

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022



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**WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
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YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wyndham Hill Metropolitan District No. 4
Frederick, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 4, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Wyndham Hill Metropolitan District No. 4's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 4, as of December 31, 2022, 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. 4 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wyndham Hill Metropolitan District No. 4'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 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 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. 4's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wyndham Hill Metropolitan District No. 4'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.

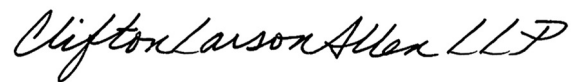
Required Supplementary Information

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. 4

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 opinions on the basic financial statements are not affected by this missing information.

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

CliftonLarsonAllen LLP

Broomfield, Colorado
May 11, 2023

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash	\$ 3,441
Investments	3,803
Property Taxes Receivable	8,090
Due from Other Governments	35
Prepaid Items	2,604
Construction in Progress	1,015,094
Total Assets	1,033,067
LIABILITIES	
Accounts Payable	13,576
Accounts Payable to District No. 1	288,794
Due in More Than One Year:	
Developer Advances	827,152
Accrued Interest	53,869
Total Liabilities	1,183,391
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	8,090
Total Deferred Inflows of Resources	8,090
NET POSITION	
Restricted for TABOR	269
Unrestricted	(158,683)
Total Net Position	\$ (158,414)

See accompanying Notes to Basic Financial Statements.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenue Charges for Services	Net Revenue (Expense) and Change in Net Position Governmental Activities
GOVERNMENTAL ACTIVITIES			
General Government	\$ 18,839	\$ -	\$ (18,839)
Interest and Related Costs on Long-Term Debt	46,219	-	(46,219)
Total	\$ 65,058	\$ -	(65,058)
GENERAL REVENUES			
			8,373
			496
			95
			8,964
CHANGE IN NET POSITION			(56,094)
			(102,320)
NET POSITION - END OF YEAR			\$ (158,414)

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2022**

	General Fund
ASSETS	
Cash	\$ 3,441
Investments	3,803
Property Tax Receivable	8,090
Due from Other Governments	35
Prepaid Items	2,604
Total Assets	\$ 17,973
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 13,576
Accounts Payable to District No. 1	288,794
Total Liabilities	302,370
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	8,090
Total Deferred Inflows of Resources	8,090
FUND BALANCE	
Nonspendable for Prepaid Items	2,604
Restricted for:	
TABOR	269
Unassigned	(295,360)
Total Fund Balance	(292,487)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 17,973

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022**

Total Fund Balance - Total Governmental Fund	\$ (292,487)
<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	1,015,094
<p>Some liabilities are not due in the current period and, therefore, are not reported in the fund balance sheet.</p>	
Developer Advances	(827,152)
Accrued Interest	(53,869)
Total	(881,021)
Net Position of Governmental Activities	\$ (158,414)

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2022**

	<u>General Fund</u>
REVENUES	
Property Tax Income	\$ 8,373
Specific Ownership Taxes	496
Net Investment Income	95
Total Revenues	<u>8,964</u>
EXPENDITURES	
Current:	
Audit	1,811
Accounting	6,082
Treasurer's Fee	126
Insurance	2,177
Legal	7,526
Miscellaneous	1,117
Capital Outlay	<u>693,644</u>
Total Expenditures	<u>712,483</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	(703,519)
OTHER FINANCING SOURCES	
Proceeds from Debt Instrument	<u>690,000</u>
Total Other Financing Sources	<u>690,000</u>
NET CHANGES IN FUND BALANCE	(13,519)
Fund Balance - Beginning of Year	<u>(278,968)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (292,487)</u></u>

See accompanying Notes to Basic Financial Statements.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
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, 2022**

Net Change in Fund Balance - Total Governmental Fund \$ (13,519)

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

Governmental fund reports capital outlays as expenditures. However, for government activities, those capital outlays other than noncapitalizable items are shown in the statement of net position at cost.

Capital Outlay 693,644

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.

Proceeds from Debt Instrument (690,000)

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.

Accrued Interest (46,219)

Change in Net Position of Governmental Activities \$ (56,094)

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 DEFINITION OF REPORTING ENTITY

Wyndham Hill Metropolitan District No. 4 (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 January 12, 2021, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

Wyndham Hill Metropolitan District No. 1 (District No. 1), Wyndham Hill Metropolitan District No. 2 (District No. 2), and Wyndham Hill Metropolitan District No. 3 (District No. 3) were organized by order and decree of the District Court in Weld County on May 26, 2004. The Consolidated Service Plan with District No. 1, District No. 2, and District No. 3 was 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. The amendment to the April 9, 2020 Consolidated Service Plan formed the District. Pursuant to the Service Plan, District No. 2, District No. 3 and the District, 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. 2, District No. 3 and the Town of Frederick.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

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.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022, 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.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Net Position (Continued)

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, \$269 of the General Fund balance has been restricted.

Nonspendable fund balance of \$2,604 is equal to the amount of prepaid insurance for the District that will benefit a future period.

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, 2022 consist of the following:

Cash Deposits	\$	3,441
Investments		3,803
Total Cash	\$	<u>7,244</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, 2022, the District’s cash deposits had a carrying balance of \$3,441.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2022**

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 securities of the World Bank
- 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, 2022, the District had the following investments:

Investment	Maturity	Amortized Cost
*Money Market Fund - CSAFE Fund	Less than One Year	\$ 3,803

As of December 31, 2022, the District had \$3,803 invested in Colorado Surplus Asset Fund (CSAFE Fund) Money Market Funds. The Trust is rated AAmmf by Fitch Ratings and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS

PRIVATE PLACEMENT LONG TERM OBLIGATIONS

The District's long-term obligations consist of the following for the year ended December 31, 2022:

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Private Placement:					
Developer Advances	\$ 137,152	\$ 690,000	\$ -	\$ 827,152	\$ -
Total	<u>\$ 137,152</u>	<u>\$ 690,000</u>	<u>\$ -</u>	<u>\$ 827,152</u>	<u>\$ -</u>

Developer Advances

On April 21, 2021, the District entered into an Agreement with Frederick Development Company, Inc. (the Developer) for developer advances not to exceed \$20,000,000. The Developer will advance the District funds in order for the District to cover the costs of the capital being added to the district. The Developer Advances have an interest rate of 8%. The initial draw on the loan was \$42,104 (prior costs). During 2021, the District had additional draws of \$95,048. In 2022, there were additional draws of \$690,000. Total interest expense incurred for the Developer Advances is \$46,219 for the year ended December 31, 2022.

Authorization

The District has been authorized to issue debt in the principal amount not to exceed \$20,000,000 per the District Service Plan. At December 31, 2022, the District had remaining authorized but unissued indebtedness of \$19,172,848.

NOTE 5 CONSTRUCTION IN PROGRESS

An analysis of the changes in construction in progress for the year ended December 31, 2022 follows:

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022
Construction in Progress	<u>\$ 321,450</u>	<u>\$ 693,644</u>	<u>\$ -</u>	<u>\$ 1,015,094</u>

It is the policy of the Town of Frederick to accept the maintenance responsibility for water, sanitation, traffic and safety controls, park and recreation improvements, mosquito and pest control, transportation, and other related improvements within the District only after a probationary period following completion of construction. When the improvements enter the probation period, the District removes the cost of construction from its Statement of Net Position. There were no conveyances to the Town of Frederick during 2022.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 RELATED PARTY

All of the members of the board of directors are employees and are associated with Bellock Construction Company, the Construction Manager and accountants for the District, and Frederick Development Company, Inc., the Developer within the District. During 2022, District No. 1, No. 3, and the District had the same board of directors.

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, No. 3, and No. 4. 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. District No. 4 joined the District Coordinating Services Agreement with District No. 1, No. 2, No. 3 on February 4, 2021.

The amount paid to Bellock Construction Company during 2022 for construction and construction management was \$58,278.

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, No. 3, and No. 4 at the hourly annual rates of Bellock Construction Company employees. District No. 4 joined the District Coordinating Services Agreement with District No. 1, No. 2, No. 3 on February 4, 2021. During 2022, the District incurred \$6,082 in accounting services fees.

Private Placement Long Term Obligations

Frederick Development Company Inc. (the Developer), a related party, advanced the District funds for eligible costs defined by the District (see Note 4). All Developer Advances have an interest rate of 8%. As of December 31, 2022, the outstanding balance of the Developer Advances is \$827,152.

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

Prior to the formation of the District in 2020, in order to implement the original Service Plan, District No. 1, District No. 2, and District No. 3 entered into an intergovernmental agreement. 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. Per the intergovernmental agreement, 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. District No. 2 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).

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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, District No. 2, District No. 3, and the District. 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 the District, are responsible for all costs incurred by District No. 1 in providing administrative and operation and maintenance services.

The Gallagher Amendment, first added to the Colorado Constitution in 1982, required a residential to nonresidential property tax ratio of 45% to 55% and required the state legislature to adjust the residential assessment rate to maintain the required ratio. 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. While the residential assessment rate is set in statute at 7.15%, the Colorado legislature approved a temporary reduction to 6.765% for the 2023 and 2024 tax years.

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, 2022. 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.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

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.

In November 2020, 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 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, 2022 of (\$158,414). This deficit amount is the result of the District being responsible for the repayment of developer advances issued for public improvements.

REQUIRED SUPPLEMENTARY INFORMATION

**WYNDHAM HILL METROPOLITAN DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 8,373	\$ 8,373	\$ -
Specific Ownership Taxes	419	496	77
Intergovernmental - Wyndham Hill			
Metropolitan District No. 1	33,000	-	(33,000)
Net Investment Income	-	95	95
Total Revenues	<u>41,792</u>	<u>8,964</u>	<u>(32,828)</u>
EXPENDITURES			
Current:			
Audit	2,500	1,811	689
Treasurer's Fee	-	126	(126)
Accounting	10,000	6,082	3,918
Insurance	2,500	2,177	323
Legal	15,000	7,526	7,474
Miscellaneous	3,000	1,117	1,883
Capital Outlay	10,675,000	693,644	9,981,356
Total Expenditures	<u>10,708,000</u>	<u>712,483</u>	<u>9,995,517</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(10,666,208)	(703,519)	9,962,689
OTHER FINANCING SOURCES			
Proceeds from Debt Instrument	10,675,000	690,000	(9,985,000)
Total Other Financing Sources	<u>10,675,000</u>	<u>690,000</u>	<u>(9,985,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	8,792	(13,519)	(22,311)
Fund Balances - Beginning of Year	5,444	(278,968)	(284,412)
FUND BALANCE - END OF YEAR	<u>\$ 14,236</u>	<u>\$ (292,487)</u>	<u>\$ (306,723)</u>



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