WYNDHAM HILL METROPOLITAN DISTRICT NO. 2

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 2 as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such 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. 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 principals 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

Greenwood Village, Colorado
March 26, 2020

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash	$ 118,602
Restricted Investments	9,647
Property Taxes Receivable	1,351,494
Due from Other Governments	7,632
Prepaid Expenses	5,426
Total Assets	1,492,801
LIABILITIES	
Due Within the Year:	
Accrued Interest and Non-Use Fees	509,326
Limited Tax Obligation Notes	300,342
Due in More Than One Year	
Limited Tax Obligation Notes	23,941,304
Subordinate Limited Tax Revenue Notes	6,967,451
Total Liabilities	31,718,423
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,351,494
Total Deferred Inflows of Resources	1,351,494
NET POSITION	
Restricted for TABOR	9,462
Unrestricted	(31,586,578)
Total Net Position	$ (31,577,116)

See accompanying Notes to Financial Statements.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenue Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities:			
General Government	$ 6,890,703	$ -	$ (6,890,703)
Interest and Related Costs on Long-Term Debt	1,712,081	-	(1,712,081)
	$ 8,602,784	$ -	(8,602,784)
	General Revenues:		
	Property Taxes		1,081,878
	Specific Ownership Taxes		90,019
	Other Income Tax		796
	Royalties		591
	Miscellaneous Income		6
	Net Investment Income		7,591
	Total General Revenues		1,180,881
	Change in Net Position		(7,421,903)
	Net Position - Beginning of Year		(24,155,213)
	Net Position - End of Year		$ (31,577,116)

See accompanying Notes to Financial Statements.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2019

	General Fund
ASSETS	
Cash	118,602
Restricted Investments	9,647
Property Tax Receivable	1,351,494
Due from Other Governments	7,632
Prepaid Items	5,426
Total Assets	$ 1,492,801
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	1,351,494
Total Deferred Inflows of Resources	1,351,494
FUND BALANCE	
Nonspendable	5,426
Restricted for:	
TABOR	9,462
Debt Service	126,419
Total Fund Balance	141,307
Total Deferred Inflows of Resources, and Fund Balance	$ 1,492,801

See accompanying Notes to Financial Statements.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total Fund Balance - Total Governmental Fund	$ 141,307
Amounts reported for governmental activities in the statement of net position are different because:	
Some liabilities are not due in the current period and, therefore, are not reported in the fund balance sheet.	
Limited Tax Obligation Notes	(24,241,646)
Subordinate Limited Tax Revenue Notes	(6,967,451)
Accrued Interest and Non-Use Fees	(509,326)
	(31,718,423)
Net Position of Governmental Activities	$ (31,577,116)

See accompanying Notes to Financial Statements.

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2019

	General Fund
REVENUES	
Property Tax Income	$ 1,081,878
Specific Ownership Taxes	90,019
Other Income Tax	796
Royalties	591
Miscellaneous Income	6
Net Investment Income	7,591
Total Revenues	1,180,881
EXPENDITURES	
Current:	
Audit	9,600
Treasurer's Fee	16,246
Insurance	3,134
Miscellaneous	347
Intergovernmental Payment to District No. 1	6,861,376
Debt Service:	
Principal	298,238
Interest and Fiscal Charges	1,322,568
Loan Origination Fees	142,440
Non-use Fees	16,662
Custodial Fees	6,500
Total Expenditures	8,677,111
DEFICIENCY OF REVENUE OVER EXPENDITURES	(7,496,230)
OTHER FINANCING SOURCES	
Proceeds from Debt Instrument	7,582,928
Total Other Financing Sources	7,582,928
NET CHANGES IN FUND BALANCE	86,698
Fund Balance - Beginning of Year	54,609
FUND BALANCE - END OF YEAR	$ 141,307

See accompanying Notes to 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, 2019

Net Change in Fund Balance - Total Governmental Fund	$ 86,698
Amounts reported for governmental activities in the statement of activities are different because:	
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	(7,582,928)
Payment of Principal	298,238
A decrease in accrued interest and non-use fees does not have any impact on governmental fund expenditures. This transaction, however, does decrease the amount of interest expense and non-use fees on the statement of activities.	
Accrued Interest and Non-Use Fees	(223,911)
Change in Net Position of Governmental Activities	$ (7,421,903)

See accompanying Notes to Financial Statements.

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, and February 14, 2008. 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.

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 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.

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, 2019, 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.

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, $9,462 of the General Fund balance has been restricted.

Nonspendable fund balance of $5,426 is equal to the amount of prepaid insurance for the District that will benefit a future period.

The remaining fund balance of the District of $126,419 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, 2019 consist of the following:

Cash Deposits	$	118,602
Investments		9,647
Total Cash	$	128,249

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, 2019, the District's cash deposits had a carrying balance of $118,602.

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, 2019, the District had the following investments:

Investment	Maturity	Amortized Cost
*Money Market Fund - Fidelity Treasury	Less than One Year	$ 9,647

As of December 31, 2019, the District had $9,647 invested in Fidelity Treasury 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.

NOTE 4 LONG-TERM OBLIGATIONS

The District's long-term obligations consist of the following for the year ended December 31, 2019:

	Balance at January 1, 2019	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
General Obligation Limited Tax Bonds - Series 2015	$ 8,230,000	$ -	$ -	$ 8,230,000	$ -
General Obligation Limited Tax Notes - Series 2016	13,615,895	-	298,238	13,317,657	300,342
Tax Notes - Series 2019	-	2,693,989	-	2,693,989	
Subordinate Limited Tax Revenue Notes - Series 2018B	2,078,512	4,888,939	-	6,967,451	-
Total Long-Term Obligations	$ 23,924,407	$ 7,582,928	$ 298,238	$ 31,209,097	$ 300,342

Series 2015 Bonds

The District issued the 2015 Subordinate Limited Tax General Obligation Bonds on May 1, 2015, in the amount of $8,230,000. The proceeds of such debt was used for issuance costs and to repay the developer advances incurred by District No. 1 to fund the cost of public infrastructure improvements. Bond interest is payable annually on December 15, with the principal due at maturity on December 15, 2054. The interest rate is 8.5% and interest is computed on the basis of a 360-day year of twelve 30-day months. The District paid $695,956 of interest and incurred $699,550 in interest expense on the 2015 Bonds during the year ended December 31, 2019.

The 2015 Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, which includes the residual property taxes derived from the Required Mill Levy, net of the cost of collection, specific ownership taxes allocable to the Required Mill Levy, Development Fees and any other legally available moneys of the District after payment of senior debt obligations. The Required Mill Levy is defined in the Trust Indenture as a mill levy imposed upon all taxable property of the District each year.

The following summarizes the debt services requirements to maturity for the bonds:

Year Ending December 31,	Principal	Interest	Total
2020	$ -	699,550	$ 699,550
2021	-	699,550	699,550
2022	-	699,550	699,550
2023	-	699,550	699,550
2024	-	699,550	699,550
2025-2029	-	3,497,750	3,497,750
2030-2034	-	3,497,750	3,497,750
2035-2039	-	3,497,750	3,497,750
2040-2044	-	3,497,750	3,497,750
2045-2049	-	3,497,750	3,497,750
2050-2054	8,230,000	3,466,659	11,696,659
Total	$ 8,230,000	$ 24,453,159	$ 32,683,159

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2016 Note

The District issued the 2016A Limited Tax Obligation Note on June 10, 2016 for an amount not to exceed $10,000,000 with the ability to draw on the Note through June 10, 2019. On August 18, 2016, the District executed a second agreement, 2016B Limited Tax Obligation Note, under the same terms as 2016A for an amount not to exceed $4,000,000. The proceeds of such debt were used to refund all of the amounts due on the District's General Obligation Limited Tax Bonds, Series 2005; refunding of certain amounts on District No. 1's advances received from Developer; refunding of certain amounts due on District No. 1's outstanding Subordinate Bond Anticipation Note, Series 2005A; refunding of certain amounts due on the District's outstanding Subordinate Limited Tax Obligation Note, Series 2015; and the payment of costs of issuance of the 2016 Note. The District does not have optional prepayment of principal through the second anniversary of the date of the Note. A prepayment fee of 1% will be added to the principal balance if prepayment occurs after the second anniversary date but before the third anniversary date. No prepayment fee is incurred if prepayment occurs after the third anniversary date and before the fifth anniversary date of the Note. On May 25, 2021, and each five year anniversary until the maturity date, the interest rate will reset to the Bank Qualified Tax-Exempt Rate on the reset date. Interest payments are due on June 1 and December 1 of each year. The District is subject to non-use fees in the amount of 0.25% of the unfunded portion of the maximum advance amount computed on the basis of a 360-day year and actual days elapsed beginning on the commencement date of the Initial Advance stated below.

Each advance is subject to the terms as noted above. Below is a summary of each draw made through December 31, 2019:

	Original Amount	Outstanding Principal	Principal Paid in 2019	Interest Incurred in 2019	Date of Advance	Effective Interest Rate
2016A						
Initial Advance	$ 6,795,744	$ 6,470,837	$ 144,070	$ 253,732	June 10, 2016	3.790%
Second Advance	1,067,178	1,016,159	22,624	38,636	September 1, 2016	3.675%
Third Advance	224,534	218,114	4,536	9,483	January 25, 2017	4.208%
Fourth Advance	1,110,515	1,078,745	22,432	43,804	June 1, 2017	3.930%
Fifth Advance	672,100	652,872	13,576	27,421	October 19, 2017	4.065%
Sixth Advance	129,929	-	-	-	March 1, 2018	4.478%
2016A Total	10,000,000	9,436,727	207,238	373,076		
2016B						
Initial Advance	2,585,726	2,585,726	-	117,397	March 19, 2018	4.478%
Second Advance	1,148,582	1,120,511	-	52,748	June 19, 2018	4.643%
Third Advance	265,692	174,692	91,000	12,291	December 18, 2018	4.695%
2016B Total	4,000,000	3,880,929	91,000	182,436		
Total	$ 14,000,000	$ 13,317,656	$ 298,238	$ 555,512		

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The following summarizes the debt services requirements to maturity for the 2016 Notes:

Year Ending December 31,	Principal	Interest	Total
2020	$ 300,342	$ 545,635	$ 845,977
2021	116,048	531,876	647,924
2022	136,183	527,154	663,337
2023	186,618	521,568	708,186
2024	202,368	515,323	717,691
2025-2029	1,122,440	2,439,635	3,562,075
2030-2034	1,759,109	2,162,544	3,921,653
2035-2039	2,777,344	1,722,280	4,499,624
2040-2044	4,188,151	1,050,356	5,238,507
2045-2046	2,620,053	165,460	2,785,513
Total	$ 13,408,656	$ 10,181,831	$ 23,590,487

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 8% computed on the basis of a 360-day year with the principal due at maturity on December 1, 2048. The repayment of the Note will be subordinate to any outstanding senior debt. During 2019, the District drew down $4,888,959 and incurred $209,573 of interest expense.

Each draw is subject to the terms as noted above. Below is a summary of each draw made through December 31, 2019:

	Balance at January 1, 2019	Additions	Reductions	Balance at January 1, 2019
Series 2018B	$ 2,078,512	$ 4,888,939	$ -	$ 6,967,451

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

Year Ending December 31,	Principal	Interest	Total
2020	-	$ 557,396	$ 557,396
2021	-	557,396	557,396
2022	-	557,396	557,396
2023	-	557,396	557,396
2024	-	557,396	557,396
2025-2029	-	2,786,980	2,786,980
2030-2034	-	2,786,980	2,786,980
2035-2039	-	2,786,980	2,786,980
2040-2044	-	2,786,980	2,786,980
2045-2048	6,967,451	2,183,135	9,150,586
Total	$ 6,967,451	$ 16,118,037	$ 23,085,488

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Series 2019A Note

The District issued the 2019A Limited Tax Obligation Note on February 8, 2019 for an amount not to exceed $10,000,000. The proceeds of this debt was used for the purpose of (i) refunding on a current basis certain amounts due on Wyndham Hill Metropolitan District No. 1's outstanding Subordinate Bond Anticipation Note, Series 2005A (the "Series 2005A Subordinate Note"), (ii) refunding on a current refunding basis certain amounts due on the District's Series 2015 Subordinate Note; and (iii) paying the costs of issuance of the 2019A Loan. The Loan shall not be subject to optional prepayment by the District prior to June 10, 2019. Additionally, for the first two years after each Rate Reset Date, the Loan is not subject to optional prepayment by the District. The District may prepay the Loan commencing on the 2nd anniversary of each Rate Reset Date and any day thereafter until the next Reset Date upon payment of principal of par plus 1% of the outstanding principal balance of the Loan. upon each Rate Reset Date. All Advances under the 2019A Loan shall bear interest for the ensuing five-year period at the Bank Qualified Tax-Exempt Rate as determined by the Bank on such Rate Reset Date. The District is subject to non-use fees in the amount of 0.25% of the unfunded portion of the maximum advance amount computed on the basis of a 360-day year and actual days elapsed beginning on the commencement date of the Initial Advance stated below. The District incurred $16,631 in non-use fees on the unfunded balance as of December 31, 2019.

Each advance is subject to the terms as noted above. Below is a summary of each draw made through December 31, 2019

	Original Amount	Outstanding Principal	Principal Paid in 2019	Interest Incurred in 2019	Date of Draw	Effective Interest Rate
Initial Advance	1,496,639	1,496,639	-	63,428	February 8, 2019	4.680%
Second Advance	1,197,350	1,197,350	-	16,929	August 21, 2019	3.856%
2019A Total	2,693,989	2,693,989	-	80,357		

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, 2019, the District had remaining authorized but unissued indebtedness of $492,970,000.

NOTE 5 RELATED PARTY

All of the 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. During 2019, District No. 1, the District, and District No. 3 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 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 2019, the District incurred $0 in accounting services fees.

NOTE 6 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).

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.

NOTE 7 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 (Pool) as of December 31, 2019. 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 8 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.

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 9 INTERGOVERNMENTAL REVENUES AND EXPENDITURES

The following intergovernmental revenue and expenses occurred during fiscal year ended December 31, 2019:

	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	$ -	$ 6,861,376	$ 75,000	$ 6,936,376
District No. 2	-	-	-	-
District No. 3	5,300	-	-	5,300
Total Expenditures	$ 5,300	$ 6,861,376	$ 75,000	$ 6,941,676

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, 2019 of $31,577,116. 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, 2019

	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	$ 1,337,415	1,081,878	$ (255,537)
Specific Ownership Taxes	66,871	90,019	23,148
Other Tax Income		796	
Intergovernmental Revenue:			
District No. 3	75,000	-	(75,000)
Royalties		591	591
Miscellaneous Income	-	6	6
Net Investment Income		7,591	7,591
Total Revenues	1,479,286	1,180,881	(299,201)
EXPENDITURES			
Current:			
Audit	9,600	9,600	-
Treasurer's Fee	20,061	16,246	3,815
Insurance	3,200	3,134	66
Miscellaneous	5,350	347	5,003
Intergovernmental Payment:			
District No. 1	8,400,000	6,861,376	1,538,624
Debt Service			
Principal	342,603	298,238	44,365
Interest	1,636,850	1,322,568	314,282
Loan Origination Fees	200,000	142,440	57,560
Non-use Fees	13,106	16,662	(3,556)
Custodial Fees	6,000	6,500	(500)
Total Expenditures	10,636,770	8,677,111	1,959,659
DEFICIENCY OF REVENUES OVER EXPENDITURES	(9,157,484)	(7,496,230)	1,660,458
OTHER FINANCING SOURCES			
Proceeds from Debt Instrument	9,000,000	7,582,928	(1,417,072)
Total Other Financing Sources	9,000,000	7,582,928	(1,417,072)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(157,484)	86,698	243,386
Fund Balances - Beginning of Year	173,206	54,609	(118,597)
FUND BALANCE - END OF YEAR	$ 15,722	$ 141,307	$ 124,789