

**POUDRE TECH METROPOLITAN DISTRICT
Weld County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

**POUDRE TECH METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2021**

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INSERT INDEPENDENT AUDITOR'S REPORT

(1)

Draft. No assurance is provided on these financial statements.

BASIC FINANCIAL STATEMENTS

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 404,778	\$ 1,234,612	\$ 1,639,390
Cash and Investments - Restricted	44,400	-	44,400
Accounts Receivable	2,000	26,297	28,297
Prepaid Expenses	46,328	-	46,328
Due from Water Valley No. 2	7,881	-	7,881
Capital Assets, Not Being Depreciated	113,459	10,810,818	10,924,277
Capital Assets, Net	<u>3,900,544</u>	<u>2,236,752</u>	<u>6,137,296</u>
Total Assets	4,519,390	14,308,479	18,827,869
LIABILITIES			
Accounts Payable	77,971	131,571	209,542
Prepaid Assessments	-	17,480	17,480
Accrued Interest Payable	51,370	12,198	63,568
Noncurrent Liabilities:			
Due Within One Year	620,000	164,000	784,000
Due in More Than One Year	<u>22,348,058</u>	<u>3,280,000</u>	<u>25,628,058</u>
Total Liabilities	23,097,399	3,605,249	26,702,648
NET POSITION			
Net Investment in Capital Assets	(18,816,719)	9,603,570	(9,213,149)
Restricted for:			
Emergency Reserves	44,400	-	44,400
Debt Service	5,381	-	5,381
Unrestricted	<u>188,929</u>	<u>1,099,660</u>	<u>1,288,589</u>
Total Net Position	<u>\$ (18,578,009)</u>	<u>\$ 10,703,230</u>	<u>\$ (7,874,779)</u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
DECEMBER 31, 2021**

	Program Revenues			Net Revenues (Expenses) and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General Government	\$ 492,376	\$ -	\$ 2,210,163	\$ -	\$ 1,717,787	\$ -	\$ 1,717,787
Public Works and Parks and Recreation	1,213,070	-	-	-	(1,213,070)	-	(1,213,070)
Interest and Related Costs on Long-Term Debt	792,042	-	-	1,218,176	426,134	-	426,134
Total Governmental Activities	2,497,488	-	2,210,163	1,218,176	930,851	-	930,851
Business-Type Activities:							
Nonpotable Water Services	1,068,434	1,067,729	-	106,000	-	105,295	105,295
Total Business-Type Activities	1,068,434	1,067,729	-	106,000	-	105,295	105,295
 Total Governmental and Business-Type Activities	<u>\$ 3,565,922</u>	<u>\$ 1,067,729</u>	<u>\$ 2,210,163</u>	<u>\$ 1,324,176</u>	930,851	105,295	1,036,146
GENERAL REVENUES							
Other Income					605	-	605
Total General Revenues					<u>605</u>	<u>-</u>	<u>605</u>
CHANGE IN NET POSITION					931,456	105,295	1,036,751
Net Position - Beginning of Year					<u>(19,509,465)</u>	<u>10,597,935</u>	<u>(8,911,530)</u>
NET POSITION - END OF YEAR					<u>\$ (18,578,009)</u>	<u>\$ 10,703,230</u>	<u>\$ (7,874,779)</u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 404,778	\$ -	\$ 404,778
Cash and Investments - Restricted	44,400	-	44,400
Due from Water Valley No. 2	-	7,881	7,881
Accounts Receivable	2,000	-	2,000
Prepaid Expenses	46,328	-	46,328
Total Assets	\$ 497,506	\$ 7,881	\$ 505,387
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 75,471	\$ 2,500	\$ 77,971
Total Liabilities	75,471	2,500	77,971
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	46,328	-	46,328
Restricted			
Emergency Reserves	44,400	-	44,400
Debt Service	-	5,381	5,381
Unassigned			
General Government	331,307	-	331,307
Total Fund Balances	422,035	5,381	427,416
Total Liabilities and Fund Balances	\$ 497,506	\$ 7,881	

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

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

Capital Assets, Not Being Depreciated	113,459
Capital Assets, Net	3,900,544

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	(20,585,000)
Bond Premium	(1,701,654)
Accrued Interest Payable - Bonds	(51,370)
Developer Advances Payable	(599,068)
Accrued Interest Payable - Developer Advances	(82,336)

Net Position of Governmental Activities	\$ (18,578,009)
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See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Government Funds
REVENUES			
Transfer from Water Valley No. 1 - Other	\$ 767,904	\$ -	\$ 767,904
Transfer from Water Valley No. 1 - Series 2020 Bonds	-	279,876	279,876
Transfer from Water Valley No. 2 - Other	1,442,259	-	1,442,259
Transfer from Water Valley No. 2 - Series 2020 Bonds	-	938,300	938,300
Other Income	605	-	605
Total Revenues	<u>2,210,768</u>	<u>1,218,176</u>	<u>3,428,944</u>
EXPENDITURES			
General and Administrative:			
Accounting	56,566	-	56,566
Audit	27,081	-	27,081
Administrative:			
Staffing	112,588	-	112,588
Management Fee	37,800	-	37,800
Banking Fees	190	-	190
Consulting and Studies	14,144	-	14,144
District Events	55,580	-	55,580
Dues and Memberships	1,723	-	1,723
Insurance	45,881	-	45,881
Legal	50,431	-	50,431
Miscellaneous	2,917	-	2,917
Office supplies	3,475	-	3,475
Rent	24,000	-	24,000
Office Overhead	60,000	-	60,000
Operations and Maintenance:			
Electricity and Gas	32,448	-	32,448
Softscape - Landscape Contract	388,000	-	388,000
Special Projects and Moving	228,971	-	228,971
Snow Removal	19,317	-	19,317
Repairs and Maintenance	123,153	-	123,153
Pest Control	9,960	-	9,960
Security	127,003	-	127,003
Beach Maintenance	7,803	-	7,803
Aqua Park Management	49,914	-	49,914
Capital Outlay:			
Tree Replacement	38,116	-	38,116
Other Capital Projects - PTMD	22,085	-	22,085
Debt Service:			
Interest on Line of Credit	19	-	19
Principal on Line of Credit	5,950	-	5,950
Bond Interest Series 2020	-	783,176	783,176
Bond Principal Series 2020	-	430,000	430,000
Paying Agent/Trustee Fees	-	2,500	2,500
Total Expenditures	<u>1,545,115</u>	<u>1,215,676</u>	<u>2,760,791</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	665,653	2,500	668,153
OTHER FINANCING SOURCES (USES)			
Developer Advances - Office Overhead	60,000	-	60,000
Repayment of Developer Advances - Office Overhead	<u>(115,000)</u>	-	<u>(115,000)</u>
Total Other Financing Sources (Uses)	<u>(55,000)</u>	-	<u>(55,000)</u>
NET CHANGE IN FUND BALANCES	610,653	2,500	613,153
Fund Balances - Beginning of Year	<u>(188,618)</u>	<u>2,881</u>	<u>(185,737)</u>
FUND BALANCES - END OF YEAR	<u>\$ 422,035</u>	<u>\$ 5,381</u>	<u>\$ 427,416</u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 613,153

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

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

Capital Outlay	60,201
Depreciation	(226,501)

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.

Developer Advances	(332,891)
Repayment of Developer Advances	115,000
Repayment of Bonds - Principal Portion	430,000

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

Accrued Interest on Bonds - Change in Liability	(51,370)
Accrued Interest on Developer Advances - Change in Liability	125,889
Accretion of Bond Premium	197,975

Change in Net Position of Governmental Activities	\$ 931,456
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See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfer from Water Valley No. 1	\$ 629,024	\$ 767,904	\$ 138,880
Transfer from Water Valley No. 2	1,126,139	1,442,259	316,120
Other Income	-	605	605
Total Revenues	<u>1,755,163</u>	<u>2,210,768</u>	<u>455,605</u>
EXPENDITURES			
General and Administrative:			
Accounting	70,000	56,566	13,434
Audit	27,000	27,081	(81)
Administrative:			
Staffing	344,750	112,588	232,162
Management Fee	54,000	37,800	16,200
Other	10,000	-	10,000
Banking Fees	1,000	190	810
Consulting and Studies	20,000	14,144	5,856
District Events	50,000	55,580	(5,580)
Dues and Memberships	2,000	1,723	277
Insurance	41,000	45,881	(4,881)
Legal	50,000	50,431	(431)
Miscellaneous	5,000	2,917	2,083
Office supplies	5,000	3,475	1,525
Rent	24,000	24,000	-
Office Overhead	60,000	60,000	-
Operations and Maintenance:			
Electricity and Gas	45,000	32,448	12,552
Softscape - Landscape Contract	375,000	388,000	(13,000)
Special Projects and Moving	200,000	228,971	(28,971)
Snow Removal	50,000	19,317	30,683
Repairs and Maintenance	50,000	123,153	(73,153)
Pest Control	11,000	9,960	1,040
Security	115,000	127,003	(12,003)
Aqua Park Management	-	49,914	(49,914)
Beach Maintenance	30,000	7,803	22,197
Hardscape - Fence Improvements/Staining	10,000	-	10,000
Capital Outlay:			
Tree Replacement	60,000	38,116	21,884
Other Capital Projects - PTMD	90,000	22,085	67,915
Equipment Acquisition	40,000	-	40,000
Capital Projects - 7th Street Bridge	700,000	-	700,000
Debt Service:			
Principal on Line of Credit	-	5,950	(5,950)
Interest on Line of Credit	-	19	(19)
Total Expenditures	<u>2,539,750</u>	<u>1,545,115</u>	<u>994,635</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(784,587)	665,653	1,450,240
OTHER FINANCING SOURCES (USES)			
Developer Advances - Office Overhead	60,000	60,000	-
Note Proceeds	786,487	-	(786,487)
Repayment of Developer Advances - Office Overhead	(60,000)	(115,000)	(55,000)
Total Other Financing Sources (Uses)	<u>786,487</u>	<u>(55,000)</u>	<u>(841,487)</u>
NET CHANGE IN FUND BALANCE	1,900	610,653	608,753
Fund Balance - Beginning of Year	<u>46,400</u>	<u>(188,618)</u>	<u>(235,018)</u>
FUND BALANCE - END OF YEAR	<u>\$ 48,300</u>	<u>\$ 422,035</u>	<u>\$ 373,735</u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2021**

	<u>Enterprise Fund</u>
ASSETS	
Cash and Investments	\$ 1,234,612
Accounts Receivable	26,297
Capital Assets, Not Being Depreciated	10,810,818
Capital Assets, Net	<u>2,236,752</u>
Total Assets	<u>14,308,479</u>
LIABILITIES	
Accounts Payable	131,571
Prepaid Assessments	17,480
Accrued Interest Payable	12,198
Noncurrent Liabilities:	
Due Within One Year	164,000
Due in More Than One Year	<u>3,280,000</u>
Total Liabilities	<u>3,605,249</u>
NET POSITION	
Net Investment in Capital Assets	9,603,570
Unrestricted	<u>1,099,660</u>
Total Net Position	<u><u>\$ 10,703,230</u></u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2021**

	Enterprise Fund
OPERATING REVENUES	
Service Fees	\$ 961,729
Water Meter Sales	106,000
Total Operating Revenues	1,067,729
OPERATING EXPENSES	
Billing	85,749
Electricity and Gas	159,643
Repairs and Maintenance	199,430
Water Meters and Installation	36,850
Scada	14,354
Delivery and Ditch Expenses	28,676
Water System Manager and Field Staff	225,000
Depreciation	156,526
Total Operating Expenses	906,228
OPERATING INCOME	161,501
OTHER REVENUES AND EXPENSES	
System Development Fees	106,000
Loan Interest	(162,206)
Total Other Revenues and Expenses	(56,206)
CHANGE IN NET POSITION	105,295
Net Position - Beginning of Year	10,597,935
NET POSITION - END OF YEAR	\$ 10,703,230

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 1,084,700
Payments to Suppliers/Contractors	<u>(427,111)</u>
Net Cash Provided (Required) by Operating Activities	657,589

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Payment to Developer - Advances for Manager and Field Staff	<u>(225,000)</u>
Net Cash Used (Required) by Noncapital Financing Activities	(225,000)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payment - Loan Principal	(164,000)
Payment - Loan Interest	(163,609)
Receipt - System Development Fees	106,000
Payments - Capital Projects	<u>(125,101)</u>
Net Cash Used (Required) by Capital and Related Financing Activities	<u>(346,710)</u>

NET INCREASE IN CASH AND INVESTMENTS

85,879

Cash and Investment - Beginning of Year

1,148,733

CASH AND INVESTMENTS - END OF YEAR

\$ 1,234,612

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED
(REQUIRED) BY OPERATING ACTIVITIES**

Operating Income	\$ 161,501
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Required) by Operating Activities:	
(Increase) Decrease in Accounts Receivable	9,235
Increase (Decrease) in Accounts Payable	97,591
Increase (Decrease) in Prepaid Assessments	7,736
Office Overhead Provided by Developer	225,000
Depreciation	<u>156,526</u>
Net Cash Provided (Required) by Operating Activities	<u><u>\$ 657,589</u></u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 DEFINITION OF REPORTING ENTITY

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

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

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:

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water Rights

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

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,639,390
Cash and Investments - Restricted	44,400
Total Cash and Investments	<u>\$ 1,683,790</u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 1,683,790
Total Cash and Investments	<u>\$ 1,683,790</u>

Deposits with Financial Institutions

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

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2021, the District's cash deposits had a bank and carrying balance of \$1,683,790.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

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

The District generally limits its concentration of investments to those 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

At December 31, 2021, the District had no investments:

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Reductions/ Reclassifications	Balance at December 31, 2021
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 113,459	\$ -	\$ -	\$ 113,459
Total Capital Assets, Not Being Depreciated	113,459	-	-	113,459
Capital Assets, Being Depreciated:				
Streets	1,852,120	22,085	-	1,874,205
Parks and Recreation	2,927,737	38,116	-	2,965,853
Equipment	554,265	-	-	554,265
Total Capital Assets, Being Depreciated	5,334,122	60,201	-	5,394,323
Less Accumulated Depreciation for:				
Streets	(512,353)	(72,082)	-	(584,435)
Parks and Recreation	(442,944)	(109,697)	-	(552,641)
Equipment	(311,981)	(44,722)	-	(356,703)
Total Accumulated Depreciation	(1,267,278)	(226,501)	-	(1,493,779)
Total Capital Assets, Being Depreciated, Net	4,066,844	(166,300)	-	3,900,544
Governmental Capital Assets, Net	4,180,303	(166,300)	-	4,014,003
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	-	19,818	-	19,818
Water Rights	10,791,000	-	-	10,791,000
Total Capital Assets, Not Being Depreciated	10,791,000	19,818	-	10,810,818
Capital Assets, Being Depreciated:				
Nonpotable Water	2,894,625	105,283	-	2,999,908
Equipment	112,918	-	-	112,918
Total Capital Assets, Being Depreciated	3,007,543	105,283	-	3,112,826
Less Accumulated Depreciation for:				
Nonpotable Water	(690,721)	(142,920)	-	(833,641)
Equipment	(28,827)	(13,606)	-	(42,433)
Total Accumulated Depreciation	(719,548)	(156,526)	-	(876,074)
Total Capital Assets, Being Depreciated, Net	2,287,995	(51,243)	-	2,236,752
Business-Type Capital Assets, Net	13,078,995	(31,425)	-	13,047,570
Total Capital Assets, Net	<u>\$ 17,259,298</u>	<u>\$ (197,725)</u>	<u>\$ -</u>	<u>\$ 17,061,573</u>

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged during the year as follows:

Governmental Activities:	
Streets	\$ 72,082
Parks and Recreation	109,697
Equipment	<u>44,722</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 226,501</u></u>
Business-Type Activities:	
Nonpotable Water	\$ 142,920
Equipment	<u>13,606</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 156,526</u></u>

In September 2019, the District's water rights were valued by an independent third-party appraiser at \$29,562,000.

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, 2021:

	Balance at December 31, 2020	Additions	Reductions/ Reclassifications	Balance at December 31, 2021	Due Within One Year
Governmental Activities:					
Revenue Refunding and Improvement					
Bonds:					
Series 2020	\$ 21,015,000	\$ -	\$ 430,000	\$ 20,585,000	\$ 620,000
Series 2020 Bond Premium	1,899,629	-	197,975	1,701,654	-
Bonds Payable	<u>22,914,629</u>	-	<u>627,975</u>	<u>22,286,654</u>	<u>620,000</u>
Developer Advances Payable	381,177	332,891	115,000	599,068	-
Accrued Interest on Developer Advances	-	355,227	272,891	82,336	-
Developer Advance Payable	<u>381,177</u>	<u>688,118</u>	<u>387,891</u>	<u>681,404</u>	<u>-</u>
Total Governmental Activities	23,295,806	688,118	1,015,866	22,968,058	620,000
Business-Type Activities:					
Taxable Water Revenue Note, Series 2016	3,608,000	-	164,000	3,444,000	164,000
Total Business-Type Activities	<u>3,608,000</u>	<u>-</u>	<u>164,000</u>	<u>3,444,000</u>	<u>164,000</u>
Total	<u><u>\$ 26,903,806</u></u>	<u><u>\$ 688,118</u></u>	<u><u>\$ 1,179,866</u></u>	<u><u>\$ 26,412,058</u></u>	<u><u>\$ 784,000</u></u>

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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% (Series 2010A Bonds), 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% (Series 2010B Bonds), and 3) \$300,000 Taxable Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds Series 2010C with an interest rate of 1.25% (Series 2010C Bonds).

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 Series 2010A 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 Series 2010A 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 Series 2010B 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 Series 2010A Bonds and Series 2010B Bonds were advance refunded (defeased) on September 3, 2020.

Taxable Water Revenue Note, Series 2016

On November 29, 2016, the District, acting by and through its 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 semi-annually on June 1 and December 1. The proceeds from the Loan were used to purchase water rights, pay for certain nonpotable water system improvements, and paid for transaction costs.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Taxable Water Revenue Note, Series 2016 (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 nonpotable 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.

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

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

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

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The Series 2020 Bonds will mature as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 620,000	\$ 616,438	\$ 1,236,438
2023	645,000	597,837	1,242,837
2024	660,000	578,488	1,238,488
2025	675,000	558,687	1,233,687
2026	715,000	538,438	1,253,438
2027-2031	5,170,000	2,317,787	7,487,787
2032-2036	7,160,000	1,291,738	8,451,738
2037-2039	4,940,000	232,200	5,172,200
Total	<u>\$ 20,585,000</u>	<u>\$ 6,731,613</u>	<u>\$ 27,316,613</u>

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, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	<u>Amount Authorized on November 4, 2003</u>	<u>Authorization Used for Series 2010 Bonds</u>	<u>Authorization Used for Series 2020 Bonds</u>	<u>Authorized But Unissued</u>
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
Total	<u>\$ 156,000,000</u>	<u>\$ 20,259,359</u>	<u>\$ -</u>	<u>\$ 135,740,641</u>

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

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 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, 2021, the District had net investments in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities
Capital Assets, Net	\$ 4,014,003	\$ 13,047,570
Outstanding Long-Term Debts Used to Acquire Capital Assets	(21,129,068)	(3,444,000)
Bond Premium, Net	(1,701,654)	-
Net Investment in Capital Assets	\$ (18,816,719)	\$ 9,603,570

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, 2021 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 44,400
Debt Service	5,381
Restricted Net Position	\$ 49,781

The District's unrestricted net position as of December 31, 2021 totaled \$1,288,589.

NOTE 7 PRIMARY AGREEMENTS

District Operating Agreement

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 PRIMARY AGREEMENTS (CONTINUED)

Capital Pledge Agreement

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

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

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

Infrastructure Acquisition and Reimbursement Agreements

On June 21, 2016, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with Pelican Farms Investments, LLC (the Developer). The Developer has incurred certain costs related to public infrastructure for the benefit of the District and expects to incur additional costs. The District has agreed to: (i) reimburse the Developer for all District Eligible Costs to the extent constituting Repayment Obligations (as defined in the agreement); (ii) acquire any such public infrastructure constructed for the benefit of the District from the Developer that is not being dedicated to other governmental entities, and (iii) to reimburse the Developer for any costs incurred by the Developer for public infrastructure that is being dedicated to other governmental entities.

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

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 PRIMARY AGREEMENTS (CONTINUED)

Donation Agreement

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

Temporary Nonpotable Water Service

On September 27, 2018, the District entered into an Intergovernmental Agreement with Raindance Metropolitan District No. 1 (RDMD) to provide temporary nonpotable water service to RDMD through the Interconnect Facilities. The District owns and operates a nonpotable irrigation system. RDMD is developing its own nonpotable irrigation system to serve future development within the community known as Raindance. Certain areas within Raindance will require nonpotable water service prior to the time that RDMD will have the ability to provide such service. RDMD is in the process of constructing facilities that will permit an interconnect between RDMD and the District's nonpotable irrigation system which will be known as the Interconnect Facilities. RDMD will own and maintain the Interconnect Facilities. The District will deliver nonpotable water to RDMD on a temporary basis through the Interconnect Facilities upon the request of RDMD. RDMD shall pay \$1.52 per thousand gallons. The District will invoice RDMD within 15 days of the end of each month and payment of invoices by RDMD shall be due by the end of each month.

NOTE 8 RELATED PARTIES

The developer of the property which constitutes the District is Trolco Inc., a Colorado corporation (the 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 9 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.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 RISK MANAGEMENT (CONTINUED)

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

NOTE 10 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, 2021, the District determined and calculated its required emergency reserve to be approximately \$44,400. Funding of the Districts' operations primarily come from transfers of tax revenues from the Financing Districts, and the Financing Districts hold reserves. At December 31, 2021, 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.

SUPPLEMENTARY INFORMATION

**POUDRE TECH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfer from Water Valley No. 1 - Series 2020 Bonds	\$ 279,876	\$ 279,876	\$ -
Transfer from Water Valley No. 2 - Series 2020 Bonds	938,300	938,300	-
Total Revenues	1,218,176	1,218,176	-
EXPENDITURES			
Bond Interest Series 2020	783,176	783,176	-
Bond Principal Series 2020	430,000	430,000	-
Paying Agent/Trustee Fees	5,000	2,500	2,500
Total Expenditures	1,218,176	1,215,676	2,500
NET CHANGE IN FUND BALANCE	-	2,500	2,500
Fund Balance - Beginning of Year	-	2,881	2,881
FUND BALANCE - END OF YEAR	\$ -	\$ 5,381	\$ 5,381

**POUDRE TECH METROPOLITAN DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Service Fees	\$ 935,000	\$ 961,729	\$ 26,729
Water Meter Sales	75,000	106,000	31,000
System Development Fees	75,000	106,000	31,000
Developer Advance - Manager and Field Staff	225,000	225,000	-
Total Revenues	1,310,000	1,398,729	88,729
EXPENDITURES			
General and Administrative:			
Billing	63,000	85,749	(22,749)
Operations and Maintenance:			
Electricity and Gas	140,000	159,643	(19,643)
Repairs and Maintenance	78,750	199,430	(120,680)
Water Meters and Installation	75,000	36,850	38,150
Scada	31,500	14,354	17,146
Delivery and Ditch Expenses	31,500	28,676	2,824
Tools and Equipment - New	5,000	-	5,000
Water System Manager and Field Staff	225,000	225,000	-
Contingency	1,798	-	1,798
Debt Service:			
2016 Loan Interest	165,452	163,609	1,843
2016 Loan Principal	164,000	164,000	-
Repayment of Developer Advance - Manager and Field Staff	225,000	225,000	-
Capital Outlay			
Meter Replacement	100,000	-	100,000
Capital Projects	100,000	105,283	(5,283)
River Stabilization and Improvement Project	150,000	19,818	130,182
Total Expenditures	1,556,000	1,427,412	128,588
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	(246,000)	(28,683)	217,317
Funds Available - Begging of Year	982,153	1,140,541	(158,388)
FUNDS AVAILABLE - END OF YEAR	\$ 736,153	\$ 1,111,858	\$ 58,929
ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS:			
Excess of Revenue Over (Under) Expenditures (Budget Basis)		(28,683)	
Developer Advance		(225,000)	
Capital Outlay		125,101	
2016 Loan Principal		164,000	
2016 Loan Interest Accrual		1,403	
Repayment of Developer Advances		225,000	
Depreciation		(156,526)	
CHANGE IN NET POSITION		105,295	
Net Position - Beginning of Year		10,597,935	
NET POSITION - END OF YEAR		\$ 10,703,230	

**POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2021**

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

Year Ending December 31,	Principal	Interest	Total
2022	\$ 620,000	\$ 616,438	\$ 1,236,438
2023	645,000	597,837	1,242,837
2024	660,000	578,488	1,238,488
2025	675,000	558,687	1,233,687
2026	715,000	538,438	1,253,438
2027	740,000	516,987	1,256,987
2028	830,000	494,788	1,324,788
2029	1,130,000	469,887	1,599,887
2030	1,195,000	435,988	1,630,988
2031	1,275,000	400,137	1,675,137
2032	1,310,000	361,888	1,671,888
2033	1,360,000	309,487	1,669,487
2034	1,435,000	255,088	1,690,088
2035	1,505,000	197,687	1,702,687
2036	1,550,000	167,588	1,717,588
2037	1,600,000	121,087	1,721,087
2038	1,650,000	73,088	1,723,088
2039	1,690,000	38,025	1,728,025
Total	<u>\$ 20,585,000</u>	<u>\$ 6,731,613</u>	<u>\$ 27,316,613</u>

**POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2021**

	\$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 Ending December 31,</u>	<u>Principal</u>	<u>Estimated Interest*</u>	<u>Total</u>
2022	\$ 164,000	**	**
2023	3,280,000		
Total	<u>\$ 3,444,000</u>		

*Represents initial 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 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 2020**

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

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

Levy/ Collection Year	Assessed Valuation ¹	Percent Change	General Fund	Debt Service Fund	Total Mill Levy
2015/2016	\$ 42,796,050	--	13.300	25.700	39.000
2016/2017	47,810,900	11.72 %	30.430	8.570	39.000
2017/2018	43,490,270	(9.04)	20.070	18.930	39.000
2018/2019	34,982,840	(19.56)	17.644	23.495	41.139
2019/2020	34,942,180	(0.12)	17.813	24.130	41.943
2020/2021	34,496,110	(1.28)	17.618	24.325	41.943
2021/2022	34,197,090	(0.87)	21.773	20.170	41.943

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

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

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

Levy/ Collection Year	Assessed Valuation ¹	Percent Change	General Fund	Debt Service Fund	Total Mill Levy
2015/2016	\$ 84,359,680	--	15.975	23.025	39.000
2016/2017	81,309,260	(3.62)%	20.907	18.093	39.000
2017/2018	57,038,740	(29.85)	11.554	27.446	39.000
2018/2019	65,477,360	14.79	15.155	25.984	41.139
2019/2020	63,277,390	(3.36)	15.412	26.531	41.943
2020/2021	63,402,150	0.20	14.943	27.000	41.943
2021/2022	67,032,590	5.73	22.824	19.119	41.943

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

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

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

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

Levy/ Collection Year	Total Taxes Levied	Total Taxes Collection	Percent of Levy Collected
2015/2016	\$ 1,669,045	\$ 1,668,329	99.96 %
2016/2017	1,864,625	1,863,857	99.96
2017/2018	1,696,121	1,696,162	100.00
2018/2019	1,439,159	1,438,325	99.94
2019/2020	1,465,580	1,459,313	99.57
2020/2021	1,446,870	1,446,870	100.00

Source: State of Colorado Department of Local Affairs Division of Property
Taxation Annual Reports for 2015 - 2021 and the County Treasurer's Office.

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

Levy/ Collection Year	Total Taxes Levied	Total Taxes Collection	Percent of Levy Collected
2015/2016	\$ 3,290,028	\$ 3,294,992	100.15 %
2016/2017	3,171,061	3,103,222	97.86
2017/2018	2,224,511	2,230,812	100.28
2018/2019	2,693,673	2,692,820	99.97
2019/2020	2,654,043	2,596,192	97.82
2020/2021	2,659,276	2,659,039	99.99

Source: State of Colorado Department of Local Affairs Division of Property
Taxation Annual Reports for 2015 - 2021 and the County Treasurer's Office.