

## 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.



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
<b>ASSESSED VALUATION</b>			
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>
<b>MILL LEVY</b>			
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>
<b>PROPERTY TAXES</b>			
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>
<b>BUDGETED PROPERTY TAXES</b>			
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
<b>REVENUES</b>			
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
<b>EXPENDITURES</b>			
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.