

**Wildwing Metropolitan District No. 5
Town of Timnath, Colorado**

Financial Statements

December 31, 2021




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INDEPENDENT AUDITOR'S REPORT

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Members of the Board of Directors
Wildwing Metropolitan District No. 5
Town of Timnath, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Wildwing Metropolitan District No. 5 (the "District") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Wildwing Metropolitan District No. 5, as of December 31, 2021 and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wildwing Metropolitan District No. 5 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wildwing Metropolitan District No. 5's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:



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- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wildwing Metropolitan District No. 5'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 Wildwing Metropolitan District No. 5's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other-Matters

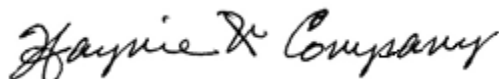
Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wildwing Metropolitan District No. 5's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
July 26, 2022

BASIC FINANCIAL STATEMENTS

Wildwing Metropolitan District No. 5
Statement of Net Position
December 31, 2021

Assets	Governmental Activities
Cash	\$ 1,361,509
Property Taxes Receivable	67,546
County Treasurer Receivable	30
Service Fee Receivable	3,237
Due from District No. 1 - Property Taxes	7,176
Total Assets	1,439,498
Liabilities	
Accrued Interest	566,561
Non-current Liabilities:	
Due within one year	75,000
Due in more than one year	12,852,000
Total Liabilities	13,493,561
Deferred Inflows of Resources	
Property Taxes	67,546
Total Deferred Inflows of Resources	67,546
Net Position	
Restricted for:	
Debt Service	1,371,952
Emergencies	58
Unrestricted	(13,493,619)
Total Net Position	(12,121,609)
Total Liabilities and Net Position	\$ 1,439,498

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

Wildwing Metropolitan District No. 5
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and other fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 2,053	\$ -	\$ -	\$ -	\$ (2,053)
Interest and related costs on long term debt	<u>760,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(760,592)</u>
	<u>\$ 762,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (762,645)</u>
General Revenues (Expenses):					
Property Taxes					7,781
Specific Ownership Taxes					592
Service Fees					677,742
Interest Income					<u>398</u>
Total Revenues (expenses)					<u>686,513</u>
Change in Net Position					(76,132)
Net Position (Deficit) - beginning of year					<u>(12,045,477)</u>
Net Position (Deficit) - end of year					<u>\$ (12,121,609)</u>

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

Wildwing Metropolitan District No. 5
Governmental Funds Balance Sheets
and Reconciliation of Fund Balances to Net Position
December 31, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash	\$ -	\$ 1,361,509	\$ 1,361,509
Property Taxes Receivable	67,546	-	67,546
County Treasurer Receivable	-	30	30
Service Fee Receivable	-	3,237	3,237
Due from District No.1 - Property Taxes	-	7,176	7,176
Total Assets	67,546	1,371,952	1,439,498
Deferred Inflows of Resources			
Property Taxes	67,546	-	67,546
Total Deferred Inflows of Resources	67,546	-	67,546
Fund Balances			
Restricted for:			
Debt Service	-	1,371,952	1,371,952
Emergencies	58	-	58
Unassigned	(58)	-	(58)
Total Fund Balances	-	1,371,952	1,371,952
Total Liabilities and Fund Balances	\$ 67,546	\$ 1,371,952	\$ 1,439,498

Total governmental fund balance per above \$ 1,371,952

Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:

Long term liabilities not payable in the current year are excluded as liabilities in the governmental funds. Interest on long-term debt is recognized as an expenditure in governmental funds when due. These liabilities consist of:

Accrued Interest	(566,561)
Bonds Payable	(12,927,000)

Net position of governmental activities \$ (12,121,609)

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

Wildwing Metropolitan District No. 5
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Service Fees District #2	\$ -	\$ 328,429	\$ 328,429
Service Fees District #3	-	180,678	180,678
Service Fees District #4	-	168,635	168,635
Property Taxes	1,790	5,991	7,781
Specific Ownership Taxes	136	456	592
Interest Income	7	391	398
Total General Revenues	<u>1,933</u>	<u>684,580</u>	<u>686,513</u>
Expenditures			
Debt service			
Bond Interest	-	603,075	603,075
Payment for Services to No.1	1,896	-	1,896
Treasurer's Fees	37	120	157
Total Expenditures	<u>1,933</u>	<u>603,195</u>	<u>605,128</u>
Net Change in Fund Balances	-	81,385	81,385
Fund Balances:			
Beginning of the year	<u>-</u>	<u>1,290,567</u>	<u>1,290,567</u>
End of the year	<u>\$ -</u>	<u>\$ 1,371,952</u>	<u>\$ 1,371,952</u>

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

Wildwing Metropolitan District No. 5
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

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

Net change in fund balance—total governmental funds	\$ 81,385
 Long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	
Accrued interest - change in liability	<u>(157,517)</u>
Change in net position of governmental activities	<u>\$ (76,132)</u>

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

Wildwing Metropolitan District No. 5
Statement of Revenue, Expenditures
and Changes in Fund Balances—Actual and Budget
Governmental Fund Type—General Fund
For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue			
Property Taxes	\$ 1,790	\$ 1,790	\$ -
Specific Ownership Taxes	134	136	2
Interest and Other Income	100	7	(93)
Total Revenue	<u>2,024</u>	<u>1,933</u>	<u>(91)</u>
Expenditures			
Payment for Services to No. 1	1,888	1,896	(8)
Treasurer's Fees	36	37	(1)
Contingency	100	-	100
Total Expenditures	<u>2,024</u>	<u>1,933</u>	<u>91</u>
Excess Revenue Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balances—Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances—End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Wildwing Metropolitan District No. 5

Notes to Financial Statements

December 31, 2021

1. Definition of Reporting Entity

Wildwing Metropolitan District No. 5 (the District), along with related Districts Nos. 1 through 4, (collectively referred to as the "Districts") were organized in August 2007, under State of Colorado statutory authority, as a quasi-municipal corporation and is governed by a five-member Board of Directors pursuant to the provisions of the Colorado Special District Act (Title 32, Article I, Colorado Revised Statutes) for the overall purpose of the development of a residential community known as Wildwing.

The District's service area is located in the Town of Timnath, Colorado. As permitted by the Amended Service Plan, one of the purposes of District No. 5 can be to hold debt and to provide financing associated with the development of Wildwing. Districts Nos. 2 through 5 are considered to be the residential districts. As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board ("GASB") guidance.

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

2. Summary of Significant Accounting Policies

The accompanying financial statements are presented in accordance with GASB Statement No. 34, *Special Purpose Governments*.

Government-wide and Fund Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all of the governmental activities of the District.

The statement of net activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program or general revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Revenues and expenditures are recorded on the accrual basis of accounting.

Governmental Fund Financial Statements

The governmental fund financial statements are prepared 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 if the revenues are collectible within the current period, or soon thereafter, to pay liabilities of the current period. For that purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period.

Wildwing Metropolitan District No. 5

Notes to Financial Statements (continued)

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Governmental Funds

For 2021, the District has two Governmental Funds:

- *The General Fund* is the general operating fund of the District. It is used to account for all of the financial resources not accounted for and reported in another fund.
- *The Debt Service Fund* is used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal, interest, and other debt-related costs.

Deposits

District management considers cash and cash equivalents to include cash on hand, demand deposits, and money market accounts. Investments, as applicable, of the District are reported at fair value.

District management may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and investment flexibility. As applicable, investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, various receivables, and accounts payable. The District estimates that the fair value of these financial instruments, as of December 31, 2021, does not differ materially from the aggregate carrying values used in the accompanying financial statements.

The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

Use of Estimates

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates which affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates.

Wildwing Metropolitan District No. 5
Notes to Financial Statements (continued)
December 31, 2021

2. Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes are levied by the District's Board of Directors. When applicable, the levy is based upon 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 taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable, since they normally are not available nor are they budgeted as a resource until the subsequent year. Property taxes are recorded as revenue in the subsequent year when they are available or collected.

Under the Amended Service Plan, the maximum Debt Mill Levy and maximum Operations and Maintenance Mill Levy of a District shall be the equivalent of 50 mills (based on the 2014 residential assessment rate), respectively. Should the total amount of aggregate debt of a District be equal to or less than 50% of a District's assessed valuation, the maximum Debt Mill Levy, the maximum Operations and Maintenance, and the Maximum Aggregate Mill Levy may be increased to 60 mills. As of December 31, 2021, the Operations and Maintenance Mill Levy of Districts Nos. 2 through 5 are pledged to District 1 and the Debt Mill Levy of Districts Nos. 1 through 4 are pledged to District 5.

No District shall have the authority to impose or collect any mill levy for the repayment of any or all debt on any single residential property which exceeds 40 years after the year of initial imposition of a debt service levy, unless the majority of the Board of Directors are residents of the District and the Board of Directors shall have voted in favor of refunding of a part or all of the Debt. At the end of the 40 year term, any and all debt that has not been paid shall be forgiven.

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components.

Wildwing Metropolitan District No. 5

Notes to Financial Statements (continued)

December 31, 2021

2. Summary of Significant Accounting Policies (continued)

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Restricted Fund Balance

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (See Note 8).

3. Budget Information

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with State Budget Law, the District's Board of Directors holds a public hearing in the fall of each year to approve the budget and appropriate funds for the ensuing year. The appropriation is at the total fund expenditure 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 total appropriation can only be modified upon completion of a budget amendment approved following a public hearing on the same. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year-end.

Wildwing Metropolitan District No. 5 Notes to Financial Statements (continued) December 31, 2021

4. Cash and Investments

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 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2021, the District's cash deposits had a carrying balance of \$1,361,509 and bank balance of \$1,356,418 of which \$250,000 was FDIC insured.

Restricted Cash and Cash Equivalents

The District's restricted cash and cash equivalents pertain to the amount of cash and cash equivalents equal to the emergency reserve in the general fund and cash held within the Debt Service Fund.

5. Long-Term Liabilities

Wildwing Metropolitan District No. 5, Limited Tax General Obligation Bonds, Series 2018A and Series 2018B

On May 31, 2018, the District issued Limited Tax General Obligation Bonds, Series 2018A and Series 2018B for \$11,220,000 and \$1,707,000, respectively. A portion of the net proceeds was transferred to the Wildwing Metropolitan District No. 1 in payment of the Note Payable, Subordinate Promissory Note and Capital Costs Advance and Reimbursement Agreement. The remainder of the proceeds were used for costs of issuance and placed in reserve for capitalized interest and the required reserve. As of December 31, 2021, the reserve requirement is \$904,644.

The Bonds shall accrue interest at the rates of 5.375% (Series 2018A) and 7.625% (Series 2018B). Series A requires interest-only payments from December 1, 2018 – June 1, 2022 followed by principal and interest payments through maturity on December 15, 2048. Series 2018 B requires interest-only payments through December 15, 2044 followed by principal and interest payments through maturity on December 15, 2048.

The Series 2018A Bonds are subject to voluntary redemption prior to maturity after December 1, 2023, at the option of the District, as a whole or in integral multiples of \$1,000, in any order

Wildwing Metropolitan District No. 5
Notes to Financial Statements (continued)
December 31, 2021

5. Long-Term Liabilities (continued)

of maturity, and in whole or partial maturities. The bonds are also subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2022 and on each December 1 thereafter. Payment of par and accrued interest amounts can be redeemed in accordance to the schedule found within the bond indenture.

The Series 2018B bonds are subject to voluntary redemption prior to maturity after December 15, 2023, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities. The bonds are also subject to a mandatory redemption in part by lot on December 15 of each year, commencing December 15, 2018. The Series 2018B bonds are subordinate to the Series 2018A bonds and therefore payment of the Series 2018B bond principal and interest is made annually with funds remaining after payment of the Series 2018A bonds.

The following is an analysis of changes in Bonds for the year ending December 31, 2021:

	Balance at December 31, 2020	Additions	Payment	Balance at December 31, 2021	Due Within One Year
Limited Tax General					
Obligation Bonds Series 2018A	\$ 11,220,000	\$ -	\$ -	\$ 11,220,000	\$ 75,000
Limited Tax General					
Obligation Bonds Series 2018B	1,707,000	-	-	1,707,000	-
	<u>\$ 12,927,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,927,000</u>	<u>\$ 75,000</u>

Below is a summary of the future maturities of the Limited Tax General Obligation Bonds, Series 2018A:

	Principal	Interest	Total
2022	75,000	603,075	678,075
2023	115,000	599,044	714,044
2024	135,000	592,863	727,863
2025	140,000	585,606	725,606
2026	160,000	578,081	738,081
2027-2031	1,045,000	2,745,013	3,790,013
2032-2036	1,580,000	2,410,150	3,990,150
2037-2041	2,270,000	1,914,844	4,184,844
2042-2046	3,195,000	1,211,256	4,406,256
2047-2048	2,505,000	227,900	2,732,900
	<u>\$ 11,220,000</u>	<u>\$ 11,467,831</u>	<u>\$ 22,687,831</u>

Wildwing Metropolitan District No. 5
Notes to Financial Statements (continued)
December 31, 2021

5. Long-Term Liabilities (continued)

Below is a summary of the future maturities for the Limited Tax General Obligation Bonds, Series 2018B:

	Principal	Interest	Total
2022	-	130,159	130,159
2023	-	130,159	130,159
2024	-	130,159	130,159
2025	-	130,159	130,159
2026	-	130,159	130,159
2027-2031	-	650,794	650,794
2032-2036	-	650,794	650,794
2037-2041	-	650,794	650,794
2042-2046	-	650,794	650,794
2047-2048	1,707,000	260,318	1,967,318
	\$ 1,707,000	\$ 3,514,286	\$ 5,221,286

Authorized, But Unissued Debt

As of December 31, 2021, the District's Service Plan includes a debt authorization limit of \$28,924,000 for all Districts and the amount of the authorized, but unissued, debt for the Wildwing Metropolitan District Nos. 1 through 5 was \$15,963,020. Operating and capital advances that are subject to annual appropriations and are not considered multi-fiscal year debt, and as such as not subject to the debt authorization limit.

Service Plan Limitation	\$ 28,924,000
District 1 - 2015 Bank Loan	(5,348,315)
District 5 - 2018 Bonds, net of 2015 Bank Loan refinance	(7,612,665)
Authorized but unissued debt	\$ 15,963,020

Wildwing Metropolitan District No. 5
Notes to Financial Statements (continued)
December 31, 2021

6. Fund Balance/Net Position

As of December 31, 2021, the District's fund balance consisted of the following:

	General Fund	Debt Service Fund	Total
Fund Balances			
Restricted for:			
Debt Service:			
Bond Payment	\$ -	\$ 467,308	\$ 467,308
Reserve	-	904,644	904,644
Emergencies	58	-	58
Unassigned	(58)	-	(58)
Total Fund Balances	\$ -	\$ 1,371,952	\$ 1,371,952

Net Position

The District's net position represents the difference between the District's assets, liabilities, and deferred inflows of resources. The District reports two categories of net position, as follows:

Restricted net position - net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. As of December 31, 2021, \$1,371,952 was restricted for debt service and \$58 was restricted for emergencies.

Unrestricted net position - consists of all other net position that does not meet the definition of the above component and is available for general use by the District. As of December 31, 2021, unrestricted net position was a deficit of \$(13,493,619). This deficit in net position is due primarily to the District being responsible for debt related to capital assets that have been conveyed to other entities.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District will use the most restrictive net position first.

7. Risk Management

The District is exposed to various risks of loss related to torts, errors or omissions, and natural disasters, as well as theft of, damage to, or destruction of, property.

Wildwing Metropolitan District No. 5
Notes to Financial Statements (continued)
December 31, 2021

7. Risk Management (continued)

The District is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2021. The Pool is an organization created by intergovernmental agreements to provide property, liability, public officials' liability, boiler, and other coverage to its members.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation 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 that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

8. Tax, Spending and Debt Limitations

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.

Supplementary Information

Wildwing Metropolitan District No. 5
Statement of Revenue, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—Debt Service Fund
For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Service Fees District #2	\$ 328,383	\$ 328,429	\$ 46
Service Fees District #3	180,256	180,678	422
Service Fees District #4	167,923	168,635	712
Property Taxes	5,991	5,991	-
Specific Ownership Tax	449	456	7
Interest Income/Other	3,875	391	(3,484)
Total Revenue	<u>686,877</u>	<u>684,580</u>	<u>(2,297)</u>
Expenditures:			
Bond Interest - 2018A	603,075	603,075	-
Treasurer's Fees	120	120	-
Contingency	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>608,195</u>	<u>603,195</u>	<u>5,000</u>
Excess Revenue Over (Under)			
Expenditures	<u>78,682</u>	<u>81,385</u>	<u>2,703</u>
Net Change in Fund Balances	<u>78,682</u>	<u>81,385</u>	<u>2,703</u>
Fund Balance—Beginning of year	<u>1,291,822</u>	<u>1,290,567</u>	<u>(1,255)</u>
Fund Balance—End of Year	<u>\$ 1,370,504</u>	<u>\$ 1,371,952</u>	<u>\$ 1,448</u>