

WATER VALLEY METROPOLITAN DISTRICT NO. 2
Weld County, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**


YEAR ENDED DECEMBER 31, 2023


**WATER VALLEY METROPOLITAN DISTRICT NO. 2
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Water Valley Metropolitan District No. 2 as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Water Valley Metropolitan District No. 2'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 Water Valley Metropolitan District No. 2, as of December 31, 2023, 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.

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 Water Valley Metropolitan District No. 2, 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 Water Valley Metropolitan District No. 2'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 Water Valley Metropolitan District No. 2'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 Water Valley Metropolitan District No. 2'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

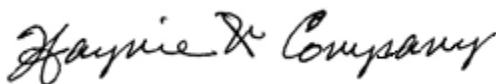
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 opinion on the basic financial statements is not affected by this missing information.

Other Supplementary 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.

The Continuing Disclosure Annual Financial Information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Littleton, Colorado

June 5, 2024

BASIC FINANCIAL STATEMENTS

WATER VALLEY METROPOLITAN DISTRICT NO. 2
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 157,978
Cash and Investments - Restricted	312,454
Accounts Receivable	150,664
Receivable - County Treasurer	9,826
Property Taxes Receivable	3,480,555
Total Assets	<u>4,111,477</u>
LIABILITIES	
Accrued Interest Payable - Bonds	24,757
Noncurrent Liabilities:	
Due Within One Year	275,000
Due in More than One Year	6,471,457
Total Liabilities	<u>6,771,214</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	3,480,555
Total Deferred Inflows of Resources	<u>3,480,555</u>
NET POSITION	
Restricted for:	
Debt Service	4,546
Unrestricted	<u>(6,144,839)</u>
Total Net Position	<u><u>\$ (6,140,293)</u></u>

See accompanying Notes to Basic Financial Statements.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Program Revenues				Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS					
Primary Government:					
Government Activities:					
General Government					
Intergovernmental - Transfers to PTMD - for	\$ 26,565	\$ -	\$ -	\$ -	\$ (26,565)
Operations and Capital Costs	1,824,266	-	-	-	(1,824,266)
Intergovernmental - Transfers to PTMD - for					
Debt Service	956,085	-	-	-	(956,085)
Interest and Related Costs on Long-Term Debt	308,866	-	-	-	(308,866)
Total Governmental Activities	<u>\$ 3,115,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,115,782)</u>
GENERAL REVENUES					
Property Taxes					3,219,068
Specific Ownership Taxes					137,053
Payment in Lieu of Taxes					150,664
Interest Income					34,315
Total General Revenues					<u>3,541,100</u>
CHANGE IN NET POSITION					425,318
Net Position - Beginning of Year					<u>(6,565,611)</u>
NET POSITION - END OF YEAR					<u>\$ (6,140,293)</u>

See accompanying Notes to Basic Financial Statements.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 157,978	\$ -	\$ 157,978
Cash and Investments - Restricted	-	312,454	312,454
Accounts Receivable	150,664	-	150,664
Receivable - County Treasurer	5,388	4,438	9,826
Property Taxes Receivable	2,003,801	1,476,754	3,480,555
	<u>\$ 2,317,831</u>	<u>\$ 1,793,646</u>	<u>\$ 4,111,477</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Total Liabilities	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenue	2,003,801	1,476,754	3,480,555
Total Deferred Inflows of Resources	2,003,801	1,476,754	3,480,555
FUND BALANCES			
Restricted:			
Debt Service	-	316,891	316,891
Committed:			
Operations (PTMD)	314,030	-	314,030
Total Fund Balances	314,030	316,891	630,921
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,317,831</u>	<u>\$ 1,793,645</u>	

Amounts reported for governmental activities in the 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	(6,535,000)
Bond Premium	(211,457)
Accrued Interest Payable - Bonds	<u>(24,757)</u>

Net Position of Governmental Activities	<u>\$ (6,140,293)</u>
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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, 2023

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 1,765,227	\$ 1,453,841	\$ 3,219,068
Specific Ownership Taxes	75,155	61,898	137,053
Payment in Lieu of Taxes	150,664	-	150,664
Interest Income	9,592	24,723	34,315
Total Revenues	<u>2,000,638</u>	<u>1,540,462</u>	<u>3,541,100</u>
EXPENDITURES			
County Treasurer's Fees	26,495	21,822	48,317
2016 G.O. Bond Interest	-	305,362	305,362
2016 G.O. Bond Principal	-	265,000	265,000
Miscellaneous	70	100	170
Paying Agent Fees	-	2,500	2,500
Transfers to PTMD - Other	1,824,266	-	1,824,266
Transfers to PTMD - Series 2020 Bonds	-	956,085	956,085
Total Expenditures	<u>1,850,831</u>	<u>1,550,869</u>	<u>3,401,700</u>
NET CHANGE IN FUND BALANCES	149,807	(10,407)	139,400
Fund Balances - Beginning of Year	<u>164,223</u>	<u>327,298</u>	<u>491,521</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 314,030</u></u>	<u><u>\$ 316,891</u></u>	<u><u>\$ 630,921</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, 2023

Net Change in Fund Balance - Total Governmental Fund	\$ 139,400
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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. Bonds - Principal Payment	265,000
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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.

Accrued Interest on Bonds - Change in Liability	690
Amortization of Bond Premium	20,228

Change in Net Position of Governmental Activities	\$ 425,318
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WATER VALLEY METROPOLITAN DISTRICT NO. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,767,257	\$ 1,765,227	\$ (2,030)
Specific Ownership Taxes	106,035	75,155	(30,880)
Payment in Lieu of Taxes	150,664	150,664	-
Interest Income	2,000	9,592	7,592
Total Revenues	<u>2,025,956</u>	<u>2,000,638</u>	<u>(25,318)</u>
EXPENDITURES			
County Treasurer's Fees	26,509	26,495	14
Miscellaneous	100	70	30
Transfers to PTMD - Funding for Operations	<u>1,999,347</u>	<u>1,824,266</u>	<u>175,081</u>
Total Expenditures	<u>2,025,956</u>	<u>1,850,831</u>	<u>175,125</u>
NET CHANGE IN FUND BALANCE	-	149,807	149,807
Fund Balance - Beginning of Year	<u>150,000</u>	<u>164,223</u>	<u>14,223</u>
FUND BALANCE - END OF YEAR	<u>\$ 150,000</u>	<u>\$ 314,030</u>	<u>\$ 164,030</u>

See accompanying Notes to Basic Financial Statements.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

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).

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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, 2023

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 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.

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, 2023

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, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 157,978
Cash and Investments - Restricted	312,454
Total Cash and Investments	<u>\$ 470,432</u>

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 177,621
Investments	292,811
Total Cash and Investments	<u>\$ 470,432</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.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

At December 31, 2023, the District's cash deposits had a bank and carrying balance of \$177,621.

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, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$ 292,811</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.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

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.

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.

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, 2023:

	Balance at December 31, 2022	Additions	Payments	Balance at December 31, 2023	Due Within One Year
General Obligation Refunding Bonds, Series 2016	\$ 6,800,000	\$ -	\$ 265,000	\$ 6,535,000	\$ 275,000
Total	6,800,000	-	265,000	6,535,000	<u>275,000</u>
Series 2016 Bond Premium	231,685	-	20,228	211,457	
Total	<u>\$ 7,031,685</u>	<u>\$ -</u>	<u>\$ 285,228</u>	<u>\$ 6,746,457</u>	

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

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.

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.

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.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The 2016 Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2029-2033	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>\$ 6,535,000</u>	<u>\$ 3,192,126</u>	<u>\$ 9,727,126</u>

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 of the 2020 Operating District Bonds. In 2023, the District transferred \$956,085 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, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Amount</u> <u>Authorized on</u> <u>November 8,</u> <u>1994</u>	<u>Authorization</u> <u>Used for</u> <u>2005 Bonds</u>	<u>Authorization</u> <u>Used for</u> <u>2008 Bonds</u>	<u>Authorization</u> <u>Used for Pledge</u> <u>Agreement with</u> <u>Operating District</u> <u>2010 Bonds</u>	<u>Authorization</u> <u>Used for</u> <u>2014 Loan</u>	<u>Authorized</u> <u>but Unissued</u>
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.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 AUTHORIZED DEBT (CONTINUED)

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 6 NET POSITION

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 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 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 8 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.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 AGREEMENTS AND COMMITMENTS (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 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.

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 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 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; or acts of God.

WATER VALLEY METROPOLITAN DISTRICT NO. 2
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 RISK MANAGEMENT (CONTINUED)

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 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, 2023, 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.

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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1,455,513	\$ 1,453,841	\$ (1,672)
Specific Ownership Taxes	87,331	61,898	(25,433)
Interest Income	4,000	24,723	20,723
Total Revenues	<u>1,546,844</u>	<u>1,540,462</u>	<u>(6,382)</u>
EXPENDITURES			
County Treasurer's Fees	21,833	21,822	11
2016 G.O. Bond Interest	305,362	305,362	-
2016 G.O. Bond Principal	265,000	265,000	-
Miscellaneous	5,699	100	5,599
Paying Agent Fees	2,500	2,500	-
Transfers to PTMD - Series 2020 Bonds	959,606	956,085	3,521
Total Expenditures	<u>1,560,000</u>	<u>1,550,869</u>	<u>9,131</u>
NET CHANGE IN FUND BALANCE	(13,156)	(10,407)	2,749
Fund Balance - Beginning of Year	<u>320,673</u>	<u>327,298</u>	<u>6,625</u>
FUND BALANCE - END OF YEAR	<u>\$ 307,517</u>	<u>\$ 316,891</u>	<u>\$ 9,374</u>

WATER VALLEY METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023

\$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>
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>\$ 6,535,000</u>	<u>\$ 3,192,126</u>	<u>\$ 9,727,126</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, 2023

Home Type/Homebuilder	Total Platted Lots/Planned Units ¹	Base Sales Price	Square Footage	Building Permits Issued ²	Remaining Inventory ³
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			60	242
Apartments ⁶	230	--	--	-	230
Condos	56	Unknown	Unknown	56	-
Duplex	16	--	--	4	12
Total	1,336			1,094	242
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 ³
Single-Family Detached:	306			283	23
Trumark Homes Pelican Shores	70	\$700,000 - \$1,900,000	1,325 - 2,500	55	15
JUMA Homes Ridgeline Lots	34	\$900,000 - \$1,500,000	2,500 - 4,000	26	8
Pelican Farms	202	\$375,000 - \$750,000	2,000 - 4,500	202	-
Mid-Family:	491			491	-
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	797			774	23
Grand Total	2,133			1,868	265

¹ 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.

² Represents lots for which the Town of Windsor has issued a building permit. as of March 31, 2024. 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.

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

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

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

⁶ Replatted from 220 Units to 230 Units in May of 2024 with construction anticipated to begin in July of 2024.

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, 2023

Levy/Collection Year	Assessed Valuation	Percent Increase	Mill Levies		
			General Fund	Debt Service Fund	Total Mill Levy
2010/2011	\$ 20,113,720	- %	-	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

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
2023 ASSESSED AND "ACTUAL" VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT
YEAR ENDED DECEMBER 31, 2023**

<u>Class</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>	<u>"Actual" Valuation</u>	<u>Percent of "Actual" Valuation</u>
Oil and Gas	\$ 18,461,110	20.22 %	\$ 29,585,906	2.99 %
Residential	61,720,840	67.64	921,209,891	93.01
Vacant Land	2,747,550	3.01	9,847,963	0.99
Commercial	7,847,200	8.60	28,125,842	2.84
State Assessed	469,860	0.51	1,684,116	0.17
Agricultural	<u>1,220</u>	0.02	<u>4,605</u>	0.00
Total	<u>\$ 91,247,780</u>	100.00	<u>\$ 990,458,323</u>	100.00

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, 2023

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

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
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2023

TABLE VIII

	2019	2020	2021	2022	2023
REVENUES					
Property Taxes	\$ 991,995	\$ 953,974	\$ 947,334	\$ 1,533,223	\$ 1,765,227
Specific Ownership Taxes	66,734	46,290	47,538	83,853	75,155
Payment in Lieu of Taxes - Good Samaritan	124,135	134,856	145,410	159,725	150,664
Interest Income	5,792	12,562	1,036	2,470	9,592
Total Revenues	<u>1,188,656</u>	<u>1,147,682</u>	<u>1,141,318</u>	<u>1,779,271</u>	<u>2,000,638</u>
EXPENDITURES					
Miscellaneous	59	171	178	50	70
County Treasurer's Fees	14,887	14,486	14,225	23,018	26,495
Transfer to Poudre Tech - Other ¹	1,166,027	814,506	1,442,259	1,756,739	1,824,266
Total Expenditures	<u>1,180,973</u>	<u>829,163</u>	<u>1,456,662</u>	<u>1,779,807</u>	<u>1,850,831</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	<u>7,683</u>	<u>318,519</u>	<u>(315,344)</u>	<u>(536)</u>	<u>149,807</u>
NET CHANGE IN FUND BALANCES					
Fund Balances - Beginning of Year	153,901	161,584	480,103	164,759	164,223
FUND BALANCES - END OF YEAR	<u>\$ 161,584</u>	<u>\$ 480,103</u>	<u>\$ 164,759</u>	<u>\$ 164,223</u>	<u>\$ 314,030</u>

¹ Transfer to Poudre Tech for operations and capital costs.

Source: District's audited financial statements for the years ended December 31, 2019-2023.

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, 2023

	2019	2020	2021	2022	2023
REVENUES					
Property Taxes	\$ 1,700,825	\$ 1,642,218	\$ 1,711,705	\$ 1,284,336	\$ 1,453,841
Specific Ownership Taxes	114,419	79,686	85,894	70,241	61,898
Interest Income	17,260	22,561	2,028	8,465	24,723
Total Revenues	<u>1,832,504</u>	<u>1,744,465</u>	<u>1,799,627</u>	<u>1,363,042</u>	<u>1,540,462</u>
EXPENDITURES					
County Treasurer's Fees	25,524	24,938	25,702	19,282	21,822
Transfer to Poudre Tech - Other ¹	61,097	-	-	-	-
Miscellaneous	110	75	100	99	100
Debt Service:					
Bond Interest	332,606	326,606	320,175	313,162	305,362
Bond Principal	240,000	245,000	255,000	260,000	265,000
Paying Agent Fees	2,500	2,500	2,500	2,500	2,500
Transfer to Poudre Tech - 2010 PTMD Bonds	1,222,500	1,229,420	-	-	-
Transfer to Poudre Tech - 2020 PTMD Bonds	-	-	938,300	948,587	956,085
Total Expenditures	<u>1,884,337</u>	<u>1,828,539</u>	<u>1,541,777</u>	<u>1,543,630</u>	<u>1,550,869</u>
NET CHANGE IN FUND BALANCES	(51,833)	(84,074)	257,850	(180,588)	(10,407)
Fund Balances - Beginning of Year	385,943	334,110	250,036	507,886	327,298
FUND BALANCES - END OF YEAR	<u>\$ 334,110</u>	<u>\$ 250,036</u>	<u>\$ 507,886</u>	<u>\$ 327,298</u>	<u>\$ 316,891</u>

¹ Transfer to Poudre Tech for capital costs.

Source: District's audited financial statements for the years ended December 31, 2019-2023.

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, 2023

	2022 (As Amended)	2023 Budget	2023 Year-to-Date Actual
BEGINNING FUND BALANCE	\$ 164,759	\$ 150,000	\$ 164,223
REVENUES			
Property Taxes	1,529,952	1,767,257	1,765,227
Specific Ownership Taxes	90,991	106,035	75,155
Payment in Lieu of Taxes - Good Samaritan	159,725	150,664	150,664
Interest Income	1,573	2,000	9,592
Other Revenue	1,500	-	-
Total Revenues	<u>1,783,741</u>	<u>2,025,956</u>	<u>2,000,638</u>
Total Funds Available	1,948,500	2,175,956	2,164,861
EXPENDITURES			
County Treasurer's Fees	22,949	26,509	26,495
Miscellaneous	220	100	70
Transfer to Poudre Tech	1,773,831	1,999,347	1,824,266
Contingency	1,500	-	-
Total Expenditures	<u>1,798,500</u>	<u>2,025,956</u>	<u>1,850,831</u>
TOTAL EXPENDITURES AND TRANSFERS OUT REQUIRING APPROPRIATION	<u>1,798,500</u>	<u>2,025,956</u>	<u>1,850,831</u>
ENDING FUND BALANCE	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 314,030</u>

Sources: District's adopted 2022 and 2023 budgets and the District's audited financial statements for the year ended December 31, 2023.

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, 2023

	2022 Budget (As Amended)	2023 Budget	2022 Year-to-Date Actual
BEGINNING FUND BALANCE	\$ 507,886	\$ 320,673	\$ 327,298
REVENUES			
Property Taxes	1,281,596	1,455,513	1,453,841
Specific Ownership Taxes	73,691	87,331	61,898
Interest Income	2,500	4,000	24,723
Other Revenue	1,500	-	-
Total Revenues	<u>1,359,287</u>	<u>1,546,844</u>	<u>1,540,462</u>
Total Funds Available	1,867,173	1,867,517	1,867,760
EXPENDITURES			
County Treasurer's Fees	19,224	21,833	21,822
Miscellaneous	1,015	5,699	100
Paying Agent Fees	2,500	2,500	2,500
Bond Interest - Series 2016	313,162	305,362	305,362
Bond Principal - Series 2016	260,000	265,000	265,000
Transfer to Poudre Tech - 2010 PTMD Bonds	964,099	959,606	956,085
Contingency	1,500	-	-
Total Expenditures	<u>1,561,500</u>	<u>1,560,000</u>	<u>1,550,869</u>
TOTAL EXPENDITURES REQUIRING APPROPRIATION	<u>1,561,500</u>	<u>1,560,000</u>	<u>1,550,869</u>
ENDING FUND BALANCE	<u>\$ 305,673</u>	<u>\$ 307,517</u>	<u>\$ 316,891</u>

Sources: District's adopted 2022 and 2023 budgets and the District's audited financial statements for the year ended December 31, 2023.