

**POUDRE TECH METROPOLITAN DISTRICT
AND
WATER VALLEY METROPOLITAN DISTRICT NOS. 1&2**

2025 CONSOLIDATED ANNUAL REPORT

Pursuant to §32-1-207(3)(c) and the Consolidated Service Plan for Poudre Tech Metropolitan District and Water Valley Metropolitan District Nos. 1 & 2 (collectively the “**Districts**”), the Districts are required to provide an annual report to the Town of Windsor with regard to the following matters:

For the year ending December 31, 2025, the Districts make the following report:

§32-1-207(3) Statutory Requirements

1. Boundary changes made.

There were no changes or proposed changes to the boundaries of the Districts during the reporting year.

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

There were no Intergovernmental Agreements entered into or terminated with other governmental entities during the reporting year.

3. Access information to obtain a copy of rules and regulations adopted by the board.

A copy of the Districts’ rules and regulations is attached as **Exhibit C**.

4. A summary of litigation involving public improvements owned by the Districts.

To our actual knowledge, based on review of the court records in Weld County, Colorado, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts’ public improvements as of December 31, 2025.

5. The status of the construction of public improvements by the Districts.

The Districts did not undertake the construction of any Public Improvements in 2025.

6. A list of facilities or improvements constructed by the Districts that were conveyed or dedicated to the county or municipality.

The Districts did not construct any facilities or improvements that were conveyed or dedicated to the county or municipality in 2025.

7. The final assessed valuation of the Districts as of December 31st of the reporting year.

Assessed Valuation of all taxable property within the Districts for the report year, as certified by the Weld County Assessor:

Poudre Tech MD - \$5,570

Water Valley MD No. 1 - \$46,382,230

Water Valley MD No. 2 - \$91,153,710

8. A copy of the current year's budget.

Copies of the 2026 Budgets are attached hereto as **Exhibit A**

9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

The 2025 Audits for Poudre Tech Metropolitan District and Water Valley Metropolitan District Nos. 1 & 2 are attached hereto as **Exhibit B**.

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the Districts.

The Districts are not aware of any uncured events of default by the Districts existing for more than ninety (90) days.

11. Any inability of the Districts to pay their obligations as they come due under any obligation which continues beyond a ninety (90) day period.

The Districts are not aware of any inability to pay their obligations as they become due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

Service Plan Requirements

1. A narrative summary of the progress of the Districts in implementing the Service Plan for the report year.

The Districts continue to implement their service plan through the provision of numerous operations services, non-potable water service, and financing of public improvements through the issuance of debt.

2. Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the Districts for the report year including a statement of financial condition (i.e., balance sheet) as of December 31 of the report year and the statement of operations (i.e., revenues and

expenditures) for the report year;

The 2025 Audits for Poudre Tech Metropolitan District and Water Valley Metropolitan District Nos. 1 & 2 are attached hereto as **Exhibit B**.

- 3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of Public Improvements in the report year;**

See attached copies of the Districts' 2026 Budgets as **Exhibit A**.

- 4. Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.**

The Districts are not aware of any inability to pay their obligations as they become due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

- 5. Boundary changes made or proposed to the District's boundaries as of December 31 of the prior year.**

There were no changes or proposed changes to the boundaries of the District in 2025.

- 6. Copies of the District's rules and regulations, if any, as of December 31 of the prior year.**

A copy of the Districts' rules and regulations is attached as **Exhibit C**.

- 7. Intergovernmental Agreements with other governmental entities either entered into or proposed as of December 31 of the prior year.**

There were no Intergovernmental Agreements entered into or terminated with other governmental entities during the reporting year.

- 8. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.**

To our actual knowledge, based on review of the court records in Weld County, Colorado, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts' public improvements as of December 31, 2024.

- 9. Status of the Districts construction of the Public Improvements as of December 31 of the prior year.**

The Districts did not undertake the construction of any Public Improvements in 2024.

10. A list of all facilities and improvements constructed by the District that has been dedicated to and accepted by the Town as of December 31 of the prior year.

The Districts did not construct any facilities or improvements that were conveyed or dedicated to the county or municipality in 2024.

11. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the Districts in the report year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the report year and the current mill levy of the Districts pledged to debt retirement in the report year.

See attached copies of the Districts' 2026 Budgets as **Exhibit A**.

Assessed Valuation of all taxable property within the Districts for the report year, as certified by the Weld County Assessor:

Poudre Tech MD - \$5,570
Water Valley MD No. 1 - \$46,382,230
Water Valley MD No. 2 - \$91,153,710

EXHIBIT A
2026 Budgets

**POUDRE TECH METROPOLITAN DISTRICT
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Poudre Tech Metropolitan District (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 the Operating District organized in conjunction with two other related Financing Districts – Water Valley Metropolitan District Nos. 1 and 2 (District No. 1 and District No. 2). The District serves as the Operating District which is responsible for managing the construction and operation of facilities and improvements needed for District No. 1 and District No. 2. The Financing Districts 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 4, 2003, the voters approved general obligation indebtedness of \$27,750,000 for street improvements, \$2,250,000 for traffic and safety controls, \$13,500,000 for potable and non-potable water system \$15,000,000 for solid waste disposal, \$17,250,000 for parks and recreational facilities, \$2,250,000 for television relay and translation, \$78,000,000 for refinancing of District debt, and \$7,500,000 for general operations and maintenance. The voters also approved an annual tax increase of \$200,000 for general operations and maintenance. In order to exceed \$78,000,000 in total debt issuance among the Districts, the Districts would be required to submit an Amended Service Plan for approval by the Town Council.

On November 19, 2015, the District created its Water Activity Enterprise to provide water services and to acquire water or water rights. In 2016, the portion of the General Fund balance associated with Enterprise activity was transferred to the Enterprise Fund.

The District has no employees and all services are contracted.

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.

General Fund and Debt Service Fund Intergovernmental Revenues

Intergovernmental Transfer from Water Valley Metropolitan District No. 1

District No. 1 levied 23.321 mills for operations and maintenance. It is anticipated that District No. 1 will transfer the property taxes, net of fees, generated from the 23.321 mills into the District to pay for a portion of the operations and administrative expenditures of all Districts. District No. 1 also levied 14.590 mills for debt service and contractual obligations. It is anticipated that District No. 1 will transfer a portion the property taxes generated from the 14.590 mills into the District to pay for a portion of the Series 2020 bonds' debt service for 2026.

Intergovernmental Transfer from Water Valley Metropolitan District No. 2

District No. 2 levied 23.321 mills for operations and maintenance. It is anticipated that District No. 2 will transfer the property taxes, net of fees, generated from the 23.321 mills into the District to pay for a portion of the operations and administrative expenditures of all Districts. District No. 2 also levied 17.758 mills for debt service. It is anticipated that District No. 2 will transfer a portion of the property taxes generated from the 17.758 mills to pay for a portion of the Series 2020 bonds' debt service for 2026.

**POUDRE TECH METROPOLITAN DISTRICT
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Enterprise Revenues

Water, Capital and Tap Fees

The District's Enterprise charges base fees and usage fees to all residential units and commercial buildings. In 2026, base fees will be \$267 per residential unit and commercial building and water rates will be \$4.27 per 1,000 gallons used. The large user, such as golf courses, rate is \$2.99 per 1,000 gallons. In 2026, the District's Enterprise will assess a capital fee of \$2,500 per Commercial Building, Single Family Residential Unit, and Single-Family Attached or Multi-Family Dwelling Unit, which is collected at the time of building permit issuance. The 2026 budget anticipates collecting system development fees for 10 units. Tap fees vary based on unit type and meter size. The 2026 budget anticipates a \$2,800 per unit tap fees for 10 residential units.

Intergovernmental Revenue

Pursuant to a pledge agreement, RainDance will provide certain net revenue, not to exceed 27% of each payment, for principal and interest on the District's Enterprise Loan, further discussed in the Debt and Lease section.

Other Revenues

Developer Advances

Pursuant to the Management Agreement between the District and Water Valley Land Company LLC (an entity affiliated with the Developer), Water Valley Land Company LLC will provide certain managerial and administrative services to the District and its Enterprise. These services will be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from legally available revenue.

Expenditures

General Fund

General fund expenditures include the costs of services necessary to maintain the District's administrative viability such as legal, accounting, audit, managerial, insurance, meeting and other general and administrative expenditures. Operations and Maintenance expenditures include landscaping, utilities, snow removal, and other repairs and maintenance. W-Club expenditures are associated to the clubhouse owned and operated by the District. General fund debt service expenditures are related to an operating loan with North Valley Bank.

Enterprise Fund

Enterprise operating expenditures are associated with billing and collecting water fees and repairs and maintenance of the water delivery system. Enterprise Debt expenditures are principal and interest payments associated with the 2023 Enterprise Loan discussed in more detail in the Debt and Leases section.

Debt Service

Principal and interest payments are provided based on the attached debt amortization schedules from the Unlimited Property Tax Supported Revenue Refunding Bonds Series 2020.

**POUDRE TECH METROPOLITAN DISTRICT
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt

2020 Property Tax Supported Revenue Refunding Bonds

On September 3, 2020, the District issued \$21,015,000 Unlimited Property Tax Supported Revenue Refunding Bonds, Series 2020 (Bonds) with interest rates varying from 2.125% to 4.000%. Proceeds from the sale of the Bonds were used for the purpose of refunding the Series 2010 Bonds. A portion of the proceeds of the Bonds were also used to (a) purchase a municipal bond insurance policy and (b) fund the costs of issuing the Bonds. The Bonds are subject to redemption prior to maturity, at the option of the District. The Bonds maturing on or after December 1, 2031 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities and if in part in such order of maturities as the District shall determine and by lot within maturities, on December 1, 2030, and on any date thereafter, upon payment of par plus accrued interest, and without any redemption premium.

Enterprise Loan

On October 17, 2023, the District entered into a Loan Agreement with Independent Financial Bank to obtain a loan in the amount of \$14,800,000 (2023 Loan). The maturity date of the 2023 Loan is October 17, 2028. The 2023 Loan has a fixed rate of 5.625%. Interest is paid quarterly on March 1, June 1, September 1 and December 1. Principal is paid on June 1 and December 1 of each year through the maturity date, commencing June 1, 2025. The proceeds from the 2023 Loan were used to (i) pay off the balance of principal and accrued interest of an existing loan (2022 Loan Agreement) with PWCB, (ii) pay for the costs of issuing the Loan, and (iii) finance certain public improvements.

Reserves

Emergency Reserves

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2026, as defined under TABOR.

This information is an integral part of the accompanying budget.

**POUDRE TECH METROPOLITAN DISTRICT
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$21,015,000 Series 2020 Unlimited Property Tax Supported Revenue Refunding Bonds Dated September 3, 2020 Principal due December 1 Interest Rate 2.125% to 4.00% Payable June 1 and December 1			
<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	715,000	538,438	1,253,438
2027	740,000	516,987	1,256,987
2028	830,000	494,788	1,324,788
2029	1,130,000	469,887	1,599,887
2030	1,195,000	435,988	1,630,988
2031	1,275,000	400,137	1,675,137
2032	1,310,000	361,888	1,671,888
2033	1,360,000	309,487	1,669,487
2034	1,435,000	255,088	1,690,088
2035	1,505,000	197,687	1,702,687
2036	1,550,000	167,588	1,717,588
2037	1,600,000	121,087	1,721,087
2038	1,650,000	73,088	1,723,088
2039	1,690,000	38,025	1,728,025
Total	<u>\$ 17,985,000</u>	<u>\$ 4,380,163</u>	<u>\$ 23,365,163</u>

No assurance provided. See summary of significant assumptions.

**POUDRE TECH METROPOLITAN DISTRICT
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2024**

\$14,800,000 Water Revenue Refunding and Improvements Loan, 2023 Dated October 17, 2023 Principal due June 1 and December 1, Commencing June 1, 2025 Interest Rate 5.625% Payable March, 1, June 1, September 1 and December 1			
<u>Year Ended December 31,</u>	Principal*	Estimated Interest*	Total
2026	294,530	831,375	1,125,905
2027	311,567	809,183	1,120,750
2028	13,915,478	797,282	14,791,185
Total	14,521,575	2,437,840	17,037,840

** Represents estimated principal and interest payments, without taking into account prepayment of loan principal and; therefore, may not match the budget presented.*

No assurance provided. See summary of significant assumptions.

Poudre Tech Metropolitan District
2026 Budget - Summary
For the Years Ended and Ending December 31,

			2025 Estimated	
	2024 Actual	2025 Budget	Actual	2026 Budget
Beginning Fund Balances	9,166,167	3,626,621	7,105,191	4,955,414
Operating and Debt Service Revenues				
General Fund	3,962,038	4,416,719	3,996,254	4,654,609
Enterprise Fund	4,544,686	2,949,503	3,026,112	2,790,765
Debt Service Fund	1,255,204	1,236,754	1,445,841	1,291,706
Total Operating and Debt Service Revenues	9,761,928	8,602,976	8,468,207	8,737,080
General and Administrative Expenditures				
General Fund	567,347	712,199	642,423	641,212
Enterprise Fund	242,702	198,000	219,372	202,597
Total General and Administrative Expenditures	810,049	910,199	861,795	843,809
Operations and Maintenance Expenditures				
General Fund	2,567,185	2,932,234	2,871,310	3,106,527
Enterprise Fund	2,108,951	1,337,600	1,588,112	1,003,120
Total Operations and Maintenance Expenditures	4,676,136	4,269,834	4,459,422	4,109,647
Debt Service Expenditures				
General Fund	270,326	257,873	463,898	282,400
Enterprise Fund	846,375	1,118,530	1,118,530	1,120,610
Debt Service Fund	1,241,238	1,236,687	1,434,530	1,256,188
Total Debt Service Expenditures	2,357,939	2,613,090	3,016,958	2,659,198
Other Sources (Uses) of Funds				
General Fund - Capital Outlay	(188,504)	(410,000)	(410,000)	(315,000)
Enterprise Fund	(3,790,276)	(210,000)	(1,869,809)	(165,000)
Debt Service Fund	-	-	-	-
Total Other Sources (Uses) of Funds	(3,978,780)	(620,000)	(2,279,809)	(480,000)
Ending Fund Balances	7,105,191	3,816,474	4,955,414	5,599,840
Emergency Reserve	88,900	122,000	118,000	122,000

Reserve calculated as 3% of General Fund Expenditures excluding Debt Service

Poudre Tech Metropolitan District
2026 Budget - General Fund
For the Years Ended and Ending December 31,

			2025 Amended Budget and Estimated	
	2024 Actual	2025 Budget	Actual	2026 Budget
Beginning Fund Balances	\$ 1,241,440	\$ 1,148,883	\$ 1,610,116	\$ 1,218,739
Revenues				
Intergovernmental Revenue - WV1	963,572	1,014,137	963,355	1,106,274
Intergovernmental Revenue - WV2	2,311,269	2,411,082	2,186,682	2,383,888
Intergovernmental Revenue - RDMD1	-	450,000	-	567,300
Recreation Fees (Pool & W-Club)	573,236	435,000	797,717	545,000
Developer Advance - Office Overhead	-	60,000	-	-
Operating Loan Proceeds	-	-	-	-
Sublease Office Space	49,010	46,500	46,500	52,147
Other Revenues	64,951	-	2,000	-
Total Revenues	3,962,038	4,416,719	3,996,254	4,654,609
Total Funds Available	5,203,478	5,565,602	5,606,370	5,873,348
Expenditures				
General and Administrative				
District Management Contract	40,200	50,094	37,800	39,690
Accounting	58,001	48,000	50,318	50,400
Administration Staff	124,955	102,000	162,681	127,460
Audit	43,319	42,000	42,000	55,000
Legal Services	79,842	100,000	75,000	75,000
Consulting and Studies	1,654	20,000	10,000	10,000
Election	-	15,000	3,078	-
Insurance	66,129	79,355	61,208	80,000
Dues and Memberships	2,606	2,750	1,594	3,000
Office Rent	68,674	77,500	84,381	86,912
Office Supplies	8,011	7,000	8,613	6,000
Printing and Postage	4,104	7,000	5,000	2,500
Office Overhead	60,000	60,000	60,000	60,000
Bank Fees	7,402	1,500	750	750
Website	950	10,000	2,500	7,000
Developer Repayment - Office Overhead	-	60,000	-	-
District Events	1,500	7,500	7,500	7,500
Contingency	-	30,000	30,000	30,000

Poudre Tech Metropolitan District
2026 Budget - General Fund
For the Years Ended and Ending December 31,

	2024 Actual	2025 Budget	2025 Amended Budget and Estimated Actual	2026 Budget
Operations and Maintenance				
Community Management	-	131,000	-	132,166
Electricity and Gas	22,466	25,000	16,000	17,920
Non-potable Water	266,333	150,000	200,000	260,000
Maintenance Staff	218,849	231,000	231,000	278,860
Patrol Services	138,362	90,000	90,000	90,000
Landscape Contract	374,945	370,000	370,000	388,500
Landscape Projects	46,896	50,000	50,000	50,000
Sprinkler System Repairs	144,415	80,000	155,051	70,000
Snow Removal	10,709	45,000	45,000	45,000
Farms	42,577	45,000	45,000	47,000
Fish Stock	-	10,000	10,000	10,000
Orchard Trees and Operations	1,438	10,000	1,000	7,500
Pest Control	10,250	12,000	13,000	13,000
Repairs and Maintenance	38,480	50,000	45,000	45,000
Beach Maintenance	16,214	16,500	16,500	12,000
Lake Water Treatments				80,000
Storm Water Maintenance and Repairs	-	10,000	5,000	5,000
Concrete and Trails	9,894	15,000	16,000	15,000
Parks & Playgrounds	1,802	4,000	15,000	10,000
Trees	45,000	20,000	15,000	20,000
Fences	24,195	30,000	15,000	15,000
IGA - Maint. Building Expense and Fuel Share	-	20,000	20,000	15,000
Dog Waste Stations			4,525	10,000
W-Club				
Rent	290,115	310,234	310,234	319,541
CAM	78,214	80,000	68,000	70,040
Operating Supplies	49,927	45,000	55,000	55,000
Operating Services	134,593	125,000	125,000	115,000
Operating Staff	564,417	550,000	550,000	550,000
Repairs and Maintenance	37,094	40,000	25,000	25,000
Intergovernmental River Resort Cost Share - RDM1	-	360,000	360,000	335,000
Capital Outlay				
Equipment Acquisition	-	60,000	60,000	60,000
Capital Reserves	-	161,000	161,000	50,000
Capital Projects	188,504	139,000	139,000	175,000
Capital Contingency	-	50,000	50,000	30,000
Debt Service				
Transfer to Debt Service - Developer Capital Pmt	-	-	198,093	-
Principal - NVB Operating Loan	190,000	200,000	221,177	250,000
Interest - NVB Operating Loan	80,326	57,873	44,628	32,400
Total Expenditures	3,593,362	4,312,306	4,387,631	4,345,139
Excess Revenues (Expenditures)	368,676	104,413	(391,377)	309,470
Ending Fund Balance	\$ 1,610,116	\$ 1,253,296	\$ 1,218,739	\$ 1,528,209
Total Expenditures Requiring Appropriation	3,593,362	4,312,306	4,387,631	4,345,139
Emergency Reserve	\$ 100,000	\$ 122,000	\$ 124,000	\$ 122,000
Total Reserve	\$ 100,000	\$ 122,000	\$ 124,000	\$ 122,000

Poudre Tech Metropolitan District
2026 Budget - Enterprise Fund
For the Years Ended and Ending December 31,

	2024 Actual	2025 Budget	2025 Estimated Actual	2026 Budget
Beginning Funds Available	\$ 7,918,310	\$ 2,472,890	\$ 5,474,692	\$ 3,704,981
Operating Revenues				
Water Fees				
Residential/Commercial Use	1,617,229	1,650,000	832,394	967,200
Annual Capital Fee			800,000	808,000
District	266,333	150,000	250,000	260,000
Golf Course	464,286	450,000	440,000	400,000
Tap Fees	839,800	210,000	210,000	28,000
Capital Fees (Construction)	1,137,500	187,500	187,500	25,000
Intergovernmental Revenue - RDM1	210,438	302,003	302,003	302,565
Other Revenue	9,100	-	4,215	-
Total Revenues	4,544,686	2,949,503	3,026,112	2,790,765
Total Funds Available	12,462,996	5,422,393	8,500,804	6,495,746
Operating Expenditures				
General and Administrative				
Administration, Water, and Billing Staff	88,281	102,000	119,172	101,587
Management Contract Fees	15,300	20,000	16,200	17,010
Legal Services	3,279	5,000	5,000	5,000
Collection Costs	103,586	45,000	36,000	30,000
Printing & Postage	16,348	15,000	20,000	13,000
Bank Fees	600	1,000	1,000	1,000
Consulting and Studies	15,308	10,000	22,000	35,000
Operations and Maintenance				
Electricity	202,219	204,000	204,000	210,120
Maintenance Staff	90,325	-	65,000	23,000
Management & Field Staff	250,000	315,000	250,000	300,000
Repairs and Maintenance	69,716	100,000	45,000	45,000
Meter Reading Software	25,659	33,600	30,000	30,000
Water Quality Treatments	87,137	90,000	90,000	30,000
Water Meter Replacement	25,630	60,000	20,000	20,000
Meter Installation	786,177	195,000	210,000	28,000
IGA - Maint. Building Expense and Fuel Share	-	20,000	20,000	15,000
Pump Station Repairs and Maintenance	138,356	150,000	125,000	125,000
Depreciation	296,112	-	346,112	-
Other Operating Expenses				
SCADA	10,476	25,000	18,000	20,000
Delivery and Ditch Expenses	50,608	60,000	60,000	60,000
Utility Locates	76,536	80,000	80,000	72,000
Contingency		25,000	25,000	25,000
Total Operating Expenditures	2,351,653	1,555,600	1,807,484	1,205,717
Excess Operating Revenues	2,193,033	1,393,903	1,218,628	1,585,048

Poudre Tech Metropolitan District
2026 Budget - Enterprise Fund
For the Years Ended and Ending December 31,

	2024 Actual	2025 Budget	2025 Estimated Actual	2026 Budget
Debt				
Loan Interest	(846,375)	(840,105)	(840,105)	(826,080)
Loan Principal	-	(278,425)	(278,425)	(294,530)
Total Debt Service	(846,375)	(1,118,530)	(1,118,530)	(1,120,610)
Funds Available after Debt Payments	9,264,968	2,748,263	5,574,790	4,169,419
Other Sources (Uses) of Funds				
Debt Proceeds		-	-	-
Costs of Issuance		-	-	-
Non-operating Revenue	45,868	17,000	19,000	35,000
Developer Advance - Field Staff	-	250,000	-	-
Developer Field Staff		(250,000)	-	-
Capital Outlay				
Eagle Lake Outlet	-	-	-	-
Seawall	(159,566)	-	(50,000)	-
River Stabilization	-	-	-	-
Other Capital Projects	(392,429)	(227,000)	(227,000)	(200,000)
Intergovernmental Expenses - RDM1 Reservoir	(4,624,857)	-	(1,611,809)	-
Capitalized Assets	1,340,708	-	-	-
Total Other Sources (Uses) of Funds	(3,790,276)	(210,000)	(1,869,809)	(165,000)
Ending Funds Available	5,474,692	2,538,263	3,704,981	4,004,419
Emergency Reserve	\$ 136,400	\$ 88,500	\$ 90,800	\$ 83,800
Total Reserve	\$ 136,400	\$ 88,500	\$ 90,800	\$ 83,800
Total Expenditures				
Requiring Appropriation	8,374,880	3,151,130	4,814,823	2,526,327

Poudre Tech Metropolitan District
2026 Budget - Debt Service Fund
For the Years Ended and Ending December 31,

			2025	
	2024 Actual	2025 Budget	Estimated Actual	2026 Budget
Beginning Fund Balances	\$ 6,417	\$ 6,417	\$ 20,383	\$ 31,694
Revenues				
Pledged Revenue WV1	285,232	280,975	282,220	206,674
Pledged Revenue WV2	956,256	955,779	955,779	1,085,032
Transfer in from General	-	-	198,093	-
Interest Income	13,716	-	9,749	-
Total Revenues	1,255,204	1,236,754	1,445,841	1,291,706
Total Funds Available	1,261,621	1,243,171	1,466,224	1,323,400
Expenditures				
Debt Service				
Paying Agent Fees	2,750	3,000	2,750	2,750
Bond Interest - Series 2020	578,488	558,687	558,687	538,438
Bond Principal - Series 2020	660,000	675,000	675,000	715,000
Developer Capital Advance - Pmt	-	-	198,093	-
Total Expenditures	1,241,238	1,236,687	1,434,530	1,256,188
Excess Revenues (Expenditures)	13,966	67	11,311	35,518
Ending Fund Balance	\$ 20,383	\$ 6,484	\$ 31,694	\$ 67,212
Total Expenditures				
Requiring Appropriation	1,241,238	1,236,687	1,434,530	1,256,188

WATER VALLEY METROPOLITAN DISTRICT NO. 1
2026 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.

This information is an integral part of the accompanying budget.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue – (continued)

Property Taxes (continued)

For property tax year 2024, SB24-233 and HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate
Single-Family Residential	6.25%		Agricultural Land	27.00%
Multi-Family Residential	6.25%		Renewable Energy Land	27.00%
Commercial	27.00%		Vacant Land	27.00%
Industrial	27.00%		Personal Property	27.00%
Lodging	27.00%		State Assessed	27.00%
			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 1%.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.50% of property taxes.

Transfer to Poudre Tech Metro District

Property taxes generated from the 23.321 mills levied by the District for operations and maintenance, net of fees, are expected to be transferred to Poudre Tech Metropolitan District, which pays all administrative and operating expenditures of the District.

Property taxes generated from the 10.350 mills levied by the District for debt service, net of fees, will be used to pay Principal and Interest on the Series 2016 Bonds. Property taxes from the 4.240 mills levied for contractual purposes, 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.

This information is an integral part of the accompanying budget.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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 mature 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 2024, 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, 2025

\$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
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
Total	5,225,000	2,260,576	7,485,576

No assurance provided. See summary of significant assumptions.

Water Valley Metropolitan District No. 1
2026 Budget Summary
For the Years Ended and Ending December 31,

		2025	
	2024 Actual	Estimated Actual	2026 Budget
Beginning Fund Balances	378,345	372,879	384,028
Revenues			
Property Taxes	1,378,661	1,422,330	1,561,736
Specific Ownership Taxes	49,874	56,894	62,469
Interest Revenue	20,704	13,707	5,000
Other Revenue	35,349	6,462	-
Total Revenue	1,484,588	1,499,393	1,629,205
Expenditures			
General Fund	977,692	978,194	1,124,947
Debt Service Fund	507,929	510,050	516,413
Total Expenditures	1,485,621	1,488,244	1,641,360
Other Sources (Uses)			
Contractual Property Taxes	274,533	274,122	196,661
Contractual Specific Ownership Taxes	9,954	10,965	7,866
Contractual Treasurer's Fees	(4,125)	(4,112)	(2,950)
Other Contractual Revenue (Expenditures)	437	1,245	-
Transfer to PTMD - 2020 Bonds	(285,232)	(282,220)	(201,577)
Total Other Sources (Uses)	(4,433)	-	-
Ending Fund Balance	372,879	384,028	371,873

Water Valley Metropolitan District No. 1
2026 Budget Property Tax Summary Information
For the Years Ended and Ending December 31,

	Assessed Value 2024	Assessed Value 2025	Assessed Value 2026
Single-Family Residential	29,396,690	29,417,700	31,569,960
Commercial	7,528,930	7,545,580	8,599,570
Vacant Land	195,760	689,720	1,998,700
Industrial	549,420	9,470	-
Agricultural	3,160	3,160	2,990
Oil & Gas	5,771,490	2,961,130	3,477,130
State Assessed			
Real Property	6,520	7,630	6,920
Personal Property	676,750	742,480	726,960
Certified Assessed Value	44,128,720	41,376,870	46,382,230
Mill Levy			
General	20.340	22.586	23.321
Debt Service and Contractual	17.110	18.414	14.590
Total Mill Levy	37.450	41.000	37.911
Property Taxes Levied			
General	897,578	934,538	1,081,680
Debt Service and Contractual	755,042	761,914	676,717
Total Taxes Levied	1,652,620	1,696,452	1,758,397

5.5%, 5.25% Revenue Growth Limit Test*

	2025	2026
Previous year general revenue	897,578	934,538
Previous year assessed value, less Gas & Oil & Personal Property	÷ 37,680,480	37,673,260
Previous year tax rate	23.821	24.806
Assessed value of new construction	x -	1,520
Revenue from growth properties	-	38
Expanded revenue base <i>(prior general revenue + growth revenue)</i>	897,578	934,576
5.5% Increase, 5.25% Increase	x 1.055	1.0525
Increased revenue base	946,945	983,641
Current year assessed value, less Gas & Oil & Personal Property	÷ 37,673,260	42,178,140
General Mill Levy with 5.5%, 5.25% Growth	25.136	23.321

**Informational purposes only. 5.25% Growth Applies to 2026. Taxes on Gas & Oil Property is exempt.*

Water Valley Metropolitan District No. 1
2026 Budget - General Fund
For the Years Ended and Ending December 31,

	2025			
			Estimated	
	2024 Actual	2025 Budget	Actual	2026 Budget
Beginning Fund Balances	\$ 105,235	\$ 105,235	\$ 100,000	\$ 99,679
Revenues				
Property Taxes	899,340	934,538	934,538	1,081,680
Specific Ownership Taxes	32,494	37,382	37,382	43,267
Interest Income	6,037	1,000	1,707	-
Other Revenues	34,586	-	4,246	-
Total Revenues	972,457	972,920	977,873	1,124,947
Total Funds Available	1,077,692	1,078,155	1,077,873	1,224,626
Expenditures				
General and Administrative				
County Treasurer's Fee	13,819	14,018	14,018	16,225
Intergovernmental expenditures	963,572	1,014,137	963,355	1,108,222
Bank Fees	-	-	321	-
Contingency	301	50,000	500	500
Total Expenditures	977,692	1,078,155	978,194	1,124,947
Excess Revenues (Expenditures)	(5,235)	(105,235)	(321)	-
Ending Fund Balance	\$ 100,000	\$ -	\$ 99,679	\$ 99,679
Total Expenditures				
Requiring Appropriation	977,692	1,078,155	978,194	1,124,947

Water Valley Metropolitan District No. 1
2026 Budget - Debt Service
For the Years Ended and Ending December 31,

	2024	2025	2025	
	Actual	Budget	Amended Budget and Estimated Actual	2026 Budget
Beginning Fund Balances	\$ 273,110	\$ 269,783	\$ 272,879	\$ 284,349
Revenues				
Property Taxes	479,321	487,792	487,792	480,056
Specific Ownership Taxes	17,380	19,512	19,512	19,202
Interest Income	14,667	2,698	12,000	5,000
Other Revenue	763	-	2,216	-
Total Revenues	512,131	510,002	521,520	504,258
Total Funds Available	785,241	779,785	794,399	788,607
Expenditures				
General and Administrative				
County Treasurer's Fee	7,391	7,317	7,350	7,201
Bank Fees	-	-	50	-
Contingency	88	-	-	5,000
Debt Service				
Paying Agent Fees	2,500	2,500	2,500	2,500
2016 Bond Principal	240,000	250,000	250,000	260,000
2016 Bond Interest	257,950	250,150	250,150	241,712
Total Expenditures	507,929	509,967	510,050	516,413
Other Sources (Uses)				
Contractual Property Taxes	274,533	274,122	274,122	196,661
Contractual Specific Ownership Taxes	9,954	10,965	10,965	7,866
Contractual Treasurer's Fees	(4,125)	(4,112)	(4,112)	(2,950)
Other Contractual Revenue (Expenditures)	437	-	1,245	-
Transfer to PTMD - 2020 Bonds	(285,232)	(280,975)	(282,220)	(201,577)
Total Other Sources(Uses)	(4,433)	-	-	-
Excess Revenues (Expenditures)	(231)	35	11,470	(12,155)
Ending Fund Balance	\$ 272,879	\$ 269,818	\$ 284,349	\$ 272,194
Total Expenditures Requiring Appropriation	797,286	795,054	796,382	720,940
Required Reserves	250,856	250,856	250,856	250,856
Reserve for Future Debt Service	22,023	18,962	33,493	21,338
Total Reserve	272,879	269,818	284,349	272,194

WATER VALLEY METROPOLITAN DISTRICT NO. 2
2026 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.

This information is an integral part of the accompanying budget.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues (continued)

Property Taxes (continued)

For property tax year 2024, SB24-233 and HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate	Category	Rate
Single-Family Residential	6.25%	Agricultural Land	27.00%
Multi-Family Residential	6.25%	Renewable Energy Land	27.00%
Commercial	27.00%	Vacant Land	27.00%
Industrial	27.00%	Personal Property	27.00%
Lodging	27.00%	State Assessed	27.00%
		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.

Transfer to Poudre Tech

Metro District

Property taxes generated from the 23.321 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.

Property taxes generated from the 6.145 mills levied by the District for debt service, net of fees, will be used to pay principal and interest on the Series 2016 Bonds. Property taxes generated from the 11.613 mills contractual levy, 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.

This information is an integral part of the accompanying budget.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures (continued)

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.

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, 2025

\$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

<u>Year Ended</u> <u>December 31,</u>	Principal	Interest	Total
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
	\$ 5,975,000	\$ 2,606,901	\$ 8,581,901

No assurance is provided. See summary of significant assumptions.

Water Valley Metropolitan District No. 2
2026 Budget Summary
For the Years Ended and Ending December 31,

	2025		
	2024 Actual	Estimated Actual	2026 Budget
Beginning Fund Balances	630,921	488,129	488,981
Revenues			
Property Taxes	2,563,221	2,503,731	2,685,936
Specific Ownership Taxes	92,554	100,149	107,438
Payment in Lieu of Taxes	164,376	164,376	185,447
Interest Revenue	63,984	30,493	25,601
Other Revenue	72,421	4,535	-
Total Revenue	2,956,556	2,803,284	3,004,422
Expenditures			
General Fund	2,506,893	2,216,558	2,416,275
Debt Service Fund	583,217	585,874	589,427
Total Expenditures	3,090,110	2,802,432	3,005,702
Other Sources (Uses)			
Contractual Property Taxes	926,189	932,467	1,058,568
Contractual Specific Ownership Taxes	33,450	37,299	42,343
Contractual Treasurer's Fees	(13,912)	(13,987)	(15,879)
Other Contractual Revenue (Expenditures)	1,291	-	-
Transfer to PTMD - 2020 Bonds	(956,256)	(955,779)	(1,085,032)
Total Other Sources (Uses)	(9,238)	-	-
Ending Fund Balance	488,129	488,981	487,701

Water Valley Metropolitan District No. 2
2026 Budget Property Tax Summary Information
For the Years Ended and Ending December 31,

	Assessed Value 2024	Assessed Value 2025	Assessed Value 2026
Residential	61,720,840	62,704,280	68,750,060
Commercial	7,847,200	8,993,200	13,131,800
Vacant Land	2,747,550	2,321,840	2,564,100
Industrial	-	-	
Agricultural	1,220	1,220	490
Oil & Gas	18,461,110	9,170,810	6,236,830
State Assessed			
Real Property	14,060	15,690	13,870
Personal Property	455,800	602,650	456,560
Certified Assessed Value	91,247,780	83,809,690	91,153,710
Mill Levy			
General	21.960	23.216	23.321
Debt Service and Contractual	16.184	17.784	17.758
Total Mill Levy	38.144	41.000	41.079
Property Taxes Levied			
General	2,003,801	1,945,726	2,125,796
Debt Service and Contractual	1,476,754	1,490,472	1,618,708
Total Taxes Levied	3,480,555	3,436,198	3,744,504

5.5%, 5.25% Revenue Growth Limit Test*

	2025	2026
Previous year general revenue	2,003,801	1,945,726
Previous year assessed value, less Gas & Oil & Personal Property	÷ 72,330,870	74,036,230
Previous year tax rate	27.703	26.281
Assessed value of new construction	x 2,119,240	3,910,300
Revenue from growth properties	58,709	102,767
Expanded revenue base <i>(prior general revenue + growth revenue)</i>	2,062,510	2,048,493
5.5% Increase, 5.25% Increase	x 1.055	1.0525
Increased revenue base	2,175,948	2,156,039
Current year assessed value, less Gas & Oil & Personal Property	÷ 74,036,230	84,460,320
General Mill Levy with 5.5%, 5.25% Growth	29.390	25.527

**Informational purposes only. 5.25% Growth Applies to 2026. Taxes on Gas & Oil Property is exempt.*

Water Valley Metropolitan District No. 2
2026 Budget - General Fund
For the Years Ended and Ending December 31,

	2025			
			Estimated	
	2024 Actual	2025 Budget	Actual	2026 Budget
Beginning Fund Balances	\$ 314,030	\$ 314,030	\$ 150,000	\$ 149,810
Revenues				
Property Taxes	2,009,118	1,945,726	1,945,726	2,125,796
Specific Ownership Taxes	72,542	77,829	77,829	85,032
Payment in Lieu of Taxes	164,376	176,683	164,376	185,447
Interest Income	25,178	1,000	24,913	20,000
Other Revenues	71,649	-	3,524	-
Total Revenues	2,342,863	2,201,238	2,216,368	2,416,275
Total Funds Available	2,656,893	2,515,268	2,366,368	2,566,085
Expenditures				
General and Administrative				
County Treasurer's Fee	30,987	29,186	29,186	31,887
Intergovernmental expenditures	2,475,298	2,411,082	2,186,682	2,383,888
Bank Fees	-	-	190	-
Contingency	608	75,000	500	500
Total Expenditures	2,506,893	2,515,268	2,216,558	2,416,275
Excess Revenues (Expenditures)	(164,030)	(314,030)	(190)	-
Ending Fund Balance	\$ 150,000	\$ -	\$ 149,810	\$ 149,810
Total Expenditures				
Requiring Appropriation	2,506,893	2,515,268	2,216,558	2,416,275

Water Valley Metropolitan District No. 2
2026 Budget - Debt Service
For the Years Ended and Ending December 31,

	2025			
	2024 Actual	2025 Budget	Estimated	2026 Budget
Beginning Fund Balances	\$ 316,891	\$ 316,417	\$ 338,129	\$ 339,171
Revenues				
Property Taxes	554,103	558,005	558,005	560,140
Specific Ownership Taxes	20,012	22,320	22,320	22,406
Interest Income	38,806	5,580	5,580	5,601
Other Revenue	772	-	1,011	-
Total Revenues	613,693	585,905	586,916	588,147
Total Funds Available	930,584	902,322	925,045	927,318
Expenditures				
General and Administrative				
County Treasurer's Fee	8,548	8,370	8,370	8,402
Contingency	88	1,860	1,860	5,000
Debt Service				
Paying Agent Fees	2,500	2,500	2,500	2,500
2016 Bond Principal	275,000	285,000	285,000	295,000
2016 Bond Interest	297,081	288,144	288,144	278,525
Total Expenditures	583,217	585,874	585,874	589,427
Other Sources (Uses)				
Contractual Property Taxes	926,189	932,467	932,467	1,058,568
Contractual Specific Ownership Taxes	33,450	37,299	37,299	42,343
Contractual Treasurer's Fees	(13,912)	(13,987)	(13,987)	(15,879)
Other Contractual Revenue (Expenditures)	1,291	-	-	-
Transfer to PTMD - 2020 Bonds	(956,256)	(955,779)	(955,779)	(1,085,032)
Total Other Sources(Uses)	(9,238)	-	-	-
Excess Revenues (Expenditures)	21,238	31	1,042	(1,280)
Ending Fund Balance	\$ 338,129	\$ 316,448	\$ 339,171	\$ 337,891
Total Expenditures Requiring Appropriation	1,553,385	1,555,640	1,555,640	1,690,338
Required Reserves	287,588	287,588	287,588	287,588
Reserve for Future Debt Service	50,541	28,860	51,583	50,303
Total Reserve	338,129	316,448	339,171	337,891

EXHIBIT B
Poudre Tech Metropolitan District and
Water Valley Metropolitan District Nos. 1 & 2
2025 Audits

POUDRE TECH METROPOLITAN DISTRICT

Weld County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY
INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**POUDRE TECH METROPOLITAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Poudre Tech Metropolitan District
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Poudre Tech Metropolitan District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the budgetary comparison schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, including continuing disclosure annual financial information, included in the report. The other information comprises the continuing disclosure annual financial information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

DMC Auditing and Consulting, LLC

Bailey, Colorado
July 31, 2026

BASIC FINANCIAL STATEMENTS

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 1,190,641	\$ 1,213,387	\$ 2,404,028
Cash and Investments - Restricted	157,565	1,670,520	1,828,085
Receivables	-	632,833	632,833
Lease Receivable	55,654	-	55,654
Due from Other Funds	-	386,990	386,990
Due from Other Governments	1,601,690	227,127	1,828,817
Prepaid Expenses	71,352	-	71,352
Capital Assets, not being depreciated	254,769	10,791,000	11,045,769
Capital Assets, being depreciated, net	7,358,819	6,016,689	13,375,508
Total Assets	<u>10,690,490</u>	<u>20,938,546</u>	<u>31,629,036</u>
Liabilities			
Accounts Payables	122,428	214,942	337,370
Unearned Revenue	-	27,972	27,972
Due to Other Funds	386,990	-	386,990
Due to Others	252,446	62,500	314,946
Accrued Interest Payable	53,159	68,070	121,229
Current Portion Bonds and Notes Payable	1,072,944	294,530	1,367,474
Noncurrent Liabilities:			
Due in More Than One Year	19,436,513	14,227,045	33,663,558
Total Liabilities	<u>21,324,480</u>	<u>14,895,059</u>	<u>36,219,539</u>
Deferred Inflows of Resources			
Deferred Inflow - Leases	50,435	-	50,435
Total Deferred Inflows of Resources	<u>50,435</u>	<u>-</u>	<u>50,435</u>
Net Position			
Net Investment in Capital Assets	(12,386,124)	2,286,114	(10,100,010)
Restricted for:			
Emergency Reserves	132,000	-	132,000
Debt Service	28,962	1,602,450	1,631,412
Unrestricted	1,540,737	2,154,923	3,695,660
Total Net Position	<u>\$ (10,684,425)</u>	<u>\$ 6,043,487</u>	<u>\$ (4,640,938)</u>

See accompanying Notes to Basic Financial Statements

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

	Program Revenue			Net Revenues (Expenses) and Change in		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Functions/Programs						Total
Primary Government						
Government Activities						
General Government	\$ 583,311	\$ -	\$ 3,121,801	\$ -	\$ 2,538,490	\$ 2,538,490
Public Works and Parks and Recreation	2,964,585	1,195,239	-	-	(1,769,346)	(1,769,346)
Interest and Related Costs on Long-Term Debt	460,487	-	-	1,231,962	771,475	771,475
Total Governmental Activities	4,008,383	1,195,239	3,121,801	1,231,962	1,540,619	1,540,619
Business-Type Activities						
Nonpotable Water Services	2,352,165	2,479,231	302,003	107,500	-	536,569
Total Business-Type Activities	2,352,165	2,479,231	302,003	107,500	-	536,569
Total Governmental and Business-Type Activities	\$ 6,360,548	\$ 3,674,470	\$ 3,423,804	\$ 1,339,462	\$ 1,540,619	\$ 2,077,188
General Revenues						
Net Investment Income					13,410	21,663
Other Income					50,469	10,563
Total General Revenues					63,879	32,226
Change in Net Position					1,604,498	568,795
Net Position, Beginning of Year					(12,288,923)	5,474,692
Net Position - End of Year					\$ (10,684,425)	\$ 6,043,487
						\$ (4,640,938)

See accompanying Notes to Basic Financial Statements

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Investments	\$ 1,190,641	\$ -	\$ 1,190,641
Cash and Investments - Restricted	132,000	25,565	157,565
Lease Receivable	55,654	-	55,654
Due from Other Funds	2,750	-	2,750
Due from Other Governments	1,592,693	8,997	1,601,690
Prepaid Expenditures	71,352	-	71,352
Total Assets	<u>\$ 3,045,090</u>	<u>\$ 34,562</u>	<u>\$ 3,079,652</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 119,578	\$ 2,850	\$ 122,428
Due to Others	252,446	-	252,446
Due to Other Funds	386,990	2,750	389,740
Total Liabilities	759,014	5,600	764,614
Deferred Inflows of Resources			
Deferred Inflow - Leases	50,435	-	50,435
Fund Balances			
Nonspendable			
Prepaid Expenditures	71,352	-	71,352
Restricted for:			
Emergency Reserves	132,000	-	132,000
Debt Service	-	28,962	28,962
Unassigned	2,032,289	-	2,032,289
Total Fund Balances	2,235,641	28,962	2,264,603
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,045,090</u>	<u>\$ 34,562</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources; and therefore are not reported in the fund financial statements.

Capital Assets, not being depreciated	254,769
Capital Assets, being depreciated, net	7,358,819

Long-term liabilities, including bonds payables, are not due and payables in the current periods and; therefore, are not recorded as liabilities in the funds.

Bonds Payable	(17,985,000)
Bond Premium	(1,096,466)
Accrued Bond Interest	(44,870)
Loan Payable	(509,745)
Accrued Loan Interest	(575)
Lease Payable	(703,462)
Financed Purchase Payable	(39,784)
Accrued Lease Interest	(7,714)
Developer Advances Payable	(175,000)

Net Position of Governmental Activities	<u><u>\$ (10,684,425)</u></u>
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POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Water Valley No. 1 Service Fees	\$ 965,233	\$ 283,125	\$ 1,248,358
Water Valley No. 2 Service Fees	2,156,568	948,837	3,105,405
Reimbursement Income	25,000	-	25,000
Recreation Fees (Pool & W-Club)	623,719	-	623,719
W-Club Cost Share	571,520	-	571,520
Net Investment Income	255	13,155	13,410
Other Income	50,469	-	50,469
Total Revenues	<u>4,392,764</u>	<u>1,245,117</u>	<u>5,637,881</u>
Expenditures			
General & Administrative			
Admin Staff and Management	209,726	-	209,726
Accounting and Audit	93,508	-	93,508
Legal Services	68,188	-	68,188
Insurance	61,208	-	61,208
Office Rent and Overhead	136,133	-	136,133
Other Expenses	14,548	-	14,548
Operations and Maintenance			
Utilities	181,255	-	181,255
Operations Staff	251,847	-	251,847
Landscape Contract	383,235	-	383,235
Landscape Repairs and Maintenance	316,468	-	316,468
Storm Water Maintenance	72,505	-	72,505
Security	82,086	-	82,086
Dog Waste Stations	4,936	-	4,936
W-Club			
Rent and Common Area Maintenance	13,288	-	13,288
Admin Staff and Management	562,699	-	562,699
Repairs and Maintenance	185,322	-	185,322
Intergovernmental Resort Cost Share	256,926	-	256,926
Capital Projects	44,981	-	44,981
Debt Service			
Principal - Operating Line of Credit	221,177	-	221,177
Interest - Operating Line of Credit	45,881	-	45,881
Principal - Leases	312,999	-	312,999
Interest - Leases	51,077	-	51,077
Principal - Financed Purchase	13,774	-	13,774
Interest - Financed Purchase	3,879	-	3,879
Bond Principal - Series 2020	-	675,000	675,000
Bond Interest - Series 2020	-	558,688	558,688
Developer Advance Principal	-	66,616	66,616
Developer Advance Interest	-	131,477	131,477
Paying Agent Fees	-	2,850	2,850
Total Expenditures	<u>3,587,646</u>	<u>1,434,631</u>	<u>5,022,277</u>
Excess of Revenues Over (Under) Expenditures	<u>805,118</u>	<u>(189,514)</u>	<u>615,604</u>
Other Financing Sources (Uses)			
Transfer In (Out)	(198,093)	198,093	-
Proceed From Sale of Asset	17,500	-	17,500
Total Other Financing Sources (Uses)	<u>(180,593)</u>	<u>198,093</u>	<u>17,500</u>
Net Change in Fund Balances	<u>624,525</u>	<u>8,579</u>	<u>633,104</u>
Fund Balances, Beginning of Year	<u>1,611,116</u>	<u>20,383</u>	<u>1,631,499</u>
Fund Balances - End of Year	<u>\$ 2,235,641</u>	<u>\$ 28,962</u>	<u>\$ 2,264,603</u>

See accompanying Notes to Basic Financial Statements

**POUDRE TECH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds	633,104
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation and amortization the allocation of the cost of any depreciable asset over the estimated useful life of the asset or lease term.

Capital Outlay	71,032
Depreciation	(337,931)
Amortization	(323,887)
Asset Disposal	(3,490)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of Bond Principal	675,000
Repayment of Note Principal	221,177
Developer Repayment Principal - Capital	66,616
Developer Repayment Interest - Capital	131,477
Lease Principal Payment	312,999
Finance Purchase Principal	13,774

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of Bond Premium	145,187
Accrued Bond Interest - Change in Liability	1,687
Accrued Loan Interest - Change in Liability	58
Accrued Interest on Lease Payable - Change in Liability	(2,305)

Changes in Net Position of Governmental Activities	<u><u>\$ 1,604,498</u></u>
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**POUDRE TECH METROPOLITAN DISTRICT
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Water Valley No. 1 Service Fees	\$ 1,014,137	\$ 963,355	\$ 965,233	\$ 1,878
Water Valley No. 2 Service Fees	2,411,082	2,186,682	2,156,568	(30,114)
Reimbursement Income	-	-	25,000	25,000
Recreation Fees (Pool & W-Club)	435,000	797,717	623,719	(173,998)
RainDance No. 1 - Revenue Share	450,000	-	571,520	571,520
Developer Advance - Office Overhead	60,000	-	-	-
Net Investment Income	-	-	255	255
Other Income	46,500	48,500	50,469	1,969
Total Revenues	<u>4,416,719</u>	<u>3,996,254</u>	<u>4,392,764</u>	<u>396,510</u>
Expenditures				
General & Administrative				
Admin Staff and Management	152,094	200,481	209,726	(9,245)
Accounting and Audit	90,000	92,318	93,508	(1,190)
Legal Services	100,000	75,000	68,188	6,812
Insurance	79,355	61,208	61,208	-
Office Rent and Overhead	197,500	144,381	136,133	8,248
Other Expenses	100,750	69,035	14,548	54,487
Operations and Maintenance				
Utilities	175,000	216,000	181,255	34,745
Operations Staff	362,000	231,000	251,847	(20,847)
Landscape Contract	370,000	370,000	383,235	(13,235)
Landscape Repairs and Maintenance	407,500	461,551	316,468	145,083
Storm Water Maintenance	10,000	5,000	72,505	(67,505)
Security	90,000	90,000	82,086	7,914
Dog Waste Stations	-	4,525	4,936	(411)
W-Club				
Rent and Common Area Maintenance	390,234	378,234	13,288	364,946
Admin Staff and Management	550,000	550,000	562,699	(12,699)
Repairs and Maintenance	210,000	205,000	185,322	19,678
Intergovernmental Resort Cost Share	360,000	360,000	256,926	103,074
Capital Projects	410,000	410,000	44,981	365,019
Debt Service				
Principal - Operating Line of Credit	200,000	221,177	221,177	-
Interest - Operating Line of Credit	57,873	44,628	45,881	(1,253)
Principal - Leases	-	-	312,999	(312,999)
Interest - Leases	-	-	51,077	(51,077)
Principal - Financed Purchase	-	-	13,774	(13,774)
Interest - Financed Purchase	-	-	3,879	(3,879)
Total Expenditures	<u>4,312,306</u>	<u>4,189,538</u>	<u>3,587,646</u>	<u>601,892</u>
Excess of Revenues Over (Under) Expenditures	104,413	(193,284)	805,118	998,402
Other Financing Sources (Uses)				
Transfer In (Out)	-	(198,093)	(198,093)	-
Proceeds from Sale of Asset	-	-	17,500	17,500
Total Other Financing Sources (Uses)	<u>-</u>	<u>(198,093)</u>	<u>(180,593)</u>	<u>17,500</u>
Net Change in Fund Balance	104,413	(391,377)	624,525	1,015,902
Fund Balances, Beginning of Year	1,148,883	893,233	1,611,116	717,883
Fund Balances - End of Year	<u>\$ 1,253,296</u>	<u>\$ 501,856</u>	<u>\$ 2,235,641</u>	<u>\$ 1,733,785</u>

See accompanying Notes to Basic Financial Statements

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2025**

	Enterprise Fund
Assets	
Cash and Investments	\$ 1,213,387
Cash and Investments - Restricted	1,670,520
Accounts Receivable	632,833
Due from Other Funds	386,990
Due from Other Governments	227,127
Noncurrent Assets:	
Capital Assets, not being depreciated	10,791,000
Capital Assets, being depreciated, net	<u>6,016,689</u>
Total Assets	20,938,546
Liabilities	
Accounts Payable	214,942
Prepaid Water Fees	27,972
Due to Others	62,500
Accrued Interest Payable	68,070
Current Portion Bonds and Notes Payables	294,530
Noncurrent Liabilities:	
Due in More Than One Year	<u>14,227,045</u>
Total Liabilities	14,895,059
Net Position	
Net Investment in Capital Assets	2,286,114
Restricted	
Debt Service	1,602,450
Unrestricted	<u>2,154,923</u>
Total Net Position	<u>\$ 6,043,487</u>

See accompanying Notes to Basic Financial Statements

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

	Enterprise Fund
Operating Revenues	
Water Service Fees	\$ 2,353,231
Water Meter Sales	126,000
Other Operating Revenues	10,563
Total Revenues	<u>2,489,794</u>
Operating Expenses	
General & Administrative	
Admin Staff and Management	142,479
Legal Services, Consulting and Studies	16,848
Collection Costs	30,691
Other Expenses	32,792
Operations and Maintenance	
Water System Manager & Field Staff	250,000
Maintenance Staff	18,494
Utilities	195,572
Repairs and Maintenance	360,503
Ditch Delivery Expenses	49,576
Depreciation	352,877
Total Operating Expenses	<u>1,449,832</u>
Net Operating Income (Loss)	1,039,962
Nonoperating Revenue (Expenses)	
Net Investment Income	21,663
Capital Revenues (Expenses)	
System Development Fees	107,500
Raindance Metro District No. 1 Pledge Revenue	302,003
Gain (Loss) on Disposal of Assets	-
Raindance Metro District No. 1 Capital Projects	(63,468)
Loan Interest	(838,865)
Total Capital Revenues (Expenses)	<u>(492,830)</u>
Change in Net Position	568,795
Net Position - Beginning of Year	5,474,692
Net Position - End of Year	<u><u>\$ 6,043,487</u></u>

See accompanying Notes to Basic Financial Statements

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2025

Cash Flows from Operating Activities	
Receipts from Customers (Cash from Customers)	\$ 2,130,436
Payments to Employees (Cash Payments to Employees)	(142,479)
Payments to Suppliers/Contractors (Cash Payments to Suppliers)	<u>(940,080)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,047,877</u>
Cash Flows from Noncapital Financing Activities	
Due to General Fund	<u>(138,367)</u>
Cash Flows from Capital and Related Financing Activities	
Payment of Loan Interest	(840,170)
Receipt of System Development Fees	107,500
Receipt from Other Districts	302,003
Payment to Other Districts	(63,468)
Loan Principal Payment	(278,425)
Payment - Capital Projects (Acquisition of Capital Assets)	<u>(396,725)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,169,285)</u>
Cash Flows from Investing Activities	
Investment Income	<u>21,663</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(238,112)
Cash and Cash Equivalents Beginning of Year	<u>3,122,019</u>
Cash and Cash Equivalents End of Year	<u>\$ 2,883,907</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Net Operating Income (Loss)	\$ 1,039,962
Depreciation	352,877
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
(Increase) Decrease in Accounts Receivable	(219,572)
Increase (Decrease) in Due from Other Governments	(144,313)
Increase (Decrease) in Accounts Payable	(48,104)
Increase (Decrease) in Due to Others	62,500
Increase (Decrease) in Prepaid Water Fees	<u>4,527</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,047,877</u>

See accompanying Notes to Basic Financial Statements

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 DEFINITION OF REPORTING ENTITY

Poudre Tech Metropolitan District (the 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 the Operating District organized in conjunction with two other related Financing Districts – Water Valley Metropolitan District Nos. 1 and 2 (Water Valley 1 and Water Valley 2). The District serves as the Operating District which is responsible for managing the construction and operation of facilities and improvements needed for Water Valley 1 and Water Valley 2. The Financing Districts are responsible for providing the tax base needed to support financing of capital improvements.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

On November 19, 2015, the District created its Water Activity Enterprise to provide nonpotable water services and to acquire water or water rights.

The District has no employees, and all operations and administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which are normally supported by property taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The District reports the following major proprietary fund:

The Enterprise Fund accounts for activities related to nonpotable water services.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

For the year ended December 31, 2025, the District's Debt Service Fund expenditures exceeded expenditure appropriations. This may be a violation of State Statutes.

The District has amended its Enterprise Fund's annual budget for the year ended December 31, 2025.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

The District considers cash on hand and deposits held in financial institutions to be cash and cash equivalents.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset nor materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress. Construction in progress is not being depreciated and is not included in the calculation of Net Investment in Capital Assets component of the District's net position.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Alleyways	20 to 75 Years
Nonpotable Water	15 to 50 Years
Equipment	5 to 25 Years
Parks and recreation	10 to 50 Years

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water Rights

The cost of water rights includes acquisition cost and may also include legal and engineering costs related to the development and augmentation of those rights. Since the rights have perpetual lives, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Adoption of New Accounting Standard

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of this guidance effective January 1, 2022, and has elected to apply the provisions of this standard beginning on the period of adoption.

Leases

The District determines if an arrangement is a lease at inception. Leases are included as right- to-use lease assets and lease liabilities in the statements of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term, and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease receivables are recognized by the District at the start of each lease term, measured at the present value of expected lease payments minus any provision for uncollectible amounts. A corresponding deferred inflow of resources is also recognized. Interest revenue is recognized over the lease term.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position. The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and if it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, *deferred lease revenue* is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 2,404,028
Cash and Investments - Restricted	<u>1,827,085</u>
Total Cash and Investments	<u>\$ 4,232,113</u>

Cash and investments as of December 31, 2025, consist of the following:

Deposits with Financial Institutions	\$ 4,206,548
Investments	<u>25,565</u>
Total Cash and Investments	<u>\$ 4,232,113</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2025, the District's cash deposits had a bank balance of \$4,516,993 and a carrying balance of \$4,206,548.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Restricted Cash Investments

Cash and investments of the District include amounts that are restricted. At December 31, 2025, the Governmental Activities had cash deposits in the amount of \$157,565 in which \$132,000 is restricted for Emergency reserves and \$25,565 is restricted for the payment of debt service and other purposes as provided in the related loan documents of the Series 2020 Bonds. The Business-Type Activities had cash deposits in the amount of \$1,670,520 which is restricted for the payment of debt service and other purposes as provided in the related loan documents of the 2020 Enterprise Bond Loan agreement. Restricted Cash and Investments are not available for general operations of the District.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2025, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Balance</u>
U.S. Treasury Money Market Fund	Weighted-Average Under 60 Days	\$ 25,565

U.S. Treasury Money Market Fund

The money at U.S. Bank is invested in the First American Funds - Y Class Treasury Obligation Fund. The First American Fund is a money market fund that is managed by U.S. Bancorp Asset Management, Inc. and each share is equal in value to \$1.00. The fund is AAAM rated and invests in high quality short-term U.S. Treasury obligations, including repurchase agreements secured by U.S. Treasury obligations. The average maturity of the underlying securities is 60 days or less.

NOTE 4 INTERFUND BALANCES AND TRANSFERS

At December 31, 2025, the Debt Service Fund temporarily subsidized \$2,750 on behalf on the General Fund and the Enterprise Fund temporarily subsidized negative cash balance of the General Fund in the amount of \$386,990, which were repaid shortly after year end. The General Fund transferred \$198,093 to the Debt Service Fund to pay the remaining principal and interest on the developer capital advance.

NOTE 5 LEASE RECEIVABLE

The District entered into a lease receivable agreement as a sublease of office space with Raindance Metropolitan District (RDMD) and Water Valley Master Association (WVMA) in November, 2024. The sublease shall terminate on September 30, 2027 concurrently with the termination of the Office Space lease describe in Note 8. The monthly rent started at \$1,730 for RDMD and \$865 for WVMA. An interest rate of 6% was used. In 2025, the District received \$45,680. At December 31, 2025, the lease deferred inflows of resources were \$50,435.

Future minimum rental payments to be received under the sublease are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 30,767	\$2,508	\$33,275
2027	24,887	626	25,513
Total	\$ 55,654	\$3,134	\$58,788

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions/ Reclassifications	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 254,769	\$ -	\$ -	\$ 254,769
Total Capital Assets, Not Being Depreciated	254,769	-	-	254,769
Capital Assets, Being Depreciated:				
Streets	1,886,203	-	-	1,886,203
Parks and Recreation	6,133,566	58,012	-	6,191,578
Buildings	880,000	-	-	880,000
Equipment	593,730	13,020	16,285	590,465
Right-to-Use Asset	1,544,154	-	-	1,544,154
Total Capital Assets, Being Depreciated	11,037,653	71,032	16,285	11,092,400
	-			-
Less Accumulated Depreciation for:				
Streets	(807,521)	(74,402)	-	(881,923)
Parks and Recreation	(1,044,422)	(181,352)	-	(1,225,774)
Buildings	(176,000)	(29,333)	-	(205,333)
Equipment	(435,301)	(52,844)	(12,795)	(475,350)
Right-to-Use Asset	(621,314)	(323,887)	-	(945,201)
Total Accumulated Depreciation	(3,084,558)	(661,818)	(12,795)	(3,733,581)
Total Capital Assets, Being Depreciated, Net	7,953,095	(590,786)	3,490	7,358,819
Governmental Capital Assets, Net	8,207,864	(590,786)	3,490	7,613,588
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	782,559	169,666	952,225	-
Water Rights	10,791,000	-	-	10,791,000
Total Capital Assets, Not Being Depreciated	11,573,559	169,666	952,225	10,791,000
Capital Assets, Being Depreciated:				
Nonpotable Water	6,464,290	1,179,284		7,643,574
Equipment	433,918	-	-	433,918
Total Capital Assets, Being Depreciated	6,898,208	1,179,284	-	8,077,492
	-			-
Less Accumulated Depreciation for:				
Nonpotable Water	(1,463,638)	(309,485)	-	(1,773,123)
Equipment	(244,288)	(43,392)	-	(287,680)
Total Accumulated Depreciation	(1,707,926)	(352,877)	-	(2,060,803)
Total Capital Assets, Being Depreciated, Net	5,190,282	826,407	-	6,016,689
Business-Type Capital Assets, Net	16,763,841	996,073	952,225	16,807,689
Total Capital Assets, Net	\$ 24,971,705	\$ 405,287	\$ 955,715	\$ 24,421,277

In December 2024, the District's water rights were valued by an independent third-party appraiser at \$35,068,600.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Governmental Activities					
Refunding and Improvement Bonds - Series 2020	\$ 18,660,000	\$ -	\$ (675,000)	\$ 17,985,000	\$ 715,000
Bond Premium - Series 2020	1,241,653	-	(145,187)	1,096,466	-
Bonds Payable	19,901,653	-	(820,187)	19,081,466	715,000
North Valley Bank - Line of Credit	730,922	-	(221,177)	509,745	-
Developer Advance - Operations	175,000	-	-	175,000	-
Developer Advance - Capital	66,616	-	(66,616)	-	-
Lease Payable - Office	139,805	-	(46,912)	92,893	51,386
Lease Payable - W-Club	876,656	-	(266,087)	610,569	291,612
Financed Purchase - Equipment	53,558	-	(13,774)	39,784	14,946
Total Governmental Activities	<u>21,944,210</u>	<u>-</u>	<u>(1,434,753)</u>	<u>20,509,457</u>	<u>1,072,944</u>
Business-Type Activities					
Water Revenue Refunding and Improvement Loan Series 2023	14,800,000	-	(278,425)	14,521,575	294,530
Total Business-Type Activities	<u>14,800,000</u>	<u>-</u>	<u>(278,425)</u>	<u>14,521,575</u>	<u>294,530</u>
Total	<u>\$ 36,744,210</u>	<u>\$ -</u>	<u>\$ (1,713,178)</u>	<u>\$ 35,031,032</u>	<u>\$ 1,367,474</u>

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's long-term obligations are as follows:

North ValleyBank Line of Credit

The District maintains two lines of credit with an available balance of \$1,050,000 and variable interest rates to temporarily finance operations. At December 31, 2025, the remaining balance on these line of credit was \$509,745 and accrues interest at a variable rate of 8.50% per annum. The District reduced the balance by \$221,177 during year ending December 31, 2025.

Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2020

On September 3, 2020, the District issued \$21,015,000 Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds Series 2020 with an interest rate of 2.125% - 4.000% (Series 2020 Bonds). Proceeds from the sale of the Series 2020 Bonds were used for the purpose of refunding the Series 2010A and 2010B Bonds. A portion of the proceeds of the Series 2020 Bonds were also used to (a) purchase a municipal bond insurance policy, and (b) fund the costs of issuing the Series 2020 Bonds. Interest on the Series 2020 Bonds is payable semi-annually to the extent that Pledged Revenue is available on June 1 and December 1 each year, commencing June 1, 2021. Principal on the Series 2020 Bonds is paid on December 1.

Series 2020 Bonds maturing on or after December 1, 2031 are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities, on December 1, 2030, and on any date thereafter, upon payment of par plus accrued interest, and without any redemption premium.

The Series 2020 Bonds are not secured by property lying within the District or the Taxing Districts but, rather, by, among other things, the obligation of the Taxing Districts under the Capital Pledge Agreement to certify the Required Mill Levy and pay or cause to be paid to the Trustee, on behalf of the District, for payment of the Series 2020 Bonds.

The Series 2020 Bonds will mature as follows:

Year ending December 31,	Principal	Interest	Total
2026	\$715,000	\$538,438	\$1,253,438
2027	740,000	516,987	1,256,987
2028	830,000	494,788	1,324,788
2029	1,130,000	469,887	1,599,887
2030	1,195,000	435,988	1,630,988
2031-2035	6,885,000	1,324,218	8,209,218
2036-2039	6,490,000	399,788	6,889,788
Total	\$17,985,000	\$4,180,094	\$22,165,094

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Water Revenue Refunding and Improvements Loan, Series 2023

On October 17, 2023, the District entered into a Loan Agreement with Independent Financial Bank dba Independent Financial to obtain a loan in the amount of \$14,800,000 (Series 2023 Loan). The maturity date of the Series 2023 Loan is October 17, 2028. The Series 2023 Loan has a fixed rate of 5.625%. Interest is paid quarterly on March 1, June 1, September 1 and December 1. Principal is paid on June 1 and December 1 of each year through the maturity date, commencing June 1, 2025. The proceed from the Series 2023 Loan were used to (i) pay off the balance of principal and accrued interest of an existing loan (2022 Loan Agreement with PWCB), (ii) pay for the costs of issuing the Series 2023 Loan, and (iii) finance certain public improvements.

The obligation of the Enterprise under the Series 2023 Loan is not payable from property taxes of the District, but rather from income and revenues from the use or operation of the nonpotable water system, including fees and charges.

The Series 2023 Loan will mature as follows:

Year Ending December 31,	Principal	Estimated Interest	Total
2026	294,530	822,619	1,117,149
2027	311,567	805,503	1,117,070
2028	13,915,478	629,240	14,544,718
Total	\$ 14,521,575	\$ 2,257,362	\$ 16,778,937

Unused lines of credit

The Series 2020 Bonds and Series 2023 Loan do not have any unused lines of credit.

Collateral

For the Series 2020 Bonds and Series 2023 Loan, no assets have been pledged as collateral.

Events of default

For the Series 2020 Bonds - events of default occur if the District fails (a) to pay the principal of, premium if any, or interest on the Bonds when due, (b) defaults in the performance or

Events of default (Continued)

For the Series 2023 Loan, events of default are provided for in the Loan Agreement dated October 17, 2023.

Termination Events

The Series 2020 Bonds and Series 2023 Loan do not have termination provisions.

Acceleration

The Series 2020 Bonds and Series 2023 Loan are not subject to acceleration.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 4, 2003, the District's voters authorized the issuance of indebtedness in an amount not to exceed \$156,000,000. At December 31, 2025, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 4, 2003	Authorization Used for Series 2010 Bonds	Authorization Used for Series 2020 Bonds	Authorized but Unissued
Streets	\$ 27,750,000	\$ 10,860,289	\$ -	\$ 16,889,711
Traffic and Safety Controls	2,250,000	291,690	-	1,958,310
Water	13,500,000	5,174,100	-	8,325,900
Sewer	15,000,000	2,510,579	-	12,489,421
Parks and Recreation	17,250,000	-	-	17,250,000
Television Relay and Translation	2,250,000	-	-	2,250,000
Debt Refunding	<u>78,000,000</u>	<u>1,422,701</u>	-	<u>76,577,299</u>
Total	<u>\$ 156,000,000</u>	<u>\$ 20,259,359</u>	<u>\$ -</u>	<u>\$ 135,740,641</u>

The Series 2020 Bonds constitutes a financing of District indebtedness at a lower interest rate than the interest rate on the Series 2010A and 2010B Bonds; therefore, the issuance of the Series 2020 Bonds did not require electoral authorization.

In the future, the District may issue a portion or all the remaining authorized but unissued debt for purposes of providing public improvements to support development as it occurs within the

District's service area; however, as of the date of this audit, the amount and timing of any future debt issuances are not determinable.

Financed Purchase

On July 15, 2024, the District entered into a financed purchase agreement with Advance Exercise for the acquisition of five treadmills. Payments are made monthly in the amount of \$1,471 for a period of four years, with interest at 8.2% annum. In 2025, the District paid \$17,655 including principal and interest of \$13,774 and \$3,881, respectively

The financed purchase payments to maturity are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 14,946	\$ 2,708	\$ 17,654
2027	16,218	1,436	17,654
2028	<u>8,620</u>	<u>207</u>	<u>8,827</u>
Total	<u>\$ 39,784</u>	<u>\$ 4,351</u>	<u>\$ 44,135</u>

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 LEASES PAYABLE

On October 1, 2022, the District entered into an office lease agreement with Pelican Point Business Park, LLC (“Landlord”) to lease a portion of that certain building (the “Building”) located on real property commonly known as Building number 3 in The Pelican Point Business Park with an address of 1601 Pelican Lakes Point Unit 100, Windsor, CO 80550. The portion of the Building being leased to the District is approximately 2,121 square feet of floor area. The commencement date is October 1, 2022 and shall terminate on September 30, 2027.

The future minimum lease obligations and net present value of these minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 51,386	\$ 4,072	\$ 55,458
2027	<u>41,507</u>	<u>1,015</u>	<u>42,522</u>
Total	<u>\$ 92,893</u>	<u>\$ 5,087</u>	<u>\$ 97,980</u>

Right-to-use asset acquired through the outstanding lease is shown below:

	<u>Governmental Activities</u>
Right-to-Use - Lease Office Building	\$ 216,510
Less: Lease Assets Accumulated Amortization	<u>(138,473)</u>
Total	<u>\$ 78,037</u>

On January 1, 2023, the District entered into a lease agreement with Marina One, LLC (“Landlord”) to lease a portion of that certain building (the “Building”) located on real property commonly known as The Water Valley Wellness Center with an address of 1870 Marina Drive, Windsor, CO 80550 (the “Property”). The portion of the Building being leased is approximately 19,495 square feet of floor area. The commencement date is January 1, 2023 and shall terminate December 31, 2027.

The future minimum lease obligations and net present value of these minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 291,612	\$ 27,928	\$... 319,540
2027	<u>318,957</u>	<u>10,170</u>	<u>329,127</u>
Total	<u>\$ 610,569</u>	<u>\$ 38,098</u>	<u>\$ 648,667</u>

Right-to-use asset acquired through the outstanding lease is shown below:

	<u>Governmental Activities</u>
Right-to-Use - Lease Water Valley Wellness Center	\$ 1,327,644
Less: Lease Assets Accumulated Amortization	<u>(806,728)</u>
Total	<u>\$ 520,916</u>

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investments in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities
Capital Assets, Net	\$ 7,613,588	\$ 16,807,689
Outstanding Long-Term Debts Used to Acquire Capital Assets	(18,903,246)	(14,521,575)
Bond Premium, Net	<u>(1,096,466)</u>	<u>-</u>
Net Investment in Capital Assets	<u>\$ (12,386,124)</u>	<u>\$ 2,286,114</u>

The restricted component of net position includes assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws and regulations of other governments, or as imposed by law through constitutional provisions or enables legislation. The District had restricted net position as of December 31, 2025 as follows:

	Governmental Activities
Restricted Net Position	
Emergency Reserves	\$ 132,000
Debt Service	<u>1,602,450</u>
Total Restricted Net Position	<u>\$ 1,734,450</u>

The District's unrestricted net position as of December 31, 2025 totaled \$3,695,660.

NOTE 10 PRIMARY AGREEMENTS

District Operating Agreement

The District and Water Valley 1 and Water Valley 2 (collectively, the Taxing Districts) have entered into a District Operating Agreement dated January 30, 2014. The purpose of the District Operating Agreement is to set forth the rights and obligations of the Taxing Districts to fully fund and of the District to provide operations on behalf of all the Districts. Based on the integrated nature of the public improvements, it is most efficient and cost effective to combine the operations, maintenance, and administration and to have the District provide those services for the benefit of all the Districts. The agreement shall be interpreted consistent with the Service Plan.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 PRIMARY AGREEMENTS (CONTINUED)

Capital Pledge Agreement

The District entered into a Capital Pledge Agreement in October 2010, as amended on January 31, 2014, and again on April 21, 2015, pursuant to which Water Valley 1 and Water Valley 2 are obligated to impose an ad valorem property tax levy without limitation as to the rate to pay the principal and accrued interest payable on the District's Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2010 A, B and C in the aggregate principal amount of \$25,675,000 issued pursuant to a 2010 Indenture of Trust with UMB Bank (2010 Bonds).

The First Amendment, dated January 31, 2014, made changes to the allocation between Water Valley 1 and Water Valley 2's required debt service on the 2010 Bonds. The Districts later determined that the changes were not necessary, and therefore, the Capital Pledge Agreement was amended for a second time on April 21, 2015, to reinstate the original definitions and allocations.

The Third Amendment, dated September 1, 2020, made changes to provide for the payment of the Series 2020 Bonds, to remove UMB as a party to the agreement, and add U.S. Bank as a party to the agreement.

Infrastructure Acquisition and Reimbursement Agreements

On June 14, 2016, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with Pelican Farms Investments, LLC (the Developer). The Developer has incurred certain costs related to public infrastructure for the benefit of the District and expects to incur additional costs. The District has agreed to: (i) reimburse the Developer for all District Eligible Costs to the extent constituting Repayment Obligations (as defined in the agreement); (ii) acquire any such public infrastructure constructed for the benefit of the District from the Developer that is not being dedicated to other governmental entities, and (iii) to reimburse the Developer for any costs incurred by the Developer for public infrastructure that is being dedicated to other governmental entities.

On September 19, 2017, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with Eagle Crossing Development, Inc. (Eagle Crossing). Eagle Crossing has expended funds on behalf of the District previously and intends to make future payments for costs related to the provision of public infrastructure in the nature of capital costs in furtherance of the District's permitted purposes, including but not limited to: organization of the District, engineering, architectural, surveying, construction planning and other related costs, during the period when the District is unable to pay for such costs. The District and Eagle Crossing established the terms and conditions under which the District will reimburse Eagle Crossing for such costs and acquire such public infrastructure that will either be owned by the District or dedicated to other governmental entities.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 PRIMARY AGREEMENTS (CONTINUED)

Donation Agreement

In June 2017, the District received a donation of land from The Evangelical Lutheran Good Samaritan Society through a quitclaim deed for 10 dollars (\$10.00). The donated land shall not be used for any residential or commercial development, but shall be used for any public purpose, in the sole discretion of the District, for the benefit of the District, Water Valley 1, Water Valley 2, and the general public of Windsor, Colorado. If at any time the above condition is defaulted upon, title to the donated land shall automatically revert back to The Evangelical Lutheran Good Samaritan Society.

On September 1, 2022, the District received a donation of land from Frye Farm Investments, LLC through quick claim deed. The donated land shall not be used for any residential or commercial development, but shall be perpetually used for any charitable/public purpose, in the sole discretion of the District, for the benefit of the District, Water Valley 1, Water Valley 2, and the general public. If at any time the above condition is defaulted upon, title to the donated land shall automatically revert back to the Town of Windsor.

NOTE 11 RELATED PARTIES

The developer of the property which constitutes the District is Trollco Inc., a Colorado corporation (the Developer). Certain members of the Board of Directors of the District are officers, employees of, or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District.

NOTE 12 RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, §24-10-101, et seq., C.R.S., the District may be exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years. The District pays annual premiums to the Pool for liability, property, and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 13 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2025, the District determined and calculated its required emergency reserve to be approximately \$132,000. Funding of the Districts' operations primarily come from transfers of tax revenues from the Financing Districts.

The District's management has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

SUPPLEMENTARY INFORMATION

POUDRE TECH METROPOLITAN DISTRICT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Pledged Revenue Water Valley No. 1	\$ 280,975	\$ 282,220	\$ 283,125	\$ 905
Pledged Revenue Water Valley No. 2	955,779	955,779	948,837	(6,942)
Net Investment Income	-	9,749	13,155	3,406
Total Revenues	<u>1,236,754</u>	<u>1,247,748</u>	<u>1,245,117</u>	<u>(2,631)</u>
Expenditures				
Debt Service:				
Bond Principal - Series 2016	675,000	675,000	675,000	-
Bond Interest - Series 2016	558,687	558,687	558,688	(1)
Paying Agent Fees	3,000	2,750	2,850	(100)
Developer Capital Advance - Pmt	-	198,093	198,093	-
Total Expenditures	<u>1,236,687</u>	<u>1,434,530</u>	<u>1,434,631</u>	<u>(101)</u>
Excess of Revenues Over (Under) Expenditures	67	(186,782)	(189,514)	(2,732)
Other Financing Sources (Uses)				
Transfer In from General	<u>-</u>	<u>198,093</u>	<u>198,093</u>	<u>-</u>

**POUDRE TECH METROPOLITAN DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Revenues				
Water Service Fees	\$ 2,250,000	\$ 2,322,394	\$ 2,353,231	\$ 30,837
Water Meter Sales	210,000	210,000	126,000	(84,000)
Other Operating Revenues	-	4,215	10,563	6,348
Total Revenues	<u>2,460,000</u>	<u>2,536,609</u>	<u>2,489,794</u>	<u>(46,815)</u>
Operating Expenses				
General & Administrative				
Admin Staff and Management	122,000	135,372	142,479	(7,107)
Legal Services, Consulting and Studies	15,000	27,000	16,848	10,152
Collection Costs	45,000	36,000	30,691	5,309
Other Expenses	16,000	21,000	32,792	(11,792)
Operations and Maintenance				-
Water System Manager & Field Staff	-	250,000	250,000	-
Maintenance Staff	315,000	65,000	18,494	46,506
Utilities	204,000	204,000	195,572	8,428
Repairs and Maintenance	538,600	428,000	360,503	67,497
Meter Installation	195,000	210,000	-	210,000
Ditch Delivery Expenses	60,000	60,000	49,576	10,424
Depreciation	-	346,112	-	346,112
Contingency	25,000	25,000	-	25,000
Total Operating Expenses	<u>1,535,600</u>	<u>1,807,484</u>	<u>1,096,955</u>	<u>710,529</u>
Net Operating Income (Loss)	<u>924,400</u>	<u>729,125</u>	<u>1,392,839</u>	<u>663,714</u>
Nonoperating Revenues (Expenses)				
Net Investment Income	<u>17,000</u>	<u>19,000</u>	<u>21,663</u>	<u>2,663</u>
Capital Revenues (Expenses)				
System Development Fees	187,500	187,500	107,500	(80,000)
Transfers from Raindance Metro District No. 1	302,003	302,003	302,003	-
Developer Advance	250,000	250,000	-	(250,000)
Capital Projects	(227,000)	(277,000)	(1,348,950)	(1,071,950)
Gain (Loss) on Disposal of Assets	-	-	-	-
Transfers to Raindance Metro District No. 1	-	(1,611,809)	(63,468)	1,548,341
Developer Repayment	(250,000)	(250,000)	-	250,000
Loan Interest	(840,105)	(840,105)	(838,865)	1,240
Loan Principal	<u>(278,425)</u>	<u>(278,425)</u>	<u>(278,425)</u>	<u>-</u>
Total Capital Revenues (Expenses)	<u>(856,027)</u>	<u>(2,517,836)</u>	<u>(2,120,205)</u>	<u>397,631</u>
<i>Change in Net Position, Budgetary Basis</i>	<u>\$ 85,373</u>	<u>\$ (1,769,711)</u>	<u>(705,703)</u>	<u>\$ 1,064,008</u>
Reconciliation to GAAP Basis				
Depreciation			(352,877)	
Capital Outlay			1,348,950	
Principal Payment			<u>278,425</u>	
Change in Net Position, GAAP Basis			<u>\$ 568,795</u>	

OTHER INFORMATION

POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025

\$21,015,000 Series 2020 Unlimited
Property Tax Supported Revenue
Refunding and Improvement Bonds
Dated September 3, 2020 Principal
due December 1
Interest Rate 2.125% to 4.000% Payable
June 1 and December 1

Year Ending December 31,	Principal	Interest	Total
2026	\$ 715,000	\$ 538,438	\$ 1,253,438
2027	740,000	516,987	1,256,987
2028	830,000	494,788	1,324,788
2029	1,130,000	469,887	1,599,887
2030	1,195,000	435,988	1,630,988
2031	1,275,000	400,137	1,675,137
2032	1,310,000	361,888	1,671,888
2033	1,360,000	309,487	1,669,487
2034	1,435,000	255,088	1,690,088
2035	1,505,000	197,687	1,702,687
2036	1,550,000	167,588	1,717,588
2037	1,600,000	121,087	1,721,087
2038	1,650,000	73,088	1,723,088
2039	1,690,000	38,025	1,728,025
Total	<u>\$17,985,000.00</u>	<u>\$4,380,163.00</u>	<u>\$ 22,365,163</u>

POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2025

\$14,800,000 Water Revenue Refunding and Improvements Loan,
2023 Dated October 17, 2023
Principal due June 1 and December 1, Commencing June 1, 2025
Interest Rate 5.625% Payable
March 1, June 1, September 1 and December 1 Estimated

Year ending December 31,	Principal	Interest	Total
2026	\$ 294,530	\$ 822,619	\$ 1,117,149
2027	311,567	805,503	1,117,070
2028	13,915,478	629,240	14,544,718
Total	\$14,521,575	\$2,257,362	\$16,778,937

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS
REQUIRED BY THE UNLIMITED PROPERTY TAX SUPPORTED
REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2020**

**POUDRE TECH METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE UNLIMITED PROPERTY TAX SUPPORTED REVENUE REFUNDING
AND IMPROVEMENT BONDS, SERIES 2020**

**TABLE II
History of Water Valley Metropolitan District No. 1's Assessed
Valuation and Mill Levies**

Levy/ Collection Year	Assessed Valuation ¹	Percent Change	General Fund	Debt Service Fund	Total Mill Levy
2015/2016	\$ 42,796,050	--	13.300	25.700	39.000
2016/2017	47,810,900	11.72 %	30.430	8.570	39.000
2017/2018	43,490,270	(9.04)	20.070	18.930	39.000
2018/2019	34,982,840	(19.56)	17.644	23.495	41.139
2019/2020	34,942,180	(0.12)	17.813	24.130	41.943
2020/2021	34,496,110	(1.28)	17.618	24.325	41.943
2021/2022	34,197,090	(0.87)	21.773	20.170	41.943
2022/2023	35,771,360	4.60	22.128	20.650	42.778
2023/2024	44,128,720	23.36	20.340	17.110	37.450
2024/2025	41,376,780	(2.24)	22.586	18.414	41.000

¹ The decline in assessed valuation beginning in levy year 2017 and 2018 is primarily due to decline in oil and gas assessed valuation resulting from a decline in production of oil from wells within Water Valley Metropolitan District No. 1.

Source: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, and County Assessor.

**POUDRE TECH METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE UNLIMITED PROPERTY TAX SUPPORTED REVENUE REFUNDING
AND IMPROVEMENT BONDS, SERIES 2020**

**TABLE III
History of Water Valley Metropolitan District No. 2's Assessed
Valuation and Mill Levies**

Levy/ Collection Year	Assessed Valuation ¹	Percent Change	General Fund	Debt Service Fund	Total Mill Levy
2015/2016	\$ 84,359,680	--	15.975	23.025	39.000
2016/2017	81,309,260	(3.62)%	20.907	18.093	39.000
2017/2018	57,038,740	(29.85)	11.554	27.446	39.000
2018/2019	65,477,360	14.79	15.155	25.984	41.139
2019/2020	63,277,390	(3.36)	15.412	26.531	41.943
2020/2021	63,402,150	0.20	14.943	27.000	41.943
2021/2022	67,032,590	5.73	22.824	19.119	41.943
2022/2023	75,337,090	12.39	23.458	19.320	42.778
2023/2024	91,247,780	21.12	21.960	16.184	38.144
2024/2025	83,809,690	(8.15)	23.216	17.784	41.000

¹ The decline in assessed valuation beginning in levy year 2017 is primarily due to decline in oil and gas assessed valuation resulting from a decline in production of oil from wells within Water Valley Metropolitan District No. 2.

Source: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, and County Assessor.

**POUDRE TECH METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE UNLIMITED PROPERTY TAX SUPPORTED REVENUE REFUNDING
AND IMPROVEMENT BONDS, SERIES 2020**

**Table VI
Historical Property Tax Collections in Water Valley Metropolitan District No. 1**

Levy/ Collection Year	Total Taxes Levied	Total Taxes Collection	Percent of Levy Collected
2015/2016	\$ 1,669,045	\$ 1,668,329	99.96 %
2016/2017	1,864,625	1,863,857	99.96
2017/2018	1,696,121	1,696,162	100.00
2018/2019	1,439,159	1,438,325	99.94
2019/2020	1,465,580	1,459,313	99.57
2020/2021	1,446,870	1,446,870	100.00
2021/2022	1,434,329	1,461,992	101.93
2022/2023	1,530,227	1,533,779	100.23
2023/2024	1,652,620	1,651,528	99.93

Source: State of Colorado Department of Local Affairs Division of Property Taxation
Annual Reports for 2015 - 2025 and the County Treasurer's Office.

**Table VII
Historical Property Tax Collections in Water Valley Metropolitan District No. 2**

Levy/ Collection Year	Total Taxes Levied	Total Taxes Collection	Percent of Levy Collected
2015/2016	\$ 3,290,028	\$ 3,294,992	100.15 %
2016/2017	3,171,061	3,103,222	97.86
2017/2018	2,224,511	2,230,812	100.28
2018/2019	2,693,673	2,692,820	99.97
2019/2020	2,654,043	2,596,192	97.82
2020/2021	2,659,276	2,659,039	99.99
2021/2022	2,811,548	2,817,559	100.21
2022/2023	3,222,770	3,219,067	99.89
2023/2024	3,480,555	3,489,410	100.25

Source: State of Colorado Department of Local Affairs Division of Property Taxation
Annual Reports for 2015 - 2025 and the County Treasurer's Office.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
Weld County, Colorado

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

**WATER VALLEY METROPOLITAN DISTRICT NO. 1
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YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Water Valley Metropolitan District No. 1

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Water Valley Metropolitan District No. 1 (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the budgetary comparison schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the continuing disclosure annual financial information included in the report. The other information comprises the continuing disclosure annual financial information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

DMC Auditing and Consulting, LLC

Bailey, Colorado
July 31, 2026

BASIC FINANCIAL STATEMENTS

WATER VALLEY METROPOLITAN DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
Assets	
Cash and Investments	\$ 279,313
Cash and Investments - Restricted	293,147
Receivable from County Treasurer	-
Property Taxes Receivable	1,758,397
Total Assets	<u>2,330,857</u>
Liabilities	
Due to Other Governments	174,105
Accrued Interest Payable	20,143
Current Portion Bonds Payable	260,000
Noncurrent Liabilities:	
Due in More Than One Year	5,109,845
Total Liabilities	<u>5,564,093</u>
Deferred Inflows of Resources	
Property Tax Revenue	1,758,397
Total Deferred Inflows of Resources	<u>1,758,397</u>
Net Position	
Restricted for:	
Debt Service	290,009
Unrestricted	(5,281,642)
Total Net Position	<u>\$ (4,991,633)</u>

WATER VALLEY METROPOLITAN DISTRICT NO. 1
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenue			Net Revenues (Expenses) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Government Activities					
General Government	\$ 14,549	\$ -	\$ -	\$ -	\$ (14,549)
Intergovernmental - Operations					
Transfers to PTMD	965,233	-	-	-	(965,233)
Intergovernmental - Debt Service					
Transfers to PTMD	283,125	-	-	-	(283,125)
Interest and Related Costs on Long-Term Debt	247,456	-	-	-	(247,456)
Total Governmental Activities	<u>\$ 1,510,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,510,363)</u>
General Revenues					
Property Taxes					1,700,845
Specific Ownership Taxes					68,727
Interest on Late Tax Payments					8,176
Other Income					-
Net Investment Income					<u>24,822</u>
Total General Revenues					<u>1,802,570</u>
Change in Net Position					292,207
Net Position - Beginning of Year					<u>(5,283,840)</u>
Net Position - End of Year					<u>\$ (4,991,633)</u>

WATER VALLEY METROPOLITAN DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
Assets			
Cash and Investments	\$ 279,313	\$ -	\$ 279,313
Cash and Investments - Restricted	-	293,147	293,147
Due from County Treasurer	-	-	-
Property Taxes Receivable	1,081,680	676,717	1,758,397
Total Assets	<u>\$ 1,360,993</u>	<u>\$ 969,864</u>	<u>\$ 2,330,857</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Due to Other Governments	\$ 170,967	\$ 3,138	\$ 174,105
Total Liabilities	170,967	3,138	174,105
Deferred Inflows of Resources			
Unavailable Property Taxes	1,081,680	676,717	1,758,397
Fund Balances			
Restricted for:			
Debt Service	-	290,009	290,009
Unassigned	108,346	-	108,346
Total Fund Balances	108,346	290,009	398,355
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,360,993</u>	<u>\$ 969,864</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term liabilities, including bonds payables, are not due and payables in the current periods and; therefore, are not recorded as liabilities in the funds.			
Bonds Payable			(5,225,000)
Bond Premium			(144,845)
Accrued Bond Interest			(20,143)
Net Position of Governmental Activities			<u>\$ (4,991,633)</u>

WATER VALLEY METROPOLITAN DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ 936,958	\$ 763,887	\$ 1,700,845
Specific Ownership Taxes	37,860	30,867	68,727
Interest on Late Tax Payments	4,504	3,672	8,176
Other Income	-	-	-
Net Investment Income	8,806	16,016	24,822
Total Revenues	<u>988,128</u>	<u>814,442</u>	<u>1,802,570</u>
Expenditures			
Current:			
County Treasurer's Fees	14,089	11,487	25,576
Bank Fees	460	50	510
Intergovernmental Expenditures	965,233	283,125	1,248,358
Debt Service:			
Bond Principal - Series 2016	-	250,000	250,000
Bond Interest - Series 2016	-	250,150	250,150
Paying Agent Fees	-	2,500	2,500
Total Expenditures	<u>979,782</u>	<u>797,312</u>	<u>1,777,094</u>
Net Change in Fund Balances	8,346	17,130	25,476
Fund Balances - Beginning of Year	<u>100,000</u>	<u>272,879</u>	<u>372,879</u>
Fund Balances - End of Year	<u><u>\$ 108,346</u></u>	<u><u>\$ 290,009</u></u>	<u><u>\$ 398,355</u></u>

WATER VALLEY METROPOLITAN DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 25,476
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

2016 G.O. Bond - Principal Payment	250,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of Bond Premium	16,028
Accrued Bond Interest - Change in Liability	703

Changes in Net Position of Governmental Activities	\$ 292,207
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WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Water Valley Metropolitan District No. 1 (the 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 Metropolitan District Nos. 1 and 2 (Financing Districts) which are responsible for providing the tax base needed to support the financing of capital improvements.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees, and all operations and administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest, and other related costs of debts issued by the District and Poudre Tech Metropolitan District (Operating District).

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The District amended its annual budget for the Debt Service Fund for the year ended December 31, 2025; however, actual expenditures exceeded budgeted expenditures, which may be a violation of Colorado Local Government budget law.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash. Investments are at fair value.

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 always 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.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (continued)

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenue is recorded as revenue in the year they are available or collected.

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund balance (continued)

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$279,313
Cash and Investments - Restricted	293,147
Total Cash and Investments	<u>\$572,460</u>

Cash and investments as of December 31, 2025, consist of the following:

Deposits with Financial Institutions	\$297,486
Investments	274,974
Total Cash and Investments	<u>\$572,460</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

At December 31, 2025, the District’s cash deposits had a bank and carrying balance of \$297,486.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2025, the District had the following investments:

Investment	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government	Weighted-Average	
Liquid Asset Trust (COLOTRUST PLUS+)	Under 60 Days	<u>\$ 274,974</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

RESTRICTED CASH AND INVESTMENTS

Cash and investments of the District include amounts restricted in accordance with the Series 2016 Loan Agreement. At December 31, 2025, cash deposits in the amount of \$293,147 are restricted for the payment of debt service and other purposes as provided in the related loan documents and are therefore not available for general operations of the District.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Limited Tax General Obligation					
Bonds - Series 2016	\$ 5,475,000	\$ -	\$ (250,000)	\$ 5,225,000	<u>\$ 260,000</u>
Bond Premium - Series 2016	160,873	-	(16,028)	144,845	
Total	<u>\$ 5,635,873</u>	<u>\$ -</u>	<u>\$ (266,731)</u>	<u>\$ 5,389,988</u>	

The details of the District's long-term obligations are as follows:

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 semi-annually on June 1 and December 1. The proceeds of the initial draw from the Loan were used to (i) advance refund the District's Series 2004 and Series 2007 Bonds in order to reduce annual interest costs and effect other economies, (ii) to finance additional costs of public improvements, and (iii) pay for the costs of issuing the Loan.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

On July 8, 2016, the District issued \$7,100,000 in General Obligation Refunding Bonds, Series 2016 (2016 Bonds) to prepay the Loan described above. The 2016 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 2016 Bonds are due December 1, 2040, with an interest rate of 2.00%-5.25%, paid semiannually on June 1 and December 1. The 2016 Bonds maturing on and after December 1, 2033, 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 2016 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.

Unused lines of credit

The 2016 Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the 2016 Bonds.

Events of default

Events of default occur if the Districts: (a) fails to pay the principal of, premium if any, or interest on the Bonds when due (b) defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution, and fails to remedy the same after notice thereof pursuant to the Indenture or (c) files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

Termination Events

The 2016 Bonds do not have a termination provision.

Acceleration

The 2016 Bonds are not subject to acceleration.

The 2016 Bonds will mature as follows:

Year Ending December 31,	Principal	Interest	Total
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
2031-2035	1,690,000	804,164	2,494,164
2036-2040	2,145,000	349,652	2,494,652
Total	<u>\$5,225,000.00</u>	<u>\$2,260,576.00</u>	<u>\$7,485,576.00</u>
			576

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Termination Events (continued)

Further, the District entered into a Capital Pledge Agreement in October 2010, as amended on January 31, 2014, and again on April 21, 2015, pursuant to which the District is obligated to impose an ad valorem property tax levy without limitation as to the rate to pay a portion of principal and accrued interest on Poudre Tech Metropolitan District's Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2010 A, B, and C in the aggregate principal amount of \$25,675,000 issued pursuant to a 2010 Indenture of Trust with UMB Bank. The Third Amendment, dated September 1, 2020, made changes to provide for payment for the 2020 Operating District Bonds. During 2025, the District transferred \$283,125 to Poudre Tech Metropolitan District in compliance of its obligation under the Capital Pledge Agreement.

NOTE 5 AUTHORIZED DEBT

On November 8, 1994, the District's voters authorized the issuance of indebtedness in an amount not to exceed \$21,565,000. At December 31, 2025, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 8, 1994	Authorization Used for 2004 Bonds	Authorization Used for 2007 Bonds	Authorization used for Pledge Agreement with Operating District 2010 Bonds	Authorization Used for Portion of 2014 Refunding	Authorization Used for 2014 Loan	Authorized but Unissued
Water	\$3,175,000	(\$507,000)	(\$367,500)	(\$1,778,334)	(\$522,166)	\$ -	\$ -
Sanitation	3,415,000	(1,267,500)	(918,750)	-	(1,228,750)	-	-
Streets	6,590,000	(507,000)	(367,500)	-	(655,300)	-	5,060,200
Parks and Recreation	6,615,000	(253,500)	(892,500)	-	(1,257,675)	(2,934,325)	1,277,000
Traffic/Safety Protection	450,000	-	(78,750)	-	-	-	371,250
Fire Protection	795,000	-	-	-	-	-	795,000
TV Relay/ Translation	525,000	-	-	-	-	-	525,000
Total	\$21,565,000	(\$2,535,000)	(\$2,625,000)	(\$1,778,334)	(\$3,663,891)	(\$2,934,325)	\$8,028,450

Pursuant to the Service Plan, the maximum general obligation bonded indebtedness for Financing Districts is not expected to exceed \$21,000,000 exclusive of costs of issuance, organization costs, inflation, contingencies, and other similar costs.

The 2016 Bonds constitutes a financing of District indebtedness at a lower interest rate and the principal amount of the Bonds is not in excess of the original principal amount of the Loan; therefore, the issuance of the 2016 Bonds did not require electoral authorization.

In the future, the District may issue a portion or all of the remaining authorized but unissued debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any future debt issuances are not determinable.

NOTE 6 NET POSITION

The District has a deficit unrestricted net position. This negative net position is a result of the District being responsible for the repayment of long-term debts and accrued interest issued to finance public improvements (i) constructed and/or acquired by the District, and (ii) constructed and/or acquired by Poudre Tech Metropolitan District, Operating District, for the benefit of the District, which public improvements are either owned and maintained by Poudre Tech Metropolitan District or conveyed to other governmental entities.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7 RELATED PARTIES

The developer of the property which constitutes the District is Trolco Inc., a Colorado corporation (Developer). Certain members of the Board of Directors of the District are officers or employees of or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENTS

District Operating Agreement

Poudre Tech Metropolitan District (Operating District) and District Nos. 1 and 2 (collectively, the Taxing Districts) have entered into a District Operating Agreement dated January 30, 2014. The purpose of the District Operating Agreement is to set forth the rights and obligations of the Taxing Districts to fully fund and of the Operating District to provide operations on behalf of all the Districts. Based on the integrated nature of the public improvements, it is most efficient and cost effective to combine the operations, maintenance, and administration and to have the Operating District provide those services for the benefit of all the Districts. During 2025, the District transferred \$965,233 to Poudre Tech Metropolitan District in compliance of its obligation under the District Operating Agreement. The agreement shall be interpreted consistent with the Service Plan.

Capital Pledge Agreement

The District entered into a Capital Pledge Agreement in October 2010, as amended on January 31, 2014, and again on April 21, 2015, pursuant to which the District is obligated to impose an ad valorem property tax levy without limitation as to the rate to pay for a portion of principal and accrued interest payable on PTMD's Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2010 A, B, and C in the aggregate principal amount of \$25,675,000 issued pursuant to a 2010 Indenture of Trust with UMB Bank (2010 Bonds).

The First Amendment, dated January 31, 2014, made changes to the allocation between District Nos. 1 and 2's required debt service on the 2010 Bonds. The Districts later determined that the changes were not necessary, and therefore, the Capital Pledge Agreement, was amended for a second time on April 21, 2015, to reinstate the original definitions and allocations.

The Third Amendment, dated September 1, 2020, made changes to provide for the payment of the 2020 Operating District Bonds, to remove UMB as a party to the agreement and add US Bank as a party to the agreement.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

WATER VALLEY METROPOLITAN DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2025, the District has not provided for an emergency reserve equal to at least 3% of Fiscal Year Spending, as defined under TABOR, because net tax revenue is transferred to Poudre Tech Metropolitan District, the Operating District. 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.

The District's management has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

REQUIRED SUPPLEMENTARY INFORMATION

WATER VALLEY METROPOLITAN DISTRICT NO. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property Tax	\$ 934,538	936,958	\$ 2,420
Specific Ownership Tax	37,382	37,860	478
Interest on Late Tax Payments	-	4,504	4,504
Net Investment Income	1,000	8,806	7,806
Other Revenue	-	-	-
Total Revenues	972,920	988,128	15,208
Expenditures			
County Treasurer's Fee	14,018	14,089	(71)
Bank Fees	-	460	(460)
Intergovernmental Expenditures	1,014,137	965,233	48,904
Contingency	50,000	-	50,000
Total Expenditures	1,078,155	979,782	98,373
Net Change in Fund Balance	(105,235)	8,346	113,581
Fund Balances - Beginning of Year	105,235	100,000	(5,235)
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ 108,346</u>	<u>\$ 108,346</u>

SUPPLEMENTARY INFORMATION

**WATER VALLEY METROPOLITAN DISTRICT NO. 1 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 761,914	\$ 761,914	\$ 763,887	\$ 1,973
Specific Ownership Taxes	30,477	30,477	30,867	390
Interest on Late Tax Payments	-	3,461	3,672	211
Net Investment Income	2,698	12,000	16,016	4,016
Total Revenues	795,089	807,852	814,442	6,590
Expenditures				
Current:				
County Treasurer's Fees	11,429	11,462	11,487	(25)
Bank Fees	-	50	50	-
Intergovernmental Expenditures	280,975	282,220	283,125	(905)
Debt Service:				
Bond Principal - Series 2016	250,000	250,000	250,000	
Bond Interest - Series 2016	250,150	250,150	250,150	-
Paying Agent Fees	2,500	2,500	2,500	-
Total Expenditures	795,054	796,382	797,312	(930)
Net Change in Fund Balance	35	11,470	17,130	5,660
Fund Balances - Beginning of Year	269,783	272,879	272,879	-
Fund Balances - End of Year	269,818	284,349	290,009	5,660

**WATER VALLEY METROPOLITAN DISTRICT NO. 1 SCHEDULE OF DEBT SERVICE
REQUIREMENTS TO MATURITY
DECEMBER 31, 2025**

\$7,100,000 General Obligation Refunding, Series 2016
Dated July 8, 2016

Principal Due December 1, Interest Rate 2.00%-5.25%
Payable June 1 and December 1

Year ending December 31,	Principal	Interest	Total
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
Total	<u>\$ 5,225,000</u>	<u>\$ 2,260,576</u>	<u>\$ 7,485,576</u>

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS
REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2016**

**WATER VALLEY METROPOLITAN DISTRICT NO. 1 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE II
HISTORY OF DISTRICT'S ASSESSED VALUATION AND MILL LEVIES
YEAR ENDED DECEMBER 31, 2025**

Levy/Collection Year	Assessed Valuation	Percent Increase	Mill Levies		
			General Fund	Debt Service Fund	Total Mill Levy
2010/2011	\$ 26,688,250	- %	10.000	10.000	20.000
2011/2012	23,459,270	(12.10)	10.000	16.000	26.000
2012/2013	23,145,380	(1.34)	6.000	33.000	39.000
2013/2014	22,683,319	(2.00)	7.000	32.000	39.000
2014/2015	22,201,960	(2.12)	13.250	25.750	39.000
2015/2016	42,796,050	92.76	13.300	25.700	39.000
2016/2017	47,810,900	11.72	30.430	8.570	39.000
2017/2018	43,490,270	(9.04)	20.070	18.930	39.000
2018/2019	34,982,840	(19.56)	17.644	23.495	41.139
2019/2020	34,942,180	(0.12)	17.813	24.130	41.943
2020/2021	34,496,110	(1.28)	17.618	24.325	41.943
2021/2022	34,197,090	(0.87)	21.773	20.170	41.943
2022/2023	35,771,360	4.60	22.128	20.650	42.778
2023/2024	44,128,720	23.36	20.340	17.110	37.450
2024/2025	41,376,870	(6.24)	22.586	18.414	41.000
2025/2026	46,382,230	12.10	23.321	14.590	37.911

Sources: Weld County Assessor's Office and the District.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE III
2025 ASSESSED AND ACTUAL VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
YEAR ENDED DECEMBER 31, 2025**

Class	Assessed Valuation	Percent of Assessed Valuation		Actual Valuation	Percent of Actual Valuation	
Oil & Gas	3,477,130	7.50	%	5,993,912	1.08	%
Residential	31,569,960	68.06		505,078,542	91.32	
Vacant Land	1,998,700	4.31		7,402,600	1.34	
Commercial	8,599,570	18.54		31,850,099	5.78	
State Assessed	6,920	0.01		25,634	0.00	
Personal Property	726,960	1.57		2,692,454	0.48	
Industrial	-	-		-	-	
Agricultural	2,990	0.01		11,076	0.00	
Total	<u>2,990,230</u>	<u>0.01.00</u>	%	<u>11,076,317</u>	<u>0.0.00</u>	%

Source: Weld County Assessor's Office

**WATER VALLEY METROPOLITAN DISTRICT NO. 1 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE IV
HISTORY OF DISTRICT'S PROPERTY TAX COLLECTIONS
YEAR ENDED DECEMBER 31, 2025**

Levy/Collection Year	Taxes Levied	Property Tax Collections	Tax Collections as Percent of Tax Levied
2010/2011	\$ 533,765	\$ 523,386	98.06 %
2011/2012	609,941	609,133	99.87
2012/2013	902,670	896,487	99.32
2013/2014	884,649	874,174	98.82
2014/2015	865,876	850,566	98.23
2015/2016	1,669,045	1,668,329	99.96
2016/2017	1,864,625	1,863,857	99.96
2017/2018	1,696,121	1,696,162	100.00
2018/2019	1,439,159	1,438,325	99.94
2019/2020	1,465,580	1,459,313	99.57
2020/2021	1,446,870	1,446,870	100.00
2021/2022	1,434,329	1,461,992	101.93
2022/2023	1,530,227	1,533,779	100.23
2023/2024	1,652,620	1,653,194	100.03
2024/2025	1,696,452	1,700,845	100.26

Source: Through 2014/2015 - from the Official Statement for the General Obligation Refunding Bonds, Series 2016. From 2015/2016 - from the District.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE VII
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	2021	2022	2023	2024	2025
REVENUES					
Property Taxes	\$ 607,752	\$ 758,933	\$ 793,386	\$ 932,499	\$ 936,958
Specific Ownership Taxes	30,494	40,824	33,662	32,494	37,860
Interest on Late Tax Payments	-	-	-	1,427	4,504
Investment Income	388	1,280	3,037	6,037	8,806
Total Revenues	388	1,280	3,037	\$972,457.0 0	\$988,128.0 0128
EXPENDITURES					
County Treasurer's Fees	9,122	11,367	11,897	13,819	14,089
Bank Fees	75	49	50	301	460
Transfer to Poudre Tech - Other ¹	767,904	787,013	820,422	963,572	965,233
Total Expenditures	777,101	798,429	832,369	977,692	979,78278 2
NET CHANGE IN FUND BALANCES	(138,467)	2,608	(2,284)	(5,235)	8,346
Fund Balances - Beginning of Year	243,378	104,911	107,519	105,235	100,000
FUND BALANCES - END OF YEAR	<u>\$ 104,911</u>	<u>\$ 107,519</u>	<u>\$ 105,235</u>	<u>\$ 100,000</u>	<u>\$ 108,346</u>

¹Transfer to Poudre Tech for operations and capital costs

Source: District's audited financial statements for the years ended December 31, 2021-2025.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE VIII
DEBT SERVICE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	2021	2022	2023	2024	2025
REVENUES					
Property Taxes	\$ 839,118	\$ 703,059	\$ 740,393	\$ 753,854	\$ 763,887
Specific Ownership Taxes	42,102	37,818	31,414	27,334	30,867
Interest on Late Tax Payments				1,200	3,672
Investment Income	631	5,624	16,990	14,667	16,016
Total Revenues	<u>881,851</u>	<u>5,624</u>	<u>16,990</u>	<u>\$797,055.00</u>	<u>\$814,442.00</u>
					44
					2
EXPENDITURES					
County Treasurer's Fees	12,594	10,530	11,102	11,516	11,487
Bank Fees	74	75	74	88	50
Debt Service:					
Trustee Fees/Paying Agent Fees	2,500	2,500	2,500	2,500	2,500
Transfer to Poudre Tech - 2010 PTMD Bonds	-	-	-	-	-
Transfer to Poudre Tech - 2020 PTMD Bonds	279,876	285,220	286,231	285,232	283,125
Bond Interest	278,094	272,044	265,294	257,950	250,150
Bond Principal	220,000	225,000	235,000	240,000	250,000
Total Expenditures	<u>793,138</u>	<u>795,369</u>	<u>800,201</u>	<u>797,286</u>	<u>797,312</u>
NET CHANGE IN FUND BALANCES	88,713	(48,868)	(11,404)	(231)	17,130
Fund Balances - Beginning of Year	244,669	333,382	284,514	273,110	272,879
FUND BALANCES - END OF YEAR	<u>\$ 333,382</u>	<u>\$ 284,514</u>	<u>\$ 273,110</u>	<u>\$ 272,879</u>	<u>\$ 290,009</u>

¹ Transfer to Poudre Tech for capital costs.

Source: District's audited financial statements for the years ended December 31, 2021-2025.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE IX
GENERAL FUND BUDGET SUMMARY AND COMPARISON
YEAR ENDED DECEMBER 31, 2025**

	2024 Budget	2025 Budget	2025 Year-to- Date Actual
BEGINNING FUND BALANCE	\$ 105,235	\$ 105,235	\$ 100,000
REVENUES			
Property Taxes	932,499	934,538	936,958
Specific Ownership Taxes	32,494	37,382	37,860
Interest on Late Tax Payments	1,427	-	4,504
Investment Income	6,037	1,000	8,806
Total Revenues	<u>972,457</u>	<u>972,920</u>	<u>988,128</u>
Total Funds Available	1,077,692	1,078,155	1,088,128
EXPENDITURES			
County Treasurer's Fees	13,819	14,018	14,089
Bank Fees	301	-	-
Contingency	-	50,000	460
Transfer to Poudre Tech	<u>952,680</u>	<u>1,014,137</u>	<u>965,233</u>
Total Expenditures	<u>966,800</u>	<u>1,078,155</u>	<u>979,782</u>
TOTAL EXPENDITURES REQUIRING APPROPRIATION	<u>966,800</u>	<u>1,078,155</u>	<u>979,782</u>
ENDING FUND BALANCE	<u>\$ 110,892</u>	<u>\$ -</u>	<u>\$ 108,346</u>

Sources: District's adopted 2025 budget and the District's audited financial statements for the year ended December 31, 2025.

**WATER VALLEY METROPOLITAN DISTRICT NO. 1 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE X
DEBT SERVICE FUND BUDGET SUMMARY AND COMPARISON
YEAR ENDED DECEMBER 31, 2025**

	2024 Budget	2025 Budget (as amended)	2025 Year-to- Date Actual
BEGINNING FUND BALANCE	\$ 262,192	\$ 272,879	\$ 272,879
REVENUES			
Property Taxes	755,042	761,914	763,887
Specific Ownership Taxes	30,202	30,477	30,867
Interest on Late Tax Payments	-	3,461	3,672
Investment Income	10,000	12,000	16,016
Total Revenues	<u>795,244</u>	<u>807,852</u>	<u>814,442</u>
Total Funds Available	1,057,436	1,080,731	1,087,321
EXPENDITURES			
County Treasurer's Fees	11,326	11,462	11,487
Bank Fees	3,992	50	50
Bond Interest – Series 2016	257,950	250,150	250,150
Bond Principal – Series 2016	240,000	250,000	250,000
Paying Agent Fees	2,500	2,500	2,500
Transfer to Poudre Tech	285,232	282,220	283,125
Total Expenditures	<u>801,000</u>	<u>796,382</u>	<u>797,312</u>
TOTAL EXPENDITURES REQUIRING APPROPRIATION	<u>801,000</u>	<u>796,382</u>	<u>797,312</u>
ENDING FUND BALANCE	<u>\$ 267,354</u>	<u>\$ 284,349</u>	<u>\$ 290,009</u>

Sources: District's adopted 2025 budget and the District's audited financial statements for the year ended December 31, 2025.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
Weld County, Colorado
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

**WATER VALLEY METROPOLITAN DISTRICT NO. 2
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YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Water Valley Metropolitan District No. 2
Weld County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Water Valley Metropolitan District No. 2 (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the budgetary comparison schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the continuing disclosure annual financial information included in the report. The other information comprises the continuing disclosure annual financial information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

DMC Auditing and Consulting, LLC

Bailey, Colorado
July 31, 2026

BASIC FINANCIAL STATEMENTS

WATER VALLEY METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
Assets	
Cash and Investments	\$ 402,385
Cash and Investments - Restricted	354,880
Other Receivable	12,307
Property Taxes Receivable	3,744,504
Total Assets	<u>4,514,076</u>
Liabilities	
Due to Other Governments	232,347
Accrued Interest Payable	23,210
Current Portion Bonds Payable	295,000
Noncurrent Liabilities:	
Due in More Than One Year	5,852,690
Total Liabilities	<u>6,403,247</u>
Deferred Inflows of Resources	
Property Tax Revenue	<u>3,744,504</u>
Net Position	
Restricted for:	
Debt Service	349,020
Unrestricted	(5,982,695)
Total Net Position	<u>\$ (5,633,675)</u>

WATER VALLEY METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	Program Revenue				Net Revenues (Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Primary Government					
Government Activities					
General Government	\$ 29,303	\$ -	\$ -	\$ -	\$ (29,303)
Intergovernmental-Operations PTMD	2,156,568				(2,156,568)
Intergovernmental-Debt -PTMD	948,837				(948,837)
Interest and Related Costs on Long-Term Debt	292,957	-	-	-	(292,957)
Total Governmental Activities	<u>\$ 3,427,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,427,665)</u>
General Revenues					
Property Taxes					3,400,973
Payment in Lieu of Taxes					176,683
Specific Ownership Taxes					139,206
Interest on Late Tax Payments					7,529
Net Investment Income					57,258
Total General Revenues					<u>3,781,649</u>
Change in Net Position					353,984
Net Position - Beginning of Year					<u>(5,987,659)</u>
Net Position - End of Year					<u>\$ (5,633,675)</u>

WATER VALLEY METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Total Governmental Funds
Assets			
Cash and Investments	\$ 402,385	\$ -	\$ 402,385
Cash and Investments - Restricted	-	354,880	354,880
Other Receivable	12,307	-	12,307
Property Taxes Receivable	2,125,796	1,618,708	3,744,504
Total Assets	<u>\$ 2,540,488</u>	<u>\$ 1,973,588</u>	<u>\$ 4,514,076</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Due to Other Governments	\$ 226,487	\$ 5,860	\$ 232,347
Total Liabilities	226,487	5,860	232,347
 Deferred Inflows of Resources			
Unavailable Property Taxes	2,125,796	1,618,708	3,744,504
Total Deferred Inflows of Resources	2,125,796	1,618,708	3,744,504
 Fund Balances			
Restricted for:			
Debt Service	-	349,020	349,020
Unassigned	188,205	-	188,205
Total Fund Balances	188,205	349,020	537,225
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,540,488</u>	<u>\$ 1,973,588</u>	
 Amounts reported for governmental activities in the statement of net position are different because:			
 Long-term liabilities, including bonds payables, are not due and payables in the current periods and; therefore, are not recorded as liabilities in the funds.			
Bonds Payable			(5,975,000)
Bond Premium			(172,690)
Accrued Bond Interest			(23,210)
 Net Position of Governmental Activities			<u>\$ (5,633,675)</u>

WATER VALLEY METROPOLITAN DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ 1,925,780	\$ 1,475,193	\$ 3,400,973
Payment in Lieu of Taxes	176,683	-	176,683
Specific Ownership Taxes	78,825	60,381	139,206
Interest on Late Tax Payments	4,263	3,266	7,529
Net Investment Income	38,525	18,733	57,258
Total Revenues	<u>2,224,076</u>	<u>1,557,573</u>	<u>3,781,649</u>
Expenditures			
Current:			
County Treasurer's Fees	28,983	22,202	51,185
Bank Fees	320	-	320
Intergovernmental Expenditures	2,156,568	948,837	3,105,405
Debt Service:			
Bond Principal	-	285,000	285,000
Bond Interest - Series 2016	-	288,144	288,144
Paying Agent Fees	-	2,500	2,500
Total Expenditures	<u>2,185,871</u>	<u>1,546,683</u>	<u>3,732,554</u>
Net Change in Fund Balance	38,205	10,890	49,095
Fund Balances - Beginning of Year	<u>150,000</u>	<u>338,130</u>	<u>488,130</u>
Fund Balances - End of Year	<u><u>\$ 188,205</u></u>	<u><u>\$ 349,020</u></u>	<u><u>\$ 537,225</u></u>

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	\$	49,095
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

2016 G.O. Bond - Principal Payment		285,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of Bond Premium		19,087
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Accrued Bond Interest - Change in Liability		802
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Changes in Net Position of Governmental Activities	\$	<u>353,984</u>
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WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

Water Valley Metropolitan District No. 2 (the 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 Metropolitan District Nos. 1 and 2 (Financing Districts) which are responsible for providing the tax base needed to support the financing of capital improvements.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees, and all operations and administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest, and other related costs of debts issued by the District and Poudre Tech Metropolitan District (Operating District).

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The District amended its annual budget for the General Fund for the year ended December 31, 2025.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash. Investments are reported at fair value.

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 always 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.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (continued)

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenue is recorded as revenue in the year they are available or collected.

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund balance (continued)

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$402,385
Cash and Investments - Restricted	<u>354,880</u>
Total Cash and Investments	<u><u>\$757,265</u></u>

Cash and investments as of December 31, 2025, consist of the following:

Deposits with Financial Institutions	\$425,226
Investments	<u>332,039</u>
Total Cash and Investments	<u><u>\$757,265</u></u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

At December 31, 2025, the District’s cash deposits had a bank and carrying balance of \$425,226.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2025, the District had the following investments:

Investment	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government	Weighted-Average	
Liquid Asset Trust (COLOTRUST PLUS+)	Under 60 Days	<u>\$ 332,039</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAsf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Restricted Cash and Investments

Cash and investments of the District include amounts restricted in accordance with the Series2016 Loan Agreement. At December 31, 2025, cash deposits in the amount of \$354,880 are restricted for the payment of debt service and other purposes as provided in the related loan documents and therefore not available for general operations of the District.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2025:

	<u>Balance at December 31, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2025</u>	<u>Due Within One Year</u>
Limited Tax General Obligation					
Bonds - Series 2016	\$ 6,260,000	\$ -	\$ (285,000)	\$ 5,975,000	<u>\$ 295,000</u>
Bond Premium - Series 2016	191,777	-	(19,087)	172,690	
Total	<u>\$ 6,451,777</u>	<u>\$ -</u>	<u>\$ (304,087)</u>	<u>\$ 6,147,690</u>	

The details of the District's long-term obligations are as follows:

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 \$8,240,000 (Loan). The maturity date of the Loan is January 31, 2021, with an interest rate of 4.04%, paid semi- annually on June 1 and December 1. The proceeds of the initial draw from the Loan 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.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

On July 8, 2016, the District issued \$8,125,000 in General Obligation Refunding Bonds, Series 2016 (2016 Bonds) to prepay the Loan described above. The 2016 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 2016 Bonds are due December 1, 2040, with an interest rate of 2.00%-5.25%, paid semiannually on June 1 and December 1. The 2016 Bonds maturing on and after December 1, 2033, 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 2016 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.

Unused lines of credit

The 2016 Bonds do not have any unused lines of credit.

Collateral

No assets have been pledged as collateral on the 2016 Bonds.

Events of default

Events of default occur if the Districts: (a) fails to pay the principal of, premium if any, or interest on the Bonds when due (b) defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution, and fails to remedy the same after notice thereof pursuant to the Indenture or (c) files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

Termination Events

The 2016 Bonds do not have a termination provision.

Acceleration

The 2016 Bonds are not subject to acceleration.

The 2016 Bonds will mature as follows:

Year Ending December 31,	Principal	Interest	Total
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
2031-2035	1,930,000	930,000	2,860,000
2036-2040	2,460,000	400,576	2,860,576
Total	<u>\$ 5,975,000</u>	<u>\$ 2,606,901</u>	<u>\$ 8,581,901</u>

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Further, the District entered into a Capital Pledge Agreement in October 2010, as amended on January 31, 2014, and again on April 21, 2015, pursuant to which the District is obligated to impose an ad valorem property tax levy without limitation as to the rate to pay a portion of principal and accrued interest on Poudre Tech Metropolitan District's Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2010 A, B, and C in the aggregate principal amount of \$25,675,000 issued pursuant to a 2010 Indenture of Trust with UMB Bank. The Third Amendment, dated September 1, 2020, made changes to provide for payment for the 2020 Operating District Bonds. During 2025, the District transferred \$948,837 to Poudre Tech Metropolitan District in compliance of its obligation under the Capital Pledge Agreement.

NOTE 5 AUTHORIZED DEBT

On November 8, 1994, the District's voters authorized the issuance of indebtedness in an amount not to exceed \$30,405,000. At December 31, 2025, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on November 8, 1994	Authorization Used for 2005 Bonds	Authorization Used for 2008 Bonds	Authorization used for Pledge Agreement with Operating District 2010 Bonds	Authorization Used for 2014 Loan	Authorized but Unissued
Water	\$ 5,720,000	\$ (900,000)	\$ -	\$ (3,076,562)	\$ (565,767)	\$1,177,671
Sanitation	6,150,000	(3,075,000)	-	(578,924)	(2,378,342)	117,734
Streets	11,865,000	(2,325,000)	(5,200,000)	(1,883,849)	(2,215,857)	240,294
Parks and Recreation	4,860,000	(1 050 000)	-	-	(2,985,132)	824,868
Traffic/Safety Protection	710,000	(150,000)	-	(291,690)	(94,902)	173,408
Fire Protection	420,000	-	-	-	-	420,000
TV Relay/ Translation	680,000	-	-	-	-	680,000
Total	<u>\$30,405,000</u>	<u>\$(7,500,000)</u>	<u>\$(5,200,000)</u>	<u>\$(5,831,025)</u>	<u>\$(8,240,000)</u>	<u>\$3,633,975</u>

Pursuant to the Service Plan, the maximum general obligation bonded indebtedness for Financing Districts is not expected to exceed \$21,000,000 exclusive of costs of issuance, organization costs, inflation, contingencies, and other similar costs.

The electoral authorization used for 2005 Bonds was reallocated in January 2014 through a resolution approved by the District's Board of Directors for the purpose of correlating/adjusting the allocation with actual uses of net proceeds.

The 2016 Bonds constitutes a financing of District indebtedness at a lower interest rate and the principal amount of the Bonds is not in excess of the original principal amount of the Loan; therefore, the issuance of the 2016 Bonds did not require electoral authorization.

In the future, the District may issue a portion or all of the remaining authorized but unissued debt for purposes of providing public improvements to support development as it occurs within the District's service area; however, as of the date of this audit, the amount and timing of any future debt issuances are not determinable.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 NET POSITION

The District has a deficit unrestricted net position. This negative net position is a result of the District being responsible for the repayment of long-term debts and accrued interest issued to finance public improvements (i) constructed and/or acquired by the District, and (ii) constructed and/or acquired by Poudre Tech Metropolitan District, Operating District, for the benefit of the District, which public improvements are either owned and maintained by Poudre Tech Metropolitan District or conveyed to other governmental entities.

NOTE 7 RELATED PARTIES

The developer of the property which constitutes the District is Trolco Inc., a Colorado corporation (Developer). Certain members of the Board of Directors of the District are officers or employees of or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District.

NOTE 8 AGREEMENTS

District Operating Agreement

Poudre Tech Metropolitan District (Operating District) and District Nos. 1 and 2 (collectively, the Taxing Districts) have entered into a District Operating Agreement dated January 30, 2014. The purpose of the District Operating Agreement is to set forth the rights and obligations of the Taxing Districts to fully fund and of the Operating District to provide operations on behalf of all the Districts. Based on the integrated nature of the public improvements, it is most efficient and cost effective to combine the operations, maintenance, and administration and to have the Operating District provide those services for the benefit of all the Districts. During 2025, the District transferred \$2,156,568 to Poudre Tech Metropolitan District in compliance of its obligation under the District Operating Agreement. On December 31, 2025, the District owed Poudre Tech Metropolitan District \$226,487 under this agreement. The agreement shall be interpreted consistent with the Service Plan.

Capital Pledge Agreement

The District entered into a Capital Pledge Agreement in October 2010, as amended on January 31, 2014, and again on April 21, 2015, pursuant to which the District is obligated to impose an ad valorem property tax levy without limitation as to the rate to pay for a portion of principal and accrued interest payable on PTMD's Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2010 A, B, and C in the aggregate principal amount of \$25,675,000 issued pursuant to a 2010 Indenture of Trust with UMB Bank (2010 Bonds).

The First Amendment, dated January 31, 2014, made changes to the allocation between District Nos. 1 and 2's required debt service on the 2010 Bonds. The Districts later determined that the changes were not necessary, and therefore, the Capital Pledge Agreement, was amended for a second time on April 21, 2015, to reinstate the original definitions and allocations.

The Third Amendment, dated September 1, 2020, made changes to provide for the payment of the 2020 Operating District Bonds, to remove UMB as a party to the agreement and add US Bank as a party to the agreement.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 AGREEMENTS (CONTINUED)

Infrastructure Acquisition and Reimbursement Agreement

An Infrastructure Acquisition and Reimbursement Agreement (IARA), dated January 30, 2014, was entered into by the District and Trollco, Inc. (Developer) pursuant to which the District agrees to reimburse the Developer for all District Eligible Costs incurred by the Developer for public infrastructure within the boundaries of the District. "District Eligible Costs" means all costs of any kind related to the provision of the public infrastructure that may be lawfully funded by the District under Colorado's Special District Act and the Service Plan and with respect to which the District has available electoral authorization to incur indebtedness to finance the same. The provision for repayment of amounts under this agreement shall be subject to annual appropriation by the District.

Agreement Regarding Payment in Lieu of Taxes

The Developer sold a property to The Evangelical Lutheran Good Samaritan Society (Society) as evidence by a Definitive Purchase Agreement, dated February 10, 2004, between the Developer and the Society. The property sold by the Developer to the Society is located within the District and Poudre Tech Metropolitan District (the Districts). Under the agreement, to Society, a tax-exempt entity, agrees to pay the Districts, on an annual basis, an amount equal to whatever mill levy is assessed by the Districts for other property owners with the Districts, based on the assessed valuation of the property sold to the Society as determined by Weld County.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2025, the District has not provided for an emergency reserve equal to at least 3% of Fiscal Year Spending, as defined under TABOR, because net tax revenue is transferred to Poudre Tech Metropolitan District, the Operating District. However, the District has committed to maintaining 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.

The District's management has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

REQUIRED SUPPLEMENTARY INFORMATION

WATER VALLEY METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Property Tax	\$ 1,945,726	\$ 1,925,780	\$ (19,946)
Payment in Lieu of Taxes	176,683	176,683	-
Specific Ownership Tax	77,829	78,825	996
Interest on Late Tax Payments	-	4,263	4,263
Net Investment Income	<u>1,000</u>	<u>38,525</u>	<u>37,525</u>
Total Revenues	2,201,238	2,224,076	22,838
Expenditures			
County Treasurer's Fee	29,186	28,983	203
Bank Fees	-	320	(320)
Intergovernmental Expenditures	2,411,082	2,156,568	254,514
Contingency	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total Expenditures	2,515,268	2,185,871	329,397
Net Change in Fund Balance	(314,030)	38,205	352,235
Fund Balances - Beginning of Year	<u>314,030</u>	<u>150,000</u>	<u>(164,030)</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ 188,205</u>	<u>\$ 188,205</u>

SUPPLEMENTARY INFORMATION

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$ 1,490,472	\$ 1,475,193	\$ (15,279)
Specific Ownership Taxes	59,619	60,381	762
Interest on Late Tax Payments	-	3,266	3,266
Net Investment Income	5,580	18,733	13,153
Total Revenues	<u>1,555,671</u>	<u>1,557,573</u>	<u>1,902</u>
Expenditures			
Current:			
County Treasurer's Fees	22,357	22,202	155
Intergovernmental Expenditures	955,779	948,837	6,942
Contingency	1,860	-	1,860
Debt Service:			
Bond Interest - Series 2016	288,144	288,144	-
Bond Principal-Series 2016	285,000	285,000	-
Paying Agent Fees	2,500	2,500	-
Total Expenditures	<u>1,555,640</u>	<u>1,546,683</u>	<u>8,957</u>
Net Change in Fund Balance	31	10,890	10,859
Fund Balances - Beginning of Year	<u>316,417</u>	<u>338,130</u>	<u>21,713</u>
Fund Balances - End of Year	<u><u>\$ 316,448</u></u>	<u><u>\$ 349,020</u></u>	<u><u>\$ 32,572</u></u>

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 SCHEDULE OF DEBT SERVICE
REQUIREMENTS TO MATURITY
DECEMBER 31, 2025**

\$7,100,000 General Obligation Refunding, Series 2016
Dated July 8, 2016

Principal Due December 1, Interest Rate 2.00%-5.25%
Payable June 1 and December 1

Year ending December 31,	Principal	Interest	Total
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
Total	<u>\$5,975,000</u>	<u>\$2,606,901</u>	<u>\$8,581,901</u>

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS
REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2016**

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE II
CONSTRUCTION ACTIVITY IN FIRST PHASE OF WV2 DEVELOPMENT
YEAR ENDED DECEMBER 31, 2025**

Home Type/Homebuilder	Total Platted Lots/Planned Units ¹	Base Sales Price	Square Footage	Building Permits Issued ²	Remaining Inventory
Single-Family Detached:	884			884	-
D.R. Horton	94	\$359,950-\$469,950	1,782-4,130	94	-
Cal Atlantic Homes	117	\$345,490-450,590	1,871-2,734	117	-
Lennar	55	\$359,900-\$379,900	1,671-1,988	55	-
JUMA Homes ⁴	46	\$390,000-\$510,000	1,325-1,771	46	-
Other ⁵	572	Unknown	Unknown	572	-
Single-Family Attached:	150			150	-
Landmark	150	\$272,400-\$339,900	1,455-1,794	150	-
Multi-Family:	302			302	-
Apartments ⁶	230			230	-
Condos	56	Unknown	Unknown	56	-
Duplex	16			16	-
Total	1,336			1,336	-
Development Activity - Subsequent Phases of WV2 Development					
Home Type/Homebuilder	Total Platted Lots/Planned Units ¹	Base Sales Price	Square Footage	Building Permits Issued ²	Remaining Inventory
Single-Family Detached:	306			299	7
Trumark Homes Pelican Shores	70	\$700,000-\$1,900,000	1,325-2,500	68	2
JUMA Homes Ridgeline Lots	34	\$900,000-\$1,500,000	2,500-4,000	29	5
Pelican Farms	202	\$375,000-\$750,000	2,000-4,500	202	-
Mid-Family:	491			491	-
Apartments	196	ForRent	-	196	-
Apartments - Luxury/Active Adults	120	ForRent	-	120	-
Senior Living - Independent Living	121	ForRent	-	121	-
Senior Living - Memory Care	54	ForRent	-	54	-
Total	797			790	7
Grand Total	2,133			2,126	7

¹Reflects the total number of lots platted for single-family detached homes, single-family attached homes, and condominiums as well as the total number of apartment units planned as of the date of this report.

²Represents lots for which the Town of Windsor has issued a building permit, as of December 31, 2025. This includes lots for which title has transferred to individual homeowners as well as lots upon which homes may have been constructed but have not yet been sold to homeowners. No specific information is available to the District with regard to the total number of homes that have been sold and closed to homeowners.

³Represents lots for which no building permit has been issued by the Town of Windsor.

⁴Lots replatted from Single-Family Attached to Single-Family Detached in 2017.

⁵Includes custom homebuilders and other miscellaneous homebuilders, for which no additional information is known or provided.

⁶Replatted from 220 Units to 230 Units in May of 2024 with construction completed in 2025.

Source: The District and the Town of Windsor

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE III
HISTORY OF DISTRICT'S ASSESSED VALUATION AND MILL LEVIES
YEAR ENDED DECEMBER 31, 2025**

Levy/Collection Year	Assessed Valuation	Percent Increase		Mill Levies		
				General Fund	Debt Service Fund	Total Mill Levy
2010/2011	\$20,113,720	0	%	-	20.000	20.000
2011/2012	16,893,730	(16.01)		-	26.000	26.000
2012/2013	17,836,630	5.58		-	39.000	39.000
2013/2014	18,266,193	2.41		-	39.000	39.000
2014/2015	20,326,230	11.28		-	39.000	39.000
2015/2016	84,359,680	315.03		15.975	23.025	39.000
2016/2017	81,309,260	(3.62)		20.907	18.093	39.000
2017/2018	57,038,740	(29.85)		11.554	27.446	39.000
2018/2019	65,477,360	14.79		15.155	25.984	41.139
2019/2020	63,277,390	(3.36)		15.412	26.531	41.943
2020/2021	63,402,150	0.20		14.943	27.000	41.943
2021/2022	67,032,590	5.73		22.824	19.119	41.943
2022/2023	75,337,090	12.39		23.458	19.320	42.778
2023/2024	91,247,780	21.12		21.960	16.184	38.144
2024/2025	83,809,690	(8.15)		23.216	17.784	41.000
2025/2026	91,153,710	8.76		23.321	17.758	41.079

Sources: Weld County Assessor's Office and the District.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE IV
2025 ASSESSED AND "ACTUAL" VALUATION
OF CLASSES OF PROPERTY IN THE DISTRICT
YEAR ENDED DECEMBER 31, 2025**

Class	Assessed Valuation	Percent of Assessed Valuation		"Actual" Valuation	Percent of "Actual" Valuation
Oil and Gas	\$ 6,236,830	6.84	%	\$ 13,505,239	1.15 %
Residential	68,750,060	75.42		1,099,959,706	93.74
Vacant Land	2,564,100	2.81		9,496,765	0.81
Commercial	13,131,800	14.41		48,635,799	4.15
State Assessed	470,430	0.52		1,742,332	0.15
Agricultural	490	0.00		1,839	0.00
Total	<u>\$91,153,710</u>	<u>100.00</u>		<u>\$1,173,341,680</u>	<u>100.00</u>

Source: Weld County Assessor's Office

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE V
HISTORY OF DISTRICT'S PROPERTY TAX COLLECTIONS
YEAR ENDED DECEMBER 31, 2025**

Levy/Collection Year	Taxes Levied	Property Tax Collections	Tax Collections as Percent of Tax Levied
2010/2011	\$ 402,274	\$ 401,271	99.75 %
2011/2012	439,237	435,729	99.20
2012/2013	695,629	679,303	97.65
2013/2014	712,382	712,071	99.96
2014/2015	792,723	787,415	99.33
2015/2016	3,290,028	3,294,992	100.15
2016/2017	3,171,061	3,103,222	97.86
2017/2018	2,224,511	2,230,812	100.28
2018/2019	2,693,673	2,692,820	99.97
2019/2020	2,654,043	2,596,192	97.82
2020/2021	2,659,276	2,659,039	99.99
2021/2022	2,811,548	2,817,559	100.21
2022/2023	3,222,770	3,219,067	99.89
2023/2024	3,480,555	3,489,410	100.25
2024/2025	3,436,197	3,408,502	99.19

Source: Through 2014/2015 - from the Official Statement for the General Obligation Refunding Bonds, Series 2016. From 2015/2016 - from the District.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE VIII
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
REVENUES					
Property Taxes	\$ 947,334	\$1,533,223	\$1,765,227	\$2,009,118	\$1,925,780
Specific Ownership Taxes	47,538	83,853	75,155	72,542	78,825
Payment in Lieu of Taxes - Good Samaritan	145,410	159,725	150,664	164,376	176,683
Interest on Late Tax Payments	-	-	-	2,799	4,263
Net Investment Income	1,036	2,470	9,592	25,178	38,525
Other Revenue	-	-	-	68,850	-
Total Revenues	<u>1,141,318</u>	<u>1,779,271</u>	<u>2,000,638</u>	<u>2,342,863</u>	<u>2,224,076</u>
EXPENDITURES					
Bank Fees	178	50	70	608	320
County Treasurer's Fees	14,225	23,018	26,495	30,987	28,983
Transfer to Poudre Tech - Other ¹	<u>1,442,259</u>	<u>1,756,739</u>	<u>1,824,266</u>	<u>2,311,268</u>	<u>2,156,568</u>
Total Expenditures	<u>1,456,662</u>	<u>1,779,807</u>	<u>1,850,831</u>	<u>2,342,863</u>	<u>2,185,871</u>
NET CHANGE IN FUND BALANCES	<u>(315,344)</u>	<u>(536)</u>	<u>149,807</u>	<u>-</u>	<u>38,205</u>
Fund Balances - Beginning of Year, as Originally Stated	480,103	164,759	164,223	314,030	150,000
Restatement – Correction of Error	-	-	-	(164,030)	-
Fund Balance – Beginning of Year, as Restated	<u>480,103</u>	<u>164,759</u>	<u>164,223</u>	<u>150,000</u>	<u>150,000</u>
FUND BALANCES - END OF YEAR	<u>\$ 164,759</u>	<u>\$ 164,223</u>	<u>\$ 314,030</u>	<u>\$ 150,000</u>	<u>\$ 188,205</u>

¹ Transfer to Poudre Tech for operations and capital costs.

Source: District's audited financial statements for the years ended December 31, 2021-2025.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE IX
DEBT SERVICE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
REVENUES					
Property Taxes	\$ 1,711,705	\$ 1,284,336	\$ 1,453,841	\$ 1,480,292	\$ 1,475,193
Specific Ownership Taxes	85,894	70,241	61,898	53,462	60,381
Interest on Late Tax Payments	-	-	-	2,063	3,266
Net Investment Income	2,028	8,465	24,723	38,806	18,733
Total Revenues	<u>1,799,627</u>	<u>1,363,042</u>	<u>1,540,462</u>	<u>1,574,623</u>	<u>1,557,573</u>
EXPENDITURES					
County Treasurer's Fees	25,702	19,282	21,822	22,460	22,202
Transfer to Poudre Tech - Other ¹	-	-	-	-	-
Bank Fees	100	99	100	87	-
Debt Service:					
Bond Interest	320,175	313,162	305,362	297,081	288,144
Bond Principal	255,000	260,000	265,000	275,000	285,000
Paying Agent Fees	2,500	2,500	2,500	2,500	2,500
Transfer to Poudre Tech - 2010 PTMD Bonds	-	-	-	-	-
Transfer to Poudre Tech - 2020 PTMD Bonds	938,300	948,587	956,085	956,256	948,837
Total Expenditures	<u>1,541,777</u>	<u>1,543,630</u>	<u>1,550,869</u>	<u>1,553,385</u>	<u>1,546,683</u>
NET CHANGE IN FUND BALANCES	<u>257,850</u>	<u>(180,588)</u>	<u>(10,407)</u>	<u>21,238</u>	<u>10,890</u>
Fund Balances - Beginning of Year	<u>250,036</u>	<u>507,886</u>	<u>327,298</u>	<u>316,891</u>	<u>338,130</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 507,886</u></u>	<u><u>\$ 327,298</u></u>	<u><u>\$ 316,891</u></u>	<u><u>\$ 338,129</u></u>	<u><u>\$ 349,020</u></u>

¹Transfer to Poudre Tech for capital costs.

Source: District's audited financial statements for the years ended December 31, 2021-2025.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE X
GENERAL FUND BUDGET SUMMARY AND COMPARISON
YEAR ENDED DECEMBER 31, 2025**

	2024 Budget	2025 Budget	2025 Year-to- Date Actual
BEGINNING FUND BALANCE, as restated¹	\$ 314,030	\$ 314,030	\$ 150,000
REVENUES			
Property Taxes	2,077,968	1,945,726	1,925,780
Specific Ownership Taxes	72,542	77,829	78,825
Payment in Lieu of Taxes - Good Samaritan	164,376	176,683	176,683
Interest on Late Tax Payments	2,799	-	4,263
Net Investment Income	25,179	1,000	38,525
Total Revenues	<u>2,342,864</u>	<u>2,201,238</u>	<u>2,224,076</u>
Total Funds Available	2,656,894	2,515,268	2,374,076
EXPENDITURES			
County Treasurer's Fees	30,987	29,186	28,983
Bank Fees	608	-	320
Transfer to Poudre Tech	2,233,505	2,411,082	2,156,568
Contingency	-	75,000	-
Total Expenditures	<u>2,265,100</u>	<u>2,515,268</u>	<u>2,173,564</u>
TOTAL EXPENDITURES AND TRANSFERS OUT REQUIRING APPROPRIATION	<u>2,265,100</u>	<u>2,515,268</u>	<u>2,185,871</u>
ENDING FUND BALANCE	<u><u>\$ 391,794</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 188,205</u></u>

¹See Note 3 – Correction of Error (Restatement)

Sources: District's adopted 2024 and 2025 budgets and the District's audited financial statements for the year ended December 31, 2025.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2 CONTINUING DISCLOSURE
ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

**TABLE XI
DEBT SERVICE FUND BUDGET SUMMARY AND COMPARISON
YEAR ENDED DECEMBER 31, 2025**

	2024 Budget	2025 Budget	2025 Year-to- Date Actual
BEGINNING FUND BALANCE	\$ 305,411	\$ 316,417	\$ 338,130
REVENUES			
Property Taxes	1,476,754	1,490,472	1,475,193
Specific Ownership Taxes	59,070	59,619	60,381
Interest on Late Tax Payments	-	-	3,266
Net Investment Income	10,000	5,580	18,733
Total Revenues	<u>1,545,824</u>	<u>1,555,671</u>	<u>1,557,573</u>
Total Funds Available	1,851,235	1,872,088	1,895,703
EXPENDITURES			
County Treasurer's Fees	22,151	22,357	22,202
Paying Agent Fees	2,500	2,500	2,500
Bond Interest - Series 2016	297,081	288,144	288,144
Bond Principal - Series 2016	275,000	285,000	285,000
Transfer to Poudre Tech - 2020 PTMD Bonds	956,256	955,779	948,837
Contingency	5,012	1,860	-
Total Expenditures	<u>1,558,000</u>	<u>1,555,640</u>	<u>1,546,683</u>
TOTAL EXPENDITURES AND TRANSFERS OUT REQUIRING APPROPRIATION	<u>1,558,000</u>	<u>1,555,640</u>	<u>1,546,683</u>
ENDING FUND BALANCE	<u><u>\$ 293,235</u></u>	<u><u>\$ 316,448</u></u>	<u><u>\$ 349,020</u></u>

Sources: District's adopted 2024 and 2025 budgets and the District's audited financial statements for the year ended December 31, 2025.

EXHIBIT C
Rules and Regulations

**RESOLUTION
OF THE BOARD OF DIRECTORS OF
POUDRE TECH METROPOLITAN DISTRICT**

**RESOLUTION ADOPTING AMENDED AND RESTATED RECREATION AMENITIES
USE POLICY FOR WATER VALLEY**

WHEREAS, Poudre Tech Metropolitan District (the “**District**”) is a duly organized and validly existing special district, quasi-municipal corporation and political subdivision of the State of Colorado pursuant to Title 32, Colorado Revised Statutes (“C.R.S.”); and

WHEREAS, pursuant to Section 32-1-1001(l)(m), C.R.S., the District has the power to adopt, amend and enforce bylaws and rules and regulations not in conflict with the constitution and laws of this state for carrying on the business, objects, and affairs of the board and of the special district”; and

WHEREAS, pursuant to § 32-1-1001(n), C.R.S., the Board is authorized to have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to the District by Article 1, Title 32, C.R.S.; and

WHEREAS, pursuant to § 32-1-1001(1)(j), C.R.S., the District is authorized to fix and impose fees, rates, tolls, charges and penalties for services or facilities provided by the District; and

WHEREAS, the District owns, operates, and maintains certain including lakes, beaches, pavilions, gazebos, trails, paths, tennis courts, open space, landscape tracts and turf fields (the “**Recreation Amenities**”) for the benefit of the residents, property owners, and taxpayers of the District, Water Valley Metropolitan District No. 1, and Water Valley Metropolitan District No. 2 (“**Water Valley**”), and the general public; and

WHEREAS, in Board of Directors of the District (the “**Board**”) previously adopted a Recreation Amenities Use Policy (the “**Prior Policy**”) and desires to adopt this Amended and Restated Recreation Amenities Use Policy to update the policies and incorporate current practices for the use of the Recreation Amenities; and

WHEREAS, the Board finds that the adoption of this Amended and Restated Recreation Amenities Use Policy is in the best interest of the public health, safety, and welfare of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF POUDRE TECH METROPOLITAN DISTRICT:

1. Adoption. The Board hereby adopts the Amended and Restated Recreation Amenities Use Policy (the “**Policy**”), attached hereto and incorporated herein as **Exhibit A**.

2. Authorization. The Board hereby directs the District Manager, as may be necessary, to implement and otherwise oversee compliance with the Policy.

3. Amendments. The District expressly reserves the right to amend, revise, redact, and/or repeal this Resolution and the Policy in whole or in part, from time to time, in order to further the purpose of carrying on the business, objects, and affairs of the District.

4. Effective Date. This Resolution and the Policy shall be effective immediately and shall remain in full force and effect until such time as such processes is repealed by the Board.

5. Severability. If any term or provision of the Policy are found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable term or provision shall not affect the validity of the Policy as a whole but shall be severed from the Policy, leaving the remaining terms or provisions in full force and effect.

[Remainder of Page Intentionally Blank – Signature Page to Follow]

APPROVED AND ADOPTED this 24th day of March, 2022.

**POUDRE TECH METROPOLITAN
DISTRICT**, a quasi-municipal corporation and
political subdivision of the State of Colorado



Officer of the District

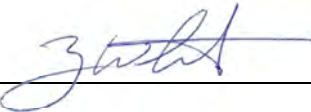
ATTEST:



Justin Donahoo (Jun 10, 2022 08:44 MDT)

APPROVED AS TO FORM

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

ATTACHMENT A

POUDRE TECH METROPOLITAN DISTRICT AMENDED AND RESTATED RECREATION AMENITIES USE POLICY

- 1. Preamble:** The Board of Directors of Poudre Tech Metropolitan District (the "**District**") has adopted the following Amended and Restated Recreation Amenities Use Policy (the "Policy") pursuant to Section 32-1-1001(l)(m), C.R.S., to provide for the orderly and efficient conduct of management, operation and control of the public facilities and services of the District. The District, pursuant to the provisions of its Service Plan approved by the Town of Windsor (the "**Service Plan**") has financed certain recreation amenities to serve the community commonly known as Water Valley (the "**Community**") including lakes, beaches, pavilions, gazebos, trails, paths, tennis courts, orchards, open space, landscape tracts and turf fields (collectively, the "**Recreation Amenities**").

Unless otherwise specified, all references to the "District" made herein shall refer to Poudre Tech Metropolitan District, as well its respective Board of Directors. All references herein to "District Manager" shall refer to an independent contractor engaged by the District to perform such services, with and to the extent authorized by the District, by contract or other valid allocation of authority.

- 2. District Recreation Amenities Use Generally:** The Recreation Amenities are available for use by the general public during the hours of operation set forth below, subject to this Recreation Amenities Use Policy ("**Policy**") on a first come, first serve basis, except as set forth in Section 3 below.

HOURS OF OPERATION:

Parks, gazebos, pavilions and tennis courts: 5:00 a.m. – 10:00 p.m.

Beaches and Lakes: 5:00 a.m. – 10:00 p.m., subject to Section 6.3.3 below.

- 3. Recreation Pass Required:** All members of the public residing in Water Valley ("**Residents**") and members of the public not residing in Water Valley ("**Non-residents**") are required to have a "Recreation Pass" issued by the District in their possession while using the Recreation Amenities, with exception of the paths and trails. If a Recreation Pass is not in the person's possession, they and their guests will be asked to leave the area until a Recreation Pass is presented and may be subject to a fine. Recreation Passes are revocable by the District Manager, or their designee, as set forth in Section 7 of this Policy, if the Recreation Pass holder violates any regulation in this Policy, commits any act of vandalism, engages in unruly conduct or behavior that endangers the Recreation Pass holder, others, or District owned property or adjacent property. Parents or legal guardians of minor children will be held responsible for the actions of their minor children and may have their Recreation Passes revoked as a result of the actions of their minor children. Non-residents are required to pay reasonable fees as may be established by the District from time to time in order to obtain a

Recreation Pass. All Residents and Non-residents wishing to obtain a Recreation Pass are required to complete a “Resident Recreation Pass Application and Agreement” or “Non-Resident Pass Application and Agreement” which may be obtained from the District Manager at the address below:

Advance HOA
1613 Pelican Lakes Point, Suite 200
Windsor, CO 80550

4. Prohibited Activities: Unless specifically authorized in writing by the District Manager, the activities described in this Section 4 are prohibited within the Recreation Amenities.

- a. Enter or remain in or refuse to leave during those times when the Recreation Amenities are not open for public use.
- b. Hold organized sports team practices or games.
- c. Except as set forth in this Policy, allow personal property to remain on the Recreation Amenities at the end of the hours of operation, including parking motor vehicles overnight.
- d. Operate private or commercial drones, or other recreational aircraft without approval of the District Manager.
- e. Deposit, leave or bury refuse, trash, pet waste, or litter except in designated trash receptacles.
- f. Place or post signs, or stick or place any handbill, poster, placard, sticker, or painted or printed matter on any public building, fence, power or light or telephone pole, or any other public structure.
- g. Permit pets to be off leash.
- h. Camp overnight.
- i. Install any structure, including but not limited to, tents, booths, stands, awnings, tree houses, rope swings, inflatable amusements or canopies, except that temporary awnings and umbrellas or other temporary portable structures for shade are permitted as long as such structures are not left unattended and are removed when user leaves. No stakes may be driven into the ground.
- j. Destroy, vandalize, deface or damage any property, buildings, structures, signs, equipment, fences, gates or locks regulating access.
- k. Use any amplified sound system that produces audible sound beyond twenty-five (25) feet.

- l.** Play or practice golf or archery.
- m.** Sell, serve, or dispense any alcoholic beverages unless a special event permit is obtained from the District Manager. The private, personal consumption of alcohol is permitted for persons twenty-one (21) years of age or older and in compliance with all applicable State and local laws and regulations.
- n.** Smoke, including vaping and electronic cigarettes.
- o.** Consume or possess any illegal drugs.
- p.** Consume or possess marijuana.
- q.** Bring into, possess, or have any glass bottles, or container, plates, or any other object made of glass.
- r.** Engage in disorderly conduct or abusive language.
- s.** Discharge explosives or fireworks or operate launch model rockets or other devices which may have an explosive charge.
- t.** Conduct any commercial activity without prior written approval of the District Manager.
- u.** Block, close off, or impair access to any trails or facilities.
- v.** Hunt, shoot, kill, injure, trap or maim any animal, except for fishing as provided for in this Policy.
- w.** Enter, without authorization, those areas and facilities posted or otherwise designated as closed to the general public, if any.
- x.** Remove, cut down, disfigure rocks, trees, shrubs or other features of the natural environment. Picking fruit and vegetables in the orchards and farm fields during District approved picking seasons is permitted.
- y.** Plant any trees, shrubs or other vegetation anywhere within the Recreation Amenities.
- z.** Build a fire. Manufactured, portable outdoor fire pits and charcoal grills are permitted solely on a daily basis and must be broken down and removed at the end of the day, and site returned to previous condition. All wood burning devices must include a screen or spark arrester design feature to contain fire. No dumping of ash or charcoal is allowed.
- aa.** Operate unauthorized motor vehicles, including all off-road vehicles such as ATVs, dirt bikes, and other recreational vehicles. Golf carts are permitted pursuant to Section 6. Electric scooters and bicycles are permitted.

- bb.** Possess a weapon, unless authorized pursuant to C.R.S. 18-12-214, or any air rifle, spring-gun, sling, paintball gun, air soft gun or any other weapon.
- cc.** Enter or use a private dock or watercraft without the express written consent of the owner of the dock or watercraft.
- dd.** Fish, swim or recreate near a docked watercraft or private dock.

5. District Lakes and Beaches:

- a. Generally:** The following regulations apply to all lakes (the “**Lakes**”) and beaches (the “**Beaches**”) operated by the District, except Lake Water Valley and its beaches which are not available for use by the public (the Lakes and Beaches are collectively referred to as the “**Lake Facilities**”), as depicted in **Exhibit A**, attached hereto and incorporated herein by this reference.
- b. Passes/Permit Required:** No watercraft shall be permitted on the surface of any Lake without obtaining a Launch and Use Permit from the District Manager. Launch and Use Permits are provided to Recreation Pass holders only. Launch and Use Permits must be adhered to each registered watercraft on the starboard side, above the waterline. Recreation Passes are required to be on your person at all times while using the Lake Facilities and must be presented to a District Manager, or its designee, including District security patrol staff, upon request. Individuals using the Lake Facilities without a Launch and Use Permit or Recreation Pass may be asked to leave and may be subject to a penalty.
 - i.** In order to verify that watercraft is in compliance with this Policy, inspections may be done routinely along the Beaches. Any watercraft missing a Launch and Use Permit may be removed and impounded pursuant this Policy.
 - ii.** The District Manager shall have the authority to move, remove, or relocate all watercraft and any other personal property stored in or on the Beaches.

c. Lake Use and Watercraft Regulations:

- i.** Upon review and approval by the District, and upon such terms as the District determines are reasonable, the District allows for private dock installation on Eagle Lake only. Dock installation will be considered on a case by case basis and is available only to owners of lots that abut the Beaches. Written approval by the District is required prior to the commencement of private dock installation or modification. In general, private docks cannot exceed 20 feet in length or width, there must be twenty (20) feet between each neighboring private dock to allow for adequate spacing, and private dock owners are solely responsible for the maintenance of the sand underneath and around the private dock and gangway. Property owners desiring to install a private dock should submit such request to the District Manager in writing. Any such request should include the property owners’ name, address and contact information

along with a description and depiction of the proposed dock, distances from adjacent docks, and any other relevant information that may aid the District in its decision to approve or disapprove the installation of the private dock.

- ii. Due to limited storage space at designated Boat Storage Locations (defined below) on the Beaches, Non-resident watercraft storage is prohibited.
- iii. Use of watercraft after sunset must have running lights for nighttime operation. Noise, voices, and music after dark to be kept at a volume so as not to create a disturbance, or that carries further than twenty-five (25) feet from the watercraft.
- iv. No boating, fishing or swimming shall be permitted in close proximity to or along the Pelican Lakes Golf Course fairways on Habitat Lake, Rock Bridge Lake or Eagle Lake.
- v. Watercraft must be no longer than twenty-four (24) feet using the U.S. Coast Guard Simplified Measurement System. Jet skis and other similar personal motorized watercraft are prohibited.
- vi. The speed limit on all Lakes is five (5) mph. All watercraft shall operate at wakeless speeds at all times.
- vii. Residents who plan to store watercraft on or near beaches overnight must store watercraft in designated areas only (the “**Boat Storage Locations**”) as depicted in **Exhibit C**, attached hereto. Boat Storage Locations may be used between April 15 and October 15 only. If storage racks are provided, they will be available on a first come, first served basis and should be used before storing watercraft on the ground. The District is not responsible for damage or theft of watercraft stored at the Boat Storage Locations, or anywhere else on the Beaches. All residents who store watercraft at Boat Storage Locations will be required to obtain a storage permit from the District Manager and pay a storage fee. Any watercraft stored on the Beaches or at Boat Storage Locations without a storage permit may be subject to removal and impound by the District Manager. Up to five (5) pontoon boats or other large watercraft may also be stored at designated locations on Rockbridge Lake. Residents desiring to store pontoon boats or other large watercraft on Rockbridge Lake may reserve a storage location for the year by contacting the District Manager and payment of a storage fee.
- viii. Grandpa’s Pond watercraft storage from shoreline is permitted on a first come first serve basis. A limited number of watercraft can be stored here due to lack of space. All other watercraft must be stored within the approved Boat Storage Locations. Grandpa’s Pond is a channel and the level of water moves up and down. The District is not responsible to dredge the pond or channel to allow for

clear access from Grandpa's Pond into Eagle Lake. Transition of watercraft to Eagle Lake is an owner responsibility.

- ix.** Beaches are subject to routine maintenance. During these times, watercraft must be removed or relocated from the designated area being maintained. Notification will be provided to Launch and Use Permit holders informing of maintenance locations. If watercraft are not removed by the Launch and Use Permit holder the District may remove and impound the watercraft. The District will store impound watercraft bearing a valid Launch and Use Permit for at least fourteen (14) days, after which it may dispose of the impounded watercraft at the discretion of the District Manager. Watercraft not bearing a Launch and Use Permit will be impounded and may be disposed of at the discretion of the District Manager. Impounded watercraft will be subject to a storage and retrieval fee, which fee may be reduced by at the discretion of the District Manager by up to \$250.
- x.** If any "loose" or unattended watercraft are located on any of the Lakes, the owner will be notified according to the Launch and Use Permit affixed to the watercraft. If the watercraft is not recovered by the owner within 24-hours of notification, the watercraft will be impounded and subject to a storage and retrieval fee and possible disposal of the watercraft.
- xi.** Watercraft may be launched on Eagle Lake and Rockbridge Lake only at locations designated by the District Manager. Any person with a Launch and Use Permit desiring to launch their watercraft on Eagle Lake or Rockbridge Lake should contact the District Manager at least 24-hours prior to launching to obtain access to the launch areas.
- xii.** Water Trampolines/Slides/Water Toys - The following rules apply to all water toys intended to be placed in the Lakes by a property owner, including but not limited to trampolines, slides, water toys or any other similar apparatus, as determined by the District Manager ("Water Toys"):

 - Owners must obtain prior approval from the District Manager before placing the Water Toys on a Lake each year.
 - The District reserves the right to deny requests for Water Toys placed on the Lakes.
 - If approved by the District Manager, owners must fill out a registration form and obtain a registration sticker to adhere to the Water Toy.
 - Owners of Water Toys must provide the District Manager adequate proof of liability insurance as determined by the District Manager. The District must be added as an additional insured on the liability insurance policy.

- Any Water Toys placed on the Lakes must remain open for use by Recreation Pass holders when not in use by the Owner.
- Participants must wear a life jacket at all times.
- Participants are not permitted on Water Toys after 9 p.m. or before 9 a.m.
- Water Toys are permitted on the Lakes from Memorial Day to Labor Day, subject to the above conditions and restrictions.
- Water Toys not approved by the District or not used in a manner consistent with this Policy will be subject to removal.

d. Fishing Regulations:

The District takes great pride in its Lakes and permits fishing on Pelican Lake, Habitat Lake, Rockbridge Lake and Eagle Lake as depicted on the map attached hereto as **Exhibit A**. A depiction of the fish that may be found in the Lakes is attached hereto as **Exhibit B**. No fishing license necessary, but a Recreation Pass must be carried at all times. Fishing is not allowed on any of the entrance ponds, fountains, Shadow Pond, Bass Pond or Rockbridge Pond. The following restrictions apply:

- i. No fishing is allowed along the Pelican Lakes Golf Course fairways on Habitat Lake, Rock Bridge Lake or Eagle Lake.
- ii. Except as otherwise indicated on **Exhibit B**, only catch and release fishing shall be permitted and only in accordance with Department of Wildlife fishing regulations applicable to similar catch and release lakes. Fish should be unhooked and returned to the water immediately.
- iii. Only barbless hooks are permitted.
- iv. No unattended fishing poles or fishing lines.
- v. Absolutely no ice fishing is ever allowed.
- vi. Worms, minnows, crayfish and other live bait that comply with the State and local regulations can be used as well as artificial lures and manufactured baits.
- vii. No fishing allowed from private backyards, private docks or vacant lots except by the owner thereof.
- viii. All fisherman and watercraft users from both shore and from watercraft shall respect a five (5) yard radius setback from any boats or private docks when casting lines or operating watercraft.
- ix. Cast netting fishing is not permitted in any of the Lakes.

- x. Spearfishing and bow fishing is subject to State and local regulations.

6. Private Golf Carts:

- a. **Use Generally:** All golf cart drivers must be at least sixteen (16) years of age and possess a valid driver's license. Golf carts may only be operated within designated areas within the Water Valley as depicted in **Exhibit D**, attached hereto. Golf carts shall not be operated with more passengers than are seats on the golf cart. All passengers must remain seated while the golf cart is moving.
- b. **Registration Required:** All golf carts used or intended for use within Water Valley are required to be registered with the District. Golf Cart Registration Forms may be obtained from the District Manager. Any person found operating an unregistered golf cart may be subject to fines, at the discretion of the Board.
- c. **Golf Carts on Public Streets:** Use of private golf carts on designated public streets in Water Valley is permitted under the jurisdiction of the Town of Windsor pursuant to Resolution 2018-18, attached hereto as **Exhibit D**. All golf cart users must comply with all applicable ordinances of the Town of Windsor and laws of the State of Colorado regarding motor vehicles.
- d. **Lights:** Golf carts must be equipped and illuminated with head, tail and stop lamps and turn signals when used at night or low visibility.

7. Compliance/Enforcement:

- a. **Disorderly or Offensive Conduct.** The District Manager and its authorized representatives, including security patrols may request any individual to cease conduct that is:
 - i. In violation of any of the District's rules and regulations, including this Policy.
 - ii. Interferes with, or is abusive, toward any of the District's representatives in the normal operation of the Recreation Amenities.
 - iii. Interferes with any user or guest's use or enjoyment of the Recreation Amenities, or is abusive to any such person.
- b. **Remedies Available for Disorderly or Offensive Conduct.** In the event that the offending party fails to cease such conduct after being requested and warned to do so, the District Manager, or its designee, is authorized to use any and all reasonable means he or she deems necessary to stop such conduct. This includes, but is not limited to, having the offender removed from the Recreation Amenities, the imposition of fines, or the revocation of further privileges at the Recreation Amenities.

- c. Violations.** If anyone is found to violate the District's rules and regulations, including this Policy, disciplinary measures may be administered by the District Manager as follows without the necessity of any action of the District's Board of Directors:

First offense:	Advisory Letter
Second offense within 90 days of the Advisory Letter:	\$100
Third offense within 90 days of the Advisory Letter:	\$200

Users may also be restricted from use of the Recreation Amenities at the discretion of the District Manager and must apply for reinstatement. The District Manager shall determine whether the reinstatement is approved.

The District's Board of Directors shall be notified of all disciplinary measures by the District Manager and shall, in its discretion, have the ability to impose other disciplinary measures it deems appropriate at any point in time, which may include revocation of Recreation Amenities privileges for a user and/or user's family members. Any violations and disciplinary measures taken will be recorded in writing and kept on file by the District Manager. All violations may be reported to local law enforcement authorities as deemed necessary by the District Manager or the District's Boards of Directors.

- d. Restitution for Violation.** If any user or guest commits an act or omission that constitutes a violation of this Policy, and the violation causes the District to incur expenses, the user who commits the violation, or who is responsible for the guest who commits the violation, shall be liable to the District for all such expenses and shall repay the same to the District upon request. Such expenses may include, but shall not be limited to, reasonable attorneys' fees incurred as a result of the violation, as well as reasonable costs and/or attorneys' fees incurred in obtaining and collecting a judgment against a user who commits a violation or is responsible for a guest who commits a violation.

EXHIBIT A
DISTRICT LAKES

EXHIBIT B

WATER VALLEY FISH GUIDE



Fish Identification Guide

Here are the approximate 14 species of fish that inhabit our Water Valley Lakes



Smallmouth Bass – catch and release only



Largemouth Bass – catch and release only



White Crappie – catch and release only

Black Crappie – catch and release only



Perch – may be caught and used for bait but cannot be taken off the premises



Walleye – catch and release only



Trout – catch and release only

Water Valley Fish Identification Guide

Here are the approximate 14 species of fish that inhabit our Water Valley Lakes

Bluegill/Sunfish – may be caught and used for bait but cannot be taken off the premises



Wiper – a hybrid White Bass/Stripe Bass, catch and release only

Bullhead Catfish – catch and release only



Gizzard Shad – may be caught or used as bait and cannot be taken off the premises



Channel Catfish – catch and release only



White Sucker – may be caught or used as bait and cannot be taken off the premises

Common and Mirror Carp – may be caught residents are encouraged to take them



EXHIBIT C
DESIGNATED AREAS FOR BOAT STORAGE

BOAT STORAGE AREA #1 – Eagle Lake at Boat Ramp



BOAT STORAGE AREA #2 – Rock Bridge Lake at Water Valley Parkway



BOAT STORAGE AREA #3 – Pelican Lake along Poudre River Trail

