

WATER VALLEY METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

WATER VALLEY METROPOLITAN DISTRICT NO. 2
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/15/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 672,645	\$ 491,521	\$ 455,411
REVENUES			
Property taxes	2,817,559	3,222,770	3,480,555
Specific ownership taxes	154,094	131,000	139,222
Interest income	10,935	22,000	14,000
PILOT revenue	159,725	150,664	164,376
Total revenues	<u>3,142,313</u>	<u>3,526,434</u>	<u>3,798,153</u>
Total funds available	<u>3,814,958</u>	<u>4,017,955</u>	<u>4,253,564</u>
EXPENDITURES			
General Fund	1,779,807	2,008,144	2,252,330
Debt Service Fund	1,543,630	1,554,400	1,558,000
Total expenditures	<u>3,323,437</u>	<u>3,562,544</u>	<u>3,810,330</u>
Total expenditures and transfers out requiring appropriation	<u>3,323,437</u>	<u>3,562,544</u>	<u>3,810,330</u>
ENDING FUND BALANCES	<u>\$ 491,521</u>	<u>\$ 455,411</u>	<u>\$ 443,234</u>
FUND BALANCE POLICY	\$ 150,000	\$ 150,000	\$ 150,000
RESERVE FUND (Required \$287,588)	287,588	287,588	287,588
RESERVE FOR FUTURE DEBT SERVICE	39,710	17,823	5,646
TOTAL RESERVE	<u>\$ 477,298</u>	<u>\$ 455,411</u>	<u>\$ 443,234</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. 2
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/15/24

ACTUAL	ESTIMATED	BUDGET
2022	2023	2024

ASSESSED VALUATION

Residential - Single-Family	\$ 50,452,100	\$ 47,278,920	\$ 56,291,000
Residential - Multi-Family	-	3,041,470	5,429,840
Commercial	5,578,090	6,348,510	7,847,200
Industrial	3,630	3,340	-
Agricultural	7,870	2,560	1,220
State assessed	11,160	25,960	14,060
Vacant land	2,635,010	1,964,860	2,747,550
Personal property	632,270	816,830	455,800
Oil and Gas	7,712,460	15,854,640	18,461,110
Certified Assessed Value	\$ 67,032,590	\$ 75,337,090	\$ 91,247,780

MILL LEVY

General	22.824	23.458	21.960
Debt Service	19.119	19.320	16.184
Total mill levy	41.943	42.778	38.144

PROPERTY TAXES

General	\$ 1,529,952	\$ 1,767,257	\$ 2,003,801
Debt Service	1,281,596	1,455,513	1,476,754
Levied property taxes	2,811,548	3,222,770	3,480,555
Adjustments to actual/rounding	6,011	-	-
Budgeted property taxes	\$ 2,817,559	\$ 3,222,770	\$ 3,480,555

BUDGETED PROPERTY TAXES

General	\$ 1,533,223	\$ 1,767,257	\$ 2,003,801
Debt Service	1,284,336	1,455,513	1,476,754
	\$ 2,817,559	\$ 3,222,770	\$ 3,480,555

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. 2
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/15/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 164,759	\$ 164,223	\$ 150,000
REVENUES			
Property taxes	1,533,223	1,767,257	2,003,801
Specific ownership taxes	83,853	72,000	80,152
PILOT revenue	159,725	150,664	164,376
Interest income	2,470	4,000	4,000
Total revenues	<u>1,779,271</u>	<u>1,993,921</u>	<u>2,252,329</u>
Total funds available	<u>1,944,030</u>	<u>2,158,144</u>	<u>2,402,330</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	23,018	26,509	30,057
Miscellaneous	50	100	200
Transfers to PTMD	1,756,739	1,981,535	2,222,073
Total expenditures	<u>1,779,807</u>	<u>2,008,144</u>	<u>2,252,330</u>
Total expenditures and transfers out requiring appropriation	<u>1,779,807</u>	<u>2,008,144</u>	<u>2,252,330</u>
ENDING FUND BALANCES	<u>\$ 164,223</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>

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. 2
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/15/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 507,886	\$ 327,298	\$ 305,411
REVENUES			
Property taxes	1,284,336	1,455,513	1,476,754
Specific ownership taxes	70,241	59,000	59,070
Interest income	8,465	18,000	10,000
Total revenues	1,363,042	1,532,513	1,545,824
Total funds available	1,870,928	1,859,811	1,851,235
EXPENDITURES			
General and administrative			
County Treasurer's fee	19,282	21,833	22,151
Miscellaneous	99	99	5,012
Paying agent fees	2,500	2,500	2,500
Debt Service			
Bond interest	313,162	305,362	297,081
Bond Principal	260,000	265,000	275,000
Transfers to PTMD - Series 2020 Bonds	948,587	959,606	956,256
Total expenditures	1,543,630	1,554,400	1,558,000
Total expenditures and transfers out requiring appropriation	1,543,630	1,554,400	1,558,000
ENDING FUND BALANCES	\$ 327,298	\$ 305,411	\$ 293,234
RESERVE FUND (Required \$287,588)	\$ 287,588	\$ 287,588	\$ 287,588
RESERVE FOR FUTURE DEBT SERVICE	39,710	17,823	5,646
TOTAL RESERVE	\$ 327,298	\$ 305,411	\$ 293,234

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. 2
2024 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
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

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 4% of the property taxes collected.

Interest income

Interest earned on the District's available funds has been estimated on an average interest rate of 4%.

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.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Transfer to Poudre Tech Metro District

Property taxes generated from the 21.960 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 16.184 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.

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.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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 2024, 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, 2024

\$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
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
	\$	6,535,000	\$	3,192,126	\$ 9,727,126

No assurance is provided. See summary of significant assumptions.