,819)
Net Position - End of Year			\$ (1,228,068)

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
BALANCE SHEET –
GOVERNMENTAL FUND
DECEMBER 31, 2021**

	General Fund
ASSETS	
Cash and Investments	\$ 1,463
Restricted Cash	322,146
Accounts Receivable	17,496
Property Tax Receivable	173
Loans Receivable	288,794
Refundable Deposit	35,274
Prepaid Items	3,262
Due from County Treasurer	3
Total Assets	\$ 668,611
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts Payable and Retainage Payable	\$ 147,485
Total Liabilities	147,485
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	173
Total Deferred Inflows of Resources	173
FUND BALANCE	
Nonspendable	3,262
Restricted for TABOR	561
Restricted for Capital Projects	178,309
Unassigned	338,821
Total Fund Balance	520,953
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 668,611

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balance - Total Governmental Fund	\$	520,953
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet:</p>		
Capital Assets, not being Depreciated		642,953
<p>Some liabilities are not due in the current period and, therefore, are not reported in the fund balance sheet:</p>		
Bond Anticipation Note Payable		(1,558,609)
Developer Advances		(470,000)
Accrued Interest Payable		<u>(363,365)</u>
Net Position of Governmental Activities	\$	<u>(1,228,068)</u>

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2021**

	<u>General Fund</u>
REVENUES	
Property Tax Income	\$ 784
Specific Ownership Taxes	39
Net Investment Income	380
Miscellaneous Income	17,496
Intergovernmental Revenue:	
Metropolitan District No. 2 and No. 3	45,000
Total Revenues	<u>63,699</u>
EXPENDITURES	
Current:	
Treasurer and Director Fees	72
Accounting	13,892
Audit	12,390
Insurance	3,500
Legal	7,495
LC Fees	1,553
Other	1,827
Intergovernmental - District No. 3	11,236
Capital Outlay	997,420
Total Expenditures	<u>1,049,385</u>
REVENUE OVER EXPENDITURES	(985,686)
OTHER FINANCING SOURCES	
Proceeds from Developer Advances	15,000
Total Other Financing Sources	<u>15,000</u>
NET CHANGE IN FUND BALANCE	(970,686)
Fund Balance - Beginning of Year	<u>1,491,639</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 520,953</u></u>

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balance - Total Governmental Fund	\$ (970,686)
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, for government activities, those capital outlays other than noncapitalizable items are shown in the statement of activities at cost.</p>	
Capital Outlay	997,420
<p>The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal on long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Proceeds from Developer Advances	(15,000)
<p>The change in accrued interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.</p>	
	(171,228)
<p>Transfers of capital improvements to other entities decrease net position in the statement of activities. This transaction is not reported in the governmental fund as it is not a current use of financial resources.</p>	
	<u>(820,755)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (980,249)</u></u>

See accompanying Notes to Basic Financial Statements.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Wyndham Hill Metropolitan District No. 1 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court in Weld County on June 8, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan with Wyndham Hill Metropolitan District No. 2 (District No. 2) and Wyndham Hill Metropolitan District No. 3 (District No. 3) approved by the Town of Frederick (Town) on February 13, 2004 as amended on August 11, 2005, October 12, 2006, February 14, 2008, and April 9, 2020. Pursuant to the Service Plan, District No. 2 and District No. 3, the financing districts, are intended to provide funding to the District, the operating district, for construction, operation and maintenance of the public improvements, while the District is intended to manage the financial, construction and operation and maintenance of such improvements.

The District was established to provide financing for the design, acquisition, installation, construction, and completion of public improvements, including streets, traffic and safety controls and devices, transportation services, park and recreation, water, mosquito and pest control and sanitation facilities generally located in the collector roadway system, services and programs. The District contracts with Wyndham Hill Master Association, Inc. for the maintenance of park and recreation facilities including a District operated pool and community building. The operation and maintenance of all other services and facilities is anticipated to be provided by other entities and not by the District.

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

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 is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District No. 2, District No. 3, and the Town of Fredrick.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial resources of the District. The difference between the assets, liabilities and deferred outflows and inflows of resources of the District is reported as net position. The District is responsible for the repayment of bonds issued for the purpose of constructing infrastructure improvements which will be conveyed to the Town. The funds generated through the issuance of the bonds have been transferred from District No. 2 to District No. 1 for that purpose.

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 charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Construction in progress is shown as an increase in assets and increases in notes and advances payable are recorded as an increase 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 intergovernmental revenue and property taxes. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due. 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.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors (the Board) 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 adopted budgets for the General Fund and Debt Service Fund have been consolidated and reflected as the General Fund budget for financial reporting purposes.

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 are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets consist entirely of construction projects in progress that will be conveyed to the Town of Frederick once completed. Therefore, no depreciation is calculated on these assets. Interest incurred during construction is not capitalized.

Fund Balance and Net Position

Net position is reported in the governmental activities and is classified as restricted or unrestricted. Restrictions of net position represent amounts that are not available for appropriation or are legally restricted. As of December 31, 2021, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. This includes amounts that are not expected to be converted to cash, for example, prepaid amounts.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Net Position (Continued)

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the Board of Directors. The Board is the highest level of decision making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board.

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the District in its budget process. The purpose of the assignment must be narrower than the purpose of the General Fund.

Unassigned – represents the residual classification for the District’s General Fund and could report a surplus or deficit.

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the state of Colorado. In compliance with this requirement, \$561 of the General Fund balance has been restricted.

The District has a balance of \$178,309 which is considered restricted fund balance for capital projects.

The remaining fund balance of the District of \$338,821 is considered unassigned.

The District’s order of fund balance spending policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The District reserves the right to selectively spend unassigned fund balance.

NOTE 3 CASH AND INVESTMENTS

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

Cash Deposits	\$	579
Cash Held in Escrow		322,146
Investments		884
Total	<u>\$</u>	<u>323,609</u>

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

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 fair value of the collateral must be at least equal to 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's cash deposits were covered under PDPA and not subject to custodial credit risk. At December 31, 2021, the District's cash deposits had a carrying balance of \$322,725.

Investments

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments. The District also follows investment policies in bond or note agreements when those agreements are more restrictive than state statutes. 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 disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

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 World Bank securities
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools*
- . Certain reverse repurchase agreements
- . Certain corporate bonds
- . Certain securities lending agreements

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of U.S. local government, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

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

Investment	Maturity	Amortized Cost
*Colorado Surplus Asset Fund Trust	Less than One Year	\$ 884

Colorado Surplus Asset Trust Fund

As of December 31, 2021, the District had invested \$884 in the Colorado Surplus Asset Fund Trust, an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust is rated AAAM by Standard & Poor's and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

NOTE 4 CONSTRUCTION IN PROGRESS

An analysis of the changes in construction in progress for the year ended December 31, 2021 follows:

	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021
Construction in Progress	\$ 466,288	\$ 997,420	\$ 820,755	\$ 642,953

It is the policy of the Town to accept the maintenance responsibility for traffic and safety controls, park and recreation improvements (except for a pool, community center and associated landscaping), mosquito and pest control, transportation and other related improvements within the Town after a probationary period following completion of construction. When the improvements enter the probationary period, the District will remove the cost of construction from its statement of net position.

During 2021, major conveyances to Frederick include public improvements associated with Filing 9 Phase 2 and Hwy 52 Underground Utility, in the total amount of \$820,755.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 RELATED PARTY

All three of the members of the Board of Directors are employees or are associated with Bellock Construction Company, construction manager and accountants for the District, and Frederick Development Company, Inc., the Developer within the District. During 2021, the District and District No. 3 had the same Board of Directors (see Notes 7). In May 2020, District No. 2 elected a separate Board of Directors from the District and District No. 3.

Construction Management Agreement

A construction management agreement was entered into during 2007 between the District and Bellock Construction Company. The agreement calls for Bellock Construction Company to provide management services of all activities related to construction projects to be completed within Wyndham Hill Metropolitan Districts No. 1, No. 2, and No. 3. The agreement expires on December 31 of each year, but is automatically extended for a successive annual period so long as sufficient funds have been appropriated, unless contrary action is taken.

Amounts paid to Bellock Construction Company during 2021 for construction and construction management were \$61,238 and \$60,186, respectively.

Accounting Services Agreement

An accounting services contract was entered into with Bellock Construction Company on March 10, 2005. Under this agreement, accounting services are provided to District No. 1, No. 2, and No. 3 at the hourly annual rates of Bellock Construction Company employees. During 2021, the District incurred accounting services fees in the amount of \$13,892.

NOTE 6 LONG-TERM OBLIGATIONS

The District's long-term obligations consist of the following for the year ended December 31, 2021:

	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
Series 2005 Bond					
Anticipation Note	\$ 1,558,609	\$ -	\$ -	\$ 1,558,609	\$ -
Developer Advances:					
Frederick Development Company, Inc.	455,000	15,000	-	470,000	-
Total	<u>\$ 2,013,609</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 2,028,609</u>	<u>\$ -</u>

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances for Capital Costs

In December 2005, the District, along with Districts No. 2 and No. 3, entered into agreements with Frederick Development Company (FDC) whereby FDC will provide up to \$17,100,000 of funding for District infrastructure at an interest rate of 8.5%. It is anticipated that advances by FDC will be converted to Bond Anticipation Notes as described below on a periodic basis. During 2021, the District received an additional \$15,000 of advances. The District incurred interest expense of \$38,746 in 2021. At December 31, 2021, the District had \$53,873 of accrued interest on the developer advances.

\$1,558,609 Bond Anticipation Note

In 2005, the District issued a Bond Anticipation Note (BAN) to the Developer covering \$3,279,000 of the previous developer advances made by the Developer. The BAN carries the same interest rate as the loan agreement with the Developer as previously discussed. The District has authorized BAN's not to exceed \$17,100,000. The BAN shall be paid solely from the proceeds of general obligation or revenue bonds to be issued by the District prior to maturity date, or from any revenues made available to the District by District No. 2. Repayment of the BAN is subordinate in all respects to repayment of any outstanding Senior Notes or Senior Debt of the District. In 2010 the BAN matured, however no new BAN was issued to refund. The principal and accrued interest remained outstanding. In 2016, the District issued a Memo of Agreement (MOA) documenting the aforementioned understanding. Additionally, the MOA documents both parties' intention to issue a BAN dated December 21, 2010 with the same terms as noted above. The District has the ability to consummate the refinancing of the outstanding Note in accordance with GASB No. 62, Paragraph 39. Based on this ability, the District has excluded the Note from current liabilities as of December 31, 2021. The agreement states that the BAN is legally enforceable until principal is paid in full or a new debt instrument is issued. Interest will continue to accrue until one of those requirements is met. The District incurred interest expense of \$132,482 in 2021 on the BAN. At December 31, 2021, the District had \$309,492 of accrued interest outstanding on the BAN.

Debt Authorization

The District has been authorized to issue debt and the principal amount not to exceed \$140,100,000 as voted on in November 2004. The voted authorization has been limited by the service plan approved by the Town of Frederick. \$17,100,000 of the 2004 authorization has been used for the 2005 bond anticipation notes of which \$1,558,609 is outstanding as of December 31, 2021. During November 2005, District voters authorized an additional \$406,000,000 of debt principal. The service plan limits the total new money revenue and general obligation debt for the District, District No. 2 and District No. 3 to \$36,000,000. At December 31, 2021, the District had remaining authorized but unissued indebtedness of \$544,071,391.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

**NOTE 7 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT
(SERVICE CONTRACT) AND OTHER AGREEMENTS**

In order to implement the Service Plan, the District entered into an intergovernmental agreement with District No. 2 and No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions have been performed in their entirety or until the agreement is terminated by mutual written agreement of the Districts.

The District is to construct the facilities benefiting the District and some facilities being more regional in nature that also benefit District No. 3 and all such facilities are then transferred to the Town or the HOA as required. District No. 2 and No. 3 will, to the extent that each is to benefit, pay the capital costs and the service costs of operation and maintenance of such facilities (authorized service costs).

On April 23, 2020, the Districts terminated the intergovernmental agreement and entered into separate agreements to address the Districts' financing of facilities and their ongoing administrative, operational, and maintenance needs. The Districts entered into the District Coordinating Services Agreement on April 23, 2020, effective for the District, District No. 2, District No. 3, and District No. 4. District No. 1, the coordinating District, will own, operate and maintain all public improvements within the boundaries of the Districts that are not otherwise dedicated or conveyed to the Town, the County or other public entity or owners' association. The financing Districts, including District No. 2, District No. 3, and District No. 4, are responsible for all costs incurred by the District in providing administrative and operation and maintenance services

The District is required to fund, on an annual basis, the amount of actual service costs that it would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. The mill levy cap shall be subject to automatic adjustment if, after the original date of approval of the Service Plan, the laws of the state change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur.

During fiscal year 2017, the Colorado legislature reduced the residential assessment ratio from 7.96% to 7.20% causing the property tax mill rate for the general obligation bonds and service costs to increase from 50 mills to 55.275 mills. The residential assessment ratio decreased to 7.15% in 2019 causing the mills to increase to 55.663 in 2020. During fiscal year 2020, the Gallagher Amendment was repealed.

Warranty of Public Improvements

In 2017, Frederick Development Company, Inc., entered into a Development Agreement with the Town of Frederick. As part of the agreement, Frederick Development Company, Inc. on behalf of the District, was required to enter into an Improvement Guarantee (Guarantee) for a period of time sufficient to cover the completion of the public improvements. If Frederick Development Company, Inc. is unable to complete the improvements then the Town of Frederick has the right to call upon the Guarantee. The Guarantee could be in the form of cash, certified check, or a letter of credit.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT (SERVICE CONTRACT) AND OTHER AGREEMENTS (CONTINUED)

The amount of the Guarantee shall be 10% of the total estimated costs including labor and material of all the public improvements to be constructed per the agreement. There was one letter of credit as of December 31, 2020. The letter of credit is for the Filing 9, Phase 1 improvements. The estimated costs to complete are \$650,000, and the remaining balance of the letter of credit is \$95,560.

NOTE 8 LINE EXTENSION PARTICIPATION AND REIMBURSEMENT AGREEMENT

In 2005, the District entered into an agreement with St. Vrain Sanitation District (SVSD) to construct an extension of a sanitary sewer line within SVSD's service area located within the District. Due to the additional capacity of the line, SVSD may sell additional sanitary sewer taps to new customers serviced from the line. SVSD agreed to reimburse the District for costs incurred for the line extension on a yearly basis dependent upon collection by SVSD for all taps issued. The total reimbursable costs incurred by the District are \$459,605. Total sanitary sewer taps sold in 2021 totaled \$17,496, as reflected in Accounts Receivable on the financial statements. Total fees collected through December 31, 2021 are \$157,277, and total revenue recognized through the life of the agreement is \$174,773. The balance remaining to be reimbursed as of December 31, 2021 is \$286,129.

The District is entitled to receive reimbursements until the total reimbursable costs have been repaid or through 2030, whichever comes first.

NOTE 9 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 (the Pool) as of December 31, 2021. 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 during the past three years.

The District pays annual premiums to the Pool for liability 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.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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.

On May 4, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

NOTE 11 INTERGOVERNMENTAL REVENUES AND EXPENDITURES

The following intergovernmental revenues and expenditures occurred during fiscal year-end December 31, 2021:

	Wyndham Hill Metropolitan District No. 1	Wyndham Hill Metropolitan District No. 2	Wyndham Hill Metropolitan District No. 3	Total Revenues
Wyndham Hill Metropolitan:				
District No. 1	\$ -	\$ -	\$ 45,000	\$ 45,000
District No. 3	8,923	-	-	8,923
District No. 4	2,313	-	-	2,313
Total Expenditures	<u>\$ 11,236</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 56,236</u>

REQUIRED SUPPLEMENTARY INFORMATION

WYNDHAM HILL METROPOLITAN DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 787	\$ 784	\$ (3)
Specific Ownership Taxes	47	39	(8)
Intergovernmental Revenue:			
Metropolitan District No. 2, No. 3, & No. 4	3,045,000	45,000	(3,000,000)
Net Investment Income	-	380	380
Miscellaneous Income	-	17,496	17,496
Total Revenues	3,045,834	63,699	(2,982,135)
EXPENDITURES			
Current:			
Treasurer and Director Fees	72	72	-
Accounting	30,000	13,892	16,108
Audit	13,000	12,390	610
Insurance	3,500	3,500	-
Legal	25,000	7,495	17,505
LC fees	1,600	1,553	47
Other	1,000	1,827	(827)
Intergovernmental - District No. 3	7,800	11,236	(3,436)
Capital Outlay	4,557,072	997,420	3,559,652
Total Expenditures	4,639,044	1,049,385	3,589,659
EXCESS (DEFICIENCIES) OF REVENUES OVER EXPENDITURES	(1,593,210)	(985,686)	607,524
OTHER FINANCING SOURCES			
Proceeds from Developer Advances	-	15,000	15,000
Total Other Financing Sources	-	15,000	15,000
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES	(1,593,210)	(970,686)	622,524
Fund Balances - Beginning of Year	1,654,217	1,491,639	(162,578)
FUND BALANCES - END OF YEAR	\$ 61,007	\$ 520,953	\$ 459,946

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WYNDHAM HILL METROPOLITAN DISTRICT NO. 2

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021



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AUDIT, TAX, AND CONSULTING

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**WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wyndham Hill Metropolitan District No. 2
Frederick, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 2, as of and for the year ended December 31, 2021, and the related notes to the basic financial statements, which collectively comprise Wyndham Hill Metropolitan District No. 2's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 2, as of December 31, 2021, and the respective changes in financial position 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wyndham Hill 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wyndham Hill Metropolitan District No. 2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic 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 basic 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 Wyndham Hill 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 basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wyndham Hill 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Board of Directors
Wyndham Hill Metropolitan District No. 2

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
May 20, 2022

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 249,855
Restricted Investments	4,819
Property Taxes Receivable	1,526,833
Due from Other Governments	5,569
Prepaid Expenses	259,027
Construction in Progress	125,000
Total Assets	<u>2,171,103</u>
LIABILITIES	
Due Within the Year:	
Accounts Payable	1,866
Accrued Interest	401,430
Limited Tax Obligation Notes	270,000
Due in More Than One Year	
Senior Limited Tax Obligation Bonds	19,305,000
Subordinate Limited Tax Obligation Bonds	9,600,000
Bond Premium	317,964
Accrued Interest	554,041
Subordinate Limited Tax Revenue Notes	3,419,684
Total Liabilities	<u>33,869,985</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,526,833
Total Deferred Inflows of Resources	<u>1,526,833</u>
NET POSITION	
Restricted for TABOR	7,710
Unrestricted	<u>(33,233,425)</u>
Total Net Position	<u><u>\$ (33,225,715)</u></u>

See accompanying Notes to Basic Financial Statements.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenue Charges for Services	Net Revenue (Expense) and Change in Net Position Governmental Activities
Governmental Activities:			
General Government	\$ 57,926	\$ -	\$ (57,926)
Interest and Related Costs on Long-Term Debt	1,755,759	-	(1,755,759)
	\$ 1,813,685	\$ -	(1,813,685)
General Revenues:			
			1,347,278
			67,257
			4,376
			71,969
			527
			1,491,407
			(322,278)
			(32,903,437)
			\$ (33,225,715)

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2021**

	<u>General Fund</u>
ASSETS	
Cash	\$ 249,855
Restricted Investments	4,819
Property Tax Receivable	1,526,833
Due from Other Governments	5,569
Prepaid Items	<u>6,746</u>
Total Assets	<u><u>\$ 1,793,822</u></u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 1,866
Total Liabilities	<u>1,866</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,526,833
Total Deferred Inflows of Resources	<u>1,526,833</u>
FUND BALANCE	
Nonspendable for Prepaid Items	6,746
Restricted for:	
TABOR	7,710
Debt Service	35,915
Unassigned	<u>214,752</u>
Total Fund Balance	<u>265,123</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,793,822</u></u>

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balance - Total Governmental Fund	\$ 265,123
Amounts reported for governmental activities in the statement of net position are different because:	
Prepaid municipal bond insurance is recognized as an asset for governmental activities that is amortized over the life of the related debt.	252,281
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet.	
Capital Assets, Not Being Depreciated	125,000
Some liabilities are not due in the current period and, therefore, are not reported in the fund balance sheet.	
Senior Limited Tax Obligation Bonds	(19,575,000)
Subordinate Limited Tax Obligation Bonds	(9,600,000)
Bond Premium	(317,964)
Subordinate Limited Tax Revenue Notes	(3,419,684)
Accrued Interest	(955,471)
	(33,868,119)
Net Position of Governmental Activities	\$ (33,225,715)

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2021**

	General Fund
REVENUES	
Property Tax Income	\$ 1,347,278
Specific Ownership Taxes	67,257
Other Income Tax	4,376
Royalties	71,969
Net Investment Income	527
Total Revenues	1,491,407
EXPENDITURES	
Current:	
Audit	12,075
Accounting	12,752
Treasurer's Fee	20,281
Insurance	3,200
Legal	8,555
Miscellaneous	1,063
Debt Service:	
Principal	195,000
Interest and Fiscal Charges	1,094,849
Custodial Fees	7,000
Total Expenditures	1,354,775
NET CHANGES IN FUND BALANCE	136,632
Fund Balance - Beginning of Year	128,491
FUND BALANCE - END OF YEAR	\$ 265,123

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balance - Total Governmental Fund	\$	136,632
Amounts reported for governmental activities in the statement of activities are different because:		
<p>The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Payment of Principal		195,000
<p>The prepaid municipal bond insurance costs are amortized over the life of the bonds. Current year amortization of the prepaid municipal bond insurance of \$9,010 is reported as an expense on the statement of activities.</p>		
		(9,010)
<p>A decrease in accrued interest does not have any impact on governmental fund expenditures. This transaction, however, does decrease the amount of interest expense on the statement of activities.</p>		
Accrued Interest		(663,443)
<p>The premium on the issuance of bonds is amortized over the life of the bonds. Current year amortization of the premium on bonds of \$10,819 is reported as a reduction of interest expense on the statement of activities.</p>		
		<u>18,543</u>
Change in Net Position of Governmental Activities	\$	<u><u>(322,278)</u></u>

See accompanying Notes to Basic Financial Statements.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Wyndham Hill 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 in Weld County on May 26, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan with Wyndham Hill Metropolitan District No. 1 (District No. 1) and Wyndham Hill Metropolitan District No. 3 (District No. 3) approved by the Town of Frederick on February 13, 2004 as amended on August 11, 2005, October 12, 2006, February 14, 2008, and April 9, 2020. Pursuant to the Service Plan, the District and District No. 3, the financing districts, are intended to provide funding to District No. 1, the operating district, for construction, operation and maintenance of the public improvements, while District No. 1 is intended to manage the financial, construction and operation and maintenance of such improvements.

The District was established to provide financing for the design, acquisition, construction, and completion of public improvements, including streets, traffic and safety controls and devices, transportation services, park and recreation, water, mosquito and pest control and sanitation facilities, generally located in the collector roadway system, services and programs. District No. 1 contracts with the Wyndham Hill Master Association, Inc. for the maintenance of park and recreation facilities including a District No. 1 operated pool and community building. The operation and maintenance of all other services and facilities is anticipated to be provided by other entities and not by the District.

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

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 is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District No. 1, District No. 3 and the Town of Frederick.

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. Governmental activities are normally supported by taxes and intergovernmental revenues.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial resources of the District. The difference between the assets, liabilities and deferred outflows and 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Increases in bonds payable are recorded as an increase in liabilities.

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.

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 revenue source susceptible to accrual is property taxes. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

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 (the Board) 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 adopted budgets for the General Fund and Debt Service Fund have been consolidated and reflected as the General Fund Budget for financial reporting purposes.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 instalments, 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 are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Fund Balance and Net Position

Net position is reported in the governmental activities and is classified as restricted or unrestricted. Restrictions of net position represent amounts that are not available for appropriation or are legally restricted. As of December 31, 2021, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. This includes amounts that are not expected to be converted to cash, for example, prepaid amounts.

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board.

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the District in its budget process. The purpose of the assignment must be narrower than the purpose of the General Fund.

Unassigned – represents the residual classification for the District's General Fund and could report a surplus or deficit.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the state of Colorado. In compliance with this requirement, \$7,710 of the General Fund balance has been restricted.

Nonspendable fund balance of \$6,746 is equal to the amount of prepaid insurance for the District that will benefit a future period.

The District has a balance of \$157,414 which is restricted to meet contractual commitments under debt obligations (see Note 4) and intergovernmental agreements (see Notes 5 and 6).

The District's order of fund balance spending policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The District reserves the right to selectively spend unassigned fund balance.

NOTE 3 CASH AND INVESTMENTS

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

Cash Deposits	\$ 249,855
Investments	4,819
Total Cash	<u>\$ 254,674</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 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, 2021, the District's cash deposits had a carrying balance of \$249,855.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments. The District also follows investment policies in bond or note agreements when those agreements are more restrictive than state statutes. 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 disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party. 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 World Bank securities
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds*
- . Guaranteed investment contracts
- . Local government investment pools
- . Certain reverse repurchase agreements
- . Certain corporate bonds
- . Certain securities lending agreements

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of U.S. local government, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

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

Investment	Maturity	Amortized Cost
*Money Market Fund - CSAFE Fund	Less than One Year	\$ 4,819

As of December 31, 2021, the District had \$4,819 invested in Colorado Surplus Asset Fund (CSAFE Fund) Money Market Funds. The investment is rated AAAM by Standard & Poor's and is valued at amortized cost because the investment instruments within the accounts are money market funds which are valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 LONG-TERM OBLIGATIONS

The District's long-term obligations consist of the following for the year ended December 31, 2021:

	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
General Obligation Limited:					
Tax Bonds - Series 2020A	\$ 19,770,000	\$ -	\$ 195,000	\$ 19,575,000	\$ 270,000
Tax Bonds - Series 2020B	9,600,000	-	-	9,600,000	-
Tax Bonds - Series 2020 Premium	336,507	-	18,543	317,964	-
Accrued Interest - Series 2020B	155,154	729,967	331,080	554,041	-
Subordinate Limited Tax:					
Revenue Notes - Series 2018B	3,419,684	-	-	3,419,684	-
Total Long-Term Obligations	<u>\$ 33,281,345</u>	<u>\$ 729,967</u>	<u>\$ 544,623</u>	<u>\$ 33,466,689</u>	<u>\$ 270,000</u>

Series 2018B Note

The District issued the 2018B Subordinate Limited Tax Revenue Note on December 4, 2018 for an amount not to exceed \$10,000,000 with the ability to draw on the Note as needed. Draws are to be issued to the Developer, a related party (see Note 5), for amounts advanced to the District by the Developer for capital projects of District No.1. Interest payments are due annually on December 15 at a rate of 7.76% computed on the basis of a 360-day year with the principal due at maturity on December 1, 2048. On April 23, 2020, the Developer agreed to reduce the interest rate on the Note from 8% to 7.76%. The repayment of the Note will be subordinate to any outstanding senior debt. In 2020, the District drew down an additional \$75,000. The District incurred \$265,369 in interest expense for the year ended December 31, 2021.

Each draw is subject to the terms as noted above. Below is a summary of each draw made through December 31, 2021:

	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021
Series 2018B	<u>\$ 3,419,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,419,684</u>

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The following summarizes the debt service requirements to maturity for the 2018B Note:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 265,367	\$ 265,367
2023	-	265,367	265,367
2024	-	265,367	265,367
2025	-	265,367	265,367
2026	-	265,367	265,367
2027-2031	-	1,326,837	1,326,837
2032-2036	-	1,326,837	1,326,837
2037-2041	-	1,326,837	1,326,837
2042-2046	-	1,326,837	1,326,837
2047-2048	3,419,684	508,621	3,928,305
Total	<u>\$ 3,419,684</u>	<u>\$ 7,142,808</u>	<u>\$ 10,562,492</u>

Series 2020A and 2020B Senior and Subordinate General Obligation Limited Tax Bonds

On May 5, 2020 the District issued \$20,070,000 of senior and \$9,600,000 of subordinate general obligation limited tax bonds. The bonds were issued for the purpose of paying and discharging the outstanding Series 2015 Bonds, Series 2016A, 2016B and 2019A Notes, repaying a portion of the District's outstanding Subordinate Note Series 2018B, funding a debt service reserve fund, and paying costs of issuance in connection with the bonds.

The Series 2020A Senior Bonds bear a coupon interest rate of 3.125% to 5% per annum which is payable semi-annually on June 1 and December 1, commencing on December 1, 2020, and on the maturity dates of the Series 2020A Senior Bonds, subject to optional and mandatory sinking fund redemption prior to maturity. The Series 2020A Senior Bonds will mature on December 1, 2049. The Series 2020A Senior Bonds will constitute limited tax general obligations of the District payable solely from the Senior Pledged Revenue and certain District Funds and accounts established by the Senior Pledged Revenue, which consists primarily of the revenues derived from a District property tax levy of not more than 51 mills (subject to adjustment as described herein), and the portion of the specific ownership taxes on motor vehicles imposed by the State of Colorado. The Series 2020A Senior Bonds will constitute an irrevocable, but nonexclusive, first lien on the Senior Pledged Revenue and the amounts in such funds and accounts. The District made \$195,000 of principal payments in 2021. The District made \$763,768 of interest payments in 2021 and incurred \$762,955 in interest expense for the year ended December 31, 2021 for these bonds.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2020A and 2020B Senior and Subordinate General Obligation Limited Tax Bonds (Continued)

The Series 2020B Subordinate Bonds bear a coupon interest rate of 7.625% per annum which is payable annually on December 15, commencing December 15, 2020. The 2020B Subordinate Bonds mature on December 15, 2049. The 2020B Subordinate Bonds will also constitute limited tax general obligations of the District payable solely from and to the extent of Subordinate Pledged Revenue and certain District Funds and accounts established by the Subordinate Pledged Revenue, which consists primarily of the revenues derived from a District property tax levy of not more than 51 mills (subject to adjustment as derived herein), and the portion of the specific ownership taxes on motor vehicles imposed by the state of Colorado.

The Series 2020B Subordinate Bonds are structured as “cash flow” bonds. There are no scheduled payments of principal of the Series 2020B Subordinate Bonds prior to their maturity date, but rather the Subordinate Bonds are subject to mandatory redemption on each December 15 prior to maturity from and to the extent of any available Subordinate Pledged Revenues. All Series 2020B Subordinate Bonds and interest thereon will be deemed to be paid, satisfied, and discharged on December 16, 2049, regardless of the amount of principal and interest paid on the Series 2020B Subordinate Bonds prior to such date. The District made \$331,081 of interest payments in 2021 and incurred \$729,967 in interest expense for the year ended December 31, 2021 for these bonds.

The 2020A Senior Limited Tax General Obligation Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 270,000	\$ 754,019	\$ 1,024,019
2023	280,000	740,519	1,020,519
2024	315,000	726,519	1,041,519
2025	330,000	710,769	1,040,769
2026	370,000	694,269	1,064,269
2027-2031	2,265,000	3,181,745	5,446,745
2032-2036	3,065,000	2,670,545	5,735,545
2037-2041	3,955,000	2,059,207	6,014,207
2042-2046	5,060,000	1,278,900	6,338,900
2047-2049	3,665,000	280,100	3,945,100
Total	<u>\$ 19,575,000</u>	<u>\$ 13,096,592</u>	<u>\$ 32,671,592</u>

2020B Subordinate General Obligation Limited Tax Bonds

The annual debt service requirements on the 2020B Subordinate Bonds are not currently determinable since they are payable only from available Subordinate Pledged Revenue.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorization

The District has been authorized to issue debt and the principal amount not to exceed \$140,100,000 as voted on in November 2004. The voted authorization has been limited by the service plan approved by the Town of Frederick. During November 2005, District voters authorized up to \$406,000,000 of debt principal. The service plan limits the total new money revenue and general obligation debt of the District and District No. 1 and District No. 3 to \$36,000,000. At December 31, 2021, the District had remaining authorized but unissued indebtedness of \$513,505,298.

NOTE 5 CONSTRUCTION IN PROGRESS

An analysis of the changes in construction in progress for the year ended December 31, 2021 follows:

	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021
Construction in Progress	\$ 125,000	\$ -	\$ -	\$ 125,000

On December 20, 2019, Wyndham Hill Metropolitan District No. 2 entered into a Relinquishment of Surface Rights Agreement with K.P. Kauffman Company, Inc. regarding specific oil and gas sites operated by KPK. The total consideration to be paid to KPK by the District for KPK's relinquishment, extinguishment or restriction of its Surface Rights in "Section 33", Township 2 North, Range 68 West of the PM, County of Weld, state of Colorado) is \$150,000. At the initial closing on January 29, 2020, the District paid \$75,000 of the consideration as a partial payment. Part of the remaining balance, \$50,000, was paid to KPK on September 11, 2020. The remaining \$25,000 will be disbursed at a future date when the process of plugging and abandoning the well is fully completed. The flowline has been temporarily abandoned in place until such time that it is removed during excavation activities. The \$125,000 paid to KPK for surface rights was recorded as an addition to Construction in Progress and will be reclassified to land upon completion of the real property transfer to the District. As of December 31, 2021, the transfer has not yet occurred.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 RELATED PARTY

Two of the five members of the Board of Directors are employees or are associated with Bellock Construction Company, the Construction Manager and accountants for the District, and Frederick Development Company, Inc., the Developer within the District. Prior to May 2020, District No. 1, the District, and District No. 3 had the same Board of Directors. During the May 2020 Director elections, the District elected a separate Board of Directors from District No. 1 and District No. 3.

Construction Management Agreement

A construction management agreement was entered into during 2005 between District No. 1 and Bellock Construction Company. The agreement calls for Bellock Construction Company to provide management services of all activities related to construction projects to be completed within Wyndham Hill Metropolitan Districts No. 1, No. 2, and No. 3. The agreement expires on December 31 of each year, but is automatically extended for a successive annual period so long as sufficient funds have been appropriated, unless contrary action is taken.

Accounting Services Agreement

An accounting services contract was entered into with Bellock Construction Company on March 10, 2005. Under this agreement, accounting services are provided to District No. 1, No. 2, and No. 3 at the hourly annual rates of Bellock Construction Company employees. During 2021, the District incurred \$12,752 in accounting services fees.

NOTE 7 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT (SERVICE CONTRACT) AND OTHER AGREEMENTS

In order to implement the Service Plan, the District entered into an intergovernmental agreement with District No. 1 and District No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions has been performed in their entirety or until the agreement is terminated by mutual written agreement of the Districts.

District No. 1 is to construct the facilities benefiting the three Districts and transfer them to the Town of Frederick or the HOA as required. The District and District No. 3 will, to the extent that they benefit, pay the capital costs and the service costs of operation and maintenance of such facilities (authorized service costs).

On April 23, 2020, the Districts terminated the intergovernmental agreement and entered into separate agreements to address the Districts' financing of facilities and their ongoing administrative, operational, and maintenance needs. The Districts entered into the District Coordinating Services Agreement on April 23, 2020, effective for District No. 1, the District, District No. 3, and District No. 4. District No. 1, the coordinating District, will own, operate and maintain all public improvements within the boundaries of the Districts that are not otherwise dedicated or conveyed to the Town, the County or other public entity or owners' association. The financing Districts, including the District, District No. 3, and District No. 4, are responsible for all costs incurred by the District No. 1 in providing administrative and operation and maintenance services

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT (SERVICE CONTRACT) AND OTHER AGREEMENTS (CONTINUED)

The District is required to fund, on an annual basis, the amount of actual service costs that it would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. If the Districts disagree as to the amount to be paid, then the District must pay District No. 1 the amount set forth in the annual budget. During fiscal year 2017, the Colorado legislature reduced the residential assessment ratio from 7.96% to 7.20% causing the property tax mill rate for general obligation bonds and service costs to increase from 50 mills to 55.275 mills. The assessed ratio decreased to 7.15% increasing mills to 55.663 for property taxes to be collected in 2020. During fiscal year 2020, the Gallagher Amendment was repealed.

NOTE 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; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool) as of December 31, 2021. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded insurance coverage in the past three years.

The District pays annual premiums to the Pool for liability and public official's liability. 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 9 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to 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.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 2, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under TABOR.

NOTE 10 INTERGOVERNMENTAL REVENUES AND EXPENDITURES

The following intergovernmental revenue and expenses occurred during fiscal year ended December 31, 2021:

	Wyndham Hill Metropolitan District No. 1	Wyndham Hill Metropolitan District No. 2	Wyndham Hill Metropolitan District No. 3	Total Revenues
Wyndham Hill Metropolitan:				
District No. 1	\$ -	\$ -	\$ 45,000	\$ 45,000
District No. 3	8,923	-	-	8,923
District No. 4	2,313	-	-	2,313
Total Expenditures	<u>\$ 11,236</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 56,236</u>

NOTE 11 NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

Restricted net position includes net position that is restricted for use either by 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 a deficit net position at December 31, 2021 of \$33,225,715. This deficit amount is the result of the District being responsible for the repayment of bonds issued for public improvements, which are recorded as an asset with District No. 1.

REQUIRED SUPPLEMENTARY INFORMATION

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 1,340,439	\$ 1,340,439	1,347,278	\$ 6,839
Specific Ownership Taxes	80,426	80,426	67,257	(13,169)
Other Tax Income	-	-	4,376	4,376
Royalties	-	-	71,969	71,969
Net Investment Income	-	-	527	527
Total Revenues	<u>1,420,865</u>	<u>1,420,865</u>	<u>1,491,407</u>	<u>70,542</u>
EXPENDITURES				
Current:				
Audit	11,500	12,100	12,075	25
Treasurer's Fee	20,107	20,282	20,281	1
Accounting	5,000	22,255	12,752	9,503
Insurance	3,500	3,500	3,200	300
Legal	10,000	10,000	8,555	1,445
Miscellaneous	5,640	5,640	1,063	4,577
Debt Service				
Principal	195,000	195,000	195,000	-
Interest	1,097,119	1,086,009	1,094,849	(8,840)
Loan Origination Fees	-	-	-	-
Custodial Fees	9,000	9,000	7,000	2,000
Total Expenditures	<u>1,356,866</u>	<u>1,363,786</u>	<u>1,354,775</u>	<u>9,011</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	63,999	57,079	136,632	79,553
Fund Balances - Beginning of Year	<u>118,064</u>	<u>118,064</u>	<u>128,491</u>	<u>10,427</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 182,063</u></u>	<u><u>\$ 175,143</u></u>	<u><u>\$ 265,123</u></u>	<u><u>\$ 89,980</u></u>

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. **CliftonLarsonAllen LLP**



APPLICATION FOR EXEMPTION FROM AUDIT**SHORT FORM**NAME OF GOVERNMENT
ADDRESSWyndham Hill Metropolitan District No. 3
2500 Arapahoe Avenue, Suite 220
Boulder, CO 80302For the Year Ended
12/31/21
or fiscal year ended:CONTACT PERSON
PHONE
EMAIL
FAXSteve Rane
303-442-4299
steve@cdgcolorado.com
303-442-1241**PART 1 - CERTIFICATION OF PREPARER**

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:
TITLE
FIRM NAME (if applicable)
ADDRESS
PHONE
DATE PREPAREDShelby Clymer
Independent Accountant
CliftonLarsonAllen LLP
8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111
303-779-5710
3/15/2022**PREPARER** (SIGNATURE REQUIRED)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT - PREPARED BY INDEPENDENT CPA FIRM

Please indicate whether the following financial information is recorded
using Governmental or Proprietary fund types**GOVERNMENTAL**
(MODIFIED ACCRUAL BASIS)**PROPRIETARY**
(CASH OR BUDGETARY BASIS)

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ 41,367	
2-2	Specific ownership	\$ 2,360	
2-3	Sales and use	\$ -	
2-4	Other (specify): TIF	\$ 5,748	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ 4	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ 49,479	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ 1,745	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ 2,156	
3-7	Accounting and legal fees	\$ 6,020	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Capital outlay	\$ -	
3-15	Utility operations	\$ -	
3-16	Culture and recreation	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):		
3-24	Transfer to Wyndham Hill Metro District No. 1	\$ 36,077	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ 45,998	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

	Yes	No		
4-1 Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A. The District does not have any debt.</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A. The District does not have any debt.</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

	Yes	No
4-5 Does the entity have any authorized, but unissued, debt? If yes: How much? \$ 74,600,000.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Date the debt was authorized: 2004		
4-6 Does the entity intend to issue debt within the next calendar year? If yes: How much? \$ -	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-7 Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding? \$ -	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-8 Does the entity have any lease agreements? If yes: What is being leased? 	<input type="checkbox"/>	<input checked="" type="checkbox"/>
What is the original date of the lease? 		
Number of years of lease? 		
Is the lease subject to annual appropriation? What are the annual lease payments? \$ -	<input type="checkbox"/>	<input type="checkbox"/>

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

	Amount	Total
5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ -
Investments (if investment is a mutual fund, please list underlying investments):		
5-3 CSAFE	\$ 4,609	
	\$ -	
	\$ -	
	\$ -	
Total Investments		\$ 4,609
Total Cash and Investments		\$ 4,609

Please answer the following questions by marking in the appropriate boxes

	Yes	No	N/A
5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: Yes No

N/A. The District does not have any capital assets.

Complete the following capital assets table:	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firefighters' pension plan? Yes No
- 7-2 Does the entity have a volunteer firefighters' pension plan? Yes No

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan 1?

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A

- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Governmental/Proprietary Fund Name	Total Appropriations By Fund
General Fund	\$ 53,419

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

10-1 Is this application for a newly formed governmental entity?

10-1

If yes: Date of formation:

10-2 Has the entity changed its name in the past or current year?

If yes: Please list the NEW name & PRIOR name:

10-3 Is the entity a metropolitan district?

Please indicate what services the entity provides:

See Comment.

10-4 Does the entity have an agreement with another government to provide services?

If yes: List the name of the other governmental entity and the services provided:

See Comment.

10-5 Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: Date Filed:

10-6 Does the entity have a certified Mill Levy?

If yes:

Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills	
General/Other mills	55.663
Total mills	55.663

Please use this space to provide any explanations or comments:

10-3: Storm drainage, water, sewer, streets, traffic safety controls, parks and recreation, mosquito control and transportation.

10-4: Town of Frederick Master IGA, Wyndham Hill Metro District Nos. 1, 2 and 4 - financing of public improvements.

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1	Jon R. Lee	I, Jon R. Lee, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed:  Date: <u>3/30/2022</u> My term Expires: May 2022
Board Member 2	Jessica Brothers	I, Jessica Brothers, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed:  Date: <u>3/30/2022</u> My term Expires: May 2022
Board Member 3	Steve Rane	I, Steve Rane, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed:  Date: <u>3/30/2022</u> My term Expires: May 2023
Board Member 4		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 5		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed: _____ Date: _____ My term Expires: _____



CliftonLarsonAllen LLP
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Greenwood Village, CO 80111
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Accountant's Compilation Report

Board of Directors
Wyndham Hill Metropolitan District No. 3
Weld County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Wyndham Hill Metropolitan District No. 3 as of and for the year ended December 31, 2021, included in the accompanying prescribed form. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Greenwood Village, Colorado
March 15, 2022

Certificate Of Completion

Envelope Id: CD82E98B5FA840DBB8BB9AF1BEC286EB	Status: Completed
Subject: Please DocuSign: WHMD3 - 2021 Audit Exemption.pdf	
Client Name: Wyndham Hill Metropolitan District No. 3	
Client Number: 011-042631-00	
Source Envelope:	
Document Pages: 8	Signatures: 3
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Enveloped Stamping: Enabled	Carl Powell
Time Zone: (UTC-06:00) Central Time (US & Canada)	220 South 6th Street
	Suite 300
	Minneapolis, MN 55402
	Carl.Powell@claconnect.com
	IP Address: 165.225.10.147

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Status: Original	Holder: Carl Powell	Location: DocuSign
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Signer Events

Jon R. Lee
 jonrlee@cdgcolorado.com
 Security Level: Email, Account Authentication (None)

Signature

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Steve Rane
 Steve@cdgcolorado.com
 Secretary/Treasurer
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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	3/30/2022 12:30:13 PM
Certified Delivered	Security Checked	3/30/2022 3:23:53 PM
Signing Complete	Security Checked	3/30/2022 3:23:57 PM
Completed	Security Checked	3/30/2022 3:23:57 PM
Payment Events	Status	Timestamps
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