

WATER VALLEY METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2022

**WATER VALLEY METROPOLITAN DISTRICT NO. 2
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

12/6/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 495,694	\$ 730,139	\$ 652,016
REVENUES			
Property taxes	2,596,192	2,659,276	2,811,548
Specific ownership taxes	125,976	128,272	140,578
Interest income	35,123	850	700
Payment in lieu of taxes	134,856	145,410	159,725
Total revenues	<u>2,892,147</u>	<u>2,933,808</u>	<u>3,112,551</u>
Total funds available	<u>3,387,841</u>	<u>3,663,947</u>	<u>3,764,567</u>
EXPENDITURES			
General Fund	829,163	1,468,931	1,766,475
Debt Service Fund	1,828,539	1,543,000	1,555,000
Total expenditures	<u>2,657,702</u>	<u>3,011,931</u>	<u>3,321,475</u>
Total expenditures and transfers out requiring appropriation	<u>2,657,702</u>	<u>3,011,931</u>	<u>3,321,475</u>
ENDING FUND BALANCES	<u>\$ 730,139</u>	<u>\$ 652,016</u>	<u>\$ 443,092</u>
FUND BALANCE POLICY	\$ 150,000	\$ 150,000	\$ 150,000
RESERVE FUND (Required: \$287,588)	250,036	287,588	287,588
RESERVE FOR FUTURE DEBT SERVICE	-	214,428	5,504
TOTAL RESERVE	<u>\$ 400,036</u>	<u>\$ 652,016</u>	<u>\$ 443,092</u>

No assurance provided. See summary of significant assumptions.

Water Valley Metropolitan District No. 2
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

12/6/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Residential	\$ 42,202,220	\$ 45,926,840	\$ 50,452,100
Commercial	1,787,150	2,095,290	5,578,090
Minerals	670	740	780
Agricultural	11,720	10,850	7,090
State assessed	16,220	10,080	11,160
Personal Property	477,410	570,520	632,270
Vacant land	3,373,020	2,320,440	2,635,010
Industrial	570	3,440	3,630
Oil and gas	15,408,410	12,463,950	7,712,460
Certified Assessed Value	<u>\$ 63,277,390</u>	<u>\$ 63,402,150</u>	<u>\$ 67,032,590</u>
MILL LEVY			
General	15.412	14.943	22.824
Debt Service	26.531	27.000	19.119
Total mill levy	<u>41.943</u>	<u>41.943</u>	<u>41.943</u>
PROPERTY TAXES			
General	\$ 975,231	\$ 947,418	\$ 1,529,952
Debt Service	1,678,812	1,711,858	1,281,596
Levied property taxes	2,654,043	2,659,276	2,811,548
Adjustments to actual/rounding	(57,851)	-	-
Budgeted property taxes	<u>\$ 2,596,192</u>	<u>\$ 2,659,276</u>	<u>\$ 2,811,548</u>
BUDGETED PROPERTY TAXES			
General	\$ 953,974	\$ 947,418	\$ 1,529,952
Debt Service	1,642,218	1,711,858	1,281,596
	<u>\$ 2,596,192</u>	<u>\$ 2,659,276</u>	<u>\$ 2,811,548</u>

No assurance provided. See summary of significant assumptions.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

12/6/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 161,584	\$ 480,103	\$ 150,000
REVENUES			
Property taxes	953,974	947,418	1,529,952
Specific ownership taxes	46,290	45,700	76,498
Interest income	12,562	300	300
Payment in lieu of taxes	134,856	145,410	159,725
Total revenues	<u>1,147,682</u>	<u>1,138,828</u>	<u>1,766,475</u>
Total funds available	<u>1,309,266</u>	<u>1,618,931</u>	<u>1,916,475</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	14,486	14,211	22,949
Transfers to PTMD - Other	814,506	1,454,520	1,743,426
Miscellaneous	171	200	100
Total expenditures	<u>829,163</u>	<u>1,468,931</u>	<u>1,766,475</u>
Total expenditures and transfers out requiring appropriation	<u>829,163</u>	<u>1,468,931</u>	<u>1,766,475</u>
ENDING FUND BALANCE	<u>\$ 480,103</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
FUND BALANCE POLICY	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
TOTAL RESERVE	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

No assurance provided. See summary of significant assumptions.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

12/6/21

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 334,110	\$ 250,036	\$ 502,016
REVENUES			
Property taxes	1,642,218	1,711,858	1,281,596
Specific ownership taxes	79,686	82,572	64,080
Interest income	22,561	550	400
Total revenues	<u>1,744,465</u>	<u>1,794,980</u>	<u>1,346,076</u>
Total funds available	<u>2,078,575</u>	<u>2,045,016</u>	<u>1,848,092</u>
EXPENDITURES			
Debt Service			
County Treasurer's fee	24,938	25,678	19,224
Bond interest - Series 2016	326,606	320,175	313,162
Bond principal - Series 2016	245,000	255,000	260,000
Paying agent fees	2,500	2,500	2,500
Miscellaneous	75	1,347	3,896
Transfers to PTMD - Series 2010 Bond	1,229,420	-	-
Transfers to PTMD - Series 2020 Bonds	-	938,300	956,218
Total expenditures	<u>1,828,539</u>	<u>1,543,000</u>	<u>1,555,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,828,539</u>	<u>1,543,000</u>	<u>1,555,000</u>
ENDING FUND BALANCE	<u>\$ 250,036</u>	<u>\$ 502,016</u>	<u>\$ 293,092</u>
RESERVE FUND (Required: \$287,588)	\$ 250,036	\$ 287,588	\$ 287,588
RESERVE FOR FUTURE DEBT SERVICE	-	214,428	5,504
TOTAL RESERVE	<u>\$ 250,036</u>	<u>\$ 502,016</u>	<u>\$ 293,092</u>

No assurance provided. See summary of significant assumptions.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Water Valley Metropolitan District No. 2 (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. 1. 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 Districts 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 \$5,720,000 for water system, \$6,150,000 for sanitation system, \$11,865,000 for street system, \$4,860,000 for parks and recreational facilities, \$710,000 for traffic and safety controls, \$420,000 for fire protection and \$680,000 for television relay. 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. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (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 5% of the property taxes collected.

Interest income

Interest earned on the District's available funds has been estimated on an average interest rate of .20%.

PILOT – Good Samaritan

This payment in lieu of property taxes (PILOT) is collected by the District from the Evangelical Lutheran Good Samaritan Society calculated by using the District's mill levy against the assessed value of the property as defined by the agreement between the parties.

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 14.943 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 27.000 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 2020 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.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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 amount of up to \$8,240,000 (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 finance certain public improvements, reimburse the Developer for prior advances related to public improvements constructed by the Developer on behalf of the District, and pay the costs of issuing the Loan.

On July 8, 2016, the District issued \$8,125,000 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 December 1, 2040, 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 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.

Reserve Funds

Emergency Reserve/Other Reserve

The District has not provided for an emergency reserve equal to at least 3% of fiscal year spending for 2022, as defined under TABOR, because net 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 \$287,588.

This information is an integral part of the accompanying budget.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2022

\$8,125,000

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
2022	260,000	313,162	573,162
2023	265,000	305,362	570,362
2024	275,000	297,081	572,081
2025	285,000	288,144	573,144
2026	295,000	278,525	573,525
2027	305,000	268,200	573,200
2028	315,000	256,000	571,000
2029	330,000	243,400	573,400
2030	340,000	230,200	570,200
2031	355,000	216,600	571,600
2032	370,000	202,400	572,400
2033	385,000	187,600	572,600
2034	400,000	172,200	572,200
2035	420,000	151,200	571,200
2036	445,000	129,150	574,150
2037	465,000	105,788	570,788
2038	490,000	81,375	571,375
2039	515,000	55,650	570,650
2040	545,000	28,613	573,613
	\$ 7,060,000	\$ 3,810,650	\$ 10,870,650

No assurance provided. See summary of significant assumptions.