

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**


YEAR ENDED DECEMBER 31, 2022


**POUDRE TECH METROPOLITAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Member of the Board of Directors
Poudre Tech Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Poudre Tech Metropolitan District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Poudre Tech Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Poudre Tech Metropolitan District, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Poudre Tech Metropolitan District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Poudre Tech Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Poudre Tech Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Poudre Tech Metropolitan District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information..

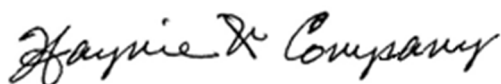
Supplementary Information

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 basic financial statements. The 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. The 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 basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Continuing Disclosure Annual Financial Information. Our opinions on the basic financial statements do not cover this information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Littleton, Colorado

July 31, 2023

BASIC FINANCIAL STATEMENTS

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 1,039,033	\$ 2,332,344	\$ 3,371,377
Cash and Investments - Restricted	54,800	-	54,800
Accounts Receivable	-	29,556	29,556
Prepaid Expenses	2,177	-	2,177
Capital Assets, Not Being Depreciated	177,644	10,934,653	11,112,297
Capital Assets, Net	<u>6,889,405</u>	<u>4,393,322</u>	<u>11,282,727</u>
Total Assets	<u>8,163,059</u>	<u>17,689,875</u>	<u>25,852,934</u>
LIABILITIES			
Accounts Payable	1,058,265	926,217	1,984,482
Prepaid Assessments	-	16,185	16,185
Accrued Interest Payable	49,820	22,165	71,985
Noncurrent Liabilities:			
Due Within One Year	692,879	264,000	956,879
Due in More Than One Year	<u>21,341,024</u>	<u>6,336,000</u>	<u>27,677,024</u>
Total Liabilities	<u>23,141,988</u>	<u>7,564,567</u>	<u>30,706,555</u>
NET POSITION			
Net Investment in Capital Assets	(14,510,394)	8,727,975	(5,782,419)
Restricted for:			
Emergency Reserves	54,800	-	54,800
Unrestricted	<u>(523,335)</u>	<u>1,397,333</u>	<u>873,998</u>
Total Net Position	<u>\$ (14,978,929)</u>	<u>\$ 10,125,308</u>	<u>\$ (4,853,621)</u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 574,588	\$ -	\$ 2,543,752	\$ -	\$ 1,969,164	\$ -	\$ 1,969,164
Public Works and Parks and Recreation	1,482,421	-	-	-	(1,482,421)	-	(1,482,421)
Interest and Related Costs on Long-Term Debt	505,623	-	-	1,233,807	728,184	-	728,184
Total Governmental Activities	2,562,632	-	2,543,752	1,233,807	1,214,927	-	1,214,927
Business-Type Activities:							
Nonpotable Water Services	1,659,725	1,024,303	-	57,500	-	(577,922)	(577,922)
Total Business-Type Activities	1,659,725	1,024,303	-	57,500	-	(577,922)	(577,922)
Total Governmental and Business-Type Activities	<u>\$ 4,222,357</u>	<u>\$ 1,024,303</u>	<u>\$ 2,543,752</u>	<u>\$ 1,291,307</u>	1,214,927	(577,922)	637,005
GENERAL REVENUES							
Reimbursed Expenditures					477,452	-	477,452
SPECIAL ITEMS							
Donated properties					64,185	-	64,185
Capital Assets Contribution from Raindance Metropolitan District No. 1					1,842,516	-	1,842,516
Total General Revenues and Special Items					2,384,153	-	2,384,153
CHANGE IN NET POSITION					3,599,080	(577,922)	3,021,158
Net Position - Beginning of Year					(18,578,009)	10,703,230	(7,874,779)
NET POSITION - END OF YEAR					<u>\$ (14,978,929)</u>	<u>\$ 10,125,308</u>	<u>\$ (4,853,621)</u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,039,033	\$ -	\$ 1,039,033
Cash and Investments - Restricted	54,800	-	54,800
Prepaid Expenses	2,177	-	2,177
Total Assets	\$ 1,096,010	\$ -	\$ 1,096,010
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,058,265	\$ -	\$ 1,058,265
Total Liabilities	1,058,265	-	1,058,265
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	2,177	-	2,177
Restricted:			
Emergency Reserves	54,800	-	54,800
Unassigned:			
General Government	(19,232)	-	(19,232)
Total Fund Balances	37,745	-	37,745
Total Liabilities and Fund Balances	\$ 1,096,010	\$ -	

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	177,644
Capital Assets, Net	6,889,405

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	(19,965,000)
Bond Premium	(1,545,827)
Accrued Interest Payable - Bonds	(49,820)
Lease Payable	(215,312)
Developer Advances Payable	(181,616)
Accrued Interest Payable - Developer Advances	(126,148)

Net Position of Governmental Activities	\$ (14,978,929)
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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, 2022**

	General	Debt Service	Government Funds
REVENUES			
Transfer from Water Valley No. 1 - Other	\$ 787,013	\$ -	\$ 787,013
Transfer from Water Valley No. 1 - Series 2020 Bonds	-	285,220	285,220
Transfer from Water Valley No. 2 - Other	1,756,739	-	1,756,739
Transfer from Water Valley No. 2 - Series 2020 Bonds	-	948,587	948,587
Reimbursed Expenditures	477,452	-	477,452
Total Revenues	<u>3,021,204</u>	<u>1,233,807</u>	<u>4,255,011</u>
EXPENDITURES			
General and Administrative:			
Accounting	70,262	-	70,262
Audit	27,754	-	27,754
Administrative:			
Staffing	181,549	-	181,549
Management Fee	37,800	-	37,800
Banking Fees	134	-	134
Consulting and Studies	36,613	-	36,613
Dues and Memberships	1,739	-	1,739
Insurance	64,054	-	64,054
Legal	67,222	-	67,222
Miscellaneous	6,136	-	6,136
Office supplies	9,918	-	9,918
Rent	24,000	-	24,000
Office Overhead	60,000	-	60,000
Operations and Maintenance:			
Electricity and Gas	66,504	-	66,504
Softscape - Landscape Contract	412,000	-	412,000
Special Projects and Moving	277,727	-	277,727
Snow Removal	50,387	-	50,387
Repairs and Maintenance	97,448	-	97,448
Pest Control	8,509	-	8,509
Security	136,927	-	136,927
Beach Maintenance	41,477	-	41,477
Aqua Park Management	76,181	-	76,181
District Events	54,444	-	54,444
Hardscape - Fence Improvements/Staining	17,245	-	17,245
Capital Outlay:			
Tree Replacement	2,965	-	2,965
Capital Projects - Farm Field Irrigation	191,916	-	191,916
Capital Projects - 7th Street Bridge	921,258	-	921,258
Capital Projects - Sprinkler	7,290	-	7,290
Capital Projects - Curb & Sidewalk and Boat Ramp	38,583	-	38,583
Debt Service:			
Bond Interest Series 2020	-	616,438	616,438
Bond Principal Series 2020	-	620,000	620,000
Paying Agent/Trustee Fees	-	2,750	2,750
Total Expenditures	<u>2,988,042</u>	<u>1,239,188</u>	<u>4,227,230</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,162	(5,381)	27,781
OTHER FINANCING SOURCES (USES)			
Developer Advances - Office Overhead	60,000	-	60,000
Repayment of Dev. Advances - Acquired Facilities/Certified Costs	(477,452)	-	(477,452)
Total Other Financing Sources (Uses)	<u>(417,452)</u>	<u>-</u>	<u>(417,452)</u>
NET CHANGE IN FUND BALANCES	(384,290)	(5,381)	(389,671)
Fund Balances - Beginning of Year	<u>422,035</u>	<u>5,381</u>	<u>427,416</u>
FUND BALANCES - END OF YEAR	<u>\$ 37,745</u>	<u>\$ -</u>	<u>\$ 37,745</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, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ (389,671)

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	1,454,102
Depreciation	(243,572)
Capital Assets Contribution from Raindance Metropolitan District No. 1	1,842,516

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	(60,000)
Repayment of Developer Advances	477,452
Repayment of Bonds - Principal Portion	620,000
Lease	(227,905)
Lease Principal Payment	12,593

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	1,550
Accrued Interest on Developer Advances - Change in Liability	(43,812)
Accretion of Bond Premium	155,827

Change in Net Position of Governmental Activities	\$ 3,599,080
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**POUDRE TECH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Transfer from Water Valley No. 1	\$ 770,533	\$ 787,013	\$ 787,013	\$ -
Transfer from Water Valley No. 2	1,743,426	1,756,739	1,756,739	-
Reimbursed Expenditures	-	477,452	477,452	-
Other Income	-	73,761	-	(73,761)
Total Revenues	<u>2,513,959</u>	<u>3,094,965</u>	<u>3,021,204</u>	<u>(73,761)</u>
EXPENDITURES				
General and Administrative:				
Accounting	70,000	70,262	70,262	-
Audit	27,000	27,754	27,754	-
Administrative:				
Staffing	313,300	181,549	181,549	-
Management Fee	38,000	37,800	37,800	-
Other	10,000	-	-	-
Banking Fees	200	134	134	-
Consulting and Studies	10,000	36,613	36,613	-
Dues and Memberships	2,000	1,739	1,739	-
Insurance	50,000	64,054	64,054	-
Legal	60,000	67,222	67,222	-
Miscellaneous	5,000	6,137	6,136	1
Office supplies	5,000	9,918	9,918	-
Contingency	-	34,505	-	34,505
Rent	24,000	24,000	24,000	-
Office Overhead	60,000	60,000	60,000	-
Operations and Maintenance:				
Electricity and Gas	46,000	66,504	66,504	-
Softscape - Landscape Contract	395,000	412,000	412,000	-
Special Projects and Moving	180,000	277,727	277,727	-
Snow Removal	50,000	50,387	50,387	-
Repairs and Maintenance	60,000	97,448	97,448	-
Pest Control	11,000	8,509	8,509	-
Security	120,000	136,927	136,927	-
District Events	60,000	54,444	54,444	-
Aqua Park Management	40,000	76,181	76,181	-
Beach Maintenance	30,000	41,477	41,477	-
Hardscape - Fence Improvements/Staining	10,000	17,245	17,245	-
Capital Outlay:				
Tree Replacement	60,000	2,965	2,965	-
Capital Projects - Farm Field Irrigation	150,000	191,916	191,916	-
Equipment Acquisition	40,000	-	-	-
Capital Projects - 7th Street Bridge	800,000	921,258	921,258	-
Capital Projects - Curb & Sidewalk and Boat Ramp	-	38,583	38,583	-
Capital Projects - Sprinkler	-	7,290	7,290	-
Debt Service:				
Principal on Line of Credit	400,000	-	-	-
Interest on Line of Credit	25,000	-	-	-
Total Expenditures	<u>3,151,500</u>	<u>3,022,548</u>	<u>2,988,042</u>	<u>34,506</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(637,541)	72,417	33,162	(39,255)
OTHER FINANCING SOURCES (USES)				
Developer Advances - Office Overhead	60,000	60,000	60,000	-
Note Proceeds	800,000	-	-	-
Repayment of Developer Advances - Office Overhead	(60,000)	-	-	-
Repayment of Developer Advances - Certified Costs	-	(477,452)	(477,452)	-
Total Other Financing Sources (Uses)	<u>800,000</u>	<u>(417,452)</u>	<u>(417,452)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	162,459	(345,035)	(384,290)	(39,255)
Fund Balance - Beginning of Year	<u>244,332</u>	<u>422,035</u>	<u>422,035</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 406,791</u>	<u>\$ 77,000</u>	<u>\$ 37,745</u>	<u>\$ (39,255)</u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2022**

	Enterprise Fund
ASSETS	
Cash and Investments	\$ 2,332,344
Accounts Receivable	29,556
Capital Assets, Not Being Depreciated	10,934,653
Capital Assets, Net	4,393,322
Total Assets	17,689,875
LIABILITIES	
Accounts Payable	926,217
Prepaid Assessments	16,185
Accrued Interest Payable	22,165
Noncurrent Liabilities:	
Due Within One Year	264,000
Due in More Than One Year	6,336,000
Total Liabilities	7,564,567
NET POSITION	
Net Investment in Capital Assets	8,727,975
Unrestricted	1,397,333
Total Net Position	\$ 10,125,308

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, 2022**

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Service Fees	\$ 966,803
Water Meter Sales	57,500
Total Operating Revenues	<u>1,024,303</u>
OPERATING EXPENSES	
Billing	110,928
Electricity and Gas	135,386
Repairs and Maintenance	477,102
Scada	41,370
Delivery and Ditch Expenses	106,955
Water System Manager and Field Staff	250,000
Depreciation	160,148
Total Operating Expenses	<u>1,281,889</u>
OPERATING INCOME (LOSS)	(257,586)
OTHER REVENUES AND EXPENSES	
System Development Fees	57,500
Loan Interest	(219,836)
Cost of Issuance	(158,000)
Total Other Revenues and Expenses	<u>(320,336)</u>
CHANGE IN NET POSITION	(577,922)
Net Position - Beginning of Year	<u>10,703,230</u>
NET POSITION - END OF YEAR	<u><u>\$ 10,125,308</u></u>

See accompanying Notes to Basic Financial Statements.

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 1,019,749
Payments to Suppliers/Contractors	(77,095)
Net Cash Provided by Operating Activities	<u>942,654</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Payment to Developer - Advances for Manager and Field Staff	(250,000)
Net Cash Used by Noncapital Financing Activities	<u>(250,000)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payment - Loan Principal	(3,444,000)
Payment - Loan Interest	(209,869)
Payment - Cost of Issuance	(158,000)
Payments - Capital Projects	(2,440,553)
Receipt - System Development Fees	57,500
Receipt - Loan Issuance	6,600,000
Net Cash Provided by Capital and Related Financing Activities	<u>405,078</u>

NET INCREASE IN CASH AND INVESTMENTS

1,097,732

Cash and Investment - Beginning of Year

1,234,612

CASH AND INVESTMENTS - END OF YEAR

\$ 2,332,344

**RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED
BY OPERATING ACTIVITIES**

Operating Loss	\$ (257,586)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	(3,259)
Increase (Decrease) in Accounts Payable	794,646
Increase (Decrease) in Prepaid Assessments	(1,295)
Office Overhead Provided by Developer	250,000
Depreciation	160,148
Net Cash Provided by Operating Activities	<u><u>\$ 942,654</u></u>

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022**

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, 2022**

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, 2022.

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, 2022**

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.

Adoption of New Accounting Standard

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of this guidance effective January 1, 2022, and has elected to apply the provisions of this standard beginning on the period of adoption.

Leases

The District determines if an arrangement is a lease at inception. Leases are included as right-to-use lease assets and lease liabilities in the statements of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term, and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position. The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and if it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 3,371,377
Cash and Investments - Restricted	<u>54,800</u>
Total Cash and Investments	<u><u>\$ 3,426,177</u></u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 3,426,177
Total Cash and Investments	<u><u>\$ 3,426,177</u></u>

Deposits with Financial Institutions

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

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

At December 31, 2022, the District's cash deposits had a bank and carrying balance of \$3,426,177.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, the District had no investments:

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions	Reductions/ Reclassifications	Balance at December 31, 2022
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 113,459	\$ 64,185	\$ -	\$ 177,644
Total Capital Assets, Not Being Depreciated	113,459	64,185	-	177,644
Capital Assets, Being Depreciated:				
Streets	1,874,205	11,998	-	1,886,203
Parks and Recreation	2,965,853	2,985,240	-	5,951,093
Equipment	554,265	7,290	-	561,555
Right-to-Use - Lease Office Building	-	227,905	-	227,905
Total Capital Assets, Being Depreciated	5,394,323	3,232,433	-	8,626,756
Less Accumulated Depreciation for:				
Streets	(584,435)	(74,282)	-	(658,717)
Parks and Recreation	(552,641)	(116,617)	-	(669,258)
Equipment	(356,703)	(41,278)	-	(397,981)
Right-to-Use - Lease Office Building	-	(11,395)	-	(11,395)
Total Accumulated Depreciation	(1,493,779)	(243,572)	-	(1,737,351)
Total Capital Assets, Being Depreciated, Net	3,900,544	2,988,861	-	6,889,405
Governmental Capital Assets, Net	4,014,003	3,053,046	-	7,067,049
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	19,818	123,835	-	143,653
Water Rights	10,791,000	-	-	10,791,000
Total Capital Assets, Not Being Depreciated	10,810,818	123,835	-	10,934,653
Capital Assets, Being Depreciated:				
Nonpotable Water	2,999,908	2,316,718	-	5,316,626
Equipment	112,918	-	-	112,918
Total Capital Assets, Being Depreciated	3,112,826	2,316,718	-	5,429,544
Less Accumulated Depreciation for:				
Nonpotable Water	(833,641)	(146,541)	-	(980,182)
Equipment	(42,433)	(13,607)	-	(56,040)
Total Accumulated Depreciation	(876,074)	(160,148)	-	(1,036,222)
Total Capital Assets, Being Depreciated, Net	2,236,752	2,156,570	-	4,393,322
Business-Type Capital Assets, Net	13,047,570	2,280,405	-	15,327,975
Total Capital Assets, Net	\$ 17,061,573	\$ 5,333,451	\$ -	\$ 22,395,024

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged during the year as follows:

Governmental Activities:	
Streets	\$ 74,282
Parks and Recreation	116,617
Equipment	41,278
Right-to-Use - Lease Office Building	11,395
Total Depreciation Expense - Governmental Activities	\$ 243,572
Business-Type Activities:	
Nonpotable Water	\$ 146,541
Equipment	13,607
Total Depreciation Expense - Business-Type Activities	\$ 160,148

In October 2022, the District's water rights were valued by an independent third-party appraiser at \$31,929,000.

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, 2022:

	Balance at December 31, 2021	Additions	Reductions/ Reclassifications	Balance at December 31, 2022	Due Within One Year
Governmental Activities:					
Property Tax Supported Revenue Refunding and Improvement Bonds: Series 2020	\$ 20,585,000	\$ -	\$ 620,000	\$ 19,965,000	\$ 645,000
Series 2020 Bond Premium	1,701,654	-	155,827	1,545,827	-
Bonds Payable	22,286,654	-	775,827	21,510,827	645,000
Developer Advances Payable - Operations	55,000	60,000	-	115,000	-
Developer Advances Payable - Capital	544,068	-	477,452	66,616	-
Accrued Interest on Developer Advances - Capital	82,336	43,812	-	126,148	-
Lease Payable	-	227,905	12,593	215,312	47,879
Developer Advance Payable	681,404	331,717	490,045	523,076	47,879
Total Governmental Activities	22,968,058	331,717	1,265,872	22,033,903	692,879
Business-Type Activities:					
Taxable Water Revenue Note, Series 2016	3,444,000	-	3,444,000	-	-
Water Revenue Refunding & Improvement Loan, Series 2022	-	6,600,000	-	6,600,000	264,000
Total Business-Type Activities	3,444,000	6,600,000	3,444,000	6,600,000	264,000
Total	\$ 26,412,058	\$ 6,931,717	\$ 4,709,872	\$ 28,633,903	\$ 956,879

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022**

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.

This Loan was refunded in 2022.

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, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Water Revenue Refunding and Improvements Loan, Series 2022

On June 23, 2022, 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 \$6,600,000 (Series 2022 Loan). The maturity date of the Series 2022 Loan is December 1, 2027, with an interest rate of 4.03%. Interest is paid semi-annually on June 1 and December 1. The proceeds from Series 2022 Loan were used to repay the principal and interest of the Taxable Water Revenue Note Series 2016, fund the costs of issuing the Series 2022 Loan and a portion was deposited into Capital Improvements/Project Account for public improvements.

The obligation of the Enterprise under the Series 2022 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 \$6,600,000. A portion of the Series 2022 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.

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>
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
2028-2032	5,740,000	2,162,688	7,902,688
2033-2037	7,450,000	1,050,937	8,500,937
2038-2039	3,340,000	111,113	3,451,113
Total	<u>\$ 19,965,000</u>	<u>\$ 6,115,175</u>	<u>\$ 26,080,175</u>

Unused lines of credit

The Series 2020 Bonds and Series 2022 Loan do not have any unused lines of credit.

Collateral

For the Series 2022 Bonds, no assets have been pledged as collateral.

For the Series 2022 Loan, please see above for collateral.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Events of default

For the Series 2020 Bonds - events of default occur if the District fails (a) to pay the principal of, premium if any, or interest on the Bonds when due, (b) defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture, the Capital Pledge Agreement or the Bond Resolution and do not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indentures or (c) files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

For the Series 2022 Loan, events of default are provided for in the Loan Agreement dated June 23, 2022.

Termination Events

The Series 2020 Bonds and Series 2022 Loan do not have a termination provision.

Acceleration

The Series 2020 Bonds and Series 2022 Loan are not subject to acceleration.

Lease Payable

On October 1, 2022, the District entered into an office lease agreement with Pelican Point Business Park, LLC (“Landlord”) to lease a portion of that certain building (the “Building”) located on real property commonly known as Building #3 in The Pelican Point Business Park with an address of 1601 Pelican Lakes Point Unit 100, Windsor, CO 80550. The portion of the Building being leased to the District is approximately 2,121 square feet of floor area. The commencement date is October 1, 2022 and shall terminate on September 30, 2027.

The future minimum lease obligations and net present value of these minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 47,879	\$ 2,873	\$ 50,752
2024	46,524	5,750	52,274
2025	45,207	8,635	53,842
2026	43,928	11,530	55,458
2027	31,775	10,747	42,522
	<u>\$ 215,312</u>	<u>\$ 39,535</u>	<u>\$ 254,848</u>

Right-to use assets acquired through the outstanding lease are shown below:

	<u>Governmental Activities</u>
Right-to-Use Lease Office Building	\$ 227,905
Less: Lease Assets Accumulated Amortization	(11,395)
	<u>\$ 216,510</u>

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, 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	Authorization Used for Series 2020 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
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.

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, 2022, the District had net investments in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities
Capital Assets, Net	\$ 7,067,049	\$ 15,327,975
Outstanding Long-Term Debts Used to Acquire Capital Assets	(20,031,616)	(6,600,000)
Bond Premium, Net	(1,545,827)	-
Net Investment in Capital Assets	<u>\$ (14,510,394)</u>	<u>\$ 8,727,975</u>

NOTE 6 NET POSITION (CONTINUED)

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022 as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 54,800
Restricted Net Position	\$ 54,800

The District's unrestricted net position as of December 31, 2022 totaled \$873,998.

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.

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.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 PRIMARY AGREEMENTS (CONTINUED)

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.

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.

On September 1, 2022, the District received a donation of land from Frye Farm Investments, LLC through quick claim deed. The donated land shall not be used for any residential or commercial development, but shall be perpetually used for any charitable/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. If at any time the above condition is defaulted upon, title to the donated land shall automatically revert back to the Town of Windsor.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 PRIMARY AGREEMENTS (CONTINUED)

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 Trollco 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. 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.

**POUDRE TECH METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, the District determined and calculated its required emergency reserve to be approximately \$54,800. 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, 2022, the Financing Districts have combined cash reserves in their General Funds totaling approximately \$270,000.

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, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Transfer from Water Valley No. 1 - Series 2020 Bonds	\$ 285,220	\$ 285,220	\$ -
Transfer from Water Valley No. 2 - Series 2020 Bonds	956,218	948,587	(7,631)
Total Revenues	<u>1,241,438</u>	<u>1,233,807</u>	<u>(7,631)</u>
EXPENDITURES			
Bond Interest Series 2020	616,438	616,438	-
Bond Principal Series 2020	620,000	620,000	-
Paying Agent/Trustee Fees	5,000	2,750	2,250
Total Expenditures	<u>1,241,438</u>	<u>1,239,188</u>	<u>2,250</u>
NET CHANGE IN FUND BALANCE	-	(5,381)	(5,381)
Fund Balance - Beginning of Year	<u>2,881</u>	<u>5,381</u>	<u>2,500</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,881</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,881)</u></u>

**POUDRE TECH METROPOLITAN DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUNDS AVAILABLE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final Budget		Positive Negative
REVENUES				
Service Fees	\$ 935,000	\$ 935,000	\$ 966,803	\$ 31,803
Water Meter Sales	75,000	75,000	57,500	(17,500)
System Development Fees	75,000	75,000	57,500	(17,500)
Developer Advance - Manager and Field Staff	250,000	250,000	250,000	-
Loan Issuance	-	6,600,000	6,600,000	-
Total Revenues	1,335,000	7,935,000	7,931,803	(3,197)
EXPENDITURES				
General and Administrative:				
Billing	60,000	60,000	110,928	(50,928)
Operations and Maintenance:				
Electricity and Gas	130,000	130,000	135,386	(5,386)
Repairs and Maintenance	120,000	120,000	477,102	(357,102)
Scada	30,000	30,000	41,370	(11,370)
Delivery and Ditch Expenses	33,000	33,000	106,955	(73,955)
Tools and Equipment - New	-	-	-	-
Water System Manager and Field Staff	250,000	250,000	250,000	-
Contingency	-	31,476	-	31,476
Debt Service:				
2016 Loan Interest	112,274	94,689	90,917	3,772
2016 Loan Principal	164,000	3,445,835	3,444,000	1,835
2022 Loan Interest	-	150,000	118,952	31,048
Cost of Issuance	-	250,000	158,000	92,000
Repayment of Developer Advance - Manager and Field Staff	250,000	250,000	250,000	-
Capital Outlay:				
Meter Replacement	100,000	100,000	477,415	(377,415)
Water Meters and Installation	75,000	75,000	1,563,400	(1,488,400)
River Stabilization and Improvement Project	150,000	150,000	110,234	39,766
Capital Outlay	100,000	3,100,000	-	3,100,000
Capital Projects - Pumps and Pump Station	-	-	275,903	(275,903)
Whitney Bay Reservoir Wall Movement	-	-	13,601	(13,601)
Total Expenditures	1,574,274	8,270,000	7,624,163	645,837
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	(239,274)	(335,000)	307,640	642,640
Funds Available - Beginning of Year	1,253,791	1,111,858	1,111,858	-
FUNDS AVAILABLE - END OF YEAR	\$ 1,014,517	\$ 776,858	\$ 1,419,498	\$ 642,640
ADJUSTMENTS TO RECONCILE BUDGET BASIS TO GAAP BASIS:				
Excess of Revenue Over (Under) Expenditures (Budget Basis)			\$ 307,640	
Developer Advance			(250,000)	
Repayment of Developer Advances			250,000	
Capital Outlay			2,440,553	
Depreciation			(160,148)	
2016 Loan Principal			3,444,000	
Loan Interest Accrual			(9,967)	
Loan Issuance			(6,600,000)	
CHANGE IN NET POSITION			(577,922)	
Net Position - Beginning of Year			10,703,230	
NET POSITION - END OF YEAR			\$ 10,125,308	

**POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2022**

\$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
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>\$ 19,965,000</u>	<u>\$ 6,115,175</u>	<u>\$ 26,080,175</u>

**POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2022**

\$6,600,000 Water Revenue Refunding and Improvements Loan, 2022
Dated June 23, 2022
Principal due June 1 and December 1
Interest Rate 4.03% Payable
June 1 and December 1

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Estimated Interest</u>	<u>Total</u>
2023	\$ 264,000	\$ 266,970	\$ 530,970
2024	264,000	256,892	520,892
2025	264,000	245,396	509,396
2026	264,000	234,609	498,609
2027	5,544,000	223,822	5,767,822
Total	<u>\$ 6,600,000</u>	<u>\$ 1,227,689</u>	<u>\$ 7,827,689</u>

**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
2022/2023	35,771,360	4.60	22.128	20.650	42.778

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
2022/2023	75,337,090	12.39	23.458	19.320	42.778

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
2021/2022	1,434,329	1,461,992	101.93

Source: State of Colorado Department of Local Affairs Division of Property Taxation Annual Reports for 2015 - 2022 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
2021/2022	2,811,548	2,817,559	100.21

Source: State of Colorado Department of Local Affairs Division of Property Taxation Annual Reports for 2015 - 2022 and the County Treasurer's Office.