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Accountant's Compilation Report

Board of Directors
Poudre Tech Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances/funds available of Poudre Tech Metropolitan District for the year ending December 31, 2019, including the estimate of comparative information for the year ended December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Poudre Tech Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 29, 2019

**POUDRE TECH METROPOLITAN DISTRICT
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ 1,188,906	\$ 1,018,460	\$ 1,301,971
REVENUES			
Service fees	691,653	800,000	827,190
System development fees	744,250	187,500	100,000
Water meter sales	505,700	187,500	100,000
Developer advance - Office overhead	172,116	114,900	213,534
Developer advance - Manager & field staff	217,536	232,260	221,334
Developer advance - Certified costs	5,301,869	-	-
Note proceeds	-	500,000	-
Other revenue	1,721	138,627	-
Interest income	768	364	-
Transfers from WV No. 1 - Operations	1,545,321	913,022	654,971
Transfers from WV No. 2 - Operations	1,874,400	833,305	1,176,332
Transfers from WV No. 1 - Other	1,744,290	-	5,600
Transfers from WV No. 2 - Other	571,147	-	60,630
Transfers from WV No. 1 - Series 2010 Bonds	371,822	375,072	377,869
Transfers from WV No. 2 - Series 2010 Bonds	1,205,733	1,214,736	1,224,093
Total revenues	<u>14,948,326</u>	<u>5,497,286</u>	<u>4,961,553</u>
TRANSFERS IN	<u>2,315,437</u>	<u>-</u>	<u>66,230</u>
Total funds available	<u>18,452,669</u>	<u>6,515,746</u>	<u>6,329,754</u>
EXPENDITURES			
General Fund	10,948,454	2,270,000	2,115,467
Debt Service Fund	1,577,775	1,590,775	1,601,962
Enterprise Fund	2,592,543	1,353,000	1,449,284
Total expenditures	<u>15,118,772</u>	<u>5,213,775</u>	<u>5,166,713</u>
TRANSFERS OUT	<u>2,315,437</u>	<u>-</u>	<u>66,230</u>
Total expenditures and transfers out requiring appropriation	<u>17,434,209</u>	<u>5,213,775</u>	<u>5,232,943</u>
ENDING FUND BALANCES	<u>\$ 1,018,460</u>	<u>\$ 1,301,971</u>	<u>\$ 1,096,811</u>
EMERGENCY RESERVE	<u>\$ 36,000</u>	<u>\$ 40,800</u>	<u>\$ 36,400</u>
TOTAL RESERVE	<u>\$ 36,000</u>	<u>\$ 40,800</u>	<u>\$ 36,400</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**POUDRE TECH METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/19

ACTUAL	ESTIMATED	BUDGET
2017	2018	2019

ASSESSED VALUATION

State assessed	\$ 880	\$ 940	\$ 1,330
Vacant land	730	730	730
Certified Assessed Value	\$ 1,610	\$ 1,670	\$ 2,060

MILL LEVY

PROPERTY TAXES

Budgeted property taxes	\$ -	\$ -	\$ -
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BUDGETED PROPERTY TAXES

\$ -	\$ -	\$ -
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This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**POUDRE TECH METROPOLITAN DISTRICT
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (134,735)	\$ (189,054)	\$ 40,800
REVENUES			
Transfers from WV No. 1 - Operations	1,545,321	913,022	654,971
Transfers from WV No. 2 - Operations	1,874,400	833,305	1,176,332
Developer advance - Certified costs	4,985,140	-	-
Developer advance	-	-	-
Note proceeds	-	500,000	-
Other revenue	1,721	138,627	-
Developer advance - Office overhead	172,116	114,900	213,534
Total revenues	<u>8,578,698</u>	<u>2,499,854</u>	<u>2,044,837</u>
TRANSFERS IN			
Transfers from other funds	<u>2,315,437</u>	<u>-</u>	<u>66,230</u>
Total funds available	<u>10,759,400</u>	<u>2,310,800</u>	<u>2,151,867</u>
EXPENDITURES			
General and administrative			
Accounting	83,550	75,000	70,000
Accounting - special projects	12,300	-	-
Administration			
Staffing	92,589	140,000	93,000
Management fee	-	-	54,000
Other	-	-	9,654
Lifestyle Director Fees	-	28,180	-
Audit	26,058	25,000	25,000
Banking and loan fees	2,472	500	2,000
Consulting and studies	17,125	20,000	20,000
District events	-	3,700	5,000
Dues and membership	1,759	1,722	2,000
Insurance	36,262	38,145	40,000
Legal	91,886	60,000	50,000
Miscellaneous	5,552	8,822	2,000
Office supplies	-	-	5,000
Office overhead	172,116	114,900	213,534
Rent	24,000	24,000	24,000
Repay Developer advance - Certified costs	3,705,963	-	-
Repay Developer advance - Office overhead	325,000	119,322	213,534
Operations and maintenance			
Electricity and gas	44,175	50,000	45,000
Landscape and open space			
Landscape and open space	408,189	600,000	-
Softscape - Landscape contract	-	-	342,000
Special projects and mowing	-	-	32,000
Snow removal	-	-	32,000
Pest control	14,780	10,000	9,000
Equipment repairs and maintenance	57,066	75,000	50,000
Patrol services	108,234	85,000	85,000
Capital Outlay			
Tree replacement	-	-	180,000
Hardscape - Fence improvements/Staining	-	-	29,000
Beach improvements	-	-	65,500
Other capital projects - PTMD	337,787	183,165	261,015
Capital projects - WV No. 1	294,290	-	5,600
Capital projects - WV No. 2	21,147	-	60,630
Equipment acquisition	81,014	90,000	90,000
Capital projects/Certified costs	4,985,140	-	-
Debt Service			
Principal on operating line of credit	-	500,000	-
Interest on operating line of credit	-	17,544	-
Total expenditures	<u>10,948,454</u>	<u>2,270,000</u>	<u>2,115,467</u>
Total expenditures and transfers out requiring appropriation	<u>10,948,454</u>	<u>2,270,000</u>	<u>2,115,467</u>
ENDING FUND BALANCE	<u>\$ (189,054)</u>	<u>\$ 40,800</u>	<u>\$ 36,400</u>
EMERGENCY RESERVE	<u>\$ 36,000</u>	<u>\$ 40,800</u>	<u>\$ 36,400</u>
TOTAL RESERVE	<u>\$ 36,000</u>	<u>\$ 40,800</u>	<u>\$ 36,400</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**POUDRE TECH METROPOLITAN DISTRICT
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ 55	\$ 603	\$ -
REVENUES			
Interest income	768	364	-
Transfers from WV No. 1 - Other	1,744,290	-	5,600
Transfers from WV No. 2 - Other	571,147	-	60,630
Transfers from WV No. 1 - Series 2010 Bonds	371,822	375,072	377,869
Transfers from WV No. 2 - Series 2010 Bonds	1,205,733	1,214,736	1,224,093
Total revenues	3,893,760	1,590,172	1,668,192
Total funds available	3,893,815	1,590,775	1,668,192
EXPENDITURES			
Debt Service			
Paying agent fees	2,400	2,400	2,400
Bond interest - Series 2010A	903,500	903,500	903,500
Bond interest - Series 2010B	271,875	259,875	246,062
Bond principal - Series 2010B	400,000	425,000	450,000
Total expenditures	1,577,775	1,590,775	1,601,962
TRANSFERS OUT			
Transfers to other funds	2,315,437	-	66,230
Total expenditures and transfers out requiring appropriation	3,893,212	1,590,775	1,668,192
ENDING FUND BALANCE	\$ 603	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**POUDRE TECH METROPOLITAN DISTRICT
ENTERPRISE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/29/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUNDS AVAILABLE	\$ 1,323,586	\$ 1,206,911	\$ 1,261,171
REVENUES			
Service fees	691,653	800,000	827,190
Water meter sales	505,700	187,500	100,000
System development fees	744,250	187,500	100,000
Developer advance - Manager & field staff	217,536	232,260	221,334
Developer advance - Certified costs	316,729	-	-
Total revenues	2,475,868	1,407,260	1,248,524
Total funds available	3,799,454	2,614,171	2,509,695
EXPENDITURES			
General and administrative			
Billing	40,081	50,000	5,000
Core	-	-	450
Beacon	-	-	7,500
Staffing	-	-	40,000
Operations and maintenance			
Repairs and maintenance	69,376	60,000	75,000
Electricity and gas	147,136	165,000	130,000
Water meters and installations	457,971	140,000	100,000
Other Water Operating Expenses			
Scada	-	-	33,000
Delivery and Ditch expense	-	-	25,000
Other water operating expenses	40,312	80,760	-
Water system manager & field staff	217,536	232,260	221,334
Leasing	-	-	-
Tools and Equipment - New	-	-	15,000
Contingency	-	-	46,000
Debt Service			
2016 Loan interest	191,222	188,273	180,666
2016 Loan principal	-	164,000	164,000
Repay Developer advance - Certified costs	316,729	-	-
Repay Developer advance - Manager & field sta	182,399	267,397	221,334
Capital Outlay			
Capital outlay	36,351	5,310	75,000
Meter replacement	-	-	110,000
Certified costs/reimbursements/other	893,430	-	-
Total expenditures	2,592,543	1,353,000	1,449,284
Total expenditures and transfers out requiring appropriation	2,592,543	1,353,000	1,449,284
ENDING FUNDS AVAILABLE	\$ 1,206,911	\$ 1,261,171	\$ 1,060,411

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**POUDRE TECH METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

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

The District was organized to provide water and wastewater services, street construction, installation of safety control devices and construction and maintenance of parks and recreation facilities. The District is the Operating District organized in conjunction with two other related Financing Districts – Water Valley Metropolitan District Nos. 1 and 2 (District No. 1 and District No. 2). The District serves as the Operating District which is responsible for managing the construction and operation of facilities and improvements needed for District No. 1 and District No. 2. The Financing Districts are responsible for providing the funding and tax base needed to support the Financing Plan for capital improvements.

At its organizational election held on November 4, 2003, the voters approved general obligation indebtedness of \$27,750,000 for street improvements, \$2,250,000 for traffic and safety controls, \$13,500,000 for potable and non-potable water system \$15,000,000 for solid waste disposal, \$17,250,000 for parks and recreational facilities, \$2,250,000 for television relay and translation, \$78,000,000 for refinancing of District debt, and \$7,500,000 for general operations and maintenance. The voters also approved an annual tax increase of \$200,000 for general operations and maintenance. In order to exceed \$78,000,000 in total debt issuance among the Districts, the Districts would be required to submit an Amended Service Plan for approval by the Town Council.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Service Fees

The District charges service fees to each homeowner for non-potable water usage.

System Development Fees

In 2019, the District will assess a system development fee of \$2,500 per lot, which is collected at the time the lot is sold. The budget anticipates the collection of system development fees for 40 lots in 2019.

Water Meter Sales

The District anticipates selling and installing water meters for 40 homes in 2019 and expects to collect \$2,500 per home.

**POUDRE TECH METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Developer Advance

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

Transfer from Water Valley Metropolitan District No. 1

District No. 1, Financing District, levied 17.644 mills for operations and maintenance. It is anticipated that District No. 1 will transfer the property taxes, net of fees, generated from the 17.644 mills into the District, Operating District, to pay for a portion of the operations and administrative expenditures of all Districts. District No. 1 also levied 23.495 mills for debt service. It is anticipated that District No. 1 will transfer a portion of the property taxes generated from the 23.495 mills into the District to pay for a portion of the Series 2010 bonds' debt service for 2019.

Transfer from Water Valley Metropolitan District No. 2

District No. 2, Financing District, levied 15.155 mills for operations and maintenance. It is anticipated that District No. 2 will transfer the property taxes, net of fees, generated from the 15.155 mills into the District, Operating District, to pay for a portion of the operations and administrative expenditures of all Districts. District No. 2 also levied 25.984 mills for debt service. It is anticipated that District No. 2 will transfer a portion of the property taxes generated from the 25.984 mills to pay for a portion of the Series 2010 bonds' debt service for 2019.

Expenditures

General, Administrative, Operating and Capital Expenditures

General and administrative expenditures include the costs of services necessary to maintain the District's administrative viability such as legal, accounting, audit, managerial, insurance, meeting and other general and administrative expenditures. Operating expenditures such as billing, landscaping, utilities, snow removal, and repairs and maintenance are also included in the District's budget. Further, anticipated capital expenditures (tree replacement, fence improvements, beach improvements and equipment acquisitions) are included in the General Fund's budget.

Debt Service

Principal and interest payments are provided based on the attached debt amortization schedules from the Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds Series 2010A and 2010B and Taxable Water Revenue Loan, 2016.

**POUDRE TECH METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

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%.

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 in full on December 1, 2010.

On November 29, 2016, the District entered into a Loan Agreement with Points West Community Bank 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, paid for the costs of the Loan, and used to finance certain public improvements.

Reserves

Emergency Reserves

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2019, as defined under TABOR.

This information is an integral part of the accompanying budget.

POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018

Year Ended December 31,	\$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		
	Principal	Interest	Total	Principal	Interest	Total
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	\$ 14,661,750	\$ 32,731,750	\$ 5,130,000	\$ 1,380,625	\$ 6,510,625

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018

Totals		
Principal	Interest	Total
\$ 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
\$ 23,200,000	\$ 16,042,375	\$ 39,242,375

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**POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018**

**\$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**

Year Ended December 31,	Principal	Estimated Interest*	Total
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	3,280,000		
	<u>\$ 3,936,000</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.

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