

POUDRE TECH METROPOLITAN DISTRICT
Weld County, Colorado

FINANCIAL STATEMENTS
December 31, 2017

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	
MANAGEMENT’S DISCUSSION AND ANALYSIS	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	6
Statement of Net Position - Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8
Statement of Cash Flows - Proprietary Funds	9
Notes to Financial Statements	10
SUPPLEMENTARY INFORMATION	26
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	27
Enterprise Fund - Schedule of Revenues, Expenditures and Changes in Net Position - Budget and Actual	28
Schedule of Debt Service Requirements to Maturity	29
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS REQUIRED BY THE UNLIMITED PROPERTY TAX SUPPORTED REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2010A AND 2010B	
Table II, V	33
Table IX	34
Table X	35



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

Members of the Board of Directors
Poudre Tech Metropolitan District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major funds of Poudre Tech Metropolitan District as of and for the year ended December 31, 2017 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, the business-type activities, and the major funds of Poudre Tech Metropolitan District, as of December 31, 2017 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.



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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 Poudre Tech Metropolitan District'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
July 26, 2018

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

This section of the annual financial report offers readers of the Poudre Tech Metropolitan District's ("District") financial statements its management's discussion and analysis of the District's financial performance during the year ended December 31, 2017. 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 on November 23, 1994 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Windsor, Colorado. The District was established to provide public infrastructure including roads, water and sewer services, storm drainage, green belts and landscaping. The District derives its revenues primarily from intergovernmental transfers, system development fees and irrigation fees.

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

Financial Highlights

- The liabilities of the District exceeded the sum of its assets and deferred outflows of resources at the close of 2017 by \$4.2 million (net deficit). Of this amount, (\$8.8) million represents net investment in capital assets, \$37 thousand is restricted for emergencies and debt service and \$4.6 million is unrestricted. The negative \$8.8 million net investment in capital assets is mainly due to the District being responsible for debts issued for construction of capital assets, most of which have been conveyed to other entities.
- During 2017, general revenues are minimal, totaling only \$111 thousand, approximately 1% of all revenues. The District's program specific revenues in the form of charges for services (services fees and water meter sales) accounted for 13%, operating grants and contributions (system development fees and transfers from Water Valley Metropolitan District Nos. 1 and 2) accounted for 44%, and capital grants and contributions (transfers from Water Valley Metropolitan District Nos. 1 and 2) accounted for 42% of all revenues.
- During 2017, the District had approximately \$4.0 million in expenses related to general government, public works, parks and recreation, debt service, and non-potable water services, of which \$1.2 million were offset by program specific charges for services. Approximately \$1.2 million of the District's expenses in 2017 were to pay interest and related costs on long-term debt.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Overview of the Financial Statements

The 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 and proprietary fund 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.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual and economic resources focus	Modified accrual 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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers a broad overview of the District's 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 District is improving or deteriorating.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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*) or fees and charges for services (*business-type activities*). The basic 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 two fund category types: governmental funds and proprietary fund.

- *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. The District 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 statement for the General Fund and Debt Service Fund can be found on page 6 and 27, respectively.
- *Proprietary fund*: On November 19, 2015, the District created its Water Activity Enterprise to provide non-potable water services and to acquire water or water rights. On January 1, 2016, the portion of the General Fund balance associated with Enterprise activity was transferred to the Proprietary Fund. Proprietary Fund financial statements can be found on pages 7 - 8 of this report. The statement of cash flows can be found on page 9 of this report. Budgetary financial statement for the proprietary fund can be found on page 28.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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 statements can be found on pages 10 – 25 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 schedule for the Debt Service Fund (page 27), the budgetary schedule for the Enterprise Fund (page 28), and Schedules of Debt Service Requirement to Maturity (pages 29 – 31).

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, 2017 and 2016.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Assets						
Current assets	\$ 67,807	\$ 46,317	\$ 1,214,282	\$ 1,401,026	\$ 1,282,089	\$ 1,447,343
Capital assets	9,484,931	4,012,293	14,307,441	13,528,340	23,792,372	17,540,633
Total assets	9,552,738	4,058,610	15,521,723	14,929,366	25,074,461	18,987,976
Deferred Outflows of Resources	956,599	1,021,947	-	-	956,599	1,021,947
Liabilities						
Current liabilities	851,633	748,833	7,371	77,440	859,004	826,273
Long-term liabilities	25,234,433	24,591,946	4,135,137	4,100,000	29,369,570	28,691,946
Total liabilities	26,086,066	25,340,779	4,142,508	4,177,440	30,228,574	29,518,219
Net position						
Net investment in capital assets	(20,272,049)	(19,879,943)	10,207,441	10,293,467	(10,064,608)	(9,586,476)
Restricted	36,603	15,055	-	-	36,603	15,055
Unrestricted	4,658,717	(395,334)	1,171,774	458,459	5,830,491	63,125
Total net position	\$ (15,576,729)	\$ (20,260,222)	\$ 11,379,215	\$ 10,751,926	\$ (4,197,514)	\$ (9,508,296)

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ -	\$ 475	\$ 1,197,353	\$ 933,062	\$ 1,197,353	\$ 933,537
Operating grants and contributions	3,419,721	1,857,820	744,250	444,200	4,163,971	2,302,020
Capital grants and contributions	3,892,992	1,731,409	-	-	3,892,992	1,731,409
General revenues						
Donated property	108,890	-	-	-	108,890	-
Net investment income	768	66	-	-	768	66
Other	1,721	8,075	-	1,290	1,721	9,365
Total revenues	7,424,092	3,597,845	1,941,603	1,378,552	9,365,695	4,976,397
Expenses						
General government	565,669	560,612	-	-	565,669	560,612
Public works and parks and recreation	918,186	752,536	-	-	918,186	752,536
Non-potable water services	-	-	1,314,314	1,079,104	1,314,314	1,079,104
Interest and related costs on long-term debt	1,256,744	1,258,381	-	-	1,256,744	1,258,381
Total expenses	2,740,599	2,571,529	1,314,314	1,079,104	4,054,913	3,650,633
Transfer of capital assets, net	-	(139,486)	-	139,486	-	-
Change in Net Position	\$ 4,683,493	\$ 886,830	\$ 627,289	\$ 438,934	\$ 5,310,782	\$ 1,325,764

During 2017, the District's primary sources of revenues are (i) intergovernmental transfers from Water Valley Metropolitan District Nos. 1 and 2 pursuant to a Capital Pledge Agreement (for debt service of the 2010 Bonds issued by the District) and an Amended and Restated Facilities Construction and Service Agreement (for construction and operation and maintenance of public improvement that will be owned by the District), and (ii) service fees, system development fees, and water meter sales.

During 2017, the District's primary expenses were: (i) for General Fund - to pay principal and accrued interest on the 2010 Bonds, acquire facilities/public improvements from the Developer, and maintain open space and landscape improvements, (ii) for Enterprise Fund - to operate and maintain the non-potable water facilities.

Governmental and Business-Type Activities

In 2017, the changes in net position were \$4,683,493 and \$627,289 for governmental activities and business-type activities, respectively. In 2016, the combined change in net position was \$5,310,782.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 3 reflects each program's total cost and net cost of services. Net cost of services represents the cost of services supported by unrestricted property taxes.

**Table 3
Net Cost of Services**

	Total cost of services		Net cost of services	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
General Government	\$ 565,669	\$ -	\$ (565,669)	\$ -
Public works and parks & recreation	918,186	-	(918,186)	-
Interest and related costs on long-term debt	1,256,744	-	(1,256,744)	-
Non-potable services	-	1,314,314	-	-
Total	\$ 2,740,599	\$ 1,314,314	\$ (2,740,599)	\$ -

Financial Analysis of District Funds

General Fund

The General Fund was established and is continually funded to provide for the daily activities of the District. The General Fund provides for the general, administrative, street and landscaping maintenance, capital, and debt service costs of the District. The primary funding sources for the General Fund are intergovernmental transfers from Water Valley Metropolitan District Nos. 1 and 2 (primarily from property taxes) and Developer advances. The primary projects or program efforts for establishing needed funding during 2017 were:

1. Capital projects and acquisition of facilities/public improvements
2. Street and landscaping maintenance
3. Office overhead and other consultants' fees

The District maintains a 3% emergency reserve in compliance with TABOR (Taxpayer Bill of Rights). At December 31, 2017, the District's TABOR reserve amounted to \$36,000.

Debt Service Fund

The Debt Service Fund was established and is being funded to provide for the debt service of the bonds issued by the District in 2010.

Enterprise Fund

The Enterprise Fund provides for the operating and debt service costs of the non-portable water system. The main funding sources for the Enterprise Fund are charges for services and capital contributions (e.g. system development fees). The primary projects for establishing needed funding during 2017 were:

1. Capital projects and acquisition of facilities
2. Operating costs of the non-portable water system
3. Office overhead

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Budgetary Highlights

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

Capital Assets

Capital Assets

By the end of 2017, the District had capital assets net of accumulated depreciation totaling approximately \$23.8 million comprised of a broad range of capital items, including infrastructure and non-potable water system (See Table 4). This amount represents a net increase of \$6,251,739 from last year. Additional information on the District's capital assets can be found in Note 4 of the financial statements. Total depreciation expense for the year was \$317,225.

**Table 4
Capital Assets (Net of Depreciation)**

	Government Activities		% of Change	Business-type Activities		% of Change	Total	
	2017	2016	2016 - 2017	2017	2016	2016 - 2017	2017	2016
Water rights	\$ -	\$ -	N/A	\$ 10,791,000	\$ 10,791,000	0.0%	\$ 10,791,000	\$ 10,791,000
Land	108,890	-	N/A	-	-	N/A	108,890	-
Construction in progress	4,985,140	9,655	51532.7%	-	-	N/A	4,985,140	9,655
Streets	1,529,820	1,429,630	7.0%	-	-	N/A	1,529,820	1,429,630
Park and Recreation	2,521,322	2,187,891	15.2%	-	-	N/A	2,521,322	2,187,891
Non-potable water system	-	-	N/A	3,470,534	2,724,703	27.4%	3,470,534	2,724,703
Equipment	339,759	385,117	-11.8%	45,907	12,637	263.3%	385,666	397,754
Total capital assets, net	\$ 9,484,931	\$ 4,012,293		\$ 14,307,441	\$ 13,528,340		\$ 23,792,372	\$ 17,540,633

Debt Administration

Long-Term Debt

As of December 31, 2017, the District had outstanding debts in the form of bonds, loan, advances, and capital leases totaling \$29,867,997. Detailed information on the District's long-term debts is presented in Note 5 of the financial statements.

**Poudre Tech Metropolitan District
Management’s Discussion and Analysis
For the Year Ended December 31, 2017**

Economic Factors and Next Year’s Budget

- Poudre Tech Metropolitan District (“PTMD”) is an operating metropolitan district directly associated with Water Valley Metropolitan District No. 1 (“District No. 1”) and Water Valley Metropolitan District No. 2 (“District No. 2”). PTMD is the owner of all public improvements within District Nos. 1 and 2, including: parks, trails, pedestrian bridges, beaches, swales, recreational trails, rights of way, and other recreational and architectural amenities. In addition, PTMD, through its Water Activity Enterprise (the “Water Enterprise”), owns all non-potable water utilities, lakes, and significant water rights necessary to support the delivery of non-potable irrigation water to all residential and commercial users within District Nos. 1 and 2.
- In addition to providing management services to both District Nos. 1 and 2, PTMD provides a variety of essential services to the residents of both District Nos. 1 and 2. Such services include: (1) the management and maintenance of all recreational facilities, trails, and amenities owned and operated by the Districts and (2) the upkeep and maintenance of all landscaping, greenways, entry features, floodways and public architectural amenities owned and controlled by PTMD. Further, through its Water Enterprise, PTMD facilitates (1) the provision of non-potable irrigation water to residential, commercial and public users within District Nos. 1 and 2 and (2) the maintenance and preservation of all water rights and resources, lakes, pumping facilities, distribution lines, and irrigation systems owned and controlled by PTMD.
- Revenues in support of PTMD’s operations are derived from two principal sources: (1) Water Enterprise tap and water use fees charged to non-potable water users within District Nos. 1 and 2 and (2) intergovernmental transfers from District Nos. 1 and 2. As the Water Valley communities continue to grow (see below), Water Enterprise tap and use fees have grown accordingly and are now supported by over 1,965 homes and commercial users. Intergovernmental transfers are supported by ad valorem tax base of both District Nos. 1 and 2, which have been augmented by robust growth, increases in assessed valuations, and substantial oil and gas development.
- With respect to PTMD revenue derived from intergovernmental transfers from District Nos. 1 and 2 and the sustainability thereof, the following commentary is provided with respect to the financial conditions of District Nos. 1 and 2:
 - **Real Estate Assessed Value:**

District No. 1 is a mature district with all its residential lots having been developed and built. Within the District, there are 591 single-family detached dwelling units, 125 single-family attached dwelling units, and 128 multi-family units (condominiums) built. As to commercial development in the District, of the 28 acres zoned for commercial/office/retail uses, a total of approximately 16 acres have been developed into a total of approximately 24,285 square feet of office space and approximately 56,583 square feet of commercial/retail space, including a new 6,816 square foot office building completed in 2017.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

District No. 2 is a mixed-use community planned to consist of 1,074 single-family detached homes, 150 single-family attached homes (townhomes), and 608 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 1,074 single-family detached homes, approximately 900 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 608 multi-family units (condominiums and apartments), 196 apartments, 56 condos and 4 duplex units have been constructed and construction is progressing on a 120-unit age-targeted, luxury rental community. 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.

Because of new construction, the Assessed Value for real estate within District No. 2 grew 19.29% from 2016 (tax collection in 2017) to 2017 (tax collection in 2018) (\$28,771,350 to \$34,320,490). At the District's current mill levy of 39 mills, this increase in value will result in approximately \$216,416 of additional revenue to the District in 2018.

- District Nos. 1 and 2 are 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 District Nos. 1 and 2.
- **Oil and Gas Ad Valorem Tax:** The financial impact of ad valorem taxes on oil and gas produced from wells within the District is significant.

District No. 1: The total Certified Assessed Value of oil and gas production within District No. 1 for 2017 (tax collection in 2018) decreased 23.55% from 2016 (tax collection in 2017), going from \$22,399,730 to \$17,124,320. At the District's current mill levy of 39 mills, this decrease in assessed value from oil and gas will result in a reduction of revenues of approximately \$205,741 to District No. 1 in 2018. Total revenue from oil and gas taxes in 2017 and anticipated taxes for 2018 are \$873,589 and \$667,848 respectively.

District No. 2: The total Certified Assessed Value of oil and gas production within District No. 2 for 2017 (tax collection in 2018) decreased 56.76% from 2016 (tax collection in 2017), going from \$52,537,150 to \$22,717,570. At the District's current mill levy of 39 mills, this decrease in assessed value from oil and gas will result in a reduction of revenue of approximately \$1,162,964 to District No. 2 in 2018. Total revenue from oil and gas taxes in 2017 and anticipated taxes for 2018 are \$2,048,949 and \$885,985 respectively.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

The decline in oil and gas related revenues is the result of oil and gas prices being at remarkably low levels during calendar year 2016. Oil and Gas taxes collected in 2018 are predicated on oil and gas production occurring in calendar year 2016. In District No 1, the decline in the price of oil was partially offset by new wells coming online during 2016 within the District and the associated new production. District No. 2 had no new wells come on line during 2016; hence, the decline in oil and gas revenues within that District was more pronounced.

After 2018, the financial impact of oil and gas to Districts Nos. 1 and 2 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 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:

Poudre Tech Metropolitan District
1625 Pelican Lake Point, Suite 201
Windsor, Colorado, 80550

BASIC FINANCIAL STATEMENTS

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ -	\$ 1,178,419	\$ 1,178,419
Cash and investments - Restricted	20,197	-	20,197
Accounts receivable	2,000	32,629	34,629
Prepaid expenses	45,610	3,234	48,844
Capital assets, not being depreciated	5,094,030	10,791,000	15,885,030
Capital assets, net	4,390,901	3,516,441	7,907,342
Total assets	<u>9,552,738</u>	<u>15,521,723</u>	<u>25,074,461</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred cost of refunding	956,599	-	956,599
Total deferred outflows of resources	<u>956,599</u>	<u>-</u>	<u>956,599</u>
LIABILITIES			
Accounts payable	256,258	7,371	263,629
Accrued interest payable	96,948	-	96,948
Noncurrent liabilities			
Due within one year	498,427	164,000	662,427
Due in more than one year	25,234,433	3,971,137	29,205,570
Total liabilities	<u>26,086,066</u>	<u>4,142,508</u>	<u>30,228,574</u>
NET POSITION			
Net investment in capital assets	(20,272,049)	10,207,441	(10,064,608)
Restricted for:			
Emergency reserves	36,000	-	36,000
Debt service	603	-	603
Unrestricted	4,658,717	1,171,774	5,830,491
Total net position	<u>\$ (15,576,729)</u>	<u>\$ 11,379,215</u>	<u>\$ (4,197,514)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 565,669	\$ -	\$ 3,419,721	\$ -	\$ 2,854,052	\$ -	\$ 2,854,052
Public works and parks & recreation	918,186	-	-	2,315,437	1,397,251	-	1,397,251
Interest and related costs on long-term debt	1,256,744	-	-	1,577,555	320,811	-	320,811
Total Governmental activities	<u>2,740,599</u>	<u>-</u>	<u>3,419,721</u>	<u>3,892,992</u>	<u>4,572,114</u>	<u>-</u>	<u>4,572,114</u>
Business-type activities:							
Non-potable water services	1,314,314	1,197,353	744,250	-	-	627,289	627,289
Total Business-type activities	<u>1,314,314</u>	<u>1,197,353</u>	<u>744,250</u>	<u>-</u>	<u>-</u>	<u>627,289</u>	<u>627,289</u>
Total Governmental and Business-type activities	<u>\$ 4,054,913</u>	<u>\$ 1,197,353</u>	<u>\$ 4,163,971</u>	<u>\$ 3,892,992</u>	<u>4,572,114</u>	<u>627,289</u>	<u>5,199,403</u>
General revenues:							
Donated property					108,890	-	108,890
Net investment income					768	-	768
Other income					1,721	-	1,721
Total general revenues					<u>111,379</u>	<u>-</u>	<u>111,379</u>
Change in net position					4,683,493	627,289	5,310,782
Net position - Beginning					<u>(20,260,222)</u>	<u>10,751,926</u>	<u>(9,508,296)</u>
Net position - Ending					<u>\$ (15,576,729)</u>	<u>\$ 11,379,215</u>	<u>\$ (4,197,514)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**POUDRE TECH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - Restricted	\$ 19,594	\$ 603	\$ 20,197
Accounts receivable	2,000	-	2,000
Prepaid expenses	45,610	-	45,610
Total assets	\$ 67,204	\$ 603	\$ 67,807
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 256,258	\$ -	\$ 256,258
Total liabilities	256,258	-	256,258
FUND BALANCES			
Nonspendable			
Prepaid expenses	45,610	-	45,610
Restricted			
Emergency reserves	36,000	-	36,000
Debt service	-	603	603
Unassigned			
General government	(270,664)	-	(270,664)
Total fund balances	(189,054)	603	(188,451)
TOTAL LIABILITIES AND FUND BALANCES			
	\$ 67,204	\$ 603	

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

The deferred cost of refunding is not a current financial resource, therefore not reported as a deferred outflow of resources in the fund financial statements.	956,599
Capital assets used in governmental activities are not financial resources, therefore not reported in the fund financial statements.	
Capital assets, not being depreciated	5,094,030
Capital assets, net	4,390,901
Long-term liabilities, including bonds payable, are not due and payable in the current period, therefore not reported in the fund financial statements.	
Bonds payable	(23,625,000)
Accrued interest payable - Bonds	(96,948)
Developer advances payable	(1,283,599)
Accrued interest payable - Developer advances	(55,431)
Bond premium	(597,386)
Capital leases	(171,444)
Net position of governmental activities	\$ (15,576,729)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Government Funds</u>
REVENUES			
Transfer from Water Valley No. 1 - Other	\$ 1,545,321	\$ 1,744,290	\$ 3,289,611
Transfer from Water Valley No. 1 - Series 2010 Bonds	-	371,822	371,822
Transfer from Water Valley No. 2 - Other	1,874,400	571,147	2,445,547
Transfer from Water Valley No. 2 - Series 2010 Bonds	-	1,205,733	1,205,733
Other income	1,721	-	1,721
Net investment income	-	768	768
Total revenues	<u>3,421,442</u>	<u>3,893,760</u>	<u>7,315,202</u>
EXPENDITURES			
General and Administrative			
Accounting	83,550	-	83,550
Accounting - special projects	12,300	-	12,300
Audit	26,058	-	26,058
Banking fees	2,472	-	2,472
Asset management	92,589	-	92,589
Consulting and studies	17,125	-	17,125
Dues and memberships	1,759	-	1,759
Insurance	36,262	-	36,262
Legal	91,886	-	91,886
Miscellaneous	5,552	-	5,552
Rent	24,000	-	24,000
Office overhead	172,116	-	172,116
Operations and Maintenance			
Electricity and gas	44,175	-	44,175
Landscape and open space	408,189	-	408,189
Repairs and maintenance	57,066	-	57,066
Pest control	14,780	-	14,780
Security	108,234	-	108,234
Capital Outlay			
PTMD capital projects	337,787	-	337,787
Water Valley 1 capital projects	294,290	-	294,290
Water Valley 2 capital projects	21,147	-	21,147
Equipment acquisition	81,014	-	81,014
Acquired facilities/certified costs	4,985,140	-	4,985,140
Debt Service			
Bond interest Series 2010A	-	903,500	903,500
Bond interest Series 2010B	-	271,875	271,875
Bond principal Series 2010B	-	400,000	400,000
Paying agent/trustee fees	-	2,400	2,400
Total expenditures	<u>6,917,491</u>	<u>1,577,775</u>	<u>8,495,266</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,496,049)</u>	<u>2,315,985</u>	<u>(1,180,064)</u>
OTHER FINANCING SOURCES (USES)			
Developer advances - Office overhead	172,116	-	172,116
Developer advances - Acquired facilities/certified costs	4,985,140	-	4,985,140
Transfer from (to) other funds	2,315,437	(2,315,437)	-
Repayment of Dev. advances - Office overhead	(325,000)	-	(325,000)
Repayment of Dev. advances - Acquired facilities/certified costs	(3,705,963)	-	(3,705,963)
Total other financing sources (uses)	<u>3,441,730</u>	<u>(2,315,437)</u>	<u>1,126,293</u>
NET CHANGE IN FUND BALANCES	(54,319)	548	(53,771)
FUND BALANCES BEGINNING OF YEAR	<u>(134,735)</u>	<u>55</u>	<u>(134,680)</u>
FUND BALANCES - END OF YEAR	<u>\$ (189,054)</u>	<u>\$ 603</u>	<u>\$ (188,451)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**POUDRE TECH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

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

Net change in fund balances - Total governmental funds	\$	(53,771)
<p>Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.</p>		
Capital outlay (excluding capital leases)		5,639,183
Depreciation		(166,545)
Capital leases payments - principal portion		69,888
<p>Long-term debt (e.g., bonds, Developer advances) 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.</p>		
Developer advances		(5,157,256)
Repayment of Developer advances		4,030,963
Repayment of bonds - principal portion		400,000
<p>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.</p>		
Accrued interest on bonds - Change in liability		1,000
Accrued interest on Developer advances - Change in liability		(55,431)
Amortization of deferred cost of refunding		(65,348)
Accretion of bond premium		40,810
		40,810
Change in net position of governmental activities	\$	4,683,493

These financial statements should be read only in connection with the accompanying notes to financial statements.

**POUDRE TECH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Transfer from Water Valley No. 1	\$ 1,506,307	\$ 1,545,321	\$ 1,545,321	\$ -
Transfer from Water Valley No. 2	1,866,022	1,888,347	1,874,400	(13,947)
Other income	5,000	1,721	1,721	-
Boat permit fee	475	-	-	-
Total revenues	<u>3,377,804</u>	<u>3,435,389</u>	<u>3,421,442</u>	<u>(13,947)</u>
EXPENDITURES				
General and Administrative				
Accounting	67,000	80,000	83,550	(3,550)
Accounting - special projects	-	15,000	12,300	2,700
Audit	25,000	26,058	26,058	-
Banking fees	1,000	3,000	2,472	528
Asset management	72,306	104,000	92,589	11,411
Consulting and studies	20,000	20,000	17,125	2,875
Dues and memberships	2,000	1,759	1,759	-
Insurance	42,000	36,262	36,262	-
Legal	75,000	95,000	91,886	3,114
Miscellaneous	6,500	7,765	5,552	2,213
Rent	24,000	24,000	24,000	-
Office overhead	177,279	177,279	172,116	5,163
Operations and Maintenance				
Electricity and gas	55,000	45,000	44,175	825
Landscape and open space	300,000	410,000	408,189	1,811
Repairs and maintenance	75,000	60,000	57,066	2,934
Pest control	9,000	15,000	14,780	220
Security	75,000	110,000	108,234	1,766
Capital Outlay				
PTMD capital projects	2,106,213	382,000	337,787	44,213
Water Valley 1 capital projects	710,397	300,471	294,290	6,181
Water Valley 2 capital projects	-	81,718	21,147	60,571
Equipment acquisition	90,000	90,000	81,014	8,986
Acquired facilities/certified costs	-	4,985,140	4,985,140	-
Total expenditures	<u>3,932,695</u>	<u>7,069,452</u>	<u>6,917,491</u>	<u>151,961</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(554,891)</u>	<u>(3,634,063)</u>	<u>(3,496,049)</u>	<u>138,014</u>
OTHER FINANCING SOURCES (USES)				
Developer advances - Office overhead	177,279	478,917	172,116	(306,801)
Developer advances - Acquired facilities/certified costs	-	4,985,140	4,985,140	-
Transfer from (to) other funds	710,397	2,382,189	2,315,437	(66,752)
Repayment of Dev. advances - Office overhead	(334,585)	(334,585)	(325,000)	9,585
Repayment of Dev. advances - Acquired facilities/certified costs	-	(3,705,963)	(3,705,963)	-
Total other financing sources (uses)	<u>553,091</u>	<u>3,805,698</u>	<u>3,441,730</u>	<u>(363,968)</u>
NET CHANGE IN FUND BALANCES	(1,800)	171,635	(54,319)	(225,954)
FUND BALANCES - BEGINNING OF YEAR	<u>32,600</u>	<u>(134,735)</u>	<u>(134,735)</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 30,800</u>	<u>\$ 36,900</u>	<u>\$ (189,054)</u>	<u>\$ (225,954)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017**

	Enterprise Fund
ASSETS	
Cash and investments	\$ 1,178,419
Accounts receivable	32,629
Prepaid expenses	3,234
Capital assets, not being depreciated	10,791,000
Capital assets, net	3,516,441
Total assets	15,521,723
 LIABILITIES	
Accounts payable	7,371
Noncurrent liabilities	
Due within one year	164,000
Due in more than one year	3,971,137
Total liabilities	4,142,508
 NET POSITION	
Net investment in capital assets	10,207,441
Unrestricted	1,171,774
Total net position	\$ 11,379,215

These financial statements should be read only in connection with
the accompanying notes to financial statements.

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2017

	Enterprise Fund
OPERATING REVENUES	
Service fees	\$ 691,653
Water meter sales	505,700
Total operating revenues	1,197,353
OPERATING EXPENSES	
Billing	40,081
Electricity and gas	147,136
Repairs and maintenance	69,376
Water meters and installation	457,971
Other water operating expenses	40,312
Water system manager & field staff	217,536
Depreciation	150,680
Total operating expenses	1,123,092
OPERATING INCOME (LOSS)	74,261
OTHER REVENUES AND EXPENSES	
System development fees	744,250
Loan interest	(191,222)
Total other revenues and expenses	553,028
CHANGE IN NET POSITION	627,289
NET POSITION - BEGINNING OF YEAR	10,751,926
NET POSITION - END OF YEAR	\$ 11,379,215

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,200,794
Payments to suppliers/contractors	<u>(823,446)</u>
Net cash provided (required) by operating activities	<u>377,348</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipt/repayment from General Fund	89,837
Payment to Developer - advances for Manager and Field Staff	<u>(182,399)</u>
Net cash provided (required) by noncapital financing activities	<u>(92,562)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payment - loan interest	(191,222)
Receipt - system development fees	744,250
Payments - acquired facilities/certified costs and other capital expenses	<u>(929,781)</u>
Net cash provided (required) by capital and related financing activities	<u>(376,753)</u>

NET INCREASE (DECREASE) IN CASH AND INVESTMENTS

(91,967)

CASH AND INVESTMENTS - BEGINNING OF YEAR

1,270,386

CASH AND INVESTMENTS - END OF YEAR

\$ 1,178,419

**Reconciliation of operating income (loss) to net cash provided
(required) by operating activities**

Operating income (loss)	\$ 74,261
Adjustments to reconcile operating income (loss) to net cash provided (required) by operating activities:	
(Increase) decrease in accounts receivable	5,119
(Increase) decrease in prepaid expenses	(179)
Increase (decrease) in accounts payable	(68,391)
Increase (decrease) in prepaid assessments	(1,678)
Office overhead provided by Developer	217,536
Depreciation	<u>150,680</u>
Net cash provided (required) by operating activities	<u><u>\$ 377,348</u></u>

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1 - DEFINITION OF REPORTING ENTITY

Poudre Tech Metropolitan District (District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Windsor, Weld County, Colorado, in 1994, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide water and wastewater services, street construction, installation of safety control devices and construction and maintenance of parks and recreation facilities. The District is the Operating District organized in conjunction with two other related Financing Districts – Water Valley Metropolitan District Nos. 1 and 2 (Water Valley 1 and Water Valley 2). The District serves as the Operating District which is responsible for managing the construction and operation of facilities and improvements needed for Water Valley 1 and Water Valley 2. The Financing Districts are responsible for providing the tax base needed to support financing of capital improvements.

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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.

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

The Enterprise Fund accounts for activities related to non-potable water services.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

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

The District has amended its annual budget for the year ended December 31, 2017.

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.

Capital Assets

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

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

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

Streets	20 - 75 years
Non-Potable Water	15 - 50 years
Equipment	5 - 25 years
Parks and recreation	10 - 50 years

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water Rights

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

Cost of Bond Refunding

In the government-wide financial statements, the deferred cost of bond refunding is being amortized using the interest method over the life of the bonds. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred cost of refunding*, is deferred and recognized as an outflow of resources in the period that the amount is incurred.

Equity

Net Position

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

Fund Balance

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

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

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

Deficits

The General Fund reported a deficit in the fund financial statement as of December 31, 2017. The deficit will be eliminated with the receipt of property taxes transferred from the Financing Districts in 2018.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 1,178,419
Cash and investments – Restricted	<u>20,197</u>
Total cash and investments	<u>\$ 1,198,616</u>

Cash and investments as of December 31, 2017, consist of the following:

Deposits with financial institutions	\$ 1,198,013
Investments	<u>603</u>
Total cash and investments	<u>\$ 1,198,616</u>

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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, 2017, the District's cash deposits had a bank balance of \$1,198,095 and a carrying balance of \$1,198,013.

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series), money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee), CSAFE which are recorded at amortized cost, and COLOTRUST which are recorded at net asset value.

At December 31, 2017, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Balance</u>
Morgan Stanley Institutional Liquidity Funds Treasury Portfolio	Weighted average 30 days	\$603

Morgan Stanley Institutional Liquidity Funds Treasury Portfolio

At December 31, 2017, the District's debt service funds held in trust by UMB Bank, n.a. (Trustee) were invested in Morgan Stanley Institutional Liquidity Funds Treasury Portfolio. This portfolio invests in liquid, high-quality debt securities issued by the U.S Treasury and is rated AAAM by Standard & Poor's.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 - CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2017:

	Balance at December 31, 2016	Additions	Reductions/ Reclassi- fications	Balance at December 31, 2017
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 9,655	\$ 4,985,140	\$ 9,655	\$ 4,985,140
Land	-	108,890	-	108,890
Total capital assets, not being depreciated	<u>9,655</u>	<u>5,094,030</u>	<u>9,655</u>	<u>5,094,030</u>
Capital assets, being depreciated:				
Streets	1,674,703	155,117	-	1,829,820
Parks and Recreation	2,270,827	399,691	-	2,670,518
Equipment	516,132	-	-	516,132
Total capital assets, being depreciated	<u>4,461,662</u>	<u>554,808</u>	<u>-</u>	<u>5,016,470</u>
Less accumulated depreciation for:				
Streets	(245,073)	(54,927)	-	(300,000)
Parks and Recreation	(82,936)	(66,260)	-	(149,196)
Equipment	(131,015)	(45,358)	-	(176,373)
Total accumulated depreciation	<u>(459,024)</u>	<u>(166,545)</u>	<u>-</u>	<u>(625,569)</u>
Total capital assets, being depreciated, net	<u>4,002,638</u>	<u>388,263</u>	<u>-</u>	<u>4,390,901</u>
Governmental capital assets, net	<u>\$ 4,012,293</u>	<u>\$ 5,482,293</u>	<u>\$ 9,655</u>	<u>\$ 9,484,931</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Water rights	\$ 10,791,000	\$ -	\$ -	\$ 10,791,000
Total capital assets, not being depreciated	<u>10,791,000</u>	<u>-</u>	<u>-</u>	<u>10,791,000</u>
Capital assets, being depreciated:				
Non-Potable Water	2,877,716	893,430	-	3,771,146
Equipment	12,637	36,351	-	48,988
Total capital assets, being depreciated	<u>2,890,353</u>	<u>929,781</u>	<u>-</u>	<u>3,820,134</u>
Less accumulated depreciation for:				
Non-Potable Water	(153,013)	(147,599)	-	(300,612)
Equipment	-	(3,081)	-	(3,081)
Total accumulated depreciation	<u>(153,013)</u>	<u>(150,680)</u>	<u>-</u>	<u>(303,693)</u>
Total capital assets, being depreciated, net	<u>2,737,340</u>	<u>779,101</u>	<u>-</u>	<u>3,516,441</u>
Business-type capital assets, net	<u>\$ 13,528,340</u>	<u>\$ 779,101</u>	<u>\$ -</u>	<u>\$ 14,307,441</u>
Total capital assets, net	<u>\$ 17,540,633</u>	<u>\$ 6,261,394</u>	<u>\$ 9,655</u>	<u>\$ 23,792,372</u>

Depreciation expense was charged during the year as follows:

Governmental Activities:	
Streets	\$ 54,927
Parks and Recreation	66,260
Equipment	45,358
Total depreciation expense - Governmental activities	<u>\$ 166,545</u>
Business-type Activities:	
Non-Potable Water	\$ 147,599
Equipment	3,081
Total depreciation expense - Business-type activities	<u>\$ 150,680</u>

In February 2016, the District's water rights were valued by an independent third-party appraiser at \$24,744,000.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2017:

	<u>Balance at December 31, 2016</u>	<u>Additions</u>	<u>Reductions/ Reclassifications</u>	<u>Balance at December 31, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Revenue Refunding & Improvement					
Bonds, Series 2010 A & B	\$ 24,025,000	\$ -	\$ 400,000	\$ 23,625,000	\$ 425,000
Series 2010 A & B Bond Premium	638,196	-	40,810	597,386	-
<i>Bonds Payable</i>	<u>24,663,196</u>	<u>-</u>	<u>440,810</u>	<u>24,222,386</u>	<u>425,000</u>
Capital Leases					
General Electric Toolcat	22,838	-	10,612	12,226	12,226
Caterpillar Compact Track Loader	30,138	-	10,654	19,484	11,000
Caterpillar Backhoe Loader	54,123	-	19,133	34,990	19,754
Caterpillar Hydraulic Excavator	134,233	-	29,489	104,744	30,447
<i>Capital Leases Payable</i>	<u>241,332</u>	<u>-</u>	<u>69,888</u>	<u>171,444</u>	<u>73,427</u>
Developer Advances Payable	157,306	5,157,256	4,030,963	1,283,599	-
Accrued Interest on Developer Advances	-	55,431	-	55,431	-
<i>Developer Advance Payable</i>	<u>157,306</u>	<u>5,212,687</u>	<u>4,030,963</u>	<u>1,339,030</u>	<u>-</u>
Total Governmental activities	<u>25,061,834</u>	<u>5,212,687</u>	<u>4,541,661</u>	<u>25,732,860</u>	<u>498,427</u>
Business-Type Activities:					
Taxable Water Revenue Note, Series 2016	4,100,000	-	-	4,100,000	164,000
Developer Advances Payable	-	534,265	499,128	35,137	-
Total Business-type activities	<u>4,100,000</u>	<u>534,265</u>	<u>499,128</u>	<u>4,135,137</u>	<u>164,000</u>
	<u>\$ 29,161,834</u>	<u>\$ 5,746,952</u>	<u>\$ 5,040,789</u>	<u>\$ 29,867,997</u>	<u>\$ 662,427</u>

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

Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2010 A, B and C

On October 22, 2010, the District issued the following Bonds: 1) \$18,070,000 Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds Series 2010A with an interest rate of 5.0%, 2) \$7,305,000 Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds Series 2010B with interest rates varying from 2.5% to 5.0% and 3) \$300,000 Taxable Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds Series 2010C with an interest rate of 1.25%.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2010A bonds are subject to redemption prior to maturity, at the option of the District, as a whole or integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2020, and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest to the date of redemption, without redemption premium. The bonds maturing December 1, 2030, are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2027, and on each December 1 thereafter prior to the maturity date. Additionally, the bonds maturing December 1, 2039 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2011, and on each December 1 thereafter prior to the maturity date.

The Series 2010B bonds maturing December 1, 2021, are subject to redemption prior to the 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, on December 1, 2020, and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest to the date of redemption, without redemption premium. The bonds maturing December 1, 2028, are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2025, and on each December 1 thereafter prior the maturity date.

The Series 2010C bonds were paid for in full on December 1, 2010.

The District's 2010 Bonds will mature as follows:

	Governmental Activities		
	Principal	Interest	Total
2018	\$ 425,000	\$ 1,163,375	\$ 1,588,375
2019	450,000	1,149,562	1,599,562
2020	475,000	1,131,563	1,606,563
2021	495,000	1,113,750	1,608,750
2022	545,000	1,089,000	1,634,000
2023-2027	3,190,000	5,007,500	8,197,500
2028-2032	5,890,000	3,988,750	9,878,750
2033-2037	8,215,000	2,264,250	10,479,250
2038-2039	3,940,000	298,000	4,238,000
	<u>\$ 23,625,000</u>	<u>\$ 17,205,750</u>	<u>\$ 40,830,750</u>

Taxable Water Revenue Note, Series 2016

On November 29, 2016, the District, acting by and through its Water Activity Enterprise (Enterprise), entered into a Loan Agreement with Points West Community Bank (Lender) to obtain a loan in the amount of \$4,100,000 (Loan). The maturity date of the Loan is December 1, 2023, with an interest rate of 4.575% from November 29, 2016 through December 1, 2021. From December 1, 2021 through and including December 1, 2023, the Loan shall bear interest at a per annum fixed rate equal to the lesser of: (i) the sum of the Index plus 100 basis points; or (ii) the Maximum Rate of 18.00% per annum. Index means the prime rate published by the Wall Street Journal Online, or, in the event that such Index is no longer published, then the term Index shall be deemed to refer to a similar index selected by the Lender and approved by the Enterprise. Interest is paid semiannually on June 1 and December 1. The proceeds from the Loan were used to purchase water rights and pay for certain non-potable water system improvements, and paid for transaction costs.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

The Enterprise's repayment obligation under the Loan Agreement is further evidenced by a promissory note in favor of the Lender in the aggregate principal amount of \$4,100,000. A portion of the Loan in the principal amount of \$3,900,000, plus accrued interest, is secured by certain water rights in accordance with a Stock Pledge Agreement between the District and the Lender.

Capital Lease Obligation

In 2013, the District entered into a capital lease for the purchase of a Toolcat equipment. The lease requires 60 monthly payments of \$963 beginning in July 2013 and final payment of \$6,709 at the end of the lease. The lease bears interest at the rate of 5.52% per annum. The equipment is carried at \$55,909 with \$27,198 in accumulated depreciation.

In 2014, the District entered into capital leases that bear interest rate of 3.20% per annum as follows:

1. Caterpillar Compact Track Loader - The lease requires 60 monthly payments of \$955 beginning in October 2014. The equipment is carried at \$52,900 with \$14,327 in accumulated depreciation.
2. Caterpillar Backhoe Loader – The lease requires 60 monthly payments of \$1,715 beginning in October 2014. The equipment is carried at \$95,000 with \$25,729 in accumulated depreciation.
3. Caterpillar Hydraulic Excavator – The lease requires 60 monthly payments of \$2,780 beginning in December 2014. The equipment is carried at \$192,725 with \$49,520 in accumulated depreciation.

The District's annual payments related to these capital leases are annually appropriated and included in the District's annual budget.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 4, 2003, the District's voters authorized the issuance of indebtedness in an amount not to exceed \$156,000,000. At December 31, 2017, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

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

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 - INTERFUND TRANSFERS

The transfer of \$2,315,437 from the Debt Service Fund to the General Fund represents funds transferred from Water Valley 1 and 2 drawn from their 2014 Loans with First Western Trust Bank. Water Valley 1 and 2 transferred such funds into the District's Debt Service Fund, which the District then transferred into its General Fund to pay for construction and/or acquisition of certain public improvements within the boundaries of Water Valley 1 and 2.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 7 – NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the District had net investments in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 4,499,791	\$ 14,307,441
Outstanding long-term debts used to acquire capital assets	(25,131,053)	(4,100,000)
Bond premium, net	(597,386)	-
Cost of refunding, net	956,599	-
Net investment in capital assets	\$ (20,272,049)	\$ 10,207,441

The restricted component of net position includes assets that are restricted for use as imposed by external parties such as creditors, grantors or contributors, or as imposed by laws and regulations of other governments, or as imposed by law through constitutional provisions or enables legislation. The District had restricted net position as of December 31, 2017 as follows:

	Governmental Activities
Restricted net position:	
Emergency reserves	\$ 36,000
Debt service	603
Restricted net position	\$ 36,603

The District's unrestricted net position as of December 31, 2017 totaled \$5,830,491.

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 8 – PRIMARY AGREEMENTS

Amended and Restated Facilities Construction and Service Agreement (“Master IGA”)

The District, Water Valley 1 and Water Valley 2 (collectively, “the Districts”) have entered into a Facilities Construction and Service Agreement dated as of January 1, 1995, as amended and restated on February 17, 2004 (the “Master IGA”). The purpose of the Master IGA is to implement the principles and objectives set forth in the Service Plan regarding the financing, construction, operation and maintenance of the facilities described in the Service Plan (the “Facilities”), and regarding administration of the affairs of the Districts including the collection, management and expenditures of funds. The District is identified in the Master IGA as the “Operating District,” and Water Valley 1 and 2 are identified as the “Financing Districts.” Pursuant to the Master IGA, the Financing Districts agree to finance the costs of the Facilities and agree to finance the costs of certain services.

Capital Pledge Agreement

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

Infrastructure Acquisition and Reimbursement Agreements

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

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 8 – PRIMARY AGREEMENTS (CONTINUED)

Donation Agreement

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

NOTE 9 - 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 10 - RISK MANAGEMENT

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

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2017, the District determined and calculated its required emergency reserve to be approximately \$36,000, funding of which were provided by the Financing Districts. At December 31, 2017, the Financing Districts have combined cash reserves in their General Funds totaling \$250,000.

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**POUDRE TECH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Net investment income	\$ -	\$ 200	\$ 768	\$ 568
Transfer from Water Valley No. 1 - Other	710,397	1,750,471	1,744,290	(6,181)
Transfer from Water Valley No. 1 - Series 2010 Bonds	371,822	371,822	371,822	-
Transfer from Water Valley No. 2 - Other	-	631,718	571,147	(60,571)
Transfer from Water Valley No. 2 - Series 2010 Bonds	1,205,953	1,205,953	1,205,733	(220)
Total revenues	<u>2,288,172</u>	<u>3,960,164</u>	<u>3,893,760</u>	<u>(66,404)</u>
EXPENDITURES				
Bond interest Series 2010A	903,500	903,500	903,500	-
Bond interest Series 2010B	271,875	271,875	271,875	-
Bond principal Series 2010B	400,000	400,000	400,000	-
Paying agent/trustee fees	2,400	2,400	2,400	-
Total expenditures	<u>1,577,775</u>	<u>1,577,775</u>	<u>1,577,775</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>710,397</u>	<u>2,382,389</u>	<u>2,315,985</u>	<u>(66,404)</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other fund	<u>(710,397)</u>	<u>(2,382,189)</u>	<u>(2,315,437)</u>	<u>66,752</u>
Total other financing sources (uses)	<u>(710,397)</u>	<u>(2,382,189)</u>	<u>(2,315,437)</u>	<u>66,752</u>
NET CHANGE IN FUND BALANCES	-	200	548	348
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>55</u>	<u>55</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 255</u>	<u>\$ 603</u>	<u>\$ 348</u>

**POUDRE TECH METROPOLITAN DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
Year Ended December 31, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service fees	\$ 668,174	\$ 650,000	\$ 691,653	\$ 41,653
Water meter sales	287,500	361,200	505,700	144,500
System development fees	287,500	515,800	744,250	228,450
Developer advance - Manager & field staff	224,062	224,062	217,536	(6,526)
Developer advance - Acquired facilities/certified costs	-	315,853	316,729	876
Total revenues	<u>1,467,236</u>	<u>2,066,915</u>	<u>2,475,868</u>	<u>408,953</u>
EXPENDITURES				
General and Administrative				
Billing	30,900	45,000	40,081	4,919
Operations and Maintenance				
Electricity and gas	118,450	155,000	147,136	7,864
Repairs and maintenance	72,100	70,000	69,376	624
Water meters and installation	276,000	450,000	457,971	(7,971)
Other water operating expenses	51,500	50,000	40,312	9,688
Water system manager & field staff	224,062	224,062	217,536	6,526
Contingency	44,545	7,814	-	7,814
Debt Service				
Loan interest	191,222	191,222	191,222	-
Repayment of Developer advance - Manager & field staff	224,062	222,144	182,399	39,745
Repayment of Dev. advance - Acquired facilities/certified costs	-	315,853	316,729	(876)
Capital Outlay				
Capital projects	-	36,351	36,351	-
Acquired facilities/certified costs	400,000	892,554	893,430	(876)
Total expenditures	<u>1,632,841</u>	<u>2,660,000</u>	<u>2,592,543</u>	<u>67,457</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	<u>\$ (165,605)</u>	<u>\$ (593,085)</u>	(116,675)	<u>\$ 476,410</u>
ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS:				
Developer advance			(534,265)	
Capital outlay			929,781	
Repayment of Developer advances			499,128	
Depreciation			(150,680)	
CHANGE IN NET POSITION			<u>627,289</u>	
NET POSITION, BEGINNING OF YEAR			<u>10,751,926</u>	
NET POSITION, END OF YEAR			<u><u>\$ 11,379,215</u></u>	

These financial statements should be read only in connection with
the accompanying notes to financial statements.

POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017

\$18,070,000 Series 2010A Unlimited
Property Tax Supported Revenue
Refunding and Improvement Bonds
Dated October 22, 2010
Principal due December 1
Interest Rate 5.0% Payable
June 1 and December 1

\$7,305,000 Series 2010B Unlimited
Property Tax Supported Revenue
Refunding and Improvement Bonds
Dated October 22, 2010
Principal due December 1
Interest Rate 2.5%-5.0% Payable
June 1 and December 1

Year Ended December 31,	Principal			Interest			Total		
2018	\$ -	\$ 903,500	\$ 903,500	\$ 425,000	\$ 259,875	\$ 684,875			
2019	-	903,500	903,500	450,000	246,062	696,062			
2020	-	903,500	903,500	475,000	228,063	703,063			
2021	-	903,500	903,500	495,000	210,250	705,250			
2022	-	903,500	903,500	545,000	185,500	730,500			
2023	-	903,500	903,500	575,000	158,250	733,250			
2024	-	903,500	903,500	600,000	129,500	729,500			
2025	-	903,500	903,500	625,000	99,500	724,500			
2026	-	903,500	903,500	675,000	68,250	743,250			
2027	440,000	903,500	1,343,500	275,000	34,500	309,500			
2028	405,000	881,500	1,286,500	415,000	20,750	435,750			
2029	1,135,000	861,250	1,996,250	-	-	-			
2030	1,220,000	804,500	2,024,500	-	-	-			
2031	1,325,000	743,500	2,068,500	-	-	-			
2032	1,390,000	677,250	2,067,250	-	-	-			
2033	1,455,000	607,750	2,062,750	-	-	-			
2034	1,550,000	535,000	2,085,000	-	-	-			
2035	1,640,000	457,500	2,097,500	-	-	-			
2036	1,740,000	375,500	2,115,500	-	-	-			
2037	1,830,000	288,500	2,118,500	-	-	-			
2038	1,920,000	197,000	2,117,000	-	-	-			
2039	2,020,000	101,000	2,121,000	-	-	-			
	\$ 18,070,000	\$ 15,565,250	\$ 33,635,250	\$ 5,555,000	\$ 1,640,500	\$ 7,195,500			

**POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

Totals		
Principal	Interest	Total
\$ 425,000	\$ 1,163,375	\$ 1,588,375
450,000	1,149,562	1,599,562
475,000	1,131,563	1,606,563
495,000	1,113,750	1,608,750
545,000	1,089,000	1,634,000
575,000	1,061,750	1,636,750
600,000	1,033,000	1,633,000
625,000	1,003,000	1,628,000
675,000	971,750	1,646,750
715,000	938,000	1,653,000
820,000	902,250	1,722,250
1,135,000	861,250	1,996,250
1,220,000	804,500	2,024,500
1,325,000	743,500	2,068,500
1,390,000	677,250	2,067,250
1,455,000	607,750	2,062,750
1,550,000	535,000	2,085,000
1,640,000	457,500	2,097,500
1,740,000	375,500	2,115,500
1,830,000	288,500	2,118,500
1,920,000	197,000	2,117,000
2,020,000	101,000	2,121,000
\$ 23,625,000	\$ 17,205,750	\$ 40,830,750

**POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

**\$4,100,000 Taxable Water Revenue Loan, 2016
Dated November 29, 2016
Principal due June 1 and December 1
Interest Rate 4.575% Payable
June 1 and December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Estimated Interest*</u>	<u>Total</u>
2018	\$ 164,000	\$ 188,273	\$ 352,273
2019	164,000	180,666	344,666
2020	164,000	173,538	337,538
2021	164,000	165,452	329,452
2022	164,000	**	**
2023	<u>3,280,000</u>		
	<u>\$ 4,100,000</u>		

* Represents initial anticipated interest payments, without taking into account prepayment of Loan principal.

**From December 1, 2021 through and including December 1, 2023, the Loan shall bear an interest rate at a per annum fixed rate equal to the lesser of: (i) the sum of the Index plus 100 basis points; or (ii) the Maximum Rate of 18% per annum. Index means the prime rate published by the Wall Street Journal online, or, in the event that such Index is no longer published the term Index shall be deemed to refer to a similar index selected by the Lender and approved by the Enterprise.

**CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION AS REQUIRED
BY THE UNLIMITED PROPERTY TAX SUPPORTED REVENUE REFUNDING AND
IMPROVEMENT BONDS, SERIES 2010A AND 2010B**

**POUDRE TECH METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE UNLIMITED PROPERTY TAX SUPPORTED REVENUE REFUNDING
AND IMPROVEMENT BONDS, SERIES 2010A AND 2010B**

**TABLE II
History of Water Valley No. 1's Mill Levy, Assessed Valuation and Tax Collections**

Levy/Collection Year	Assessed Valuation	General Fund	Bond Fund	Total Mill Levy	Property Taxes Levied	Property Taxes Collected	Percent of Taxes Collected to Taxes Levied
2005/2006	\$ 21,459,270	10.000	10.000	20.000	\$ 429,185	\$ 431,330	100.50%
2006/2007	\$ 22,450,650	10.000	10.000	20.000	\$ 449,013	\$ 451,018	100.43%
2007/2008	\$ 25,059,420	10.000	10.000	20.000	\$ 501,188	\$ 503,699	100.50%
2008/2009	\$ 26,085,210	10.000	10.000	20.000	\$ 521,704	\$ 522,930	100.23%
2009/2010	\$ 29,020,280	10.000	10.000	20.000	\$ 580,406	\$ 505,478	87.09%
2010/2011	\$ 26,688,250	10.000	10.000	20.000	\$ 533,765	\$ 523,702	98.11%
2011/2012	\$ 23,459,270	10.000	16.000	26.000	\$ 609,941	\$ 619,372	101.55%
2012/2013	\$ 23,145,380	6.000	33.000	39.000	\$ 902,670	\$ 902,350	99.96%
2013/2014	\$ 22,683,319	7.000	32.000	39.000	\$ 884,649	\$ 884,859	100.02%
2014/2015	\$ 22,201,960	13.250	25.750	39.000	\$ 865,876	\$ 865,653	99.97%
2015/2016	\$ 42,796,050	13.300	25.700	39.000	\$ 1,665,045	\$ 1,668,329	100.20%
2016/2017	\$ 47,810,900	30.430	8.570	39.000	\$ 1,864,625	\$ 1,863,857	99.96%

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

**TABLE V
History of Water Valley No. 2's Mill Levy, Assessed Valuation and Tax Collections**

Levy/Collection Year	Assessed Valuation	General Fund	Bond Fund	Total Mill Levy	Property Taxes Levied	Property Taxes Collected	Percent of Taxes Collected to Taxes Levied
2005/2006	\$ 3,193,980	0.000	20.000	20.000	\$ 63,880	\$ 63,356	99.18%
2006/2007	\$ 9,324,480	0.000	20.000	20.000	\$ 186,490	\$ 188,348	101.00%
2007/2008	\$ 14,404,230	0.000	20.000	20.000	\$ 288,085	\$ 288,142	100.02%
2008/2009	\$ 17,545,620	0.000	20.000	20.000	\$ 350,912	\$ 348,022	99.18%
2009/2010	\$ 19,873,240	0.000	20.000	20.000	\$ 397,465	\$ 290,181	73.01%
2010/2011	\$ 20,113,720	0.000	20.000	20.000	\$ 402,274	\$ 401,794	99.88%
2011/2012	\$ 16,893,730	0.000	26.000	26.000	\$ 439,237	\$ 434,103	98.83%
2012/2013	\$ 17,836,630	0.000	39.000	39.000	\$ 695,629	\$ 675,386	97.09%
2013/2014	\$ 18,266,193	0.000	39.000	39.000	\$ 712,382	\$ 712,774	100.06%
2014/2015	\$ 20,326,230	0.000	39.000	39.000	\$ 792,723	\$ 788,365	99.45%
2015/2016	\$ 84,359,680	15.975	23.025	39.000	\$ 3,290,028	\$ 3,294,992	100.15%
2016/2017	\$ 81,309,260	20.907	18.093	39.000	\$ 3,171,061	\$ 3,103,222	97.86%

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

**POUDRE TECH METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE UNLIMITED PROPERTY TAX SUPPORTED REVENUE REFUNDING
AND IMPROVEMENT BONDS, SERIES 2010A AND 2010B**

**TABLE IX
History of General Fund Revenues, Expenditures and Fund Balance**

	2013	2014	2015	2016	2017
Revenues					
Service fees	\$ 364,016	\$ 1,561,563	\$ 471,628	\$ -	\$ -
System development fees	187,000	246,400	372,400	-	-
Water meter sales	211,000	245,300	309,600	-	-
Boat permit fees	-	-	-	475	-
Transfer from Water Valley No. 1 - Other	148,947	170,740	264,000	497,814	1,545,321
Transfer from Water Valley No. 2 - Other	96,761	95,191	-	1,360,006	1,874,400
Other income	28,355	4,682	22,339	8,075	1,721
Net investment income	83	53	35	12	-
Total revenues	<u>1,036,162</u>	<u>2,323,929</u>	<u>1,440,002</u>	<u>1,866,382</u>	<u>3,421,442</u>
Expenditures					
General and Administrative					
Accounting	36,879	59,188	43,676	69,861	83,550
Accounting - special projects	-	-	-	-	12,300
Audit	29,026	26,496	25,839	25,952	26,058
Banking fees	2,245	1,825	1,010	1,020	2,472
Billing/asset management	-	72,974	98,550	72,481	92,589
District management - Administrative	-	-	-	6,565	-
Consulting and studies	26,884	20,614	18,378	25,613	17,125
Dues and memberships	3,442	2,191	1,794	1,925	1,759
Insurance	26,899	30,865	208	39,299	36,262
Legal	49,804	115,482	49,593	117,941	91,886
Miscellaneous	3,804	2,428	4,529	3,839	5,552
Rent	-	-	16,000	24,000	24,000
Transfer to Water Valley No. 1	-	1,000	-	-	-
Office overhead	190,000	594,720	490,140	172,116	172,116
Operations and Maintenance					
Electricity and gas	90,497	128,707	173,770	38,414	44,175
Landscape and open space	79,466	203,023	304,083	367,420	408,189
Maintenance and repairs	93,475	110,996	98,442	81,385	57,066
Pest control	5,625	7,650	6,511	7,959	14,780
Security	60,000	60,000	65,929	74,415	108,234
Water operations	25,894	46,800	45,517	-	-
Water meter sold	92,088	179,814	168,055	-	-
Water sales admin fee	-	56,250	-	-	-
Bad debt expense	26,805	-	-	-	-
Capital Outlay					
Water Valley No. 1	-	450,653	692,075	36,501	294,290
Water Valley No. 2	-	454,662	1,497,560	156,633	21,147
Equipment acquisition	18,324	61,383	78,921	96,898	81,014
Filing 15 and 16 public improvements	-	506,619	-	-	-
Filing 16 and 18 public improvements	-	-	655,446	-	-
Raindance drainage improvements	-	-	370,784	-	-
Capital projects - PTMD	-	-	-	-	337,787
Capital projects/Certified costs	-	-	-	-	4,985,140
Debt Service					
Principal on Line of Credit	688,121	349,550	-	1,028,878	-
Interest on Line of Credit	23,274	41,351	43,672	46,223	-
Total expenditures	<u>1,572,552</u>	<u>3,585,241</u>	<u>4,950,482</u>	<u>2,495,338</u>	<u>6,917,491</u>
Excess of Revenues over (under) Expenditures	<u>(536,390)</u>	<u>(1,261,312)</u>	<u>(3,510,480)</u>	<u>(628,956)</u>	<u>(3,496,049)</u>
Other Financing Sources (Uses)					
Proceeds from Line of Credit	732,657	222,532	-	250,000	-
Developer advances - Office overhead	76,061	594,720	490,140	172,116	172,116
Developer advances - Certified costs	-	506,619	1,026,230	-	4,985,140
Transfer from other funds	-	5,688,717	3,236,566	193,133	2,315,437
Transfer to other funds	(424,657)	(221,382)	-	-	-
Repayment of Developer advances - Office overhead	-	(670,782)	(328,669)	(86,135)	(325,000)
Repayment of Developer advances	-	(4,276,212)	-	-	-
Repayment of Developer advances - Certified costs	-	(506,619)	(1,026,230)	-	(3,705,963)
Total other financing sources (uses)	<u>384,061</u>	<u>1,337,593</u>	<u>3,398,037</u>	<u>529,114</u>	<u>3,441,730</u>
Net Change in Fund Balances	<u>(152,329)</u>	<u>76,281</u>	<u>(112,443)</u>	<u>(99,842)</u>	<u>(54,319)</u>
Fund Balance - Beginning of Year	<u>191,852</u>	<u>39,523</u>	<u>115,804</u>	<u>(34,893) *</u>	<u>(134,735)</u>
Prior period adjustment					
Fund Balance - End of Year	<u>\$ 39,523</u>	<u>\$ 115,804</u>	<u>\$ 3,361</u>	<u>\$ (134,735)</u>	<u>\$ (189,054)</u>

* As adjusted (Enterprise Fund balances transferred out of General Fund)

Source: District Audited Financial Statements for years ended December 31, 2013-2017.

**POUDRE TECH METROPOLITAN DISTRICT
CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
AS REQUIRED BY THE UNLIMITED PROPERTY TAX SUPPORTED REVENUE REFUNDING
AND IMPROVEMENT BONDS, SERIES 2010A AND 2010B**

**TABLE X
General Fund Budget Summary and Comparison**

	2016 <u>Amended Budget</u>	2017 <u>Amended Budget</u>	2017 <u>Year to Date Actual</u>
Revenue			
Boat permit fees	\$ 475	\$ -	\$ -
Transfer from Water Valley No. 1 - Other	496,621	1,545,321	1,545,321
Transfer from Water Valley No. 2 - Other	2,003,503	1,888,347	1,874,400
Other income	4,950	1,721	1,721
Net investment income	20	-	-
Total revenues	<u>2,505,569</u>	<u>3,435,389</u>	<u>3,421,442</u>
Expenditures			
General and Administrative			
Accounting	67,000	80,000	83,550
Accounting - special projects	-	15,000	12,300
Audit	25,952	26,058	26,058
Banking fees	1,000	3,000	2,472
Billing/asset management	70,200	104,000	92,589
District management - Administrative	6,565	-	-
Consulting and studies	30,000	20,000	17,125
Dues and subscriptions	1,925	1,759	1,759
Insurance	39,299	36,262	36,262
Legal	128,000	95,000	91,886
Miscellaneous	6,067	7,765	5,552
Rent	24,000	24,000	24,000
Office overhead	172,116	177,279	172,116
Operations and Maintenance			
Electricity and gas	37,000	45,000	44,175
Landscape and open space	325,000	410,000	408,189
Maintenance and repairs	70,000	60,000	57,066
Pest control	9,000	15,000	14,780
Security	75,000	110,000	108,234
Capital Outlay			
Water Valley No. 1	75,000	300,471	294,290
Water Valley No. 2	211,640	81,718	21,147
Equipment acquisition	90,000	90,000	81,014
Capital projects - PTMD	1,650,000	382,000	337,787
Capital projects/Certified costs		4,985,140	4,985,140
Debt Service			
Principal on Line of Credit	1,028,878	-	-
Interest on Line of Credit	46,223	-	-
Total expenditures	<u>4,189,865</u>	<u>7,069,452</u>	<u>6,917,491</u>
Excess of Revenues over (under) Expenditures	(1,684,296)	(3,634,063)	(3,496,049)
Other Financing Sources (Uses)			
Proceeds from Line of Credit	250,000	-	-
Developer advance	129,168	-	-
Developer advances - Office overhead	172,116	478,917	172,116
Developer advances - Certified costs	1,650,000	4,985,140	4,985,140
Transfer from other funds	1,286,640	2,382,189	2,315,437
Repayment of Developer advances - Office overhead	(86,135)	(334,585)	(325,000)
Repayment of Developer advances - Certified costs	<u>(1,650,000)</u>	<u>(3,705,963)</u>	<u>(3,705,963)</u>
Total other financing sources (uses)	<u>1,751,789</u>	<u>3,805,698</u>	<u>3,441,730</u>
Net Change in Fund Balances	67,493	171,635	(54,319)
Fund Balance - Beginning of Year	(34,893)	(134,735)	(134,735)
Prior period adjustment			
Fund Balance - End of Year	\$ 32,600	\$ 36,900	\$ (189,054)

Source: District's 2016 Amended Budget, 2017 Amended Budget, and Audited Financial Statements for the year ended December 31, 2017.