

Accountant's Compilation Report

Board of Directors
Water Valley Metropolitan District No. 1
Weld County, Colorado

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, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. 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 American Institute of Certified Public Accountants. 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.

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 24, 2018

WATER VALLEY METROPOLITAN DISTRICT NO. 1
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 1,847,490	\$ 2,430,506	\$ 367,447
REVENUES			
1 Property taxes	1,668,329	1,864,625	1,696,121
2 Specific ownership taxes	101,498	135,939	101,767
3 Bond issuance	7,100,000	-	-
4 Bond issue premium	311,577	-	-
5 Interest income	4,066	3,100	2,600
Total revenues	<u>9,185,470</u>	<u>2,003,664</u>	<u>1,800,488</u>
Total funds available	<u>11,032,960</u>	<u>4,434,170</u>	<u>2,167,935</u>
EXPENDITURES			
6 General and administration			
7 County Treasurer's fees	8,545	21,823	13,093
8 Miscellaneous	60	200	200
9 Transfer to PTMD	497,814	1,542,200	912,528
10 Debt service			
11 Bond interest Series 2016	117,220	295,100	293,600
12 Bond principal Series 2016	-	75,000	205,000
13 Cost of issuance	176,847	-	-
14 County Treasurer's fees	16,512	6,146	12,349
15 Loan interest	176,948	-	-
16 Loan principal	7,210,000	-	-
17 Miscellaneous	61	1,461	2,479
18 Paying agent fees	-	2,500	2,500
19 Transfer to PTMD - Funding for capital projects	36,501	1,750,471	-
20 Transfer to PTMD - Series 2010 Bonds	361,946	371,822	375,072
Total expenditures	<u>8,602,454</u>	<u>4,066,723</u>	<u>1,816,821</u>
Total expenditures and transfers out requiring appropriation	<u>8,602,454</u>	<u>4,066,723</u>	<u>1,816,821</u>
ENDING FUND BALANCES	<u>\$ 2,430,506</u>	<u>\$ 367,447</u>	<u>\$ 351,114</u>
Reserve Fund	\$ 250,856	\$ 250,856	\$ 250,856
FWTB Loan Balance	1,750,443	-	-
Reserve for future debt service	326,538	16,591	258
Fund Balance Policy	100,000	100,000	100,000
TOTAL RESERVE	<u>\$ 2,427,837</u>	<u>\$ 367,447</u>	<u>\$ 351,114</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
For the Years Ended and Ending December 31,

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - WELD			
Residential	\$ 19,936,790	\$ 20,146,480	\$ 21,010,390
Commercial	4,453,160	4,290,520	4,243,410
Agricultural	22,600	22,600	25,630
Vacant Land	413,970	356,890	453,120
State Assessed	519,110	594,680	633,400
Oil and gas	17,450,420	22,399,730	17,124,320
Certified Assessed Value	\$ 42,796,050	\$ 47,810,900	\$ 43,490,270
MILL LEVY			
GENERAL FUND	13.300	30.430	20.070
DEBT SERVICE FUND	25.700	8.570	18.930
Total Mill Levy	39.000	39.000	39.000
PROPERTY TAXES			
GENERAL FUND	\$ 569,187	\$ 1,454,886	\$ 872,850
DEBT SERVICE FUND	1,099,858	409,739	823,271
Levied property taxes	1,669,045	1,864,625	1,696,121
Adjustments to actual/rounding	(716)	-	-
Budgeted Property Taxes	\$ 1,668,329	\$ 1,864,625	\$ 1,696,121
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 568,943	\$ 1,454,886	\$ 872,850
DEBT SERVICE FUND	1,099,386	409,739	823,271
	\$ 1,668,329	\$ 1,864,625	\$ 1,696,121

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WATER VALLEY METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 4,733	\$ 102,669	\$ 100,000
REVENUES			
1 Property taxes	568,943	1,454,886	872,850
2 Specific ownership taxes	34,613	106,068	52,371
3 Interest income	799	600	600
Total revenues	604,355	1,561,554	925,821
Total funds available	609,088	1,664,223	1,025,821
EXPENDITURES			
General and administration			
4 County Treasurer's fees	8,545	21,823	13,093
5 Miscellaneous	60	200	200
6 Transfer to PTMD	497,814	1,542,200	912,528
Total expenditures	506,419	1,564,223	925,821
Total expenditures and transfers out requiring appropriation	506,419	1,564,223	925,821
ENDING FUND BALANCES	\$ 102,669	\$ 100,000	\$ 100,000
Fund Balance Policy	\$ 100,000	\$ 100,000	\$ 100,000
TOTAL RESERVE	\$ 100,000	\$ 100,000	\$ 100,000

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
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,

1/24/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ 1,842,757	\$ 2,327,837	\$ 267,447
REVENUES			
1 Property taxes	1,099,386	409,739	823,271
2 Specific ownership taxes	66,885	29,871	49,396
3 Bond issuance	7,100,000	-	-
4 Bond issue premium	311,577	-	-
5 Interest income	3,267	2,500	2,000
Total revenues	8,581,115	442,110	874,667
Total funds available	10,423,872	2,769,947	1,142,114
EXPENDITURES			
Debt service			
6 Bond interest Series 2016	117,220	295,100	293,600
7 Bond principal Series 2016	-	75,000	205,000
8 Cost of issuance	176,847	-	-
9 County Treasurer's fees	16,512	6,146	12,349
10 Loan interest	176,948	-	-
11 Loan principal	7,210,000	-	-
12 Miscellaneous	61	1,461	2,479
13 Paying agent fees	-	2,500	2,500
14 Transfer to PTMD - Funding for capital projects	36,501	1,750,471	-
15 Transfer to PTMD - Series 2010 Bonds	361,946	371,822	375,072
Total expenditures	8,096,035	2,502,500	891,000
Total expenditures and transfers out requiring appropriation	8,096,035	2,502,500	891,000
ENDING FUND BALANCES	\$ 2,327,837	\$ 267,447	\$ 251,114
Reserve Fund	\$ 250,856	\$ 250,856	\$ 250,856
FWTB Loan Balance	1,750,443	-	-
Reserve for future debt service	326,538	16,591	258
TOTAL RESERVE	\$ 2,327,837	\$ 267,447	\$ 251,114

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
2018 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.

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.

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 6% of the property taxes collected.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues – (continued)

Interest income

Interest income is 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 20.070 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 18.930 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. 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

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

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 2018, 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, 2017

\$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

Year Ended December 31,	Principal		Interest		Total
2018	\$	205,000	\$	293,600	\$ 498,600
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
	\$	7,025,000	\$	4,450,432	\$ 11,475,432

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