

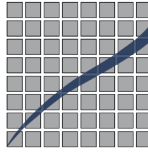
**PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
Larimer County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITOR’S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	20
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	21
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	23



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ptarmigan West Metropolitan District No. 2
Larimer County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Ptarmigan West Metropolitan District No. 2 ("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 each major fund of the District as of December 31, 2021, the respective changes in financial position, and the budgetary comparison schedule for the general fund, and the budgetary comparison for the general fund for the year then ended in accordance with the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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

Required Supplementary Information

Management has omitted 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 part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 basic financial statements themselves, and other additional information procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 30, 2022

BASIC FINANCIAL STATEMENTS

PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	\$ 1,644,930
Receivable - County Treasurer	106
Property Taxes Receivable	62,166
Total Assets	1,707,202
LIABILITIES	
Due to District No. 1	106
Accrued Interest Payable	29,064
Noncurrent Liabilities:	
Due in More Than One Year	8,455,000
Total Liabilities	8,484,170
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	62,166
Total Deferred Inflows of Resources	62,166
NET POSITION	
Restricted For:	
Debt Service	763,423
Capital Projects	17,315
Unrestricted	(7,619,872)
Total Net Position	\$ (6,839,134)

See accompanying Notes to Basic Financial Statements

PTARMIGAN WEST 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	\$ 6,306,698	\$ -	\$ -	\$ -	\$ (6,306,698)
Interest and Related Costs on Long-Term Debt	554,996	-	-	-	(554,996)
Total Governmental Activities	\$ 6,861,694	\$ -	\$ -	\$ -	(6,861,694)
GENERAL REVENUES					
Property Taxes					20,936
Specific Ownership Taxes					1,591
Net Investment Income					33
Total General Revenues					22,560
CHANGE IN NET POSITION					(6,839,134)
Net Position - Beginning of Year					-
NET POSITION - END OF YEAR					\$ (6,839,134)

See accompanying Notes to Basic Financial Statements

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

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments - Restricted	\$ -	\$ 1,627,615	\$ 17,315	\$ 1,644,930
Receivable - County Treasurer	106	-	-	106
Property Taxes Receivable	7,970	54,196	-	62,166
Total Assets	\$ 8,076	\$ 1,681,811	\$ 17,315	\$ 1,707,202
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Due to District No. 1	\$ 106	\$ -	\$ -	\$ 106
Total Liabilities	106	-	-	106
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	7,970	54,196	-	62,166
Total Deferred Inflows of Resources	7,970	54,196	-	62,166
FUND BALANCES				
Restricted For:				
Debt Service	-	1,627,615	-	1,627,615
Capital Projects	-	-	17,315	17,315
Total Fund Balances	-	1,627,615	17,315	1,644,930
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,076	\$ 1,681,811	\$ 17,315	

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 recorded as liabilities in the funds.

Bonds Payable	(8,455,000)
Accrued Interest on Bonds Payable	(29,064)

Net Position of Governmental Activities	\$ (6,839,134)
---	----------------

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

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 20,936	\$ -	\$ -	\$ 20,936
Specific Ownership Taxes	1,591	-	-	1,591
Net Investment Income	-	33	-	33
Total Revenues	<u>22,527</u>	<u>33</u>	<u>-</u>	<u>22,560</u>
EXPENDITURES				
County Treasurer's Fees	418	-	-	418
Intergovernmental Expenditures	22,109	-	6,284,171	6,306,280
Bond Interest	-	105,599	-	105,599
Bond Issue Costs	-	-	414,333	414,333
Trustee Fees	-	6,000	-	6,000
Total Expenditures	<u>22,527</u>	<u>111,599</u>	<u>6,698,504</u>	<u>6,832,630</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	-	(111,566)	(6,698,504)	(6,810,070)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	8,455,000	8,455,000
Transfers From Other Funds	-	1,739,181	-	1,739,181
Transfers To Other Funds	-	-	(1,739,181)	(1,739,181)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,739,181</u>	<u>6,715,819</u>	<u>8,455,000</u>
NET CHANGE IN FUND BALANCES	-	1,627,615	17,315	1,644,930
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 1,627,615</u>	<u>\$ 17,315</u>	<u>\$ 1,644,930</u>

See accompanying Notes to Basic Financial Statements

**PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
RECONCILIATION OF THE STATEMENTS 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 - Governmental Funds \$ 1,644,930

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

The issuance of long-term debt (e.g., bonds) 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 report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond Issuance (8,455,000)

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.

Accrued Interest on Bonds Payable – Change in Liability (29,064)

Change in Net Position of Governmental Activities \$ (6,839,134)

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 20,936	\$ 20,936	\$ 20,936	\$ -
Specific Ownership Taxes	1,470	1,591	1,591	-
Total Revenues	<u>22,406</u>	<u>22,527</u>	<u>22,527</u>	<u>-</u>
EXPENDITURES				
County Treasurer's Fees	419	418	418	-
Intergovernmental Expenditures - District No. 1	21,987	22,109	22,109	-
Total Expenditures	<u>22,406</u>	<u>22,527</u>	<u>22,527</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements

PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 DEFINITION OF REPORTING ENTITY

Ptarmigan West Metropolitan District No. 2 (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court in and for Larimer County, Colorado, on June 1, 2018, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

Pursuant to the Service Plan approved by the Town of Windsor, the District was organized in conjunction with Ptarmigan West Metropolitan District No. 1 (District No. 1), Ptarmigan West Metropolitan District No. 3 (District No. 3, and collectively with the District and District No. 1, the Districts) in order to provide financing for the construction, installation and operations of public improvements, including streets and safety controls, park and recreation facilities, water, sanitary/storm sewer, transportation, mosquito control, fire protection, television relay and translation, security, and directional drilling. District No. 1 will serve as the Coordinating District and is responsible for coordinating the financing, construction, and maintenance of all public improvements and other services needed for the Districts. The Districts will be responsible for providing the tax base needed to support public improvement costs as well as on-going operations.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

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

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 property taxes and intergovernmental revenues.

PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial 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.

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 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 and intergovernmental revenues. 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.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

PTARMIGAN WEST 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.

The District amended its annual budget for the year ended December 31, 2021.

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 always 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, sale 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 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.

PTARMIGAN WEST 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.

PTARMIGAN WEST 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:

Cash and Investments - Restricted	\$ 1,644,930
Total Cash and Investments	<u>\$ 1,644,930</u>

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

Investments	\$ 1,644,930
Total Cash and Investments	<u>\$ 1,644,930</u>

Deposits with Financial Institutions

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 had no deposits with financial institutions.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those 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.

**PTARMIGAN WEST 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, and securities of the World Bank
- . 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 and certain reverse repurchase agreements collateralized by certain authorized securities
- * Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (Morgan Stanley Institutional Liquidity Fund) and money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee) which are recorded at net asset value.

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

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Morgan Stanley Institutional Liquidity Funds	Weighted-Average Under 60 Days	<u>\$ 1,644,930</u>

U.S. Treasury Money Market Fund

The money that is included in the trust accounts at United Missouri Bank is invested in the Morgan Stanley Institutional Fund (MSILF). MSILF is rated AAAM by Standard & Poor's and the maturity is weighted-average under 60 days. MSILF records its investments at fair value and the District records its investment in MSILF using the net asset value method. The fund is a money market fund with each share maintaining a value of \$1.00. The money market invests in high quality debt securities issued by the U.S. Government.

PTARMIGAN WEST 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 at December 31, 2020	Additions	Retirements	Balance at December 31, 2021	Due Within One Year
Limited Tax General Obligation Bonds - Series 2021(3)	\$ -	\$ 8,455,000	\$ -	\$ 8,455,000	\$ -
Total	<u>\$ -</u>	<u>\$ 8,455,000</u>	<u>\$ -</u>	<u>\$ 8,455,000</u>	<u>\$ -</u>

The details of the District's general obligation bonds outstanding during 2021 are as follows:

Limited Tax General Obligation Bonds, Series 2021(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on August 12, 2021, in the par amount of \$8,455,000. Proceeds from the sale of the Bonds were used to: (i) finance or reimburse a portion of the costs of acquiring, constructing, and installing public infrastructure improvements related to the development; (ii) fund capitalized interest on the Bonds; (iii) fund a Reserve Fund; and (iv) pay the costs of issuing the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 4.125% (yield 4.0999%), payable semiannually on June 1 and December 1, beginning on December 1, 2021. The Bonds have annual mandatory sinking fund principal payments due on December 1, beginning on December 1, 2025. The Bonds mature on December 1, 2051.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 1, 2051 (the Discharge Date). To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Bond. In the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Pledged Revenue available therefor on the Discharge Date, the Bonds shall be deemed discharged.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on September 1, 2026, 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>
September 1, 2026, to August 31, 2027	3.00%
September 1, 2027, to August 31, 2028	2.00
September 1, 2028, to August 31, 2029	1.00
September 1, 2029, and thereafter	0.00

PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) all Capital Fees; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

Property Tax Revenues means all monies derived from imposition by the District of the Required Mill Levy and does not include specific ownership taxes. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

“Specific Ownership Tax Revenues means the specific ownership taxes remitted to the District as a result of its imposition of its Required Mill Levy.

Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges or usage fees) now or hereafter imposed by the District. Capital Fees does not include any fee imposed solely for the purpose of funding operation and maintenance expenses.

Required Mill Levy

The District has covenanted to impose a Required Mill Levy on all taxable property of the District each year in an amount necessary to generate Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Bonds when due (less any amounts then on deposit in the Bond Fund and, solely to the extent provided in the Indenture, the Surplus Fund and the Reserve Fund, respectively) and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 34.000 mills (subject to adjustment for changes in the method of calculating assessed valuation that occur after January 1, 2015).

For so long as the amount in the Surplus Fund is less than the Maximum Surplus Amount, the Required Mill Levy is to be 34.000 mills (subject to adjustment), or such lesser amount that will generate Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Bonds when due and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Bond Fund and the Surplus Fund and the Reserve Fund, will pay the Bonds in full in the year such levy is collected.

Additional Security for the Bonds

The Bonds are additionally secured by capitalized interest which was funded from proceeds of the Bonds in the amount of \$1,046,306, by the Reserve Fund which was funded from proceeds of the Bonds in the amount of the Reserve Requirement of \$686,875, and by amounts, if any, in the Surplus Fund. The balance in the capitalized interest account at December 31, 2021 was \$940,727.

PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Additional Security for the Bonds (Continued)

Reserve Fund

Amounts on deposit in the Reserve Fund on the final maturity date of the Bonds shall be applied to the payment of the Bonds on such date. The availability of such amount shall be taken into account in calculating the Required Mill Levy required to be imposed in the levy year prior to the year of the final maturity of the Bonds. The balance in the Reserve Fund at December 31, 2021 was \$686,888.

Surplus Fund

The Surplus Fund will be funded from Pledged Revenue that is not needed to pay debt service on the Bonds in any year, up to the Maximum Surplus Amount of \$845,500. Amounts on deposit in the Surplus Fund (if any) on the final maturity date of the Bonds are to be applied to payment of the Bonds. The availability of such amount is to be taken into account in calculating the Required Mill Levy to be imposed in the levy year prior to the year of the final maturity of the Bonds. The balance in the Surplus Fund at December 31, 2021 was \$0.

Bonds Debt Service

The outstanding principal and interest of the Bonds are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 348,769	\$ 348,769
2023	-	348,769	348,769
2024	-	348,769	348,769
2025	10,000	348,769	358,769
2026	35,000	348,356	383,356
2027-2031	335,000	1,712,701	2,047,701
2032-2036	770,000	1,610,195	2,380,195
2037-2041	1,340,000	1,407,036	2,747,036
2042-2046	2,140,000	1,068,581	3,208,581
2047-2051	3,825,000	548,830	4,373,830
Total	<u>\$ 8,455,000</u>	<u>\$ 8,090,775</u>	<u>\$ 16,545,775</u>

Events of Default

The District's outstanding bonds from direct borrowings and direct placements related to governmental activities of \$8,455,000 contain a provision regarding certain events of default, for which acceleration is not a remedy. Upon the occurrence of an Event of Default, the Trustee shall be entitled to appoint a receiver of the revenues, income, product of profits of the trust estate, or may file a suit or action as it deems appropriate to enforce all rights of the bondholders. Events of default occur if the District fails to deposit with the Trustee all pledged revenue or fails to cause each of the Financing Districts to impose the required mill levy and enforce amounts due under the Trust Estate Agreements.

PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On May 8, 2018, the District's electors authorized the incurrence of general obligation debt totaling \$375,000,000 in principle at an interest rate not to exceed 18%. At December 31, 2021, the District had authorized but unissued indebtedness for the following purposes:

	Authorized May 8, 2018	Authorization Used	Remaining at December 31, 2021
Special Assessment Debt	\$ 25,000,000	\$ -	\$ 25,000,000
Street Improvements	25,000,000	5,145,767	19,854,233
Park and Recreation	25,000,000	262,132	24,737,868
Water	25,000,000	532,557	24,467,443
Sanitation and Storm Sewer	25,000,000	2,190,626	22,809,374
Transportation	25,000,000	-	25,000,000
Mosquito Control	25,000,000	-	25,000,000
Safety Protection	25,000,000	323,918	24,676,082
Fire Protection	25,000,000	-	25,000,000
Television Relay and Translation	25,000,000	-	25,000,000
Security	25,000,000	-	25,000,000
Operations and Maintenance	25,000,000	-	25,000,000
Debt Refunding	25,000,000	-	25,000,000
District Intergovernmental Agreements	25,000,000	-	25,000,000
District Private Agreements	25,000,000	-	25,000,000
Total	<u>\$ 375,000,000</u>	<u>\$ 8,455,000</u>	<u>\$ 366,545,000</u>

The District's Service Plan limits total debt issuance to \$25,000,000 for District Improvements.

In the future, the District may 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 with the Districts' service area; however, as of the date of this audit, the amount and timing of any debt issuances is not determinable.

NOTE 5 NET POSITION

The District has net position consisting of two components - restricted and unrestricted. The restricted component of net position includes assets that are 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 of \$763,423 for debt service and \$17,315 for capital projects at December 31, 2021.

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of debt issued for public improvements, while the funds for the construction of those improvements have been transferred to District No. 1.

PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 INTERFUND TRANSFERS

The District transferred \$1,739,181 from the Capital Projects Fund to the Debt Service Fund to fund debt service in 2021.

NOTE 7 RELATED PARTY TRANSACTIONS

The property within the District is owned by and is being developed by JBT-WIL, LLC (the Developer). During 2021, certain members of the Board of Directors were associated with or related to the Developer.

Infrastructure Acquisition and Reimbursement Agreement

On July 24, 2018, District No. 1 and the Developer entered into an Infrastructure Acquisition and Reimbursement Agreement (IARA). Effective July 12, 2021, an addendum was added to the IARA to add the Financing Districts as parties to the IARA (the new agreement is referred to as the AIARA). As provided under the IARA and AIARA, District No. 1 will repay advances made by the Developer for organizational and construction related expenses. The AIARA amended the initial interest rate to 0% and retroactively applied this interest rate to the date of the IARA. During the year ended December 31, 2021, the District used proceeds from the issuance of the Bonds to pay District No. 1 \$6,284,171 pursuant to its obligation under the AIARA. District No. 1 reimbursed the Developer the full \$6,284,171 that it received from the District for organizational and construction related expenses previously advanced by the Developer.

NOTE 8 AGREEMENTS

District Coordinating Services Agreement

On January 28, 2020, as amended on July 12, 2021, the Districts entered into a District Coordinating Services Agreement (DCSA). As provided under the DCSA, District No. 1 will serve as the Coordinating District, and District Nos. 2 and 3 (each a Financing District and collectively, the Financing Districts) will serve as the Financing Districts. District No. 1 will own, operate, maintain, finance, and construct facilities benefiting all the Districts and the Financing Districts will contribute to the costs of construction, operation and maintenance of such facilities. District No. 1 will have the authority to enter into service contracts with third parties to provide any services required to be provided by District No. 1, and each Financing District will be responsible for its respective share of any and all costs, fees, charges, and expenses incurred by District No. 1 in providing administrative services.

Intergovernmental Agreement With the Town of Windsor

On July 24, 2018, the Districts entered into an agreement with the Town of Windsor, Colorado (the IGA). As provided under the IGA, the Districts are obligated to construct certain public improvements. The IGA describes the initial and final acceptance processes, and ownership and maintenance responsibilities for the improvements to be constructed thereunder.

PTARMIGAN WEST METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). 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 10 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. The District transfers all its operating revenues to District No. 1, as provided for in the DCSA. Therefore, the Emergency Reserve related to the District's revenue stream is captured in District No. 1.

On May 8, 2018, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

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

SUPPLEMENTARY INFORMATION

**PTARMIGAN WEST 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 Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Net Investment Income	\$ -	\$ -	\$ 33	\$ 33
Total Revenues	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
EXPENDITURES				
Bond Interest	-	106,000	105,599	401
Trustee Fees	-	4,000	6,000	(2,000)
Contingency	-	1,390,000	-	1,390,000
Total Expenditures	<u>-</u>	<u>1,500,000</u>	<u>111,599</u>	<u>1,388,401</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,500,000)	(111,566)	1,388,434
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	-	1,500,000	1,739,181	239,181
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,500,000</u>	<u>1,739,181</u>	<u>239,181</u>
NET CHANGE IN FUND BALANCE	-	-	1,627,615	1,627,615
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,627,615</u></u>	<u><u>\$ 1,627,615</u></u>

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Other Income	\$ -	\$ 45,000	\$ -	\$ (45,000)
Total Revenues	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Intergovernmental Expenditures - District No. 1	-	6,284,171	6,284,171	-
Bond Issue Costs	-	431,648	414,333	17,315
Contingency	-	45,000	-	45,000
Total Expenditures	<u>-</u>	<u>6,760,819</u>	<u>6,698,504</u>	<u>62,315</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(6,715,819)	(6,698,504)	17,315
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	8,455,000	8,455,000	-
Transfers To Other Funds	-	(1,739,181)	(1,739,181)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>6,715,819</u>	<u>6,715,819</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	17,315	17,315
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,315</u>	<u>\$ 17,315</u>

OTHER INFORMATION

PTARMIGAN WEST 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	
2019	\$ 280,682	39.000	0.000	\$ 10,947	\$ 10,947	100.00 %
2020	536,831	39.000	0.000	20,936	20,936	100.00 %
2021	536,831	39.000	0.000	20,936	20,936	100.00 %
Estimated for the Year Ending December 31, 2022	\$ 1,431,832	5.566	37.851	\$ 62,166		

NOTE: JBT-WIL, LLC is the owner of all property within the District, and the only class of property in the District is vacant land.