

# NORTON & SMITH, P.C.

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August 29, 2022

VIA EMAIL: [clerk@parkeronline.org](mailto:clerk@parkeronline.org)

Town Clerk, Town of Parker  
20120 E. Mainstreet  
Parker, CO 80138-7334

**Re: Westcreek Metropolitan District No. 2 Annual Report**

Dear Town Clerk:

Pursuant to the Service Plan for Westcreek Metropolitan District No. 2, the District hereby submits its annual report. This report reflects the District's activities and financial events from January 1 through December 31, 2021. Capitalized terms used herein have the meanings as defined in the Service Plan.

**10.11.040 - Required *annual* report. - Not later than September 1 of each calendar year, each District shall file an *annual* report (the "*annual* report") with the Town Clerk, the requirements of which may be waived in whole or in part by the Town Council, if such reporting requirements place an undue hardship on such District. The *annual* report shall reflect activity and financial events of the District through the preceding December 31 (the "*report year*"). The *annual* report shall include the following:**

**10.11.040 (1) A list of public infrastructure the District conducted or installed during the report year, and a schedule for the construction or installation of future public infrastructure, as well as any maintenance operations or activities the District plans to undertake in the upcoming year:**

None.

**10.11.040 (2) Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year, including a statement of financial condition (i.e., balance sheet) as of December 31 of the report year and the statement of operations (i.e., revenues and expenditures) for the report year:**

The District has filed an Audit for the year ending December 31, 2021. A copy of the 2021 Audit is enclosed with this Report.

**10.11.040 (3) Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public improvements in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year:**

The 2021 Audit is enclosed with this Report.

**10.11.040 (4) Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the District in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year and the current mill levy of the District pledged to debt retirement in the report year:**

The District issued Series 2019A Bonds on April 3, 2019 in the amount of \$7,800,000.00. The District pledged a tax levy of 40.000 mills to Debt service in 2021. As of January 1, 2021, the District's total assessed valuation of all taxable properties within the District was \$4,241,350 (Certificate of Valuation).

**10.11.040 (5) The District's budget for the calendar year in which the *annual* report is submitted:**

The District's 2022 budget is enclosed with this letter.

**10.11.040 (6) A summary of residential and commercial development in the District for the report year:**

<b>Project Description</b>	<b>Property Owner</b>	<b>Facility Size (Approximate)</b>	<b>Acreage (Approximate)</b>	<b>Anticipated Completion Date</b>
Hotel (Springhill Suites)	2 Combs Enterprises	108 Rooms	2.5 Acres	Completed in late 2021

**10.11.040 (7) A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year:**

The District imposed no fees, charges, or assessments as of December 31, 2021.

**10.11.040 (8) Certification of the Board that no action, event or condition enumerated in Section 10.11.060 below has occurred in the report year or certification that such event has occurred but that an amendment to the service plan that allows such event has been approved by the Town Council:**

The Board certifies that no action, event, or condition enumerated in Town Code section 10.11.060 occurred in 2021, and thus no amendment to the Service Plan is necessary. This annual report is being filed as of the date above and subject thereto, the Board certifies that the District is in compliance with all provisions of the Service Plan for 2021.

**10.11.040 (9) The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Board:**

The District's regular meetings are scheduled for the first Tuesday of March, June, September and December at 3:00 p.m. at the offices of NexGen Properties, LLC, 5251 DTC Parkway, Suite 800, One Denver Tech Center, Greenwood Village, Colorado. The name, business addresses, and telephone numbers of the District's Board members, chief administrative officer, and general counsel are as follows:

Board Members:

Travis McNeil, President - Treasurer  
5251 DTC Parkway, Suite 800  
One Denver Tech Center  
Greenwood Village, CO 80111  
(303) 751-9230

Paul Joseph Knopinski, Secretary  
7629 S. Platte Canyon Dr.  
Littleton, CO 80128  
(720) 480-9670

The Board currently has three vacancies.

General Counsel:

Erin M. Smith  
NORTON & SMITH, P.C.  
600 17<sup>th</sup> Street, Suite 2150S  
Denver, CO 80202  
(303) 292-6400

Chief Administrative Officer:

None at this time.

**10.11.040 (10) Certification from the Board of the District that the District is in compliance with all provisions of the service plan;**

The Board certifies that the District is in compliance with all provisions of the First Amendment to the Service Plan, dated December 15, 2010.

**10.11.040 (11) A copy of the most recent notice issued by the District, pursuant to Section 32-1-809, C.R.S.:**

A copy of the District's Notice to Electors pursuant to Section 32-1-809, C.R.S. is attached.

**10.11.040 (12) A copy of any intergovernmental agreements entered into by the District since the filing of the last annual report.**

The District did not enter into any new intergovernmental agreements in 2021.

Please do not hesitate to contact me with any questions regarding the contents of this annual report.

Sincerely,

NORTON & SMITH, P.C.



Erin M. Smith

Enclosures

**WESTCREEK METROPOLITAN  
DISTRICT NO. 2  
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021**

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
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Board of Directors  
Westcreek Metropolitan District No. 2  
Douglas County, Colorado

## Independent Auditor's Report

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Westcreek Metropolitan District No. 2 (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Westcreek Metropolitan District No. 2 as of December 31, 2021, and the respective changes in financial position and the respective 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 (GAAP), 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 the District'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.

## **Auditor's 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 auditor's 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 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 the District'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 the District'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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

  
Wipfli LLP  
Lakewood, Colorado

June 17, 2022

## **BASIC FINANCIAL STATEMENTS**

**WESTCREEK METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 28,668
Cash and Investments - Restricted	548,385
Receivable - County Treasurer	1,444
Due from District No. 1	692
Prepaid Expenses	2,040
Property Taxes Receivable	203,585
Total Assets	784,814
<b>LIABILITIES</b>	
Accounts Payable	12,129
Accrued Interest Payable	34,938
Noncurrent Liabilities:	
Due in More Than One Year	7,800,000
Total Liabilities	7,847,067
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenues	203,585
Total Deferred Inflows of Resources	203,585
<b>NET POSITION</b>	
Restricted for:	
Emergency Reserves	1,200
Debt Service	191,462
Unrestricted	(7,458,500)
Total Net Position	\$ (7,265,838)

See accompanying Notes to Basic Financial Statements.

**WESTCREEK METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 30,494	\$ -	\$ -	\$ -	\$ (30,494)
Interest and Related Costs on Long-Term Debt	425,900	-	110,029	-	(315,871)
Total Governmental Activities	\$ 456,394	\$ -	\$ 110,029	\$ -	(346,365)
 <b>GENERAL REVENUES</b>					
Property Taxes					211,967
Specific Ownership Taxes					20,442
Net Investment Income					443
Total General Revenues					232,852
 <b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year					(7,152,325)
 <b>NET POSITION - END OF YEAR</b>					
					\$ (7,265,838)

See accompanying Notes to Basic Financial Statements.

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
BALANCE SHEET –  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Fund
<b>ASSETS</b>			
Cash and Investments	\$ 28,668	\$ -	\$ 28,668
Cash and Investments - Restricted	1,200	547,185	548,385
Receivable - County Treasurer	243	1,201	1,444
Due from District No. 1	-	692	692
Prepaid Expenses	2,040	-	2,040
Property Taxes Receivable	33,931	169,654	203,585
	<u>\$ 66,082</u>	<u>\$ 718,732</u>	<u>\$ 784,814</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	12,129	-	12,129
Total Liabilities	<u>12,129</u>	<u>-</u>	<u>12,129</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax	33,931	169,654	203,585
Total Deferred Inflows of Resources	<u>33,931</u>	<u>169,654</u>	<u>203,585</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Expense	2,040	-	2,040
Restricted for:			
Emergency Reserves	1,200	-	1,200
Debt Service	-	549,078	549,078
Assigned:			
Unassigned	16,782	-	16,782
Total Fund Balances	<u>20,022</u>	<u>549,078</u>	<u>569,100</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 66,082</u>	<u>\$ 718,732</u>	

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

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

Bonds Payable	(7,800,000)
Accrued Bond Interest	<u>(34,938)</u>

Net Position of Governmental Activities

\$ (7,265,838)

See accompanying Notes to Basic Financial Statements.

**WESTCREEK METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Fund
<b>REVENUES</b>			
Property Taxes	\$ 35,328	\$ 176,639	\$ 211,967
Specific Ownership Taxes	3,407	17,035	20,442
Net Investment Income	40	403	443
Total Revenues	<u>38,775</u>	<u>194,077</u>	<u>232,852</u>
<b>EXPENDITURES</b>			
Accounting	13,956	-	13,956
County Treasurer's Fees	532	2,650	3,182
Dues and Subscriptions	288	-	288
Audit	4,300	-	4,300
Insurance and Bonds	2,140	-	2,140
Legal Services	9,278	-	9,278
Paying Agent Fees	-	4,000	4,000
Bond Interest	-	419,250	419,250
Total Expenditures	<u>30,494</u>	<u>425,900</u>	<u>456,394</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	8,281	(231,823)	(223,542)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Westcreek MD No. 1	-	110,029	110,029
Total Other Financing Sources (Uses)	<u>-</u>	<u>110,029</u>	<u>110,029</u>
<b>NET CHANGE IN FUND BALANCES</b>	8,281	(121,794)	(113,513)
Fund Balances - Beginning of Year	<u>11,741</u>	<u>670,872</u>	<u>682,613</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 20,022</u>	<u>\$ 549,078</u>	<u>\$ 569,100</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ (113,513)

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

The issuance of long-term debt (e.g., bonds, Developer advances) 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. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Bond Issuance -

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Accrued Interest on 2019A Bonds -

Change in Net Position of Governmental Activities \$ (113,513)

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
GENERAL FUND –  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 35,328	\$ 35,328	\$ -
Specific Ownership Taxes	2,826	3,407	581
Net Investment Income	5	40	35
Total Revenues	<u>38,159</u>	<u>38,775</u>	<u>616</u>
<b>EXPENDITURES</b>			
Accounting	20,000	13,956	6,044
County Treasurer's Fees	530	532	(2)
Dues and Licenses	300	288	12
Audit	4,300	4,300	-
Insurance and Bonds	2,300	2,140	160
Legal Services	7,000	9,278	(2,278)
Contingency	920	-	920
Total Expenditures	<u>35,350</u>	<u>30,494</u>	<u>4,856</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,809	8,281	5,472
Fund Balance - Beginning of Year	<u>650</u>	<u>11,741</u>	<u>11,091</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,459</u>	<u>\$ 20,022</u>	<u>\$ 16,563</u>

See accompanying Notes to Basic Financial Statements.



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

**NOTE 1 DEFINITION OF REPORTING ENTITY**

Westcreek Metropolitan District No. 2 (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, located entirely in the Town of Parker, Douglas County, Colorado, was organized on January 9, 2007, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was established to provide for the design, construction, acquisition, and financing of certain public improvements including street, safety protection, water, sanitation, storm drainage, mosquito control, and park and recreation facilities and improvements. The District operates pursuant to a Service Plan, as approved on November 7, 2006, by the Town of Parker. The first amendment to the service plan was approved on January 24, 2011. According to the amended service plan, the District's debt is limited to an Intergovernmental Agreement with District No. 1 whereby District No. 1 pledges its mill levy and other revenue sources for the payment of District No. 2's debt.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors 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 and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

**Pooled Cash and Investments**

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

**Property Taxes**

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

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

**Deferred Inflows of Resources**

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

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity**

**Net Position**

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

**Fund Balance**

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

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

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

**NOTE 3 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 28,668
Cash and Investments - Restricted	548,385
Total Cash and Investments	<u>\$ 577,053</u>

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

Deposits with Financial Institutions	\$ 24,934
Investments	552,119
Total Cash and Investments	<u>\$ 577,053</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 102% of the aggregate uninsured deposits.

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

At December 31, 2021, the District's cash deposits had a bank and carrying balance of \$24,934.

**Investments**

The District's formal investment policy is to follow state statutes regarding investments.

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

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

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

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
ColoTrust Plus	Weighted-Average Under 60 Days	\$ 552,119

**COLOTRUST**

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24- 75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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

**NOTE 4 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in the District’s long-term obligations for the year ended December 31, 2021:

	Balance - December 31, 2020	Additions	Reductions	Balance - December 31, 2021	Due Within One Year
Governmental Activities:					
G.O. Limited Tax Bonds					
Series 2019A Bonds	\$ 7,800,000	\$ -	\$ -	\$ 7,800,000	\$ -
Total	<u>\$ 7,800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,800,000</u>	<u>\$ -</u>

The details of the District’s long-term obligations are as follows:

**Limited Tax General Obligation Bonds, Series 2019A** (the Series 2019A Bonds)

**Bond Details**

The District issued the Series 2019A Bonds on April 3, 2019, in the par amount of \$7,800,000. Proceeds from the sale of the Series 2019A Bonds were applied to: (a) pay for a portion of the costs of acquiring, constructing, and installing certain public improvements; (b) fund the Reserve Fund; (c) fund capitalized interest; and (d) pay the costs of issuance of the Series 2019A Bonds.

The Series 2019A Bonds bear interest at the rate of 5.375% and are payable semiannually on June 1 and December 1, commencing June 1, 2019. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Series 2019A Bonds mature on December 1, 2048. To the extent the principal of any Series 2019A Bond is not paid when due, such principal will remain outstanding until paid and continue to bear interest at the rate borne by the Series 2019A Bonds, subject to discharge on December 1, 2060. To the extent interest is not paid when due, such interest shall compound semiannually on each June 1 and December 1. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2019A Bonds.

**Optional Redemption**

The Series 2019A Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2024, to May 31, 2025	3.00%
June 1, 2025, to May 31, 2026	2.00
June 1, 2026, to May 31, 2027	1.00
June 1, 2027, and thereafter	0.00

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

**NOTE 4 LONG TERM OBLIGATIONS (CONTINUED)**

**District Required Mill Levy**

Pursuant to the Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in an amount that maintains the Relative Required Mill Levy Ratio and that would generate Property Tax Revenues which, together with the Taxing District Senior Property Tax Revenues, will be sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds (less any amounts on deposit in the Series 2019A Bond Fund and, solely to the extent provided in the Indenture, the Surplus Fund and the Reserve Fund) and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 50 mills (Gallagher-Adjusted) less the Administrative Expenses Deduction.

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount or any portion of the Surplus Fund is taken into account in determining the mill levy that would be sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds, the District Required Mill Levy shall be equal to 40 mills (Gallagher-Adjusted), or such lesser amount that maintains the Relative Required Mill Levy Ratio which, if imposed by the District for collection in the succeeding calendar year, would, together with the Taxing District Senior Property Tax Revenues, generate Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds, to replenish the Reserve Fund to the Reserve Requirement, and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with the Taxing District Senior Property Tax Revenues and with moneys in the Bond Fund, the Surplus Fund, and the Reserve Fund, will pay the Series 2019A Bonds in full in the year such levy is collected.

**Taxing District Senior Required Mill Levy**

Pursuant to a Senior Capital Pledge Agreement by and among the District, Westcreek District No. 1 (District No. 1 or the Taxing District), and the Trustee (the Senior Pledge Agreement), District No. 1 has covenanted to impose an ad valorem mill levy upon all taxable property of District No. 1 each year in an amount determined by the District that maintains the Relative Required Mill Levy Ratio and that would generate Taxing District Senior Property Tax Revenues, which, together with the District Property Tax Revenues, will be equal to the Annual Financing Costs, but not in excess of 35 mills (Gallagher-Adjusted) less the Administrative Expenses Deduction.



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

**NOTE 4 LONG TERM OBLIGATIONS (CONTINUED)**

**Taxing District Senior Required Mill Levy (Continued)**

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount (or to the extent otherwise required by any Additional Senior Obligation document to fund Financing Costs) or any portion of the Surplus Fund is taken into account in determining the mill levy that would be sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds, the Taxing District Senior Required Mill Levy shall be equal to 30 mills (Gallagher-Adjusted), or such lesser amount determined by the District that maintains the Relative Required Mill Levy Ratio, which together with the District Property Tax Revenue, would generate Taxing District Senior Property Tax Revenue sufficient (A) (i) to pay the principal of, premium if any, and interest on the Series 2019A Bonds and any Additional Senior Obligations, (ii) to replenish the Reserve Fund to the Reserve Requirement and to replenish any reserve fund securing Additional Senior Obligations to the amount required by the applicable Additional Senior Obligation Document, and (iii) to fully fund the Surplus Fund to the Maximum Surplus Amount and to fund any other surplus fund securing Additional Senior Obligations to the amount required by the applicable Additional Senior Obligation Document, or (B) when combined with moneys then on deposit in the Series 2019A Bond Fund, the Reserve Fund, and the Surplus Fund, and any similar funds available and securing Additional Senior Obligations in accordance with the applicable Additional Senior Obligation Document, will pay the Series 2019A Bonds and such Additional Senior Obligations in full in the year such mill levy is collected.

**Relative Required Mill Levy**

Pursuant to the Indenture, the Relative Required Mill Levy Ratio means the relationship of the District Required Mill Levy and the Taxing District Senior Required Mill Levy imposed by the District and the Taxing District, respectively, vis a vis each other represented by the imposition of 40 mills (Gallagher-Adjusted) by the District and 30 mills (Gallagher-Adjusted) by the Taxing District (i.e., a ratio of 40 (Gallagher-Adjusted as necessary for the District): 30 (Gallagher-Adjusted as necessary for the Taxing District)). As a result of the reduction in the residential assessment ratio for the 2017 mill levy year, the Relative Required Mill Levy Ratio, as adjusted pursuant to the definition of the Taxing District Senior Required Mill Levy, is 33.166 mills for the Taxing District and 40.000 mills for the District as of the date of issuance of the Series 2019A Bonds.

**Gallagher-Adjusted**

Gallagher-Adjusted means an increase or decrease (as applicable) to a mill levy imposed by the District or the Taxing District (to be made for mill levies imposed by each such District separately), to occur in the event the method of calculating assessed valuation has or is changed after January 1, 2006, such increases or decreases to be determined by the Board in good faith (in consultation with the Taxing District as it pertains to the Taxing District Senior Required Mill Levy) (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the applicable mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

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

**NOTE 4 LONG TERM OBLIGATIONS (CONTINUED)**

**Administrative Expenses Deduction**

The Administrative Expenses Deduction for each District means an ad valorem mill levy imposed upon all taxable property of the respective District in an amount sufficient to generate revenues resulting in an amount up to (a) for collection year 2020, \$35,000, and (b) for each year thereafter, an amount up to (i) the maximum Administrative Expenses Deduction for the prior year, plus (ii) 1% of the maximum Administrative Expenses Deduction for the prior year.

**Pledged Revenue**

District Pledged Revenue consists of the following, net of any costs of collection:

- (a) all Property Tax Revenue (generally defined as moneys derived by the District from the imposition by the District of the District Required Mill Levy);
- (b) all Specific Ownership Tax Revenue;
- (c) all Senior Pledge Agreement Revenue (which means all revenues pledged and payable by the Taxing District to the District and Trustee pursuant to the Senior Pledge Agreement);
- (d) all Capital Fees, if any; and,
- (e) any other legally available amounts which the District determines, in its absolute discretion, to credit to the Bond Fund.

Taxing District Senior Pledged Revenue consists of the following revenues pledged pursuant to the Senior Pledge Agreement, net of any costs of collection:

- (a) all Taxing District Senior Property Tax Revenue (generally defined as moneys derived by District No. 1 from the imposition by District No. 1 of the Taxing District Senior Required Mill Levy);
- (b) all Taxing District Specific Ownership Tax Revenue;
- (c) all Taxing District Capital Fees, if any.

Neither the District nor the Taxing District currently impose Capital Fees.

The Series 2019A Bonds are additionally secured by amounts on deposit in the Reserve Fund and by capitalized interest, both of which were funded from proceeds of the Series 2019A Bonds, and by amounts on deposit in the Surplus Fund. The Surplus Fund was not funded from proceeds of the Series 2019A Bonds.

**Reserve Fund**

The Series 2019A Bonds are also secured by amounts on deposit in the Reserve Fund in an amount equal to the Reserve Requirement of \$322,678. If a withdrawal is made from the Reserve Fund that reduces the balance below the Reserve Requirement, each District shall include in the computation of its next mill levy certification the amount necessary to replenish the Reserve Fund to the Reserve Requirement (subject to the limitations of the District Required Mill Levy and the Taxing District Senior Required Mill Levy).

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

**NOTE 4 LONG TERM OBLIGATIONS (CONTINUED)**

**Reserve Fund (Continued)**

It is intended that amounts in the Surplus Fund and the Project Fund are to be transferred to the Series 2019A Bond Fund prior to any transfer of moneys from the Reserve Fund to the Series 2019A Bond Fund. Amounts on deposit in the Reserve Fund on the final maturity date of the Series 2019A Bonds shall be applied to the payment of the Series 2019A Bonds on such date. The availability of such amount shall be taken into account in calculating the Required Mill Levy and the Taxing District Senior Required Mill Levy to be imposed in the levy year prior to the year of the final maturity of the Series 2019A Bonds.

**Surplus Fund**

The Series 2019A Bonds are further secured by amounts, if any, accumulated in the Surplus Fund up to the Maximum Surplus Amount of \$780,000. The Surplus Fund shall be funded solely from deposits of annual District Pledged Revenue and Taxing District Senior Pledged Revenue in excess of that needed to pay annual debt service. At the discretion of the District, amounts on deposit in the Surplus Fund (if any) may be taken into account in calculating the District Required Mill Levy and the Taxing District Senior Required Mill Levy.

On the final maturity date of the Series 2019A Bonds, amounts on deposit in the Surplus Fund (if any) shall be applied to the payment of the Series 2019A Bonds and the availability of such amount shall be taken into account in calculating the District Required Mill Levy and the Taxing District Senior Required Mill Levy to be imposed in the levy year prior to the year of the final maturity of the Series 2019A Bonds. The balance in the Surplus Fund as of December 31, 2021, was \$-0-.

**Series 2019A Bonds Debt Service**

The District's long-term obligations relating to the Senior 2019 Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 419,250	\$ 419,250
2023	-	419,250	419,250
2024	100,000	419,250	519,250
2025	105,000	413,875	518,875
2026	120,000	408,231	528,231
2027-2031	780,000	1,931,775	2,711,775
2032-2036	1,175,000	1,682,912	2,857,912
2037-2041	1,675,000	1,315,532	2,990,532
2042-2046	2,350,000	796,845	3,146,845
2047-2048	1,495,000	130,343	1,625,343
Total	<u>\$ 7,800,000</u>	<u>\$ 7,937,263</u>	<u>\$ 15,737,263</u>

The District has no operating or capital leases.

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

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

**Authorized Debt**

On November 7, 2006 and January 24, 2011, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness in an amount not to exceed \$36,000,000. In the January 24, 2006 election, a majority of the qualified electors of the District voted solely for a phased tax increase up to \$800,000 annually. Remaining authorized but unissued debt at December 31, 2021, is as follows:

	Authorized November 7, 2006 Election	Authorized January 24, 2011 Election	Authorization Used Series 2019A	Remaining at December 31, 2021
Streets	\$ 2,000,000	\$ 15,000,000	\$ 6,633,146	\$ 10,366,854
Water	2,000,000	15,000,000	770,253	16,229,747
Sanitary Sewer	2,000,000	15,000,000	228,039	16,771,961
Parks and Recreation	2,000,000	15,000,000	-	17,000,000
Traffic and Safety	2,000,000	15,000,000	168,562	16,831,438
Public Transportation	2,000,000	15,000,000	-	17,000,000
Operations and Maintenance	2,000,000	15,000,000	-	17,000,000
Debt Refunding	2,000,000	15,000,000	-	17,000,000
Intergovernmental Contracts	2,000,000	15,000,000	-	17,000,000
Total	<u>\$ 18,000,000</u>	<u>\$ 135,000,000</u>	<u>\$ 7,800,000</u>	<u>\$ 145,200,000</u>

Pursuant to the Service Plan, District No. 1 and No. 2 are permitted to issue bond indebtedness of up to \$7,800,000 combined. The District has issued all debt under their service plan cap. In the future, the District will require a service plan amendment if they choose to issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**NOTE 5 NET POSITION**

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

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

Restricted net position includes net position that is restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2021, as follows:

Restricted Net Position:	
Emergency Reserves	\$ 1,200
Debt Service	191,462
Total Restricted Net Position	<u>\$ 192,662</u>

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

**NOTE 6 RELATED PARTY**

The Developer of the property which constitutes the District is Westcreek Metro District Holdings, LLC. The majority members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**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; injuries to employees; or acts of God.

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

The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS**

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

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

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

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

**NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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 7, 2006, the District's voters elected to increase property taxes \$100,000, annually, or by lessor amount as may be necessary to pay the District's operational and maintenance costs, such taxes to consist of an ad valorem mill levy imposed without limitation of rate or with such limitations as may be determined by the Board.

## **SUPPLEMENTARY INFORMATION**

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
DEBT SERVICE FUND –  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 176,639	\$ 176,639	\$ -
Specific Ownership Taxes	14,131	17,035	2,904
Net Investment Income	1,500	403	(1,097)
Total Revenues	<u>192,270</u>	<u>194,077</u>	<u>1,807</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	2,650	2,650	-
Bond Interest	419,250	419,250	-
Paying Agent Fees	4,000	4,000	-
Total Expenditures	<u>425,900</u>	<u>425,900</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(233,630)	(231,823)	1,807
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from Westcreek MD No. 1	108,216	110,029	1,813
Total Other Financing Sources (Uses)	<u>108,216</u>	<u>110,029</u>	<u>1,813</u>
<b>NET CHANGE IN FUND BALANCE</b>	(125,414)	(121,794)	3,620
Fund Balance - Beginning of Year	<u>670,819</u>	<u>670,872</u>	<u>53</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 545,405</u>	<u>\$ 549,078</u>	<u>\$ 3,673</u>



**WESTCREEK METROPOLITAN DISTRICT NO. 2  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Net Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Transfer to District No. 1	-	-	-	-
Bond Issue Costs	-	-	-	-
Total Expenditures	-	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds	-	-	-	-
Repay Developer Advance	-	-	-	-
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **OTHER INFORMATION**

**WESTCREEK METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2021**

<u>Year Ending December 31,</u>	\$7,800,000 2019A General Obligation Bonds Principal Payable December 1 5.375% Interest Payable June 1 and December 1		
	Principal	Interest	Total
2022	\$ -	\$ 419,250	\$ 419,250
2023	-	419,250	419,250
2024	100,000	419,250	519,250
2025	105,000	413,875	518,875
2026	120,000	408,231	528,231
2027	130,000	401,781	531,781
2028	145,000	394,794	539,794
2029	155,000	387,000	542,000
2030	170,000	378,669	548,669
2031	180,000	369,531	549,531
2032	200,000	359,856	559,856
2033	215,000	349,106	564,106
2034	235,000	337,550	572,550
2035	250,000	324,919	574,919
2036	275,000	311,481	586,481
2037	290,000	296,700	586,700
2038	315,000	281,113	596,113
2039	330,000	264,181	594,181
2040	360,000	246,444	606,444
2041	380,000	227,094	607,094
2042	415,000	206,669	621,669
2043	435,000	184,363	619,363
2044	470,000	160,981	630,981
2045	495,000	135,719	630,719
2046	535,000	109,113	644,113
2047	565,000	80,356	645,356
2048	930,000	49,987	979,987
Total	\$ 7,800,000	\$ 7,937,263	\$ 15,737,263

**WESTCREEK METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED**  
**DECEMBER 31, 2021**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2016	\$ 1,370,400	50.000	0.000	\$ 68,520	\$ 57,519	83.94
2017	1,359,060	50.000	0.000	67,953	67,953	100.00
2018	1,810,900	50.000	0.000	90,545	90,545	100.00
2019	1,793,670	50.000	0.000	89,684	89,684	100.00
2020	1,953,570	10.000	40.000	97,679	97,679	100.00
2021	4,415,980	8.000	40.000	211,967	211,967	100.00
Estimated for the Year Ending December 31, 2022	\$ 4,241,350	8.000	40.000	203,585		

**CONTINUING DISCLOSURE OF ANNUAL INFORMATION AS  
REQUIRED BY THE LIMITED TAX GENERAL OBLIGATION  
REFUNDING BONDS, SERIES 2019**

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
CONTINUING DISCLOSURE OF ANNUAL INFORMATION AS REQUIRED BY  
THE LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019  
DECEMBER 31, 2021**

**2021 Assessed and "Actual" Valuation of Classes of Property in the District**

<u>Class</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>	<u>"Actual" Valuation</u>	<u>Percent of "Actual" Valuation</u>
Commercial	\$ 3,777,810	89.07 %	\$ 12,189,726	88.41 %
State assessed	400	-	1,345	-
Vacant Land	463,140	10.93	1,597,088	11.59
Total	<u>\$ 4,241,350</u>	<u>100.00 %</u>	<u>\$ 13,788,159</u>	<u>100.00 %</u>

**2021 Largest Taxpayers Within the District**

<u>Name</u>	<u>2021 Assessed Valuation<sup>1</sup></u>	<u>Percent of Total Assessed Valuation</u>
PARKER HOTEL INVESTORS LLC	\$ 2,877,680	67.85%
BGN VENTURES LTD	594,500	14.02%
NEXGEN WESTCREEK HOLDINGS LLC	402,190	9.48%
BUCHTEL REALTY INVESTORS PARKER LLC	278,320	6.56%
FR EXTEX LLC	59,460	1.40%
7-ELEVEN INC	19,020	0.45%
BIG 5 SPORTING GOODS	8,290	0.20%
DEPOT AT TWENTY MILE LLC	1,490	0.04%
PUBLIC SERVICE COMPANY OF CO (XCEL)	390	0.01%
Total	<u>\$ 4,241,340</u>	<u>100.00%</u>

<sup>1</sup> Based on the 2021 Lot by Lot report received from the county on February 9, 2022 with valuation of \$4,241,340

WESTCREEK METROPOLITAIN DISTRICT NO. 2  
ANNUAL BUDGET  
FOR YEAR ENDING DECEMBER 31, 2022

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
SUMMARY  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

1/18/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 970,938	\$ 682,613	\$ 572,277
REVENUES			
Property taxes	97,679	211,967	203,585
Specific ownership tax	8,426	21,000	16,286
Interest income	6,339	310	552
Transfers from Westcreek MD No. 1	47,299	110,287	195,186
Total revenues	<u>159,743</u>	<u>343,564</u>	<u>415,609</u>
Total funds available	<u>1,130,681</u>	<u>1,026,177</u>	<u>987,886</u>
EXPENDITURES			
General Fund	23,643	28,000	35,704
Debt Service Fund	424,425	425,900	425,795
Total expenditures	<u>448,068</u>	<u>453,900</u>	<u>461,499</u>
Total expenditures and transfers out requiring appropriation	<u>448,068</u>	<u>453,900</u>	<u>461,499</u>
ENDING FUND BALANCES	<u>\$ 682,613</u>	<u>\$ 572,277</u>	<u>\$ 526,387</u>
EMERGENCY RESERVE	\$ 700	\$ 1,200	\$ 1,200
DEBT SERVICE RESERVE	322,678	322,678	322,678
SURPLUS RESERVE	144,705	200,552	180,166
RESERVE FOR FUTURE DEBT SERVICE	203,489	26,468	-
TOTAL RESERVE	<u>\$ 671,572</u>	<u>\$ 550,898</u>	<u>\$ 504,044</u>

No assurance provided. See summary of significant assumptions.



**WESTCREEK METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/18/22

ACTUAL	ESTIMATED	BUDGET
2020	2021	2022

**ASSESSED VALUATION**

Commercial	1,515,340	3,977,450	3,777,810
State assessed	100	400	400
Vacant land	438,130	438,130	463,140
Certified Assessed Value	\$ 1,953,570	\$ 4,415,980	\$ 4,241,350

**MILL LEVY**

General	10.000	8.000	8.000
Debt Service	40.000	40.000	40.000
Total mill levy	50.000	48.000	48.000

**PROPERTY TAXES**

General	\$ 19,536	\$ 35,328	\$ 33,931
Debt Service	78,143	176,639	169,654
Levied property taxes	97,679	211,967	203,585
Budgeted property taxes	\$ 97,679	\$ 211,967	\$ 203,585

**BUDGETED PROPERTY TAXES**

General Fund	\$ 19,536	\$ 35,328	\$ 33,931
Debt Service	78,143	176,639	169,654
	\$ 97,679	\$ 211,967	\$ 203,585

No assurance provided. See summary of significant assumptions.

**WESTCREEK METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/18/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 1	\$ 11,741	\$ 22,579
<b>REVENUES</b>			
Property taxes	19,536	35,328	33,931
Specific ownership tax	1,685	3,500	2,714
Interest income	56	10	23
Transfer from Westcreek MD No. 1	14,106	-	-
Total revenues	35,383	38,838	36,668
Total funds available	35,384	50,579	59,247
<b>EXPENDITURES</b>			
General and administrative			
Accounting	12,539	15,000	19,000
Auditing	4,293	4,300	3,500
County Treasurer's fee	294	530	509
Dues and licenses	278	288	300
Insurance and bonds	2,115	2,140	2,300
Legal services	3,352	5,000	7,000
Election expense	772	-	2,500
Contingency	-	742	595
Total expenditures	23,643	28,000	35,704
Total expenditures and transfers out requiring appropriation	23,643	28,000	35,704
ENDING FUND BALANCE	\$ 11,741	\$ 22,579	\$ 23,543
EMERGENCY RESERVE	\$ 700	\$ 1,200	\$ 1,200
TOTAL RESERVE	\$ 700	\$ 1,200	\$ 1,200

No assurance provided. See summary of significant assumptions.

**WESTCREEK METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**2022 BUDGET**  
**WITH 2020 ACTUAL AND 2021 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/18/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 970,937	\$ 670,872	\$ 549,698
<b>REVENUES</b>			
Property taxes	78,143	176,639	169,654
Specific ownership tax	6,741	17,500	13,572
Interest income	6,283	300	529
Transfer from Westcreek MD 1	33,193	110,287	195,186
Total revenues	124,360	304,726	378,941
Total funds available	1,095,297	975,598	928,639
<b>EXPENDITURES</b>			
General and administrative			
County Treasurer's fee	1,175	2,650	2,545
Paying agent fees	4,000	4,000	4,000
Debt Service			
Bond interest	419,250	419,250	419,250
Total expenditures	424,425	425,900	425,795
Total expenditures and transfers out requiring appropriation	424,425	425,900	425,795
ENDING FUND BALANCE	\$ 670,872	\$ 549,698	\$ 502,844
DEBT SERVICE RESERVE	\$ 322,678	\$ 322,678	\$ 322,678
SURPLUS RESERVE	144,705	200,552	180,166
RESERVE FOR FUTURE DEBT SERVICE	203,489	26,468	-
TOTAL RESERVE	\$ 670,872	\$ 549,698	\$ 502,844

No assurance provided. See summary of significant assumptions.

**WESTCREEK METROPOLITAN DISTRICT NO. 2**  
**2022 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District was organized by Court Order dated January 9, 2007, to provide financing for the planning, design, acquisition, construction, installation, relocation, and redevelopment of all powers of a metropolitan district as described in Colorado statutes and the Colorado Constitution except for certain limitations which have been placed upon fire protection and television relay and translation within the District's Service Plan. The District was organized in conjunction with Westcreek Metropolitan District No. 1 (District No. 1) (collectively the "Districts"). The District's service area is located entirely within the Town of Parker in Douglas County, Colorado.

On November 7, 2006, District voters approved authorization to increase property tax up to \$100,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District and \$1,000,000, annually for intergovernmental agreements. Debt authorization was approved in the amount of \$12,000,000 for the above listed facilities, \$2,000,000 for refunding debt, and \$2,000,000 for the cost of operating and maintaining the District's systems. Additionally, amounts were authorized for intergovernmental contracts of \$2,000,000. The election also provided for intergovernmental agreements as multi-fiscal year obligations and allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law. Additionally, on November 4, 2008, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$105,000,000. This includes an additional \$15,000,000 each for streets, parks and recreation, water facilities, sanitation systems, transportation systems, safety protection and operations and maintenance. Debt authorization was also increased \$15,000,000 for refunding debt as well as \$15,000,000 for intergovernmental agreements. However, within the service plan for the District, the total debt that the District is permitted to issue shall not exceed \$1,900,000. The service plan limits the mill levy to 50.000 mills less the number of mills necessary to pay operations and maintenance expenses and less the number of mills necessary to pay unlimited mill levy debt.

The District approved the first amendment to the service plan and the first amendment to the Intergovernmental Agreement with the Town of Parker on January 24, 2011. According to the amended service plan, the District will issue bonds to finance the infrastructure that will benefit both District No. 1 and the District, and District No. 1 will pledge the revenue derived from its debt service mill levy and other revenue sources to the District. The total aggregate principal amount of debt permitted between the Districts shall not exceed \$7,800,000. Additionally, the service plan amendment for the District states that for the portion of any aggregate District debt which exceeds 50% of the District's assessed valuation, the maximum debt mill levy for such portion of debt shall be 50 mills less the number of mills necessary to pay operations and maintenance expenses and less the number of mills necessary to pay unlimited mill levy debt subject to changes in the ratio of actual valuation to assessed valuation. The amendment also says that in no event shall any inclusions of property into or out of District No. 1 or the District result in the imposition of a maximum debt mill levy in excess of 35 mills on residential property and 50 mills on commercial property. With the exception of one parcel of land,

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided – (continued)**

District No. 1 will be solely residential. The District will comprise the remainder of the development and will be solely commercial.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**Property Taxes**

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

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected.

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.10%.

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures**

**Administrative and Operating Expenditures**

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, and meeting expense.

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.5% of property tax collections.

**Debt and Leases**

The District has outstanding the following bond issues:

On January 18, 2007, District No. 1 entered into a Financing and Reimbursement Agreement with BCP - Midtown Investments I, LLC (the Developer) to repay advances made by the Developer for costs related to construction of District No. 1's facilities and operation of such facilities. District No. 1 agreed to repay the Developer for such advances plus accrued interest at a rate of 8% simple interest per annum for all advances. Repayment is anticipated to come from the proceeds of District No. 1 General Operations mill levy or future bond proceeds of District No. 1 or from future bond proceeds of the District. During 2012, Vectra Bank Colorado N.A. (Vectra) assumed the role of developer from BCP - Midtown Investments I, LLC. During 2014, Westcreek Metro District Holdings, LLC (WCMDLLC) assumed the role of Developer from Vectra.

On December 20, 2012, the District and District No. 1 entered into a financing and reimbursement agreement with Vectra to repay advances made by Vectra for costs related to the operations and capital construction costs of the Districts. The Districts agreed to repay Vectra for such advances plus accrued interest at a rate of 8% simple interest per annum. During 2014, the Vectra agreement was assigned to WCMDLLC. As of December 31, 2020, outstanding operations advances under the agreement have been paid in full.

The obligations under these reimbursement agreements are subject to availability and annual appropriation if and when eligible funds become available. Therefore, they are not considered "debt" within the meaning of the State Constitution.

**Limited Tax General Obligation Bonds, Series 2019A.** The District issued the Series 2019A Bonds on April 3, 2019, in the par amount of \$7,800,000. Proceeds from the sale of the Series 2019A Bonds were applied to: (a) pay for a portion of the costs of acquiring, constructing, and installing certain public improvements; (b) fund the Reserve Fund; (c) fund capitalized interest; and (d) pay the costs of issuance of the Series 2019A Bonds.

The Series 2019A Bonds bear interest at the rate of 5.375% and are payable semiannually on June 1 and December 1, commencing June 1, 2019. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Series 2019A Bonds mature on December 1, 2048.

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

To the extent the principal of any Series 2019A Bond is not paid when due, such principal will remain outstanding until paid and continue to bear interest at the rate borne by the Series 2019A Bond, subject to discharge on December 1, 2060.

To the extent interest is not paid when due, such interest shall compound semiannually on each June 1 and December 1. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2019A Bonds.

The Series 2019A Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2024, to May 31, 2025	3.00%
June 1, 2025, to May 31, 2026	2.00
June 1, 2026, to May 31, 2027	1.00
June 1, 2027, and thereafter	0.00

Pursuant to the Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in an amount that maintains the Relative Required Mill Levy Ratio and that would generate Property Tax Revenues which, together with the Taxing District Senior Property Tax Revenues, will be sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds (less any amounts on deposit in the Series 2019A Bond Fund and, solely to the extent provided in the Indenture, the Surplus Fund and the Reserve Fund) and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 50 mills (Gallagher-Adjusted) less the Administrative Expenses Deduction.

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount or any portion of the Surplus Fund is taken into account in determining the mill levy that would be sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds, the District Required Mill Levy shall be equal to 40 mills (Gallagher-Adjusted), or such lesser amount that maintains the Relative Required Mill Levy Ratio which, if imposed by the District for collection in the succeeding calendar year, would, together with the Taxing District Senior Property Tax Revenues, generate Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds, to replenish the Reserve Fund to the Reserve Requirement, and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with the Taxing District Senior Property Tax Revenues and with moneys in the Bond Fund, the Surplus Fund, and the Reserve Fund, will pay the Series 2019A Bonds in full in the year such levy is collected.

Pursuant to a Senior Capital Pledge Agreement by and among the District, Westcreek District No. 1 (District No. 1 or the Taxing District), and the Trustee (the Senior Pledge Agreement), District No. 1 has covenanted to impose an ad valorem mill levy upon all taxable property of District No. 1 each year in an amount determined by the District that maintains the Relative Required Mill Levy Ratio and that would generate Taxing District Senior Property Tax Revenues, which, together with the District Property Tax Revenues, will be equal to the Annual

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

Financing Costs, but not in excess of 35 mills (Gallagher-Adjusted) less the Administrative Expenses Deduction.

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount (or to the extent otherwise required by any Additional Senior Obligation document to fund Financing Costs) or any portion of the Surplus Fund is taken into account in determining the mill levy that would be sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds, the Taxing District Senior Required Mill Levy shall be equal to 30 mills (Gallagher-Adjusted), or such lesser amount determined by the District that maintains the Relative Required Mill Levy Ratio, which together with the District Property Tax Revenue, would generate Taxing District Senior Property Tax Revenue sufficient (A) (i) to pay the principal of, premium if any, and interest on the Series 2019A Bonds and any Additional Senior Obligations, (ii) to replenish the Reserve Fund to the Reserve Requirement and to replenish any reserve fund securing Additional Senior Obligations to the amount required by the applicable Additional Senior Obligation Document, and (iii) to fully fund the Surplus Fund to the Maximum Surplus Amount and to fund any other surplus fund securing Additional Senior Obligations to the amount required by the applicable Additional Senior Obligation Document, or (B) when combined with moneys then on deposit in the Series 2019A Bond Fund, the Reserve Fund, and the Surplus Fund, and any similar funds available and securing Additional Senior Obligations in accordance with the applicable Additional Senior Obligation Document, will pay the Series 2019A Bonds and such Additional Senior Obligations in full in the year such mill levy is collected.

Pursuant to the Indenture, the Relative Required Mill Levy Ratio means the relationship of the District Required Mill Levy and the Taxing District Senior Required Mill Levy imposed by the District and the Taxing District, respectively, vis a vis each other represented by the imposition of 40 mills (Gallagher-Adjusted) by the District and 30 mills (Gallagher-Adjusted) by the Taxing District (i.e., a ratio of 40 (Gallagher-Adjusted as necessary for the District): 30 (Gallagher-Adjusted as necessary for the Taxing District)). As a result of the reduction in the residential assessment ratio for the 2017 mill levy year, the Relative Required Mill Levy Ratio, as adjusted pursuant to the definition of the Taxing District Senior Required Mill Levy, is 33.166 mills for the Taxing District and 40.000 mills for the District as of the date of issuance of the Series 2019A Bonds.

Principal and interest payments in 2022 are provided based on a proposed debt amortization schedule for the anticipated 2019A Bonds.

The District has no operating or capital leases.

**Reserve Funds**

**Emergency Reserve**

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2022, defined under TABOR.



**WESTCREEK METROPOLITAN DISTRICT NO. 2  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Reserve Funds (continued)**

**Debt Service Reserves**

The District maintains a Debt Service Reserve as required with the issuance of the 2019A Bonds.

**This information is an integral part of the accompanying budget.**

**WESTCREEK METROPOLITAN DISTRICT NO. 2  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$7,800,000.00 General Obligation Limited Tax Refunding Bonds Dated April 3, 2019 Series 2019A Interest Rate of 5.375% Interest Due June 1 and December 1 Principal Due December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ -	\$ 419,250	\$ 419,250
2023	-	419,250	419,250
2024	100,000	419,250	519,250
2025	105,000	413,875	518,875
2026	120,000	408,231	528,231
2027	130,000	401,781	531,781
2028	145,000	394,794	539,794
2029	155,000	387,000	542,000
2030	170,000	378,669	548,669
2031	180,000	369,531	549,531
2032	200,000	359,856	559,856
2033	215,000	349,106	564,106
2034	235,000	337,550	572,550
2035	250,000	324,919	574,919
2036	275,000	311,481	586,481
2037	290,000	296,700	586,700
2038	315,000	281,113	596,113
2039	330,000	264,181	594,181
2040	360,000	246,444	606,444
2041	380,000	227,094	607,094
2042	415,000	206,669	621,669
2043	435,000	184,363	619,363
2044	470,000	160,981	630,981
2045	495,000	135,719	630,719
2046	535,000	109,113	644,113
2047	565,000	80,356	645,356
2048	930,000	49,988	979,988
	<b>\$ 7,800,000</b>	<b>\$ 7,937,263</b>	<b>\$ 15,737,263</b>

No assurance provided. See summary of significant assumptions.

## 20\_\_\_ SPECIAL DISTRICT "TRANSPARENCY NOTICE"

*Notice to Electors 32-1-809 C.R.S.*

Legal Name of Special District: \_\_\_\_\_

This information must be provided<sup>1</sup> annually to the eligible electors of the district between November 16 and January 15.

Address and telephone number of district's principal business office	
Name and telephone of manager or other primary contact person for district	
Email address of primary contact (Optional)	
District's website address <small>(Required if choosing to post meeting notices online per HB 19-1087)</small>	
Time and place designated for regular board meetings <small>[per C.R.S. 32-1-903]</small>	
Posting place designated for meeting Notice <small>[per C.R.S. 24-6-402(2)(c)]</small>	

<p style="text-align: center;"><b>Names and Contact Information of Board Members</b></p> <p style="text-align: center;"><i>Check applicable boxes for a Board Member whose seat will be on the ballot at the next regular election.</i></p>	<p>(1) Board Chair Name: _____ Contact Info: _____</p> <p><input type="checkbox"/> This office included on next regular election ballot for a <input type="checkbox"/> Two-year term   <input type="checkbox"/> Three-year term</p>	<p>(2) Name: _____ Contact Info: _____</p> <p><input type="checkbox"/> This office included on next regular election ballot for a <input type="checkbox"/> Two-year term   <input type="checkbox"/> Three-year term</p>
	<p>(3) Name: _____ Contact Info: _____</p> <p><input type="checkbox"/> This office included on next regular election ballot for a <input type="checkbox"/> Two-year term   <input type="checkbox"/> Three-year term</p>	<p>(4) Name: _____ Contact Info: _____</p> <p><input type="checkbox"/> This office included on next regular election ballot for a <input type="checkbox"/> Two-year term   <input type="checkbox"/> Three-year term</p>
	<p>(5) Name: _____ Contact Info: _____</p> <p><input type="checkbox"/> This office included on next regular election ballot for a <input type="checkbox"/> Two-year term   <input type="checkbox"/> Three-year term</p>	
<p style="text-align: center;">For seven-member boards</p>	<p>(6) Name: _____ Contact Info: _____</p> <p><input type="checkbox"/> This office included on next regular election ballot for a <input type="checkbox"/> Two-year term   <input type="checkbox"/> Three-year term</p>	<p>(7) Name: _____ Contact Info: _____</p> <p><input type="checkbox"/> This office included on next regular election ballot for a <input type="checkbox"/> Two-year term   <input type="checkbox"/> Three-year term</p>

Date of next regular election	May ____, 20__	
<p>Self-nomination forms to be a candidate for district board member may be obtained from and should be returned to the Designated Election Official (or Board Chair or Secretary if no DEO). [per C.R.S. 1-13.5-303]</p> <p>Self-nomination forms for the next regular election must be received by the district by:</p> <p style="text-align: center;">_____, 20__, no later than ____:____ PM.</p> <p>Applications for absentee voting or for permanent absentee voter status are available from and must be returned to the Designated Election Official. [per C.R.S. 1-13.5-1003]</p>		
<p>Designated Election Official: _____</p> <p>Contact Address: _____</p> <p>Contact Phone: _____</p>		
District election results will be posted on these websites:		Department of Local Affairs <a href="https://dola.colorado.gov/lgis">https://dola.colorado.gov/lgis</a>

District Mill Levy	_____ mills, for collection in 20__
Total ad valorem tax revenue received in the previous year (note if unaudited or otherwise incomplete)	\$ _____

File copy of this Notice with:

- Clerk and Recorder of each county in which the district is wholly or partially located
- Assessor of each county in which the district is wholly or partially located
- Treasurer of each county in which the district is wholly or partially located
- Board of commissioners of each county in which the district is wholly or partially located
- Governing body of any municipality in which the district is wholly located
- Division of Local Government
- District's principal business office where it shall be available for public inspection

<sup>1</sup> Notice must be provided in one or more of the following manners:

- a) Mail Notice separately to each household where one or more eligible electors of the special district resides (Note: Districts with overlapping boundaries may combine mailed Notices, so long as the information regarding each district is separately displayed and identified);
- b) Include Notice as a prominent part of a newsletter, annual report, billing insert, billing statement, letter, voter information card or other Notice of election, or other informational mailing sent by the district to the eligible electors;
- c) Post Notice on district's official website (Note: You must also provide the Division of Local Government (<http://www.colorado.gov/dola>) with the address of your district's website in order to establish a link on the DLG's site. Please use our Contact Update form available on our website or by request.);
- d) Post Notice on website of the Special District Association of Colorado (<http://www.sdaco.org>) (Note: Your district must be an SDA member. Send Notice to SDA by mail or electronic transmission); or
- e) For a special district with less than one thousand eligible electors that is wholly located within a county with a population of less than thirty thousand, posting the Notice in at least three public places within the limits of the special district and, in addition, posting a Notice in the office of the County Clerk and Recorder of the county in which the special district is located. Such Notices shall remain posted until the Tuesday succeeding the first Monday of the following May.