

**WATER VALLEY METROPOLITAN  
DISTRICT NO. 2  
Weld County, Colorado**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2018**

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## Independent Auditor's Report

Members of the Board of Directors  
Water Valley Metropolitan District No. 2

We have audited the accompanying financial statements of the governmental activities and the major funds of Water Valley Metropolitan District No. 2 as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Water Valley Metropolitan District No. 2, as of December 31, 2018 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other-Matters

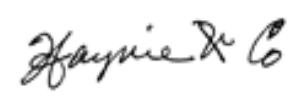
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. This 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Water Valley Metropolitan District No. 2's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado  
April 25, 2019

**WATER VALLEY METROPOLITAN DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

This section of the annual financial report offers readers of the Water Valley Metropolitan District No. 2's (District) financial statements its management's discussion and analysis of the District's financial performance during the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

**Background Information**

The District, a quasi-municipal corporation, was formed November 23, 1994, and is governed pursuant to provisions of the Colorado Special District Act. The original consolidated service plan between the District and Poudre Tech Metropolitan District was approved on September 22, 1994, the first modification was approved on March 27, 1995, and the second modification was approved on September 27, 1999. The District's service area is located in Windsor, Colorado.

**Financial Highlights**

- The liabilities and deferred inflows of resources of the District exceeded its assets at the close of 2018 by \$7.6 million (net deficit). This deficit/negative unrestricted net position is mainly due to the District being responsible for the payment of debt obtained for the construction of public improvements owned or to be owned by Poudre Tech Metropolitan District, and public improvements conveyed or to be conveyed to other governmental entities.
- During 2018, general revenues totaled \$2.5 million and accounted for 100% of all revenues; the District had no program specific revenues in the form of charges for services or operating/capital grants and contributions.
- During 2018, property taxes represent the majority of revenue sources for the District and decreased by \$872 thousand, a 28.1% decrease over the prior year. The decrease in the assessed valuation of properties in the District from \$81,309,260 (2017 tax collection) to \$57,038,740 (2018 tax collection) contributed to this decrease in property taxes. The decrease in assessed valuation was attributable primarily to oil and gas.
- During 2018, the District had \$2.4 million in expenditures related to governmental activities, of which \$2.0 million represents transfers to Poudre Tech Metropolitan District pursuant to a Capital Pledge Agreement, as twice amended, and a District Operating Agreement (see Note 8). None of the District's expenditures were offset by program specific charges for services and operating/capital grants and contributions.
- The District has no capital assets. Pursuant to the Amended/Restated Facilities Construction and Service Agreement, all public improvements constructed within the District will be owned and operated by Poudre Tech Metropolitan District.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

**Overview of the Financial Statements**

This annual financial report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements reflect how basic services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and required and other supplementary information which provide more detailed data. See below for a summary of the major features of the Government-Wide and Fund Financial Statements.

**Major Features of the Government-Wide and Fund Financial Statements**

	Government-wide Financial Statements	Fund Financial Statements Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary
Required Financial Statements	Statement of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

**WATER VALLEY METROPOLITAN DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

***Government-Wide Statements***

The government-wide statements are designed to provide readers a broad overview of the Water Valley Metropolitan District No. 2 finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These statements provide both short-term and long-term information about the District's overall financial status.

The statement of net position presents information on all of the District's assets and liabilities, as well as deferred outflows of resources and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Water Valley Metropolitan District No. 2 is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). Included in governmental activities are most of the District's basic services. The government-wide financial statements can be found on pages 1-2 of this report.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has only one fund category type, governmental fund types.

- *Governmental Funds:* All of the District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

Water Valley Metropolitan District No. 2 maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances, found on pages 3-5 of this report. Budgetary financial statements for the General Fund can be found on page 6 of this report.



**WATER VALLEY METROPOLITAN DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 7-18 of this report.

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. This includes the budgetary financial schedule for the Debt Service Fund (page 20) and Schedule of Debt Service Requirements to Maturity (page 21).

**Financial Analysis of the District as a Whole**

***Net Position and Changes in Net Position***

Table 1 provides a summary of the District's net position at December 31, 2018 and 2017.

**Table 1  
Condensed Statement of Net Position**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current Assets	\$ 3,233,517	\$ 2,886,037
Total Assets	<u>3,233,517</u>	<u>2,886,037</u>
<b>LIABILITIES</b>		
Current Liabilities	267,717	263,158
Long-Term Liabilities	<u>7,877,309</u>	<u>8,139,692</u>
Total Liabilities	8,145,026	8,402,850
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,693,673	2,224,511
<b>NET POSITION</b>		
Restricted	10,008	125,954
Unrestricted	<u>(7,615,190)</u>	<u>(7,867,278)</u>
Total Net Position	<u>\$ (7,605,182)</u>	<u>\$ (7,741,324)</u>

**WATER VALLEY METROPOLITAN DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

Table 2 provides a summary of the changes in net position.

**Table 2  
Changes in Net Position from Operating Results**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Program Revenues:		
Charges for Services	\$ -	\$ -
Operating Grants and Contributions	-	-
Capital Grants and Contributions	-	-
General Revenues:		
Taxes	2,399,951	3,349,479
Interest Income	9,504	5,449
Reimbursed Expenditures	-	576,681
Other	122,123	105,791
Total Revenues	<u>2,531,578</u>	<u>4,037,400</u>
<b>EXPENSES</b>		
General Government	10,040	25,154
Transfer to Poudre Tech Metro District - Operations and Capital	829,433	2,445,547
Transfer to Poudre Tech Metro District - Series 2010 Bonds	1,214,727	1,205,733
Interest and Related Costs on Long-Term Debt	341,236	341,293
Total Expenses	<u>2,395,436</u>	<u>4,017,727</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 136,142</u>	<u>\$ 19,673</u>

Property and specific ownership taxes account for most of the District's revenues. The District's expenditures primarily relate to its obligation to Poudre Tech Metropolitan District pursuant to a Capital Pledge Agreement (to pay debt service of 2010 Bonds issued by Poudre Tech Metropolitan District) and an Amended/Restated Facilities Construction and Service Agreement (to construct public improvements benefitting the District).

**WATER VALLEY METROPOLITAN DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

***Governmental Activities***

The change in net position for governmental activities was \$136,142 in 2018.

The statement of activities shows the cost of program services and the related charges for services and grant offsetting those costs. Table 3 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 3  
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
General Government	\$ 10,040	\$ (10,040)
Intergovernmental	2,044,160	(2,044,160)
Interest and Related Costs on Long-Term Debt	341,236	(341,236)
Total	<u>\$ 2,395,436</u>	<u>\$ (2,395,436)</u>

**Financial Analysis of District's Funds**

***General Fund***

The General Fund provides for general operating costs of the District. The primary funding source for the General Fund is property taxes.

As of December 31, 2018, the District has not provided for an emergency reserve fund equal to at least 3% of the fiscal year spending, as defined under TABOR, because all revenues in the General Fund are intended to be and are being transferred to Poudre Tech Metropolitan District, 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.

***Budgetary Highlights***

The District's budget is prepared according to Colorado law and is based on accounting for certain transaction on a basis of cash receipts and disbursements.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

**Debt Administration**

***Long-Term Debt***

On July 8, 2016, the District issued \$8,125,000 in General Obligation Refunding Bonds, Series 2016 (Bonds) to prepay the Loan at First Western Trust Bank. 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.

**Table 4  
Outstanding Long-Term Debt**

	2018	2017	Percent of Change 2017-2018
Government Activities:			
General Obligation Refunding Bonds, Series 2016	\$ 7,800,000	\$ 8,035,000	
Total	<u>\$ 7,800,000</u>	<u>\$ 8,035,000</u>	-2.92%

**Economic Factors and Next Year's Budget**

- The District is a mixed-use community planned to consist of 1,190 single-family detached homes, 150 single-family attached homes (townhomes), and 783 multi-family units (condominiums and apartments). The District also includes approximately 101 acres zoned for commercial/office/retail uses. The development of the District is being undertaken by Trollco, Inc., a Colorado corporation. Trollco or a related entity currently owns all the remaining developable property within the District. With respect to residential development in the District, of the planned 1,190 single-family detached homes, approximately 1,057 have been constructed and new construction continues at a robust pace. Of the planned 150 single-family attached homes (townhomes), 150 have been constructed. Of the planned 783 multi-family units (condominiums and apartments), 491 apartments, 56 condos and 4 duplex units have been constructed. With respect to commercial development in the District, of the 101 acres zoned for commercial/office/retail uses, approximately 21 acres have been developed into a total of approximately 272,573 square feet of commercial/office/retail space. As 2019 is a reassessment year and because real estate in Northern Colorado has seen significant appreciation, the District anticipates that the assessed value of the residential and commercial real estate within the District will materially increase because of the pending reassessment.
- The District is in the middle of Northern Colorado, an area that is continuing to enjoy a robust and growing regional economy and an associated material increase in property values. As the regional economy continues to grow, so too should the values of the residential and commercial real estate within the District. Because of new construction, the Assessed Value for real estate within the District grew 13.27% from 2017 (tax collection in 2018) to 2018 (tax collection in 2019) \$34,321,170 to \$38,875,160. At the District's current total mill levy of 41.139 mills, this increase in value will result in approximately \$187,347 of additional revenue to the District in 2019.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018**

- The financial impact of ad valorem taxes on oil and gas produced from wells within the District continues to be significant. The total Certified Assessed Value of oil and gas production within the District for 2018 (tax collection in 2019) increased 17.1% from 2017 (tax collection in 2018), going from \$22,717,570 to \$26,602,200. At the District's current mill levy of 41.139 mills, this increase in assessed value from oil and gas will result in an increase of revenue of approximately \$208,403 to the District in 2019. Total revenue from oil and gas taxes in 2018 (at 39 mills) and anticipated taxes for 2019 (at 41.139 mills) are \$885,985 and \$1,094,388 respectively. The increase in oil and gas related revenues is the result of new oil and gas wells coming on line during calendar year 2017. Oil and Gas taxes collected in 2019 are predicated on oil and gas production that occurred in calendar year 2017.

After 2019, the financial impact of oil and gas to the District will be predicated on the price of oil and gas over time, the actual amount of oil and gas produced from each well, and the number of new wells, if any, brought on line.

**Contacting the District's Financial Management Team**

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Water Valley Metropolitan District No. 2  
1625 Pelican Lakes Point, Suite 201  
Windsor, Colorado 80550

## **BASIC FINANCIAL STATEMENTS**

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 150,030
Cash and Investments - Restricted	376,748
Receivable - County Treasurer	13,066
Property Taxes Receivable	<u>2,693,673</u>
Total Assets	<u>3,233,517</u>
<b>LIABILITIES</b>	
Accrued Interest Payable - Bonds	27,717
Noncurrent Liabilities:	
Due Within One Year	240,000
Due in More than One Year	<u>7,877,309</u>
Total Liabilities	<u>8,145,026</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	<u>2,693,673</u>
Total Deferred Inflows of Resources	<u>2,693,673</u>
<b>NET POSITION</b>	
Restricted for:	
Debt Service	10,008
Unrestricted	<u>(7,615,190)</u>
Total Net Position	<u><u>\$ (7,605,182)</u></u>

See accompanying Notes to Basic Financial Statements.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Government Activities:					
General Government	\$ 10,040	\$ -	\$ -	\$ -	\$ (10,040)
Intergovernmental - Transfers to PTMD - for Operations and Capital Costs	829,433	-	-	-	(829,433)
Intergovernmental - Transfers to PTMD - for Debt Service	1,214,727	-	-	-	(1,214,727)
Interest and Related Costs on Long-Term Debt	341,236	-	-	-	(341,236)
Total Governmental Activities	<u>\$ 2,395,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(2,395,436)
<b>GENERAL REVENUES</b>					
Property Taxes					2,230,812
Specific Ownership Taxes					169,139
Payment in Lieu of Taxes					122,123
Interest Income					9,504
Total General Revenues					<u>2,531,578</u>
<b>CHANGE IN NET POSITION</b>					136,142
Net Position - Beginning of Year					<u>(7,741,324)</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ (7,605,182)</u>

See accompanying Notes to Basic Financial Statements.



**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2018**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 150,030	\$ -	\$ 150,030
Cash and Investments - Restricted	-	376,748	376,748
Receivable - County Treasurer	3,871	9,195	13,066
Property Taxes Receivable	992,309	1,701,364	2,693,673
	<u>992,309</u>	<u>1,701,364</u>	<u>2,693,673</u>
Total Assets	<u>\$ 1,146,210</u>	<u>\$ 2,087,307</u>	<u>\$ 3,233,517</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	992,309	1,701,364	2,693,673
Total Deferred Inflows of Resources	<u>992,309</u>	<u>1,701,364</u>	<u>2,693,673</u>
<b>FUND BALANCES</b>			
Restricted			
Debt Service	-	325,313	325,313
Capital Projects (PTMD)	-	60,630	60,630
Committed			
Operations (PTMD)	153,901	-	153,901
Total Fund Balances	<u>153,901</u>	<u>385,943</u>	<u>539,844</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,146,210</u>	<u>\$ 2,087,307</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.			
Bonds Payable			(7,800,000)
Bond Premium			(317,309)
Accrued Interest Payable - Bonds			<u>(27,717)</u>
Net Position of Governmental Activities			<u>\$ (7,605,182)</u>

See accompanying Notes to Basic Financial Statements.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 660,893	\$ 1,569,919	\$ 2,230,812
Specific Ownership Taxes	50,109	119,030	169,139
Payment in Lieu of Taxes	122,123	-	122,123
Interest Income	1,000	8,504	9,504
Total Revenues	<u>834,125</u>	<u>1,697,453</u>	<u>2,531,578</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	9,920	23,566	33,486
2016 G.O. Bond Interest	-	337,894	337,894
2016 G.O. Bond Principal	-	235,000	235,000
Miscellaneous	120	100	220
Paying Agent Fees	-	2,500	2,500
Transfers to PTMD - Other	829,433	-	829,433
Transfers to PTMD - Series 2010 Bonds	-	1,214,727	1,214,727
Total Expenditures	<u>839,473</u>	<u>1,813,787</u>	<u>2,653,260</u>
<b>NET CHANGE IN FUND BALANCES</b>	(5,348)	(116,334)	(121,682)
Fund Balances - Beginning of Year	<u>159,249</u>	<u>502,277</u>	<u>661,526</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 153,901</u></u>	<u><u>\$ 385,943</u></u>	<u><u>\$ 539,844</u></u>

See accompanying Notes to Basic Financial Statements.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**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, 2018**

Net Change in Fund Balance - Total Governmental Fund	\$ (121,682)
--	--------------

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. Bonds - Principal Payment	235,000
-------------------------------------	---------

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.

Accrued Interest on Bonds - Change in Liability	441
Amortization of Bond Premium	22,383
	22,383

Change in Net Position of Governmental Activities	\$ 136,142
	136,142

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 659,026	\$ 660,893	\$ 660,893	\$ -
Specific Ownership Taxes	39,542	50,109	50,109	-
Payment in Lieu of Taxes	122,123	122,123	122,123	-
Interest Income	900	1,000	1,000	-
Total Revenues	821,591	834,125	834,125	-
<b>EXPENDITURES</b>				
County Treasurer's Fees	9,885	9,920	9,920	-
Miscellaneous	100	4,021	120	3,901
Transfers to PTMD - Funding for Operations	811,606	829,433	829,433	-
Total Expenditures	821,591	843,374	839,473	3,901
<b>NET CHANGE IN FUND BALANCES</b>	-	(9,249)	(5,348)	3,901
Fund Balances - Beginning of Year	150,000	159,249	159,249	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 153,901</u>	<u>\$ 3,901</u>

See accompanying Notes to Basic Financial Statements.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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 Districts Nos. 1 and 2 (Financing Districts) which 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.

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.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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.

**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). Currently, it also accounts for draws previously made on the 2014 General Obligation Loan with First Western Trust Bank, which funds are transferred to the Operating District to pay for costs of public improvements benefitting the District.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 year ended December 31, 2018.

**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.

**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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows 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.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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, 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.

*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.



**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

**Fund Balance (Continued)**

*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, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 150,030
Cash and Investments - Restricted	<u>376,748</u>
Total Cash and Investments	<u><u>\$ 526,778</u></u>

Cash and investments as of December 31, 2018, consist of the following:

Deposits with Financial Institutions	\$ 237,175
Investments	<u>289,603</u>
Total Cash and Investments	<u><u>\$ 526,778</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.

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, 2018, the District's cash deposits had a bank and carrying balance of \$237,175.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**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, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government	Weighted Average Under	
Liquid Asset Trust (COLOTRUST)	60 Days	<u>\$ 289,603</u>

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

**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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. 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 is rated AAAM by Standard & Poor's. 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, and there is no redemption notice period.

**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, 2018:

	Balance at December 31, 2017	Additions	Payments	Balance at December 31, 2018	Due Within One Year
General Obligation Refunding Bonds, Series 2016	\$ 8,035,000	\$ -	\$ 235,000	\$ 7,800,000	\$ 240,000
	8,035,000	-	235,000	7,800,000	<u>\$ 240,000</u>
Series 2016 Bond Premium	339,692	-	22,383	317,309	
Total	<u>\$ 8,374,692</u>	<u>\$ -</u>	<u>\$ 257,383</u>	<u>\$ 8,117,309</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 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 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, 2018**

**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 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 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.

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. During 2018, the District transferred \$1,214,727 to Poudre Tech Metropolitan District in compliance of its obligation under the Capital Pledge Agreement.

The 2016 Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 240,000	\$ 332,606	\$ 572,606
2020	245,000	326,606	571,606
2021	255,000	320,175	575,175
2022	260,000	313,162	573,162
2023	265,000	305,362	570,362
2024-2028	1,475,000	1,387,950	2,862,950
2029-2033	1,780,000	1,080,200	2,860,200
2034-2038	2,220,000	639,713	2,859,713
2039-2040	1,060,000	84,263	1,144,263
Total	<u>\$ 7,800,000</u>	<u>\$ 4,790,037</u>	<u>\$ 12,590,037</u>

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4 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, 2018, 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 the 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.

**NOTE 5 NET POSITION**

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position consists of assets that are restricted for use as imposed by external parties such as creditors, grantors, or contributors, or as imposed by laws or regulations of other governments, or as imposed through constitutional provisions or enabling legislation. At December 31, 2018, the District had restricted net position of \$10,008 for debt service.

The District has a deficit in unrestricted net position. This negative net position is a result of the District being responsible for the repayment of long-term debt and accrued interest issued to finance public improvements previously 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. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 6 RELATED PARTIES**

The Developer of the property which constitutes the District is Trollco 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 7 AGREEMENTS AND COMMITMENTS**

**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. 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.

**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.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 7    AGREEMENTS AND COMMITMENTS (CONTINUED)**

**Agreement Regarding Payment in Lieu of Taxes**

The Developer sold a property to The Evangelical Lutheran Good Samaritan Society (Society) as evidenced 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 PTMD (collectively, the "Districts"). Under the agreement, the 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 within the Districts, based on the assessed valuation of the property sold to the Society as determined by Weld County.

**NOTE 8    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; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (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 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.

**NOTE 9    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.

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

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, 2018, 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. Additionally, 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.



## **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, 2018**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,565,485	\$ 1,569,919	\$ 4,434
Specific Ownership Taxes	93,929	119,030	25,101
Interest Income	1,500	8,504	7,004
Total Revenues	<u>1,660,914</u>	<u>1,697,453</u>	<u>36,539</u>
<b>EXPENDITURES</b>			
County Treasurer's Fees	23,482	23,566	(84)
2016 G.O. Bond Interest	337,894	337,894	-
2016 G.O. Bond Principal	235,000	235,000	-
Miscellaneous	2,421	100	2,321
Paying Agent Fees	2,500	2,500	-
Transfers to PTMD - Series 2010 Bonds	1,215,703	1,214,727	976
Total Expenditures	<u>1,817,000</u>	<u>1,813,787</u>	<u>3,213</u>
<b>NET CHANGE IN FUND BALANCES</b>	(156,086)	(116,334)	39,752
Fund Balances - Beginning of Year	<u>443,909</u>	<u>502,277</u>	<u>58,368</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 287,823</u></u>	<u><u>\$ 385,943</u></u>	<u><u>\$ 98,120</u></u>

**WATER VALLEY METROPOLITAN DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2018**

\$8,125,000 General Obligation Refunding Bonds, Series 2016			
Dated July 8, 2016			
Principal Due December 1, Interest Rate 2.00% - 5.25%			
Payable June 1 and December 1			
<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 240,000	332,606	\$ 572,606
2020	245,000	326,606	571,606
2021	255,000	320,175	575,175
2022	260,000	313,162	573,162
2023	265,000	305,362	570,362
2024	275,000	297,081	572,081
2025	285,000	288,144	573,144
2026	295,000	278,525	573,525
2027	305,000	268,200	573,200
2028	315,000	256,000	571,000
2029	330,000	243,400	573,400
2030	340,000	230,200	570,200
2031	355,000	216,600	571,600
2032	370,000	202,400	572,400
2033	385,000	187,600	572,600
2034	400,000	172,200	572,200
2035	420,000	151,200	571,200
2036	445,000	129,150	574,150
2037	465,000	105,788	570,788
2038	490,000	81,375	571,375
2039	515,000	55,650	570,650
2040	545,000	28,613	573,613
Total	<u>\$ 7,800,000</u>	<u>\$ 4,790,037</u>	<u>\$ 12,590,037</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, 2018**

Home Type/ Homebuilder	Total Platted Lots/Planned Units <sup>1</sup>	Base Sales Price	Square Footage	Number of Building Permits Issued <sup>2</sup>	Remaining Inventory <sup>3</sup>
Single-Family Detached:	<b>884</b>			<b>869</b>	<b>15</b>
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	114	3
Lennar	55	\$359,900 - \$379,900	1,671 - 1,988	55	-
JUMA Homes <sup>4</sup>	46	\$390,000 - \$510,000	1,325 - 1,771	36	10
Other <sup>5</sup>	572	Unknown	Unknown	570	2
Single-Family Attached:	<b>150</b>			<b>150</b>	<b>-</b>
Landmark <sup>6</sup>	150	\$272,400 - \$339,900	1,455 - 1,794	150	-
Multi-Family:	<b>292</b>			<b>60</b>	<b>232</b>
Apartments	220	--	--	-	220
Condos	56	Unknown	Unknown	56	-
Duplex	16	--	--	4	12
Total	<b>1,326</b>			<b>1,079</b>	<b>247</b>
<b>Development Activity - Subsequent Phases of WV2 Development</b>					
Home Type/ Homebuilder	Total Platted Lots/Planned Units <sup>1</sup>	Base Sales Price	Square Footage	Building Permits Issued <sup>2</sup>	Remaining Inventory <sup>3</sup>
Single-Family Detached:	<b>306</b>			<b>188</b>	<b>118</b>
JUMA Homes Luxury/Active Adults	70	\$500,000 - \$900,000	1,325 - 2,000	-	70
JUMA Homes Ridgeline Lots	34	\$750,000 - \$1,100,000	2,500 - 4,000	8	26
Pelican Farms	202	\$375,000 - \$750,000	2,000 - 4,500	180	22
Mid-Family:	<b>491</b>			<b>491</b>	<b>-</b>
Apartments	196	For Rent	--	196	-
Apartments - Luxury / Active Adults	120	For Rent	--	120	-
Senior Living - Independent Living	121	For Rent	--	121	-
Senior Living - Memory Care	54	For Rent	--	54	-
Total	<b>797</b>			<b>679</b>	<b>118</b>
<b>Grand Total</b>	<b>2,123</b>			<b>1,758</b>	<b>365</b>

<sup>1</sup> Reflects 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.

<sup>2</sup> Represents lots for which the Town of Windsor has issued a building permit, as of March 31, 2019. 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.

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

<sup>4</sup> Lots replatted from Single-Family Attached to Single-Family Detached in 2017.

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

<sup>6</sup> The sole active single-family attached builder in the first phase of the WV2 Development is Landmark Construction Solutions, Inc., a Colorado corporation, doing business as Landmark Homes (Landmark Homes).

**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, 2018**

Levy/Collection Year	Assessed Valuation	Percent Increase	Mill Levies		
			General Fund	Debt Service Fund	Total Mill Levy
2010/2011	\$ 20,113,720	- %	0.000	20.000	20.000
2011/2012	16,893,730	(16.01)	0.000	26.000	26.000
2012/2013	17,836,630	5.58	0.000	39.000	39.000
2013/2014	18,266,193	2.41	0.000	39.000	39.000
2014/2015	20,326,230	11.28	0.000	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

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  
2018 ASSESSED AND "ACTUAL" VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT  
YEAR ENDED DECEMBER 31, 2018**

Class	Assessed Valuation	Percent of Assessed Valuation	"Actual" Valuation	Percent of "Actual" Valuation
Oil and Gas	\$ 26,602,200	40.62 %	\$ 35,430,732	6.75 %
Residential	34,019,110	51.96	472,482,792	90.05
Vacant Land	2,626,280	4.01	9,057,070	1.73
Commercial	1,668,050	2.55	5,751,906	1.10
State Assessed	534,420	0.82	1,842,839	0.35
Agricultural	26,630	0.04	91,769	0.02
Minerals	670	0.00	2,309	0.00
Total	<u>\$ 65,477,360</u>	<u>100.00 %</u>	<u>\$ 524,659,417</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, 2018**

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

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, 2018**

	2014	2015	2016	2017	2018
<b>REVENUES</b>					
Property Taxes	\$ -	\$ -	\$ 1,349,679	\$ 1,663,566	\$ 660,893
Specific Ownership Taxes	-	-	79,803	132,013	50,109
Payment in Lieu of Taxes - Good Samaritan	95,191	95,191	105,791	105,791	122,123
Interest Income	-	-	1,395	1,115	1,000
Total Revenues	95,191	95,191	1,536,668	1,902,485	834,125
<b>EXPENDITURES</b>					
Miscellaneous	-	-	80	138	120
County Treasurer's Fees	-	-	20,264	25,016	9,920
Transfer to Poudre Tech - Other <sup>1</sup>	95,191	-	1,360,006	1,874,400	829,433
Total Expenditures	95,191	-	1,380,350	1,899,554	839,473
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	95,191	156,318	2,931	(5,348)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In (Out)	-	(95,191)	-	-	-
Total Other Financing Sources (Uses)	-	(95,191)	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	-	-	156,318	2,931	(5,348)
Fund Balances - Beginning of Year	-	-	-	156,318	159,249
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,318</u>	<u>\$ 159,249</u>	<u>\$ 153,901</u>

<sup>1</sup> Transfer to Poudre Tech for operations and capital costs.

Source: District's audited financial statements for the years ended December 31, 2014-2018.

**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, 2018**

	2014	2015	2016	2017	2018
<b>REVENUES</b>					
Property Taxes	\$ 712,774	\$ 788,365	\$ 1,945,313	\$ 1,439,656	\$ 1,569,919
Specific Ownership Taxes	60,032	52,886	115,022	114,244	119,030
Interest Income	1,576	1,182	2,895	4,334	8,504
Reimbursed Expenditures	-	-	-	576,681	-
Total Revenues	<u>774,382</u>	<u>842,433</u>	<u>2,063,230</u>	<u>2,134,915</u>	<u>1,697,453</u>
<b>EXPENDITURES</b>					
County Treasurer's Fees	10,715	11,840	29,207	21,649	23,566
Transfer to Poudre Tech - Other <sup>1</sup>	5,237,493	2,344,223	156,633	571,147	-
Miscellaneous	143	40	60	102	100
Debt Service:					
Bond Interest	167,297	295,409	202,398	339,694	337,894
Bond Principal	-	-	8,240,000	90,000	235,000
Bond Cost of Issuance	279,347	-	-	-	-
Paying Agent Fees	-	-	-	2,500	2,500
Loan Interest	-	-	134,934	-	-
Loan Cost of Issuance	-	-	185,373	-	-
Transfer to Poudre Tech - 2010 PTMD Bonds	759,776	687,234	1,176,329	1,205,733	1,214,727
Total Expenditures	<u>6,454,771</u>	<u>3,338,746</u>	<u>10,124,934</u>	<u>2,230,825</u>	<u>1,813,787</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,680,389)	(2,496,313)	(8,061,704)	(95,910)	(116,334)
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan Proceeds	5,619,727	2,620,273	-	-	-
Bond Issuance	-	-	8,125,000	-	-
Bond Premium	-	-	371,133	-	-
Transfers In	-	95,191	-	-	-
Total Other Financing Sources (Uses)	<u>5,619,727</u>	<u>2,715,464</u>	<u>8,496,133</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(60,662)	219,151	434,429	(95,910)	(116,334)
Fund Balances - Beginning of Year	<u>5,269</u>	<u>(55,393)</u>	<u>163,758</u>	<u>598,187</u>	<u>502,277</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ (55,393)</u>	<u>\$ 163,758</u>	<u>\$ 598,187</u>	<u>\$ 502,277</u>	<u>\$ 385,943</u>

<sup>1</sup> Transfer to Poudre Tech for capital costs.

Source: District's audited financial statements for the years ended December 31, 2014-2018.

**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, 2018**

	2017 Budget (As Amended)	2018 Budget (As Amended)	2018 Year-to-Date Actual
<b>BEGINNING FUND BALANCES</b>	\$ 156,318	\$ 159,249	\$ 159,249
<b>REVENUES</b>			
Property Taxes	1,676,819	660,893	660,893
Specific Ownership Taxes	123,934	50,109	50,109
Payment in Lieu of Taxes - Good Samaritan	105,791	122,123	122,123
Interest Income	737	1,000	1,000
Total Revenues	<u>1,907,281</u>	<u>834,125</u>	<u>834,125</u>
Total Funds Available	2,063,599	993,374	993,374
<b>EXPENDITURES</b>			
County Treasurer's Fees	25,152	9,920	9,920
Miscellaneous	100	4,021	120
Transfer to Poudre Tech	<u>1,888,347</u>	<u>829,433</u>	<u>829,433</u>
Total Expenditures	<u>1,913,599</u>	<u>843,374</u>	<u>839,473</u>
<b>TOTAL EXPENDITURES AND TRANSFERS OUT REQUIRING APPROPRIATION</b>	<u>1,913,599</u>	<u>843,374</u>	<u>839,473</u>
<b>ENDING FUND BALANCES</b>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 153,901</u>

Sources: District's adopted 2017 and 2018 budgets and the District's audited financial statements for the year ended December 31, 2018.

**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, 2018**

	2017 Budget (As Amended)	2018 Budget	2018 Year-to-Date Actual
<b>BEGINNING FUND BALANCES</b>	\$ 598,187	\$ 443,909	\$ 502,277
<b>REVENUES</b>			
Property Taxes	1,451,126	1,565,485	1,569,919
Specific Ownership Taxes	107,253	93,929	119,030
Interest Income	3,662	1,500	8,504
Reimbursed Expenditures	576,681	-	-
Total Revenues	<u>2,138,722</u>	<u>1,660,914</u>	<u>1,697,453</u>
Total Funds Available	2,736,909	2,104,823	2,199,730
<b>EXPENDITURES</b>			
County Treasurer's Fees	21,767	23,482	23,566
Miscellaneous	1,368	2,421	100
Paying Agent Fees	2,500	2,500	2,500
Bond Interest - Series 2016	339,694	337,894	337,894
Bond Principal - Series 2016	90,000	235,000	235,000
Transfer to Poudre Tech - Other	631,718	-	-
Transfer to Poudre Tech - 2010 PTMD Bonds	1,205,953	1,215,703	1,214,727
Total Expenditures	<u>2,293,000</u>	<u>1,817,000</u>	<u>1,813,787</u>
<b>TOTAL EXPENDITURES REQUIRING APPROPRIATION</b>	<u>2,293,000</u>	<u>1,817,000</u>	<u>1,813,787</u>
<b>ENDING FUND BALANCES</b>	<u>\$ 443,909</u>	<u>\$ 287,823</u>	<u>\$ 385,943</u>

Sources: District's adopted 2017 and 2018 budgets and the District's audited financial statements for the year ended December 31, 2018.