

WATER VALLEY METROPOLITAN DISTRICT NO. 1
Weld County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019


**WATER VALLEY METROPOLITAN DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITOR’S REPORT	I
MANAGEMENT’S DISCUSSION AND ANALYSIS	III
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 STATEMENT 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	19
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY	20
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016	
TABLE II – HISTORY OF DISTRICT’S ASSESSED VALUATION AND MILL LEVIES	22
TABLE III – 2019 ASSESSED AND ‘ACTUAL’ VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT	23
TABLE IV – HISTORY OF DISTRICT’S PROPERTY TAX COLLECTIONS	24
TABLE VII – GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	25
TABLE VIII – DEBT SERVICE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	26
TABLE IX – GENERAL FUND BUDGET SUMMARY AND COMPARISON	27
TABLE X – DEBT SERVICE FUND BUDGET SUMMARY AND COMPARISON	28



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Independent Auditor's Report

Members of the Board of Directors
Water Valley Metropolitan District No. 1

We have audited the accompanying financial statements of the governmental activities and the major funds of Water Valley Metropolitan District No. 1 as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Water Valley Metropolitan District No. 1, as of December 31, 2019 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

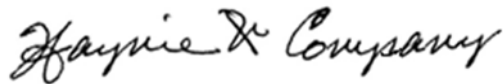
Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Water Valley Metropolitan District No. 1's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

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

The Continuing Disclosure Annual Financial Information section 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.



Littleton, Colorado
July 8, 2020

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

This section of the annual financial report offers readers of the Water Valley Metropolitan District No. 1's ("District") financial statements its management's discussion and analysis of the District's financial performance during the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Background Information

The District, a quasi-municipal corporation, was formed November 23, 1994, and is governed pursuant to provisions of the Colorado Special District Act. The original consolidated service plan between the District and Poudre Tech Metropolitan District was approved on September 12, 1994, the first modification was approved on March 27, 1995, and the second modification was approved on September 27, 1999. The District's service area is located in Windsor, Colorado.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets at the close of 2019 by \$6.5 million (net deficit). This deficit/negative unrestricted net position is mainly due to the District being responsible for the payment of debts obtained for the construction of public improvements dedicated or to be dedicated to other entities and public improvements owned or to be owned by Poudre Tech Metropolitan District (Operating District).
- During 2019, general revenues totaled \$1.5 million and accounted for 100% of all revenues; the District had no program specific revenues in the form of charges for services, operating grants and contributions, and capital contributions.
- Property taxes represent the majority of revenue sources for the District and decreased by \$258 thousand, approximately 15.2% decrease over the prior year. The decrease in the assessed valuation of properties in the District from \$43,490,270 (2018 tax collection) to \$34,982,840 (2019 tax collection) contributed to this decrease in property taxes. The decrease in assessed valuation was primarily attributable to oil and gas.
- The District had \$1.3 million in expenditures related to governmental activities, of which \$1.0 million represents transfers to Poudre Tech Metropolitan District pursuant to a Capital Pledge Agreement, as twice amended, and a District Operating Agreement (see Note 8). None of the District's expenditures were offset by program specific charges for services and operating grants and contributions.
- The District has no capital assets. Pursuant to the Amended/Restated Facilities Construction and Service Agreement, certain public improvements constructed within the District will be owned and operated by Poudre Tech Metropolitan District.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Overview of the Financial Statements

This annual financial report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements reflect how basic services were financed in the short-term as well as what remains for future spending.

The financial statements include notes that explain some of the information in the statements and required and other supplementary information which provide more detailed data. See below for a summary of the major features of the Government-wide and Fund Financial Statements.

Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary
Required Financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Government-Wide Statements

The government-wide statements are designed to provide readers a broad overview of the Water Valley Metropolitan District No. 1 finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The statements provide both short-term and long-term information about the District's overall financial status.

The statement of net position presents information on all of the District's assets and liabilities, as well as deferred outflows of resources and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Water Valley Metropolitan District No. 1 is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). Included in governmental activities are most of the District's basic services. The basic government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has only one fund category type, governmental fund types.

- *Governmental Funds:* All of the District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end, which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The District maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances, found on pages 3-5 of this report. Budgetary financial statement for the General Fund can be found on page 6 of this report.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-17 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. This includes the budgetary financial schedule for the Debt Service Fund (page 19) and a Schedule of Debt Service Requirements to Maturity (page 20).

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

Table 1 provides a summary of the District's net position at December 31, 2019 and 2018.

**Table 1
Condensed Statement of Net Position**

	2019	2018
ASSETS		
Current Assets	\$ 1,834,308	\$ 1,803,402
Total Assets	1,834,308	1,803,402
LIABILITIES		
Current Liabilities	238,645	234,082
Long-Term Liabilities	6,642,829	6,876,346
Total Liabilities	6,881,474	7,110,428
DEFERRED INFLOWS OF RESOURCES	1,465,580	1,439,159
NET POSITION		
Unrestricted	(6,512,746)	(6,746,185)
Total Net Position	\$ (6,512,746)	\$ (6,746,185)

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Table 2 provides a summary of the changes in net position.

**Table 2
Changes in Net Position from Operating Results**

	2019	2018
REVENUES		
Program Revenues:		
Charges for Services	\$ -	\$ -
Operating Grants and Contributions	-	-
Capital Grants and Contributions	-	-
General Revenues:		
Taxes	1,534,837	1,825,725
Interest Income	12,792	7,589
Total Revenues	1,547,629	1,833,314
EXPENSES		
General Government	9,338	54,524
Transfer to Poudre Tech Metro District - Operations and Capital	641,947	911,518
Transfer to Poudre Tech Metro District - Series 2010 Bonds	377,869	375,072
Interest and Related Costs on Long-Term Debt	285,036	289,507
Total Expenses	1,314,190	1,630,621
CHANGE IN NET POSITION	\$ 233,439	\$ 202,693

Property and specific ownership taxes account for most of the District's revenues. The District's expenditures predominantly relate to its obligation to Poudre Tech Metropolitan District pursuant to a Capital Pledge Agreement (to pay debt service of 2010 Bonds issued by Poudre Tech Metropolitan District) and an Amended/Restated Facilities Construction and Service Agreement (to construct public improvements benefitting the District).

Governmental Activities

The change in net position for governmental activities was \$233,439 in 2019.

The statement of activities shows the cost of program services and the related charges for services and grant offsetting those costs. Table 3 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

**Table 3
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
General Government	\$ 9,338	\$ (9,338)
Intergovernmental	1,019,816	(1,019,816)
Interest and Related Costs on Long-Term Debt	285,036	(285,036)
Total	\$ 1,314,190	\$ (1,314,190)

Financial Analysis of District Funds

General Fund

The General Fund provides for general operating costs of the District. The primary funding source for the General Fund is property taxes.

As of December 31, 2019, the District has not provided for an emergency reserve fund equal to at least 3% of the fiscal year spending, as defined under TABOR, because all revenues in the General Fund are intended to be and are being transferred to Poudre Tech Metropolitan District, Operating District, which carries/reports the required reserve amount. However, the District has committed to maintain a reasonable level of unrestricted fund balance in the General Fund to mitigate temporary revenue shortfalls or unplanned one-time expenditures that may occur in the future.

Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transaction on a basis of cash receipts and disbursements.

Debt Administration

Long-Term Debt

On July 8, 2016, the District issued \$7,100,000 in General Obligation Refunding Bonds, Series 2016 (Bonds) to prepay the Loan at First Western Trust Bank. The Bonds are general obligations of the District secured and payable from Pledged Revenue, which include Property Tax Revenue, net of costs of collection, and any other legally available amounts.

**Table 4
Outstanding Long-Term Debt**

	2019	2018	Percent of Change 2018-2019
Government Activities:			
General Obligation Refunding Bonds, Series 2016	\$ 6,610,000	\$ 6,820,000	
Total	\$ 6,610,000	\$ 6,820,000	-3.08%

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Economic Factors and Next Year's Budget

- The District is a mature district with all its residential lots having been developed and built. Within the District, there have been built 844 total dwelling units, including: 591 single-family detached dwelling units, 125 single-family attached dwelling units, and 128 multi-family units (condominiums). As to commercial development in the District, of the 28 acres zoned for commercial/office/retail uses, a total of approximately 16 acres have been developed into a total of approximately 24,285 square feet of office space and approximately 56,583 square feet of commercial/retail space.
- The District is in the center of Northern Colorado, an area that is continuing to enjoy a robust and growing regional economy and an associated material increase in property values. As the regional economy continues to grow, so too are the values of the residential and commercial real estate within the District. The total Certified Assessed Value of Real Property within the District for 2019 (tax collection in 2020) increased 15% from 2018 (tax collection in 2019), going from \$26,234,390 to \$30,170,600. This increase in value in real property will result in additional revenue to the District in 2020.
- As has been anticipated, the financial impact of ad valorem taxes on oil and gas produced from wells within the District continues to decline. The total Certified Assessed Value of Oil and Gas within the District for 2019 (tax collection in 2020) decreased 45% from 2018 (tax collection in 2019), going from \$8,748,450 to \$4,771,580. At the District's current mill levy of 41.943 mills, this decrease in assessed value from oil and gas will result in a reduction of revenues of approximately \$159,768 to the District in 2020. Total revenue from oil and gas taxes in 2019 and anticipated taxes for 2020 are \$359,902 and \$200,134, respectively. The decline in oil and gas related revenues is the result of the naturally declining oil and gas production from wells within the district. Oil and Gas taxes collected in 2020 are predicated on oil and gas production occurring in calendar year 2018. Going forward, the financial impact of oil and gas to the District will be predicated on the price of oil and gas over time, the actual amount of oil and gas produced from each well, and the number of new wells, if any, brought on line.
- The drop in oil and gas assessed value was offset by the increase in the value of real property within the district, with total assessed value within the district remained relatively unchanged: \$34,982,840 for 2019 vs. \$34,942,180 for 2020.

Contacting the District's Financial Management Team

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Water Valley Metropolitan District No. 1
1625 Pelican Lakes Point, Suite 201
Windsor, Colorado 80550

BASIC FINANCIAL STATEMENTS

WATER VALLEY METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 108,332
Cash and Investments - Restricted	252,184
Receivable - County Treasurer	8,212
Property Taxes Receivable	<u>1,465,580</u>
Total Assets	<u>1,834,308</u>
LIABILITIES	
Accrued Interest Payable - Bonds	23,645
Noncurrent Liabilities:	
Due Within One Year	215,000
Due in More than One Year	<u>6,642,829</u>
Total Liabilities	<u>6,881,474</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	<u>1,465,580</u>
Total Deferred Inflows of Resources	<u>1,465,580</u>
NET POSITION	
Unrestricted	<u>(6,512,746)</u>
Total Net Position	<u><u>\$ (6,512,746)</u></u>

See accompanying Notes to Basic Financial Statements.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	\$ 9,338	\$ -	\$ -	\$ -	\$ (9,338)
Intergovernmental - Transfers to PTMD - for Operations and Capital Costs	641,947	-	-	-	(641,947)
Intergovernmental - Transfers to PTMD - for Debt Service	377,869	-	-	-	(377,869)
Interest and Related Costs on Long-Term Debt	285,036	-	-	-	(285,036)
Total Governmental Activities	\$ 1,314,190	\$ -	\$ -	\$ -	(1,314,190)
 GENERAL REVENUES					
					1,438,325
					96,512
					12,792
					1,547,629
 CHANGE IN NET POSITION					
					233,439
					(6,746,185)
					\$ (6,512,746)

See accompanying Notes to Basic Financial Statements.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 108,332	\$ -	\$ 108,332
Cash and Investments - Restricted	-	252,184	252,184
Receivable - County Treasurer	3,522	4,690	8,212
Due from other funds	6,542	-	6,542
Property Taxes Receivable	622,425	843,155	1,465,580
Total Assets	\$ 740,821	\$ 1,100,029	\$ 1,840,850
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ -	\$ 6,542	\$ 6,542
Total Liabilities	-	6,542	6,542
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	622,425	843,155	1,465,580
Total Deferred Inflows of Resources	622,425	843,155	1,465,580
FUND BALANCES			
Restricted			
Debt Service	-	250,332	250,332
Committed			
Operations (PTMD)	118,396	-	118,396
Total Fund Balances	118,396	250,332	368,728
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 740,821	\$ 1,100,029	

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 as liabilities in the funds.

Bonds Payable	(6,610,000)
Bond Premium	(247,829)
Accrued Interest Payable - Bonds	(23,645)

Net Position of Governmental Activities	\$ (6,512,746)
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WATER VALLEY METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 616,879	\$ 821,446	\$ 1,438,325
Specific Ownership Taxes	41,393	55,119	96,512
Interest Income	3,922	8,870	12,792
Total Revenues	662,194	885,435	1,547,629
EXPENDITURES			
County Treasurer's Fees	9,257	12,327	21,584
2016 G.O. Bonds - Interest	-	288,988	288,988
2016 G.O. Bonds - Principal	-	210,000	210,000
Paying Agent Fees	-	2,500	2,500
Miscellaneous	81	175	256
Transfers to PTMD - Operations and Capital Costs	636,348	5,599	641,947
Transfers to PTMD - Series 2010 Bonds	-	377,869	377,869
Total Expenditures	645,686	897,458	1,543,144
NET CHANGE IN FUND BALANCES	16,508	(12,023)	4,485
Fund Balances - Beginning of Year	101,888	262,355	364,243
FUND BALANCES - END OF YEAR	\$ 118,396	\$ 250,332	\$ 368,728

See accompanying Notes to Basic Financial Statements.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
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, 2019**

Net Change in Fund Balance - Governmental Fund	\$	4,485
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases) 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. The net effect of these differences in the treatment of long-term debt and related items is as follows:

2016 G.O. Bond - Principal Payment		210,000
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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 - Change in Liability		437
Amortization of Bond Premium		18,517
		18,517

Change in Net Position of Governmental Activities	\$	233,439
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**WATER VALLEY METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 617,237	\$ 616,879	\$ (358)
Specific Ownership Taxes	46,293	41,393	(4,900)
Interest Income	900	3,922	3,022
Total Revenues	<u>664,430</u>	<u>662,194</u>	<u>(2,236)</u>
EXPENDITURES			
County Treasurer's Fees	9,259	9,257	2
Miscellaneous	200	81	119
Transfers to PTMD - Operations and Capital Costs	<u>654,971</u>	<u>636,348</u>	<u>18,623</u>
Total Expenditures	<u>664,430</u>	<u>645,686</u>	<u>18,744</u>
NET CHANGE IN FUND BALANCE	-	16,508	16,508
Fund Balance - Beginning of Year	<u>100,000</u>	<u>101,888</u>	<u>1,888</u>
FUND BALANCE - END OF YEAR	<u>\$ 100,000</u>	<u>\$ 118,396</u>	<u>\$ 18,396</u>

See accompanying Notes to Basic Financial Statements.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 DEFINITION OF REPORTING ENTITY

Water Valley Metropolitan District No. 1 (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 for the Town of Windsor, Weld County, Colorado, in 1994, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide water and wastewater services, street construction, installation of safety control devices and construction and maintenance of parks and recreation facilities. The District is a Financing District organized in conjunction with two other related Districts – Poudre Tech Metropolitan District and Water Valley Metropolitan District No. 2. Poudre Tech Metropolitan District serves as the Operating District which is responsible for managing the construction and operation of facilities and improvements needed for Water Valley Metropolitan District Nos. 1 and 2 (Financing Districts) which are responsible for providing the tax base needed to support the financing of capital improvements.

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 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.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 as general revenues.

Separate financial statements are provided for 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 government 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. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is 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, interest, and other related costs of debts issued by the District and Poudre Tech Metropolitan District (Operating District).

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 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 unearned property tax revenue is recorded as revenue in the year they are available or collected.

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

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.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 108,332
Cash and Investments - Restricted	252,184
Total Cash and Investments	\$ 360,516

Cash and investments as of December 31, 2019, consist of the following:

Deposits with Financial Institutions	\$ 108,339
Investments	252,177
Total Cash and Investments	\$ 360,516

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.

At December 31, 2019, the District's cash deposits had a bank and carrying balance of \$108,339.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 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.

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

As of December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 252,177</u>

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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, 2019:

	Balance at December 31, 2018	Additions	Payments/ Reductions	Balance at December 31, 2019	Due Within One Year
General Obligation Refunding					
Bonds, Series 2016	\$ 6,820,000	\$ -	\$ 210,000	\$ 6,610,000	\$ 215,000
Series 2016 Bond Premium	266,346	-	18,517	247,829	
Total	<u>\$ 7,086,346</u>	<u>\$ -</u>	<u>\$ 228,517</u>	<u>\$ 6,857,829</u>	<u>\$ 215,000</u>

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

On January 31, 2014, the District entered into a Loan Agreement with First Western Trust Bank to obtain a loan in the aggregate original principal amount of up to \$7,210,000 (Loan). The maturity date of the Loan is January 31, 2021, with an interest rate of 4.04%, paid semi-annually on June 1 and December 1. The proceeds of the initial draw from the Loan were used to (i) advance refund the District's Series 2004 and Series 2007 Bonds in order to reduce annual interest costs and effect other economies, (ii) to finance additional costs of public improvements, and (iii) pay for the costs of issuing the Loan.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

On July 8, 2016, the District issued \$7,100,000 in General Obligation Refunding Bonds, Series 2016 (2016 Bonds) to prepay the Loan described above. The 2016 Bonds are general obligations of the District secured and payable from Pledged Revenue which include Property Tax Revenue, net of costs of collection, and any other legally available amounts. The 2016 Bonds are due December 1, 2040, with an interest rate of 2.00%-5.25%, paid semiannually on June 1 and December 1. The 2016 Bonds maturing on and after December 1, 2035, are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District is to determine and by lot within maturities), on December 1, 2026, and on any date thereafter, upon payment of par, and accrued interest thereon, without redemption premium. The 2016 Bonds maturing on December 1, 2033, are subject to mandatory sinking fund redemption, prior to maturity, in part, by lot in such manner as the Trustee is to determine, on December 1 of each year at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest.

The 2016 Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 215,000	\$ 283,737	\$ 498,737
2021	220,000	278,094	498,094
2022	225,000	272,044	497,044
2023	235,000	265,294	500,294
2024	240,000	257,950	497,950
2025-2029	1,340,000	1,157,498	2,497,498
2030-2034	1,620,000	872,463	2,492,463
2035-2039	2,040,000	455,827	2,495,827
2040	475,000	24,938	499,938
Total	<u>\$ 6,610,000</u>	<u>\$ 3,867,845</u>	<u>\$ 10,477,845</u>

Further, the District entered into a Capital Pledge Agreement in October 2010, as amended on January 31, 2014, and again on April 21, 2015, pursuant to which the District is obligated to impose an ad valorem property tax levy without limitation as to the rate to pay a portion of principal and accrued interest on Poudre Tech Metropolitan District's Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2010 A, B and C in the aggregate principal amount of \$25,675,000 issued pursuant to a 2010 Indenture of Trust with UMB Bank. During 2019, the District transferred \$377,869 to Poudre Tech Metropolitan District in compliance of its obligation under the Capital Pledge Agreement.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 AUTHORIZED DEBT

On November 8, 1994, the District's voters authorized the issuance of indebtedness in an amount not to exceed \$21,565,000. At December 31, 2019, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 8, 1994	Authorization Used for 2004 Bonds	Authorization Used for 2007 Bonds	Authorization Used for Pledge Agreement with Operating District 2010 Bonds	Authorization Used for Portion of 2014 Refunding	Authorization Used for 2014 Loan	Authorized But Unissued
Water	\$ 3,175,000	\$ (507,000)	\$ (367,500)	\$ (1,778,334)	\$ (522,166)	\$ -	\$ -
Sanitation	3,415,000	(1,267,500)	(918,750)	-	(1,228,750)	-	-
Streets	6,590,000	(507,000)	(367,500)	-	(655,300)	-	5,060,200
Parks and Recreation	6,615,000	(253,500)	(892,500)	-	(1,257,675)	(2,934,325)	1,277,000
Traffic/Safety Protection	450,000	-	(78,750)	-	-	-	371,250
Fire Protection	795,000	-	-	-	-	-	795,000
TV Relay/ Translation	525,000	-	-	-	-	-	525,000
Total	\$ 21,565,000	\$ (2,535,000)	\$ (2,625,000)	\$ (1,778,334)	\$ (3,663,891)	\$ (2,934,325)	\$ 8,028,450

Pursuant to the Service Plan, the maximum general obligation bonded indebtedness for Financing Districts is not expected to exceed \$21,000,000 exclusive of costs of issuance, organization costs, inflation, contingencies, and other similar costs.

The 2016 Bonds constitutes a financing of District indebtedness at a lower interest rate and the principal amount of the Bonds is not in excess of the original principal amount of the Loan; therefore, the issuance of the 2016 Bonds did not require electoral authorization.

In the future, the District may issue a portion or all of the remaining authorized but unissued debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any future debt issuances are not determinable.

NOTE 6 NET POSITION

The District has a deficit unrestricted net position. This negative net position is a result of the District being responsible for the repayment of long-term debt and accrued interest issued to finance public improvements previously constructed and/or acquired by Poudre Tech Metropolitan District, Operating District, for the benefit of the District, which public improvements are either owned and maintained by the Operating District or conveyed to other governmental entities.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 RELATED PARTIES

The developer of the property which constitutes the District is Trollco Inc., a Colorado corporation (Developer). Certain members of the Board of Directors of the District are officers or employees of or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer, and may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENTS

District Operating Agreement

Poudre Tech Metropolitan District (Operating District) and District Nos. 1 and 2 (collectively, the Taxing Districts) have entered into a District Operating Agreement dated January 30, 2014. The purpose of the District Operating Agreement is to set forth the rights and obligations of the Taxing Districts to fully fund and of the Operating District to provide operations on behalf of all the Districts. Based on the integrated nature of the public improvements, it is most efficient and cost effective to combine the operations, maintenance and administration and to have the Operating District provide those services for the benefit of all the Districts. The agreement shall be interpreted consistent with the Service Plan.

Capital Pledge Agreement

The District entered into a Capital Pledge Agreement in October 2010, as amended on January 31, 2014, and again on April 21, 2015, pursuant to which the District is obligated to impose an ad valorem property tax levy without limitation as to the rate to pay for a portion of principal and accrued interest payable on PTMD's Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2010 A, B and C in the aggregate principal amount of \$25,675,000 issued pursuant to a 2010 Indenture of Trust with UMB Bank (2010 Bonds).

The First Amendment, dated January 31, 2014, made changes to the allocation between District Nos. 1 and 2's required debt service on the 2010 Bonds. The Districts later determined that the changes were not necessary, and therefore, the Capital Pledge Agreement, was amended for a second time on April 21, 2015, to reinstate the original definitions and allocations.

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.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9 RISK MANAGEMENT (CONTINUED)

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. As of December 31, 2019, the District has not provided for an emergency reserve equal to at least 3% of fiscal year spending, as defined under TABOR, because net tax revenue is transferred to Poudre Tech Metropolitan District, the Operating District. However, the District has committed to maintain a reasonable level of unrestricted fund balance in the General Fund to mitigate temporary revenue shortfalls or unplanned one-time expenditures that may occur in the future.

The District's management has taken steps it believes are necessary to comply 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

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 821,922	\$ 821,446	\$ (476)
Specific Ownership Taxes	61,644	55,119	(6,525)
Interest Income	5,500	8,870	3,370
Total Revenues	<u>889,066</u>	<u>885,435</u>	<u>(3,631)</u>
EXPENDITURES			
County Treasurer's Fees	12,329	12,327	2
2016 G.O. Bonds - Interest	288,987	288,988	(1)
2016 G.O. Bonds - Principal	210,000	210,000	-
Paying Agent Fees	2,500	2,500	-
Miscellaneous	715	175	540
Transfers to PTMD - Funding for Capital Costs	5,600	5,599	1
Transfers to PTMD - Series 2010 Bonds	377,869	377,869	-
Total Expenditures	<u>898,000</u>	<u>897,458</u>	<u>542</u>
NET CHANGE IN FUND BALANCE	(8,934)	(12,023)	(3,089)
Fund Balance - Beginning of Year	<u>260,120</u>	<u>262,355</u>	<u>2,235</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 251,186</u></u>	<u><u>\$ 250,332</u></u>	<u><u>\$ (854)</u></u>

WATER VALLEY METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2019

\$7,100,000 General Obligation Refunding Bonds, Series 2016
Dated July 8, 2016

Principal Due December 1, Interest Rate 2.00%-5.25%
Payable June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 215,000	\$ 283,737	\$ 498,737
2021	220,000	278,094	498,094
2022	225,000	272,044	497,044
2023	235,000	265,294	500,294
2024	240,000	257,950	497,950
2025	250,000	250,150	500,150
2026	260,000	241,712	501,712
2027	265,000	232,612	497,612
2028	275,000	222,012	497,012
2029	290,000	211,012	501,012
2030	300,000	199,412	499,412
2031	310,000	187,412	497,412
2032	325,000	175,013	500,013
2033	335,000	162,013	497,013
2034	350,000	148,613	498,613
2035	370,000	131,113	501,113
2036	385,000	112,613	497,613
2037	405,000	92,400	497,400
2038	430,000	71,138	501,138
2039	450,000	48,563	498,563
2040	475,000	24,938	499,938
Total	<u>\$ 6,610,000</u>	<u>\$ 3,867,845</u>	<u>\$ 10,477,845</u>

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS
REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2016**

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
TABLE II
HISTORY OF DISTRICT'S ASSESSED VALUATION AND MILL LEVIES
YEAR ENDED DECEMBER 31, 2019**

Levy/Collection Year	Assessed Valuation	Percent Increase	Mill Levies		
			General Fund	Debt Service Fund	Total Mill Levy
2010/2011	\$ 26,688,250	- %	10.000	10.000	20.000
2011/2012	23,459,270	(12.10)%	10.000	16.000	26.000
2012/2013	23,145,380	(1.34)%	6.000	33.000	39.000
2013/2014	22,683,319	(2.00)%	7.000	32.000	39.000
2014/2015	22,201,960	(2.12)%	13.250	25.750	39.000
2015/2016	42,796,050	92.76 %	13.300	25.700	39.000
2016/2017	47,810,900	11.72 %	30.430	8.570	39.000
2017/2018	43,490,270	(9.04)%	20.070	18.930	39.000
2018/2019	34,982,840	(19.56)%	17.644	23.495	41.139
2019/2020	34,942,180	(0.12)%	17.813	24.130	41.943

Sources: Weld County Assessor's Office and the District.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE III
2019 ASSESSED AND "ACTUAL" VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
YEAR ENDED DECEMBER 31, 2019**

Class	Assessed Valuation	Percent of Assessed Valuation	"Actual" Valuation	Percent of "Actual" Valuation
Oil and Gas	\$ 4,771,580	13.65 %	\$ 7,763,586	2.16 %
Residential	23,452,800	67.13 %	328,028,614	91.38
Vacant Land	279,570	0.80 %	964,067	0.27
Commercial	4,815,430	13.78 %	16,605,050	4.63
State Assessed	654,550	1.87 %	2,257,061	0.63
Industrial	964,650	2.76 %	3,326,392	0.93
Agricultural	3,600	0.01 %	12,412	0.00
Total	<u>\$ 34,942,180</u>	<u>100.00 %</u>	<u>\$ 358,957,182</u>	<u>100.00 %</u>

Source: Weld County Assessor's Office

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
TABLE IV
HISTORY OF DISTRICT'S PROPERTY TAX COLLECTIONS
YEAR ENDED DECEMBER 31, 2019**

Levy/Collection Year	Taxes Levied	Property Tax Collections	Tax Collections as Percent of Tax Levied
2010/2011	\$ 533,765	\$ 523,386	98.06 %
2011/2012	609,941	609,133	99.87
2012/2013	902,670	896,487	99.32
2013/2014	884,649	874,174	98.82
2014/2015	865,876	850,566	98.23
2015/2016	1,669,045	1,668,329	99.96
2016/2017	1,864,625	1,863,857	99.96
2017/2018	1,696,121	1,696,162	100.00
2018/2019	1,439,159	1,438,325	99.94

Source: Through 2014/2015 - from the Official Statement for the General Obligation Refunding Bonds, Series 2016. From 2015/2016 - from the District.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE VII
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2019**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
Property Taxes	\$ 294,100	\$ 568,943	\$ 1,454,287	\$ 872,871	\$ 616,879
Specific Ownership Taxes	19,626	34,613	112,983	66,675	41,393
Interest Income	466	799	4,251	1,404	3,922
Total Revenues	<u>314,192</u>	<u>604,355</u>	<u>1,571,521</u>	<u>940,950</u>	<u>662,194</u>
EXPENDITURES					
County Treasurer's Fees	4,417	8,545	21,884	12,839	9,257
Miscellaneous	-	60	180	120	81
Prior Year Abatement	-	-	-	21,390	-
Transfer to Poudre Tech - Other ¹	264,000	497,814	1,545,321	911,518	636,348
Total Expenditures	<u>268,417</u>	<u>506,419</u>	<u>1,567,385</u>	<u>945,867</u>	<u>645,686</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	45,775	97,936	4,136	(4,917)	16,508
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	(42,190)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(42,190)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,585	97,936	4,136	(4,917)	16,508
Fund Balances - Beginning of Year	<u>1,148</u>	<u>4,733</u>	<u>102,669</u>	<u>106,805</u>	<u>101,888</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,733</u>	<u>\$ 102,669</u>	<u>\$ 106,805</u>	<u>\$ 101,888</u>	<u>\$ 118,396</u>

¹Transfer to Poudre Tech for operations and capital costs.

Source: District's audited financial statements for the years ended December 31, 2015-2019.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE VIII
DEBT SERVICE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2019**

	2015	2016	2017	2018	2019
REVENUES					
Property Taxes	\$ 571,553	\$ 1,099,386	\$ 409,570	\$ 823,291	\$ 821,446
Specific Ownership Taxes	38,141	66,885	31,820	62,888	55,119
Interest Income	1,106	3,267	4,145	6,185	8,870
Other Revenue	-	-	838	-	-
Total Revenues	<u>610,800</u>	<u>1,169,538</u>	<u>446,373</u>	<u>892,364</u>	<u>885,435</u>
EXPENDITURES					
County Treasurer's Fees	8,585	16,512	6,163	12,109	12,327
Transfer to Poudre Tech - Other ¹	892,342	36,501	1,744,290	-	5,599
Miscellaneous	92	61	394	494	175
Prior Year Abatement	-	-	-	20,175	-
Debt Service:					
Trustee Fees/Paying Agent Fees	-	-	2,500	2,500	2,500
Loan Interest	227,820	176,948	-	-	-
Loan Principal	-	7,210,000	-	-	-
Transfer to Poudre Tech - 2010 PTMD Bonds	365,299	361,946	371,822	375,072	377,869
Bond Interest	-	117,220	295,100	293,600	288,988
Bond Cost of Issuance	-	176,847	-	-	-
Bond Principal	-	-	75,000	205,000	210,000
Total Expenditures	<u>1,494,138</u>	<u>8,096,035</u>	<u>2,495,269</u>	<u>908,950</u>	<u>897,458</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(883,338)	(6,926,497)	(2,048,896)	(16,586)	(12,023)
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	2,532,894	-	-	-	-
Bond Issuance	-	7,100,000	-	-	-
Bond Premium	-	311,577	-	-	-
Transfers In	42,190	-	-	-	-
Total Other Financing Sources (Uses)	<u>2,575,084</u>	<u>7,411,577</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,691,746	485,080	(2,048,896)	(16,586)	(12,023)
Fund Balances - Beginning of Year	<u>151,011</u>	<u>1,842,757</u>	<u>2,327,837</u>	<u>278,941</u>	<u>262,355</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,842,757</u>	<u>\$ 2,327,837</u>	<u>\$ 278,941</u>	<u>\$ 262,355</u>	<u>\$ 250,332</u>

¹ Transfer to Poudre Tech for capital costs.

Source: District's audited financial statements for the years ended December 31, 2015-2019.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
TABLE IX
GENERAL FUND BUDGET SUMMARY AND COMPARISON
YEAR ENDED DECEMBER 31, 2019**

	2018 Budget (As Amended)	2019 Budget	2019 Year-to-Date Actual
BEGINNING FUND BALANCES	\$ 106,805	\$ 100,000	\$ 101,888
REVENUES			
Property Taxes	872,871	617,237	616,879
Specific Ownership Taxes	66,675	46,293	41,393
Interest Income	1,404	900	3,922
Total Revenues	<u>940,950</u>	<u>664,430</u>	<u>662,194</u>
 Total Funds Available	 1,047,755	 764,430	 764,082
EXPENDITURES			
County Treasurer's Fees	12,839	9,259	9,257
Miscellaneous	2,008	200	81
Prior Year Abatement	21,390	-	-
Transfer to Poudre Tech	911,518	654,971	636,348
Total Expenditures	<u>947,755</u>	<u>664,430</u>	<u>645,686</u>
 TOTAL EXPENDITURES REQUIRING APPROPRIATION	 <u>947,755</u>	 <u>664,430</u>	 <u>645,686</u>
 ENDING FUND BALANCES	 <u>\$ 100,000</u>	 <u>\$ 100,000</u>	 <u>\$ 118,396</u>

Sources: District's adopted 2018 and 2019 budgets and the District's audited financial statements for the year ended December 31, 2019.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016
TABLE X
DEBT SERVICE FUND BUDGET SUMMARY AND COMPARISON
YEAR ENDED DECEMBER 31, 2019**

	2018 Budget (As Amended)	2019 Budget	2019 Year-to-Date Actual
BEGINNING FUND BALANCE	\$ 278,941	\$ 260,120	\$ 262,355
REVENUES			
Property Taxes	823,291	821,922	821,446
Specific Ownership Taxes	62,888	61,644	55,119
Interest Income	6,000	5,500	8,870
Total Revenues	<u>892,179</u>	<u>889,066</u>	<u>885,435</u>
Total Funds Available	1,171,120	1,149,186	1,147,790
EXPENDITURES			
County Treasurer's Fees	12,109	12,329	12,327
Miscellaneous	2,544	715	175
Prior year abatement	20,175	-	-
Bond Interest	293,600	288,987	288,988
Bond Principal	205,000	210,000	210,000
Paying Agent Fees	2,500	2,500	2,500
Transfer to Poudre Tech - Other	-	5,600	5,599
Transfer to Poudre Tech - 2010 PTMD Bonds	375,072	377,869	377,869
Total Expenditures	<u>911,000</u>	<u>898,000</u>	<u>897,458</u>
TOTAL EXPENDITURES REQUIRING APPROPRIATION	<u>911,000</u>	<u>898,000</u>	<u>897,458</u>
ENDING FUND BALANCE	<u>\$ 260,120</u>	<u>\$ 251,186</u>	<u>\$ 250,332</u>

Sources: District's adopted 2018 and 2019 budgets and the District's audited financial statements for the year ended December 31, 2019.