

**RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

(2019)

The Board of Directors of Water Valley Metropolitan District No. 1 (the “Board”), Town of Windsor , Colorado (the “District”) held a special meeting at 1625 Pelican Lakes Point, Suite 201, Windsor, Colorado, on Thursday, November 1, 2018, at the hour of 9:00 A.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2019 BUDGET

Affidavit of Publication

STATE OF COLORADO

ss.

County of Weld,

I Vickie Garretts

of said County of Weld, being duly sworn, say that I am an advertising clerk of

THE GREELEY TRIBUNE,

that the same is a daily newspaper of general circulation and printed and published in the City of Greeley, in said county and state; that the notice or advertisement, of which the annexed is a true copy, has been published in said daily newspaper for consecutive (days): that the notice was published in the regular and entire issue of every number of said newspaper during the period and time of publication of said notice, and in the newspaper proper and not in a supplement thereof; that the first publication of said notice was contained in the Twenty-Sixth day of October A.D. 2018 and the last publication thereof: in the issue of said newspaper bearing the date of the Twenty-Sixth day of October A.D. 2018 that said The Greeley Tribune has been published continuously and uninterrupted during the period of at least six months next prior to the first issue thereof contained said notice or advertisement above referred to; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; and that said newspaper is a daily newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

**NOTICE OF PUBLIC HEARING
ON THE PROPOSED 2019 BUDGETS AND NOTICE OF
PUBLIC HEARING ON THE AMENDED 2018 BUDGETS**

NOTICE IS HEREBY GIVEN that proposed 2019 budgets have been submitted to the Boards of Directors (the "Boards") of the **POUDRE TECH METROPOLITAN DISTRICT** and **WATER VALLEY METROPOLITAN DISTRICT NOS. 1 & 2** (the "Districts"). A copy of each of the proposed budgets is on file in the office of CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 500, Greenwood Village, Colorado, where the same are open for public inspection.

NOTICE IS FURTHER GIVEN that amendments to the 2018 budgets have been submitted to the Districts. A copy of each of the proposed amended budgets is on file in the office of CliftonLarsonAllen LLP, 8390 E. Crescent Parkway, Suite 500, Greenwood Village, Colorado, where the same are open for public inspection.

Such proposed budgets and amended budgets will be considered at a public hearing during a joint meeting of the Districts to be held at 1625 Pelican Lakes Points, Suite 201, Windsor, Colorado, on Thursday, November 1, 2018 at 9:00 A.M. Any interested elector of the Districts may file or register any objections to the proposed budgets or amended budgets at any time prior to final adoption of the budgets and amended budgets by the governing body of the District.

BY ORDER OF THE BOARDS OF DIRECTORS:
POUDRE TECH METROPOLITAN DISTRICT AND
WATER VALLEY METROPOLITAN DISTRICT NOS. 1 & 2
/s/ WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

The Tribune
October 26, 2018

October 26, 2018

Total Charges: \$47.22

Vickie Garretts

26th day of October 2018

My Commission Expires 2/14/2019

Jerilyn L. Martinez
Notary Public

JERILYN L. MARTINEZ
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20074006708
MY COMMISSION EXPIRES FEBRUARY 14, 2019

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2019 AND ENDING ON THE LAST DAY OF DECEMBER 2019.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 1, 2018, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2019. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2019 budget year, there is hereby levied a tax of 17.644 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2019 budget year, there is hereby levied a tax of

13.378 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2019 budget year, there is hereby levied a tax of 10.117 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2019 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Weld County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

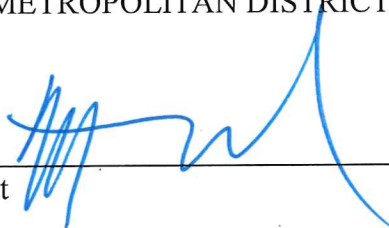
Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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ADOPTED THIS 1ST DAY OF NOVEMBER, 2018.

WATER VALLEY METROPOLITAN DISTRICT NO. 1

Officer of the District



ATTEST:



APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

STATE OF COLORADO
COUNTY OF WELD
WATER VALLEY METROPOLITAN DISTRICT NO. 1

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Thursday, November 1, 2018, at 1625 Pelican Lakes Point, Suite 201, Windsor, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 1st day of November, 2018.

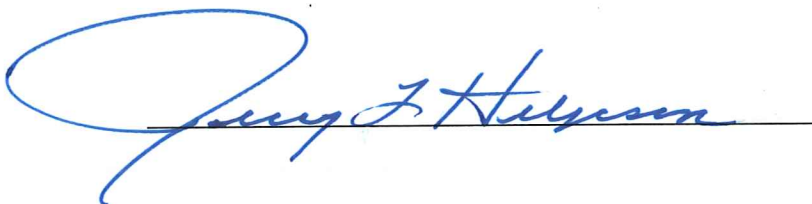


EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

Accountant's Compilation Report

Board of Directors
Water Valley Metropolitan District No. 1

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Water Valley Metropolitan District No. 1 for the year ending December 31, 2019, including the estimate of comparative information for the year ended December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Water Valley Metropolitan District No. 1.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 28, 2019

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ 2,430,506	\$ 385,746	\$ 360,120
REVENUES			
Property taxes	1,863,857	1,696,162	1,439,159
Specific ownership taxes	144,803	129,563	107,937
Interest income	8,396	6,100	6,400
Other revenue	838	-	-
Total revenues	<u>2,017,894</u>	<u>1,831,825</u>	<u>1,553,496</u>
Total funds available	<u>4,448,400</u>	<u>2,217,571</u>	<u>1,913,616</u>
EXPENDITURES			
General Fund	1,567,385	947,451	664,430
Debt Service Fund	2,495,269	910,000	898,000
Total expenditures	<u>4,062,654</u>	<u>1,857,451</u>	<u>1,562,430</u>
Total expenditures and transfers out requiring appropriation	<u>4,062,654</u>	<u>1,857,451</u>	<u>1,562,430</u>
ENDING FUND BALANCES	<u>\$ 385,746</u>	<u>\$ 360,120</u>	<u>\$ 351,186</u>
FUND BALANCE POLICY	\$ 100,000	\$ 100,000	\$ 100,000
DEBT SERVICE RESERVE FUND	250,856	250,856	250,856
RESERVE FOR FUTURE DEBT SERVICE	22,019	3,664	330
RESERVE FOR CAPITAL PROJECTS	6,066	5,600	-
TOTAL RESERVE	<u>\$ 378,941</u>	<u>\$ 360,120</u>	<u>\$ 351,186</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
ASSESSED VALUATION			
Residential	\$ 20,146,480	\$ 21,010,390	\$ 21,240,550
Commercial	4,290,520	4,243,410	3,995,040
Industrial	-	-	8,840
Agricultural	22,600	25,630	25,410
State assessed	594,680	633,400	648,490
Vacant land	356,890	453,120	316,060
Oil and gas	22,399,730	17,124,320	8,748,450
Certified Assessed Value	<u>\$ 47,810,900</u>	<u>\$ 43,490,270</u>	<u>\$ 34,982,840</u>
MILL LEVY			
General	30.430	20.070	17.644
Debt Service	8.570	18.930	23.495
Total mill levy	<u>39.000</u>	<u>39.000</u>	<u>41.139</u>
PROPERTY TAXES			
General	\$ 1,454,886	\$ 872,850	\$ 617,237
Debt Service	409,739	823,271	821,922
Levied property taxes	<u>1,864,625</u>	<u>1,696,121</u>	<u>1,439,159</u>
Adjustments to actual/rounding	(768)	41	-
Budgeted property taxes	<u>\$ 1,863,857</u>	<u>\$ 1,696,162</u>	<u>\$ 1,439,159</u>
BUDGETED PROPERTY TAXES			
General	\$ 1,454,287	\$ 872,871	\$ 617,237
Debt Service	409,570	823,291	821,922
	<u>\$ 1,863,857</u>	<u>\$ 1,696,162</u>	<u>\$ 1,439,159</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 102,669	\$ 106,805	\$ 100,000
REVENUES			
Property taxes	1,454,287	872,871	617,237
Specific ownership taxes	112,983	66,675	46,293
Interest income	4,251	1,100	900
Total revenues	<u>1,571,521</u>	<u>940,646</u>	<u>664,430</u>
Total funds available	<u>1,674,190</u>	<u>1,047,451</u>	<u>764,430</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	21,884	12,839	9,259
Miscellaneous	180	200	200
Prior year abatement	-	21,390	-
Transfers to PTMD - Other	1,545,321	913,022	654,971
Total expenditures	<u>1,567,385</u>	<u>947,451</u>	<u>664,430</u>
Total expenditures and transfers out requiring appropriation	<u>1,567,385</u>	<u>947,451</u>	<u>664,430</u>
ENDING FUND BALANCE	<u>\$ 106,805</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
FUND BALANCE POLICY	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
TOTAL RESERVE	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/28/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 2,327,837	\$ 278,941	\$ 260,120
REVENUES			
Property taxes	409,570	823,291	821,922
Specific ownership taxes	31,820	62,888	61,644
Interest income	4,145	5,000	5,500
Other revenue	838	-	-
Total revenues	446,373	891,179	889,066
Total funds available	2,774,210	1,170,120	1,149,186
EXPENDITURES			
Debt Service			
County Treasurer's fee	6,163	12,109	12,329
Bond interest - Series 2016	295,100	293,600	288,987
Bond principal - Series 2016	75,000	205,000	210,000
Paying agent fees	2,500	2,500	2,500
Miscellaneous	394	1,544	715
Prior year abatement	-	20,175	-
Transfers to PTMD - Other	1,744,290	-	5,600
Transfers to PTMD - Series 2010 Bonds	371,822	375,072	377,869
Total expenditures	2,495,269	910,000	898,000
Total expenditures and transfers out requiring appropriation	2,495,269	910,000	898,000
ENDING FUND BALANCE	\$ 278,941	\$ 260,120	\$ 251,186
DEBT SERVICE RESERVE FUND	\$ 250,856	\$ 250,856	\$ 250,856
RESERVE FOR FUTURE DEBT SERVICE	22,019	3,664	330
RESERVE FOR CAPITAL PROJECTS	6,066	5,600	-
TOTAL RESERVE	\$ 278,941	\$ 260,120	\$ 251,186

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Water Valley Metropolitan District No. 1 (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 District Nos. 1 and 2 (Financing Districts) which are responsible for providing the funding and tax base needed to support the Financing Plan for capital improvements.

At its organizational election held on November 8, 1994, the voters approved general obligation indebtedness of \$6,590,000 for street system, \$450,000 for traffic and safety controls, \$3,175,000 for water system, \$3,415,000 for sanitation system, \$6,615,000 for parks and recreational facilities, \$795,000 for fire protection and \$525,000 for television relay system. The voters also approved an annual tax increase of \$1,700,000, or by such lesser annual amount as may be necessary to pay the District's general costs.

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

Revenues

Property Taxes

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

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

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue – (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7.5% of the property taxes collected.

Interest income

Interest income is primarily from delinquent property taxes and estimated based on prior years' receipts.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Transfer to Poudre Tech Metro District

Property taxes generated from the 17.644 mills levied by the District for operations and maintenance, net of fees, are expected to be transferred to Poudre Tech Metropolitan District, the Operating District, which pays all administrative and operating expenditures of the District.

A portion of the property taxes generated from the 23.495 mills levied by the District for debt service, net of fees, are expected to be transferred to Poudre Tech Metropolitan District to pay for a portion of the debt service on the Series 2010 Bonds issued by Poudre Tech Metropolitan District.

Debt Service

Principal and interest payments are provided based on the attached debt amortization schedule from the General Obligation Refunding Bonds, Series 2016.

Debt and Leases

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 semiannually on June 1 and December 1. The proceeds from the initial Loan funding were used to refund the Series 2004 and 2007 General Obligation Bonds, finance certain public improvements, and pay the costs of issuing the Loan.

On July 8, 2016, the District issued \$7,100,000 in General Obligation Refunding Bonds, Series 2016 (Bonds) to prepay the Loan described above.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

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. The Bonds are due December 1, 2040, with an interest rate of 2.00%-5.25%, paid semiannually on June 1 and December 1. The 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 maturities), on December 1, 2026, and on any date thereafter, upon payment of par, and accrued interest thereon, without redemption premium. The 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 District has no operating or capital leases.

Reserves

Emergency Reserve/Other Reserve

The District has not provided for an emergency reserve equal to at least 3% of fiscal year spending for 2019, as defined under TABOR, because tax revenue is transferred to Poudre Tech Metropolitan District, the Operating District, which provides for 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.

Debt Service Reserve

The Series 2016 Bonds are secured by amounts on deposit in the Debt Service Reserve Fund which was funded from the bond proceeds in the amount of the reserve requirement of \$250,856.

This information is an integral part of the accompanying budget.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018

\$7,100,000
General Obligation Refunding Bonds, Series 2016
Dated July 8, 2016
Principal due December 1
Interest Rate 2.0%-5.25% Payable
June 1 and December 1

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2019	\$	210,000	\$	288,987	\$ 498,987
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
	\$	6,820,000	\$	4,156,832	\$ 10,976,832

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.