

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2021**

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**SUMMARY**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/26/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 539,844	\$ 495,694	\$ 189,800
REVENUES			
Property taxes	2,692,820	2,290,558	2,659,276
Specific ownership taxes	181,153	124,000	132,964
Interest income	23,052	5,500	700
Payment in lieu of taxes	124,135	134,856	145,411
Total revenues	<u>3,021,160</u>	<u>2,554,914</u>	<u>2,938,351</u>
Total funds available	<u>3,561,004</u>	<u>3,050,608</u>	<u>3,128,151</u>
EXPENDITURES			
General Fund	1,180,973	1,034,808	1,140,500
Debt Service Fund	1,884,337	1,826,000	1,545,000
Total expenditures	<u>3,065,310</u>	<u>2,860,808</u>	<u>2,685,500</u>
Total expenditures and transfers out requiring appropriation	<u>3,065,310</u>	<u>2,860,808</u>	<u>2,685,500</u>
ENDING FUND BALANCES	<u>\$ 495,694</u>	<u>\$ 189,800</u>	<u>\$ 442,651</u>
FUND BALANCE POLICY	\$ 150,000	\$ 150,000	\$ 150,000
RESERVE FUND (Required: \$287,588)	287,588	39,800	287,588
RESERVE FOR FUTURE DEBT SERVICE	46,522	-	5,063
TOTAL RESERVE	<u>\$ 484,110</u>	<u>\$ 189,800</u>	<u>\$ 442,651</u>

No assurance provided. See summary of significant assumptions.

**Water Valley Metropolitan District No. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/26/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
<b>ASSESSED VALUATION</b>			
Residential	\$ 34,019,110	\$ 42,202,220	\$ 45,926,840
Commercial	1,668,050	1,787,150	2,095,290
Minerals	670	670	740
Agricultural	26,630	11,720	10,850
State assessed	534,420	493,630	580,600
Vacant land	2,626,280	3,373,020	2,320,440
Industrial	-	570	3,440
Oil and gas	26,602,200	15,408,410	12,463,950
Certified Assessed Value	<u>\$ 65,477,360</u>	<u>\$ 63,277,390</u>	<u>\$ 63,402,150</u>
<b>MILL LEVY</b>			
General	15.155	15.412	14.943
Debt Service	25.984	26.531	27.000
Total mill levy	<u>41.139</u>	<u>41.943</u>	<u>41.943</u>
<b>PROPERTY TAXES</b>			
General	\$ 992,309	\$ 975,231	\$ 947,418
Debt Service	1,701,364	1,678,812	1,711,858
Levied property taxes	2,693,673	2,654,043	2,659,276
Adjustments to actual/rounding	(853)	(363,485)	-
Budgeted property taxes	<u>\$ 2,692,820</u>	<u>\$ 2,290,558</u>	<u>\$ 2,659,276</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	\$ 991,995	\$ 841,668	\$ 947,418
Debt Service	1,700,825	1,448,890	1,711,858
	<u>\$ 2,692,820</u>	<u>\$ 2,290,558</u>	<u>\$ 2,659,276</u>

No assurance provided. See summary of significant assumptions.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/26/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 153,901	\$ 161,584	\$ 150,000
REVENUES			
Property taxes	991,995	841,668	947,418
Specific ownership taxes	66,734	45,000	47,371
Interest income	5,792	1,700	300
Payment in lieu of taxes	124,135	134,856	145,411
Total revenues	<u>1,188,656</u>	<u>1,023,224</u>	<u>1,140,500</u>
Total funds available	<u>1,342,557</u>	<u>1,184,808</u>	<u>1,290,500</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	14,887	12,635	14,211
Transfers to PTMD - Other	1,166,027	1,022,023	1,126,139
Miscellaneous	59	150	150
Total expenditures	<u>1,180,973</u>	<u>1,034,808</u>	<u>1,140,500</u>
Total expenditures and transfers out requiring appropriation	<u>1,180,973</u>	<u>1,034,808</u>	<u>1,140,500</u>
ENDING FUND BALANCE	<u>\$ 161,584</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**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/26/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 385,943	\$ 334,110	\$ 39,800
REVENUES			
Property taxes	1,700,825	1,448,890	1,711,858
Specific ownership taxes	114,419	79,000	85,593
Interest income	17,260	3,800	400
Total revenues	<u>1,832,504</u>	<u>1,531,690</u>	<u>1,797,851</u>
Total funds available	<u>2,218,447</u>	<u>1,865,800</u>	<u>1,837,651</u>
EXPENDITURES			
Debt Service			
County Treasurer's fee	25,524	21,751	25,678
Bond interest - Series 2016	332,606	326,606	320,175
Bond principal - Series 2016	240,000	245,000	255,000
Paying agent fees	2,500	2,500	2,500
Miscellaneous	110	723	3,347
Transfers to PTMD - Other	61,097	-	-
Transfers to PTMD - Series 2010 Bond	1,222,500	1,229,420	-
Transfers to PTMD - Series 2020 Bond	-	-	938,300
Total expenditures	<u>1,884,337</u>	<u>1,826,000</u>	<u>1,545,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,884,337</u>	<u>1,826,000</u>	<u>1,545,000</u>
ENDING FUND BALANCE	<u>\$ 334,110</u>	<u>\$ 39,800</u>	<u>\$ 292,651</u>
RESERVE FUND (Required: \$287,588)	\$ 287,588	\$ 39,800	\$ 287,588
RESERVE FOR FUTURE DEBT SERVICE	46,522	-	5,063
TOTAL RESERVE	<u>\$ 334,110</u>	<u>\$ 39,800</u>	<u>\$ 292,651</u>

No assurance provided. See summary of significant assumptions.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2  
2021 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  
2021 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 .25%.

**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  
2021 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 2021, 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, 2020**

**\$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**

<b>Year Ended December 31,</b>	<b>Principal</b>		<b>Interest</b>		<b>Total</b>
2021	\$	255,000	\$	320,175	\$ 575,175
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
	\$	7,315,000	\$	4,130,825	\$ 11,445,825

No assurance is provided. See summary of significant assumptions.