

POUDRE TECH METROPOLITAN DISTRICT
Weld County, Colorado

FINANCIAL STATEMENTS
December 31, 2016



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Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

Members of the Board of Directors
Poudre Tech Metropolitan District

We have audited the accompanying financial statements of the governmental activities and the major funds of Poudre Tech Metropolitan District as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Poudre Tech Metropolitan District, as of December 31, 2016 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

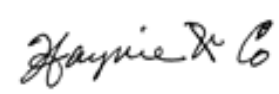
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Poudre Tech Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script, appearing to read "Haynie & Co.", enclosed within a rectangular border.

Littleton, Colorado
July 11, 2017

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

This section of the annual financial report offers readers of the Poudre Tech Metropolitan District's ("District") financial statements its management's discussion and analysis of the District's financial performance during the year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Background Information

The District, a quasi-municipal corporation, was formed on November 23, 1994 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Windsor, Colorado. The District was established to provide public infrastructure including roads, water and sewer services, storm drainage, green belts and landscaping. The District derives its revenues primarily from intergovernmental transfers, system development fees and irrigation fees.

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

Financial Highlights

- The liabilities of the District exceeded the sum of its assets and deferred outflows of resources at the close of 2016 by \$9.5 million (net deficit). Of this amount, (\$9.6) million represents net investment in capital assets, \$15 thousand is restricted for emergencies and debt service and \$63 thousand is unrestricted. The negative \$9.6 million net investment in capital assets is mainly due to the District being responsible for debts issued for construction of capital assets, most of which have been conveyed to other entities.
- During 2016, general revenues are minimal, totaling only \$9 thousand, less than 1% of all revenues. The District's program specific revenues in the form of charges for services (services fees and water meter sales) accounted for 19%, operating grants and contributions (system development fees and transfers from Water Valley Metropolitan District Nos. 1 and 2) accounted for 46%, and capital grants and contributions (transfers from Water Valley Metropolitan District Nos. 1 and 2) accounted for 35% of all revenues.
- During 2016, the District had \$3.7 million in expenses related to general government, public works, parks and recreation, and non-potable water services, of which \$934 thousand were offset by program specific charges for services. Approximately \$1.3 million of the District's expenses in 2016 were to pay interest and related costs on long-term debt.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Overview of the Financial Statements

The annual financial report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds and proprietary fund statements reflect how basic services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and required and other supplementary information which provide more detailed data. See below for a summary of the major features of the Government-wide and Fund Financial Statements.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Financial Statements	Fund Financial Statements Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary
Required Financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short- term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These statements provide both short-term and long-term information about the District's overall financial status.

The statement of net position presents information on all of the District's assets and liabilities, as well as deferred outflows of resources and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) or fees and charges for services (*business-type activities*). The basic government-wide financial statements can be found on pages 1 – 2 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has two fund category types: governmental funds and proprietary fund.

- *Governmental funds:* All of the District's basic services are included in governmental funds, which generally focus on: 1) inflows and outflows of cash and other financial assets, and 2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them. The District maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances, found on pages 3 – 5 of this report. Budgetary financial statement for the General Fund and Debt Service Fund can be found on page 6 and 26, respectively.
- *Propriety fund:* On November 19, 2015, the District created its Water Activity Enterprise to provide non-potable water services and to acquire water or water rights. On January 1, 2016, the portion of the General Fund balance associated with Enterprise activity was transferred to the Proprietary Fund. Proprietary Fund financial statements can be found on pages 7-8 of this report. The statement of cash flows can be found on page 9 of this report. Budgetary financial statement for the proprietary fund can be found on page 27.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 – 24 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. This includes the budgetary schedule for the Debt Service Fund (page 26), the budgetary schedule for the Enterprise Fund (page 27), and a Schedule of Debt Service Requirement to Maturity (pages 28 – 30).

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

Table 1 provides a summary of the District's net position at December 31, 2016 and 2015.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	12/31/2016	12/31/2015 *	12/31/2016	12/31/2015 *	12/31/2016	12/31/2015
Assets						
Current assets	\$ 46,317	\$ 181,640	\$ 1,401,026	\$ -	\$ 1,447,343	\$ 181,640
Capital assets	4,012,293	14,477,059	13,528,340	-	17,540,633	14,477,059
Total assets	4,058,610	14,658,699	14,929,366	-	18,987,976	14,658,699
Deferred Outflows of Resources	1,021,947	1,087,878	-	-	1,021,947	1,087,878
Liabilities						
Current liabilities	748,833	694,587	77,440	-	826,273	694,587
Long-term liabilities	24,591,946	25,886,050	4,100,000	-	28,691,946	25,886,050
Total liabilities	25,340,779	26,580,637	4,177,440	-	29,518,219	26,580,637
Net position						
Net investment in capital assets	(19,879,943)	(9,798,249)	10,293,467	-	(9,586,476)	(9,798,249)
Restricted	15,055	22,500	-	-	15,055	22,500
Unrestricted	(395,334)	(1,058,311)	458,459	-	63,125	(1,058,311)
Total net position	\$ (20,260,222)	\$ (10,834,060)	\$ 10,751,926	\$ -	\$ (9,508,296)	\$ (10,834,060)

* Prior to January 1, 2016, the District's Enterprise activities were included in the General Fund.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

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

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015 *	2016	2015 *	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 475	\$ 781,228	\$ 933,062	\$ -	\$ 933,537	\$ 781,228
Operating grants and contributions	1,857,820	1,688,933	444,200	-	2,302,020	1,688,933
Capital grants and contributions	1,731,409	3,236,565	-	-	1,731,409	3,236,565
General revenues						
Net investment income	66	84	-	-	66	84
Other	8,075	22,339	1,290	-	9,365	22,339
Total revenues	<u>3,597,845</u>	<u>5,729,149</u>	<u>1,378,552</u>	<u>-</u>	<u>4,976,397</u>	<u>5,729,149</u>
Expenses						
General government	560,612	749,717	-	-	560,612	749,717
Public works and parks and recreation	752,536	1,001,470	-	-	752,536	1,001,470
Non-potable water services	-	-	1,079,104	-	1,079,104	-
Interest and related costs on long-term debt	1,258,381	1,265,730	-	-	1,258,381	1,265,730
Total expenses	<u>2,571,529</u>	<u>3,016,917</u>	<u>1,079,104</u>	<u>-</u>	<u>3,650,633</u>	<u>3,016,917</u>
Transfer of capital assets, net	(139,486)	-	139,486	-	-	-
Change in Net Position	<u>\$ 886,830</u>	<u>\$ 2,712,232</u>	<u>\$ 438,934</u>	<u>\$ -</u>	<u>\$ 1,325,764</u>	<u>\$ 2,712,232</u>

* Prior to January 1, 2016, the District's Enterprise activities were included in the General Fund.

During 2016, the District's primary sources of revenues are (i) intergovernmental transfers from Water Valley Metropolitan District Nos. 1 and 2 pursuant to a Capital Pledge Agreement (for debt service of the 2010 Bonds issued by the District) and an Amended/Restated Facilities Construction and Service Agreement (for construction of public improvement that will be owned and operated by the District), and (ii) service fees, system development fees, and water meter sales.

During 2016, the District's primary expenses were to service the 2010 Bonds and to operate/maintain the non-potable water facilities.

Governmental and Business-Type Activities

In 2016, the changes in net position were \$886,830 and \$438,934 for governmental activities and business-type activities, respectively. In 2015, the combined change in net position was \$2,712,232. Transfers from Water Valley Metropolitan District No. 1 and 2 for capital projects were lower in 2016.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

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

**Table 3
Net Cost of Services**

	Total cost of services		Net cost of services	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
General Government	\$ 560,612	\$ -	\$ (560,612)	\$ -
Public works and parks & recreation	752,536	-	(558,927)	-
Interest and related costs on long-term debt	1,258,381	-	(1,258,381)	-
Non-potable services	-	1,079,104	-	-
Total	\$ 2,571,529	\$ 1,079,104	\$ (2,377,920)	\$ -

Financial Analysis of District Funds

General Fund

The General Fund was established and is continually funded to provide for the daily activities of the District. The General Fund provides for the general, administrative, street and landscaping maintenance, capital, and debt service costs of the District. The primary funding sources for the General Fund are intergovernmental transfers from Water Valley Metropolitan District Nos. 1 and 2 (primarily from property taxes) and Developer advances. The primary projects or program efforts for establishing needed funding during 2016 were:

1. Repayment of principal on a line of credit
2. Street and landscaping maintenance
3. Office overhead and other consultants' fees
4. Various capital projects

The District maintains a 3% emergency reserve in compliance with TABOR (Taxpayer Bill of Rights). At December 31, 2016, the District's TABOR reserve amounted to \$15,000.

Debt Service Fund

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

Enterprise Fund

The Enterprise Fund provides for the operating and debt service costs of the non-portable water system. The main funding sources for the Enterprise Fund are charges for services and capital contributions (e.g. system development fees). The primary projects for establishing needed funding during 2016 were:

1. Operating costs of the non-portable water system
2. Office overhead

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Budgetary Highlights

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

Capital Assets

Capital Assets

By the end of 2016, the District had capital assets net of accumulated depreciation totaling approximately \$17.5 million comprised of a broad range of capital items, including infrastructure and non-potable water system (See Table 4). This amount represents a net increase of \$3,063,575 from last year. Additional information on the District's capital assets can be found in Note 4 of the financial statements. Total depreciation expense for the year was \$240,279.

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

	Government Activities		% of Change 2015 - 2016	Business-type Activities		% of Change 2015 - 2016	Total	
	2016	2015		2016	2015		2016	2015
Water rights	\$ -	\$ 8,700,000	-100.0%	\$ 10,791,000	\$ -	N/A	\$ 10,791,000	\$ 8,700,000
Construction in progress	9,655	-	N/A	-	-	N/A	9,655	-
Streets	1,429,630	1,463,434	-2.3%	-	-	N/A	1,429,630	1,463,434
Park and Recreation	2,187,891	2,435,156	-10.2%	-	-	N/A	2,187,891	2,435,156
Non-potable water system	-	1,457,053	-100.0%	2,724,703	-	N/A	2,724,703	1,457,053
Equipment	385,117	421,416	-8.6%	12,637	-	N/A	397,754	421,416
Total capital assets, net	<u>\$ 4,012,293</u>	<u>\$ 14,477,059</u>		<u>\$ 13,528,340</u>	<u>\$ -</u>		<u>\$ 17,540,633</u>	<u>\$ 14,477,059</u>

Debt Administration

Long-Term Debt

As of December 31, 2016, the District had outstanding debts in the form of bonds, loan, advances, and capital leases totaling \$29,161,834. Detailed information on the District's long-term debts is presented in Note 5 of the financial statements.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Economic Factors and Next Year's Budget

- Poudre Tech Metropolitan District ("PTMD") is an operating metropolitan district directly associated with Water Valley Metropolitan District No. 1 ("District No. 1") and Water Valley Metropolitan District No. 2 ("District No. 2"). PTMD is the owner of all public improvements within District Nos. 1 and 2, including: parks, trails, pedestrian bridges, beaches, swales, recreational trails, rights of way, and other recreational and architectural amenities. In addition, PTMD, through its Water Activity Enterprise (the "Water Enterprise"), owns all non-potable water utilities, lakes, and significant water rights necessary to support the delivery of non-potable irrigation water to all residential and commercial users within District Nos. 1 and 2.
- In addition to providing management services to both District Nos. 1 and 2, PTMD provides a variety of essential services to the residents of both District Nos. 1 and 2. Such services include: (1) the management and maintenance of all recreational facilities, trails, and amenities owned and operated by the Districts and (2) the upkeep and maintenance of all landscaping, greenways, entry features, floodways and public architectural amenities owned and controlled by PTMD. Further, through its Water Enterprise, PTMD facilitates (1) the provision of non-potable irrigation water to residential, commercial and public users within District Nos. 1 and 2 and (2) the maintenance and preservation of all water rights and resources, lakes, pumping facilities, distribution lines, and irrigation systems owned and controlled by PTMD.
- Revenues in support of PTMD's operations are derived from two principal sources: (1) Water Enterprise tap and water use fees charged to non-potable water users within District Nos. 1 and 2 and (2) intergovernmental transfers from District Nos. 1 and 2. As the Water Valley communities continue to grow (see below), Water Enterprise tap and use fees have grown accordingly and are now supported by over 1,750 homes and commercial users. Intergovernmental transfers are supported by ad valorem tax base of both District Nos. 1 and 2, which have been augmented by robust growth, increases in assessed valuations, and substantial oil and gas development.
- With respect to PTMD revenue derived from intergovernmental transfers from District Nos. 1 and 2 and the sustainability thereof, the following commentary is provided with respect to the financial conditions of District Nos. 1 and 2:

- **Real Estate Assessed Value:**

District No. 1 is a mature district with all its residential lots having been developed and built. Within the District, there are 591 single-family detached dwelling units, 125 single-family attached dwelling units, and 128 multi-family units (condominiums) built. As to commercial development in the District, of the 28 acres zoned for commercial/office/retail uses, a total of approximately 15 acres have been developed into a total of approximately 17,469 square feet of office space and approximately 56,583 square feet of commercial/ retail space.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

District No. 2 is a mixed-use community planned to consist of 1,074 single-family detached homes, 164 single-family attached homes (townhomes), and 370 multi-family units (condominiums and apartments). The District also includes approximately 101 acres zoned for commercial/office/retail uses. The development of the District is being undertaken by Trollco, Inc., a Colorado corporation. Trollco or a related entity currently owns all the remaining developable property within the District. With respect to residential development in the District, of the planned 1,074 single-family detached homes, approximately 750 have been constructed and new construction continues at a robust pace. Of the planned 164 single-family attached homes (townhomes), 103 have been constructed. Of the planned 370 multi-family units (condominiums and apartments), 56 condominium units have been constructed and construction has begun on the remaining 314 for rent apartment units. With respect to commercial development in the District, of the 101 acres zoned for commercial/office/retail uses, approximately 21 acres have been developed into a total of approximately 272,573 square feet of commercial/office/retail space.

- o District Nos. 1 and 2 are in the middle of Northern Colorado, an area that is continuing to enjoy a robust and growing regional economy and an associated material increase in property values. As the regional economy continues to grow, so too should the values of the residential and commercial real estate within District Nos. 1 and 2.
- o **Oil and Gas Ad Valorem Tax:** The financial impact of ad valorem taxes on oil and gas produced from wells within the District is very significant.

District No. 1: The total Certified Assessed Value of oil and gas production within District No. 1 for 2016 (tax collection in 2017) has increased 28.36% from 2015 (tax collection in 2016), going from \$17,450,420 to \$22,399,730. At the District's current mill levy of 39 mills, this increase in assessed value from oil and gas will result in approximately \$193,023 of additional revenue to District No. 1 in 2017. Total revenue from oil and gas taxes in 2016 and anticipated taxes for 2017 are \$680,566 and \$873,589 respectively.

District No. 2: The total Certified Assessed Value of oil and gas production within District No. 2 for 2016 (tax collection in 2017) decreased 10.22% from 2015 (tax collection in 2016), going from \$58,516,120 to \$52,537,150. At the District's current mill levy of 39 mills, this decrease in assessed value from oil and gas will result in the loss of approximately \$233,180 of tax revenue to District No. 2 in 2017. Total revenue from oil and gas taxes in 2016 and anticipated taxes for 2017 are \$2,282,129 and \$2,048,949 respectively.

After 2017, revenues from oil and gas taxes are anticipated to decline over time as production from the existing wells declines. The actual financial impact to District Nos. 1 and 2 will be predicated on the price of oil and gas over time and the actual amount of oil and gas produced from each well; however, taxes on oil and gas production will continue to have a positive financial impact on District Nos. 1 and 2 for the foreseeable future.

- Based on the preceding, the District believes it is well situated financially both in the short and long terms and that no additional increase in mill levies will be required to meet the District's debt service or operating obligations.

**Poudre Tech Metropolitan District
Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Contacting the District's Financial Management Team

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

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

BASIC FINANCIAL STATEMENTS

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ -	\$ 357,919	\$ 357,919
Cash and investments - Restricted	927	912,467	913,394
Accounts receivable - Service fees	-	35,830	35,830
Accounts receivable - Other	2,000	1,918	3,918
Due from other fund	-	89,837	89,837
Prepaid expenses	43,390	3,055	46,445
Capital assets, not being depreciated	9,655	10,791,000	10,800,655
Capital assets, net	4,002,638	2,737,340	6,739,978
Total assets	<u>4,058,610</u>	<u>14,929,366</u>	<u>18,987,976</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred cost of refunding	1,021,947	-	1,021,947
Total deferred outflows of resources	<u>1,021,947</u>	<u>-</u>	<u>1,021,947</u>
LIABILITIES			
Accounts payable	91,160	75,762	166,922
Prepaid assessments	-	1,678	1,678
Accrued interest payable	97,948	-	97,948
Due to other fund	89,837	-	89,837
Noncurrent liabilities			
Due within one year	469,888	-	469,888
Due in more than one year	24,591,946	4,100,000	28,691,946
Total liabilities	<u>25,340,779</u>	<u>4,177,440</u>	<u>29,518,219</u>
NET POSITION			
Net investment in capital assets	(19,879,943)	10,293,467	(9,586,476)
Restricted for:			
Emergency reserves	15,000	-	15,000
Debt service	55	-	55
Unrestricted	(395,334)	458,459	63,125
Total net position	<u>\$ (20,260,222)</u>	<u>\$ 10,751,926</u>	<u>\$ (9,508,296)</u>

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

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 560,612	\$ -	\$ 1,857,820	\$ -	\$ 1,297,208	\$ -	\$ 1,297,208
Public works and parks and recreation	752,536	475	-	193,134	(558,927)	-	(558,927)
Interest and related costs on long-term debt	1,258,381	-	-	1,538,275	279,894	-	279,894
Total Governmental activities	<u>2,571,529</u>	<u>475</u>	<u>1,857,820</u>	<u>1,731,409</u>	<u>1,018,175</u>	<u>-</u>	<u>1,018,175</u>
Business-type activities:							
Non-potable water services	1,079,104	933,062	444,200	-	-	298,158	298,158
Total Business-type activities	<u>1,079,104</u>	<u>933,062</u>	<u>444,200</u>	<u>-</u>	<u>-</u>	<u>298,158</u>	<u>298,158</u>
Total Governmental and Business-type activities	<u>\$ 3,650,633</u>	<u>\$ 933,537</u>	<u>\$ 2,302,020</u>	<u>\$ 1,731,409</u>	<u>1,018,175</u>	<u>298,158</u>	<u>1,316,333</u>
General revenues:							
Net investment income					66	-	66
Other income					8,075	1,290	9,365
Transfer of capital assets, net					(139,486)	139,486	-
Total general revenues					<u>(131,345)</u>	<u>140,776</u>	<u>9,431</u>
Change in net position					886,830	438,934	1,325,764
Net position - Beginning, as restated					(21,147,052)	10,312,992	(10,834,060)
Net position - Ending					<u>\$ (20,260,222)</u>	<u>\$ 10,751,926</u>	<u>\$ (9,508,296)</u>

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

POUDRE TECH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments - Restricted	\$ 872	\$ 55	\$ 927
Accounts receivable - Other	2,000	-	2,000
Prepaid expenses	43,390	-	43,390
Total assets	<u>\$ 46,262</u>	<u>\$ 55</u>	<u>\$ 46,317</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 91,160	\$ -	\$ 91,160
Due to other funds	89,837	-	89,837
Total liabilities	<u>180,997</u>	<u>-</u>	<u>180,997</u>
FUND BALANCES			
Nonspendable			
Prepaid expenses	43,390	-	43,390
Restricted			
Emergency reserves	15,000	-	15,000
Debt service	-	55	55
Unassigned			
General government	(193,125)	-	(193,125)
Total fund balances	<u>(134,735)</u>	<u>55</u>	<u>(134,680)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,262</u>	<u>\$ 55</u>	

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

The deferred cost of refunding is not a current financial resource, therefore not reported as a deferred outflow of resources in the fund financial statements.	1,021,947
Capital assets used in governmental activities are not financial resources, therefore not reported in the fund financial statements.	
Capital assets, not being depreciated	9,655
Capital assets, net	4,002,638
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	(24,025,000)
Accrued interest payable - Bonds	(97,948)
Developer advance payable	(157,306)
Bond premium	(638,196)
Capital leases	(241,332)
Net position of governmental activities	<u>\$ (20,260,222)</u>

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

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Total Government Funds</u>
REVENUES			
Transfer from Water Valley No. 1 - Other	\$ 497,814	\$ 36,501	\$ 534,315
Transfer from Water Valley No. 1 - Series 2010 Bonds	-	361,946	361,946
Transfer from Water Valley No. 2 - Other	1,360,006	156,633	1,516,639
Transfer from Water Valley No. 2 - Series 2010 Bonds	-	1,176,329	1,176,329
Other income	8,075	-	8,075
Boat permit fee	475	-	475
Net investment income	12	54	66
Total revenues	<u>1,866,382</u>	<u>1,731,463</u>	<u>3,597,845</u>
EXPENDITURES			
General and Administrative			
Accounting	69,861	-	69,861
Audit	25,952	-	25,952
Banking fees	1,020	-	1,020
Asset management	72,481	-	72,481
District management - Administrative	6,565	-	6,565
Consulting and studies	25,613	-	25,613
Dues and memberships	1,925	-	1,925
Insurance	39,299	-	39,299
Legal	117,941	-	117,941
Miscellaneous	3,839	-	3,839
Rent	24,000	-	24,000
Office overhead	172,116	-	172,116
Operations and Maintenance			
Electricity and gas	38,414	-	38,414
Landscape and open space	367,420	-	367,420
Repairs and maintenance	81,385	-	81,385
Pest control	7,959	-	7,959
Security	74,415	-	74,415
Capital Outlay			
Water Valley No. 1	36,501	-	36,501
Water Valley No. 2	156,633	-	156,633
Equipment acquisition	96,898	-	96,898
Debt Service			
Interest on Line of Credit	46,223	-	46,223
Principal on Line of Credit	1,028,878	-	1,028,878
Bond interest Series 2010A	-	903,500	903,500
Bond interest Series 2010B	-	282,375	282,375
Bond principal Series 2010B	-	350,000	350,000
Paying agent/trustee fees	-	2,400	2,400
Total expenditures	<u>2,495,338</u>	<u>1,538,275</u>	<u>4,033,613</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(628,956)</u>	<u>193,188</u>	<u>(435,768)</u>
OTHER FINANCING SOURCES (USES)			
Developer advances - Office overhead	172,116	-	172,116
Note proceeds	250,000	-	250,000
Transfer from (to) other funds	193,133	(193,133)	-
Repayment of Developer advances - Office overhead	(86,135)	-	(86,135)
Total other financing sources (uses)	<u>529,114</u>	<u>(193,133)</u>	<u>335,981</u>
NET CHANGE IN FUND BALANCES	(99,842)	55	(99,787)
FUND BALANCES BEGINNING OF YEAR, AS RESTATED	<u>(34,893)</u>	-	<u>(34,893)</u>
FUND BALANCES - END OF YEAR	<u>\$ (134,735)</u>	<u>\$ 55</u>	<u>\$ (134,680)</u>

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

**POUDRE TECH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016**

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

Net change in fund balances - Total governmental funds	\$ (99,787)
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 (excluding capital leases)	61,197
Depreciation	(161,079)
Capital leases payments - principal portion	67,485
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.	
Line of credit proceeds	(250,000)
Developer advances	(172,116)
Repayment of Developer advances	86,135
Repayment of bonds - principal portion	350,000
Repayment of line of credit - principal portion	1,028,878
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	875
Amortization of deferred cost of refunding	(65,931)
Accretion of bond premium	41,173
Change in net position of governmental activities	<u>\$ 886,830</u>

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

**POUDRE TECH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Transfer from Water Valley No. 1	\$ 604,962	\$ 496,621	\$ 497,814	\$ 1,193
Transfer from Water Valley No. 2	1,532,485	2,003,503	1,360,006	(643,497)
Other income	5,000	4,950	8,075	3,125
Boat permit fee	400	475	475	-
Net investment income	-	20	12	(8)
Total revenues	<u>2,142,847</u>	<u>2,505,569</u>	<u>1,866,382</u>	<u>(639,187)</u>
EXPENDITURES				
General and Administrative				
Accounting	67,000	67,000	69,861	(2,861)
Audit	25,000	25,952	25,952	-
Banking fees	1,000	1,000	1,020	(20)
District management - Administrative	20,000	6,565	6,565	-
District management - Capital	10,000	-	-	-
Asset management	70,200	70,200	72,481	(2,281)
Consulting and studies	20,000	30,000	25,613	4,387
Dues and memberships	2,000	1,925	1,925	-
Insurance	39,500	39,299	39,299	-
Legal	75,000	128,000	117,941	10,059
Miscellaneous	6,201	6,067	3,839	2,228
Rent	24,000	24,000	24,000	-
Office overhead	172,116	172,116	172,116	-
Operations and Maintenance				
Electricity and gas	55,000	37,000	38,414	(1,414)
Landscape and open space	250,000	325,000	367,420	(42,420)
Repairs and maintenance	75,000	70,000	81,385	(11,385)
Pest control	9,000	9,000	7,959	1,041
Security	75,000	75,000	74,415	585
Capital Outlay				
Water Valley No. 1	1,377,739	75,000	36,501	38,499
Water Valley No. 2	-	211,640	156,633	55,007
Equipment acquisition	80,000	90,000	96,898	(6,898)
Capital projects	100,781	-	-	-
Certified costs	-	1,650,000	-	1,650,000
Debt Service				
Principal on Line of Credit	778,878	1,028,878	1,028,878	-
Interest on Line of Credit	44,000	46,223	46,223	-
Total expenditures	<u>3,377,415</u>	<u>4,189,865</u>	<u>2,495,338</u>	<u>1,694,527</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,234,568)</u>	<u>(1,684,296)</u>	<u>(628,956)</u>	<u>1,055,340</u>
OTHER FINANCING SOURCES (USES)				
Developer advances - Office overhead	172,116	172,116	172,116	-
Developer advances - Certified costs	-	1,650,000	-	(1,650,000)
Developer advances	-	129,168	-	(129,168)
Note proceeds	-	250,000	250,000	-
Transfer from (to) other funds	1,377,739	1,286,640	193,133	(1,093,507)
Repayment of Developer advances - Office overhead	(333,587)	(86,135)	(86,135)	-
Repayment of Developer advances - Certified costs	-	(1,650,000)	-	1,650,000
Total other financing sources (uses)	<u>1,216,268</u>	<u>1,751,789</u>	<u>529,114</u>	<u>(1,222,675)</u>
NET CHANGE IN FUND BALANCES	<u>(18,300)</u>	<u>67,493</u>	<u>(99,842)</u>	<u>(167,335)</u>
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	<u>48,200</u>	<u>(34,893)</u>	<u>(34,893)</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 29,900</u>	<u>\$ 32,600</u>	<u>\$ (134,735)</u>	<u>\$ (167,335)</u>

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

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	<u>Enterprise Fund</u>
ASSETS	
Cash and investments	\$ 357,919
Cash and investments - Restricted	912,467
Accounts receivable - Service fees	35,830
Accounts receivable - Other	1,918
Due from other fund	89,837
Prepaid expenses	3,055
Capital assets, not being depreciated	10,791,000
Capital assets, net	<u>2,737,340</u>
Total assets	<u>14,929,366</u>
LIABILITIES	
Accounts payable	75,762
Prepaid assessments	1,678
Noncurrent liabilities	
Due in more than one year	<u>4,100,000</u>
Total liabilities	<u>4,177,440</u>
NET POSITION	
Net investment in capital assets	10,293,467
Unrestricted	<u>458,404</u>
Total net position	<u><u>\$ 10,751,926</u></u>

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

POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2016

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Service fees	\$ 522,662
Water meter sales	410,400
System development fees	444,200
Other income	1,290
Total operating revenues	<u>1,378,552</u>
OPERATING EXPENSES	
Billing	31,063
Consulting and studies	34,102
Legal	10,318
Miscellaneous	20
Electricity and gas	147,624
Repairs and maintenance	78,520
Water meters and installation	295,981
Other water operating expenses	28,986
Water system manager & field staff	217,536
Depreciation	79,200
Total operating expenses	<u>923,350</u>
OPERATING INCOME (LOSS)	<u>455,202</u>
OTHER REVENUES AND EXPENDITURES	
Capital assets transferred from Governmental Fund	139,486
Cost of issuance	(155,754)
Total other revenues and expenditures	<u>(16,268)</u>
CHANGE IN NET POSITION	438,934
NET POSITION - BEGINNING OF YEAR	<u>10,312,992</u>
NET POSITION - END OF YEAR	<u><u>\$ 10,751,926</u></u>

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

**POUDRE TECH METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,358,890
Payments to suppliers	(553,907)
Net cash provided (required) by operating activities	<u>804,983</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Due from General Fund	(89,837)
Repay Developer advance	(307,682)
Net cash provided (required) by noncapital financing activities	<u>(397,519)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Loan issuance	4,100,000
Loan costs of issuance	(155,754)
Capital outlay	(3,103,170)
Net cash provided (required) by capital and related financing activities	<u>841,076</u>

NET INCREASE (DECREASE) IN CASH AND INVESTMENTS

1,248,540

CASH AND INVESTMENTS - BEGINNING OF YEAR

21,846

CASH AND INVESTMENTS - END OF YEAR

\$ 1,270,386

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

Operating income (loss)	\$ 455,202
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Adjustments to reconcile operating income (loss) to net cash
provided (required) by operating activities:

(Increase) decrease in accounts receivable	(11,237)
(Increase) decrease in prepaid expenses	(3,055)
Increase (decrease) in accounts payable	75,762
Increase (decrease) in prepaid assessments	(8,425)
Office overhead provided by Developer	217,536
Depreciation	79,200

Net cash provided (required) by operating activities	<u><u>\$ 804,983</u></u>
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POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - DEFINITION OF REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

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

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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, 2016.

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.

Investments are carried at fair value.

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 estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset nor materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

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

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

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water Rights

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

Cost of Bond Refunding

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

Deferred Outflows of Resources

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

Equity

Net Position

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

Fund Balance

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

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

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Restatement of Beginning Net Position and Fund Balance

On November 19, 2015, the District created its Water Activity Enterprise to provide non-potable water services and to acquire water or water rights. On January 1, 2016, balances related to the Water Activity Enterprise that were included in the following accounts were transferred from the governmental fund to the proprietary fund: cash, accounts receivable, capital assets, prepaid assessments and developer advance payable.

The District's beginning net position and fund balance have been restated to reflect the transfers described above.

	Governmental Activities	Business-Type Activities	Total
Net Position - December 31, 2015, as originally stated	\$ (10,834,060)	\$ -	\$ (10,834,060)
Restatement related to creation of Water Activity Enterprise	(10,312,992)	10,312,992	-
Net Position - December 31, 2015, as restated	<u>\$ (21,147,052)</u>	<u>\$ 10,312,992</u>	<u>\$ (10,834,060)</u>

	Governmental Fund	Proprietary Fund	Total
Fund Balance/Funds Available-December 31, 2015, as originally stated	\$ 3,361	\$ -	\$ 3,361
Restatement related to creation of Water Activity Enterprise	(38,254)	38,254	-
Fund Balance/Funds Available-December 31, 2015, as restated	<u>\$ (34,893)</u>	<u>\$ 38,254</u>	<u>\$ 3,361</u>

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deficits

The General Fund reported a deficit in the fund financial statement as of December 31, 2016. The deficit will be eliminated with the receipt of property taxes transferred from the Financing Districts in 2017.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 357,919
Cash and investments – Restricted	<u>913,394</u>
Total cash and investments	<u>\$ 1,271,313</u>

Cash and investments as of December 31, 2016, consist of the following:

Deposits with financial institutions	\$ 1,271,258
Investments	<u>55</u>
Total cash and investments	<u>\$ 1,271,313</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, 2016, the District's cash deposits had a carrying and bank balance of \$1,271,258.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

Fair Value Measurement and Application

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

As of December 31, 2016, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Balance</u>
Federated Treasury Obligations Fund	Weighted average under 60 days	\$ <u>55</u>

Federal Treasury Obligations Fund

At December 31, 2016, the District's debt service funds held in trust by UMB Bank, n.a. (Trustee) were invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poor's.

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2016:

	Balance at December 31, 2015	Additions	Reductions/ Reclassi- fications	Balance at December 31, 2016
Governmental Activities:				
Capital assets, not being depreciated:				
Water rights	\$ 8,700,000	\$ -	\$ 8,700,000	\$ -
Construction in progress	-	9,655	-	9,655
Total capital assets, not being depreciated	<u>8,700,000</u>	<u>9,655</u>	<u>8,700,000</u>	<u>9,655</u>
Capital assets, being depreciated:				
Streets	1,656,149	18,554	-	1,674,703
Parks and Recreation	2,457,100	25,439	211,712	2,270,827
Non-Potable Water	1,526,985	-	1,526,985	-
Equipment	508,583	7,549	-	516,132
Total capital assets, being depreciated	<u>6,148,817</u>	<u>51,542</u>	<u>1,738,697</u>	<u>4,461,662</u>
Less accumulated depreciation for:				
Streets	(192,715)	(52,358)	-	(245,073)
Parks and Recreation	(21,944)	(64,873)	(3,881)	(82,936)
Non-Potable Water	(69,932)	-	(69,932)	-
Equipment	(87,167)	(43,848)	-	(131,015)
Total accumulated depreciation	<u>(371,758)</u>	<u>(161,079)</u>	<u>(73,813)</u>	<u>(459,024)</u>
Total capital assets, being depreciated, net	<u>5,777,059</u>	<u>(109,537)</u>	<u>1,664,884</u>	<u>4,002,638</u>
Governmental capital assets, net	<u>\$ 14,477,059</u>	<u>\$ (99,882)</u>	<u>\$ 10,364,884</u>	<u>\$ 4,012,293</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Water rights	\$ -	\$ 10,791,000	\$ -	\$ 10,791,000
Total capital assets, not being depreciated	<u>-</u>	<u>10,791,000</u>	<u>-</u>	<u>10,791,000</u>
Capital assets, being depreciated:				
Non-Potable Water	-	2,877,716	-	2,877,716
Equipment	-	12,637	-	12,637
Total capital assets, being depreciated	<u>-</u>	<u>2,890,353</u>	<u>-</u>	<u>2,890,353</u>
Less accumulated depreciation for:				
Non-Potable Water	-	(153,013)	-	(153,013)
Equipment	-	-	-	-
Total accumulated depreciation	<u>-</u>	<u>(153,013)</u>	<u>-</u>	<u>(153,013)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>2,737,340</u>	<u>-</u>	<u>2,737,340</u>
Business-type capital assets, net	<u>\$ -</u>	<u>\$ 13,528,340</u>	<u>\$ -</u>	<u>\$ 13,528,340</u>
Total capital assets, net	<u>\$ 14,477,059</u>	<u>\$ 13,428,458</u>	<u>\$ 10,364,884</u>	<u>\$ 17,540,633</u>

Depreciation expense was charged during the year as follows:

Governmental Activities:

Streets	\$ 53,045
Parks and Recreation	64,186
Equipment	43,848
Total depreciation expense - Government activities	<u>\$ 161,079</u>

Business-type Activities:

Non-Potable Water	\$ 79,200
Total depreciation expense - Business-type activities	<u>\$ 79,200</u>

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

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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, 2016:

	Balance at December 31, 2015	Additions	Reductions/ Reclassifications	Balance at December 31, 2016	Due Within One Year
Governmental Activities:					
Revenue Refunding & Improvement					
Bonds, Series 2010 A & B	\$ 24,375,000	\$ -	\$ 350,000	\$ 24,025,000	\$ 400,000
Lines of Credit					
28467	557,096	125,000	682,096	-	-
28825	221,782	125,000	346,782	-	-
Capital Leases					
General Electric Toolcat	32,911	-	10,073	22,838	10,612
Caterpillar Compact Track Loader	40,457	-	10,319	30,138	10,654
Caterpillar Backhoe Loader	72,654	-	18,531	54,123	19,133
Caterpillar Hydraulic Excavator	162,795	-	28,562	134,233	29,489
Developer Advance Payable	161,471	172,116	176,281	157,306	-
	25,624,166	422,116	1,622,644	24,423,638	\$ 469,888
Series 2010 A & B Bond Premium	679,369	-	41,173	638,196	
Total Governmental activities	<u>\$ 26,303,535</u>	<u>\$ 422,116</u>	<u>\$ 1,663,817</u>	<u>\$ 25,061,834</u>	
Business-Type Activities:					
Taxable Water Revenue Note, Series 2016	\$ -	\$ 4,100,000	\$ -	\$ 4,100,000	\$ -
Developer Advance Payable	-	1,293,035	1,293,035	-	-
Total Business-type activities	<u>\$ -</u>	<u>\$ 5,393,035</u>	<u>\$ 1,293,035</u>	<u>\$ 4,100,000</u>	<u>\$ -</u>
	<u>\$ 26,303,535</u>	<u>\$ 5,815,151</u>	<u>\$ 2,956,852</u>	<u>\$ 29,161,834</u>	<u>\$ 469,888</u>

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

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

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

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

The Series 2010B bonds maturing December 1, 2021, are subject to redemption prior to the maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2020, and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest to the date of redemption, without redemption premium. The bonds maturing December 1, 2028, are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2025, and on each December 1 thereafter prior the maturity date.

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

The District's 2010 Bonds will mature as follows:

	Governmental Activities		
	Principal	Interest	Total
2017	\$ 400,000	\$ 1,175,375	\$ 1,575,375
2018	425,000	1,163,375	1,588,375
2019	450,000	1,149,562	1,599,562
2020	475,000	1,131,563	1,606,563
2021	495,000	1,113,750	1,608,750
2022-2026	3,020,000	5,158,500	8,178,500
2027-2031	5,215,000	4,249,500	9,464,500
2032-2036	7,775,000	2,653,000	10,428,000
2037-2039	5,770,000	586,500	6,356,500
	<u>\$ 24,025,000</u>	<u>\$ 18,381,125</u>	<u>\$ 42,406,125</u>

Taxable Water Revenue Note, Series 2016

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

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

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

Operating Lines of Credit

On December 4, 2013, the District entered into two separate lines of credit with North Valley Bank, totaling \$1,050,000, which can be drawn upon as needed. The lines of credit have an interest rate equal to the Wall Street Journal Prime plus 2.25%. All unpaid outstanding balance of principal and interest were due on May 25, 2016. The District has pledged 34 water shares to North Valley Bank as collateral for these lines of credit. At December 31, 2016, the lines of credit had no outstanding balance.

Capital Lease Obligation

In 2013, the District entered into a capital lease for the purchase of a Toolcat equipment. The lease requires 60 monthly payments of \$963 beginning in July 2013 and final payment of \$6,709 at the end of the lease. The lease bears interest at the rate of 5.52% per annum. The equipment is carried at \$55,909 with \$21,607 in accumulated depreciation.

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

1. Caterpillar Compact Track Loader - The lease requires 60 monthly payments of \$955 beginning in October 2014. The equipment is carried at \$52,900 with \$9,919 in accumulated depreciation.
2. Caterpillar Backhoe Loader – The lease requires 60 monthly payments of \$1,715 beginning in October 2014. The equipment is carried at \$95,000 with \$17,813 in accumulated depreciation.
3. Caterpillar Hydraulic Excavator – The lease requires 60 monthly payments of \$2,780 beginning in December 2014. The equipment is carried at \$192,725 with \$33,459 in accumulated depreciation.

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

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt

On November 4, 2003, the District's voters authorized the issuance of indebtedness in an amount not to exceed \$156,000,000. At December 31, 2016, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

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

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

NOTE 6 - INTERFUND TRANSFERS

The transfer of \$193,133 from the Debt Service Fund to the General Fund represents funds transferred from Water Valley Metropolitan District Nos. 1 and 2 ("Water Valley 1 and 2") drawn from their 2014 Loans with First Western Trust Bank. Water Valley 1 and 2 transferred such funds into the District's Debt Service Fund, which the District then transferred into its General Fund to pay for construction and/or acquisition of certain public improvements within the boundaries of Water Valley 1 and 2.

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 – NET POSITION

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2016, the District had net investments in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 4,002,638	\$ 13,528,340
Outstanding long-term debts used to acquire capital assets	(24,266,332)	(4,100,000)
Bond premium, net	(638,196)	-
Cost of refunding, net	1,021,947	-
Unspent loan proceeds in Project Fund	-	865,127
Net investment in capital assets	<u>\$ (19,879,943)</u>	<u>\$ 10,293,467</u>

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, 2016 as follows:

	Governmental Activities
Restricted net position:	
Emergency reserves	\$ 15,000
Debt service	55
Restricted net position	<u>\$ 15,055</u>

The District has a deficit in unrestricted net position. The deficit is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 8 - AGREEMENTS

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

Poudre Tech Metropolitan District, Water Valley Metropolitan District No. 1 and Water Valley Metropolitan District No. 2 (collectively, “the Districts”) have entered into a Facilities Construction and Service Agreement dated as of January 1, 1995, as amended and restated on February 17, 2004 (the “Master IGA”). The purpose of the Master IGA is to implement the principles and objectives set forth in the Service Plan regarding the financing, construction, operation and maintenance of the facilities described in the Service Plan (the “Facilities”), and regarding administration of the affairs of the Districts including the collection, management and expenditures of funds. The District is identified in the Master IGA as the “Operating District,” and Water Valley Metropolitan District Nos.1 and 2 are identified as the “Financing Districts.” Pursuant to the Master IGA, the Financing Districts agree to finance the costs of the Facilities and agree to finance the costs of certain services.

Capital Pledge Agreement

The District entered into a Capital Pledge Agreement in October 2010 as amended in January 2014, pursuant to which Water Valley Metropolitan District Nos. 1 and 2 are obligated to impose an ad valorem property tax levy without limitation as to rate to pay the principal and accrued interest payable on the District’s Unlimited Property Tax Supported Revenue Refunding and Improvement Bonds, Series 2010 A, B and C in the aggregate principal amount of \$25,675,000 issued pursuant to a 2010 Indenture of Trust with UMB Bank (2010 Bonds). The Capital Pledge Agreement, as amended, provides for the allocation between District No. 1 and District No. 2 of required debt service on the 2010 Bonds.

Infrastructure Acquisition and Reimbursement Agreement

On June 14, 2016, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with Pelican Farms Investments, LLC (“Developer”). The District and Water Valley Metropolitan District Nos. 1 and 2 intend to coordinate the financing, construction and operations and maintenance of the Public Infrastructure in connection with the development within the boundaries of the District and the Water Valley Metropolitan District Nos. 1 and 2, subject to the limitations of the Service Plan and applicable electoral authority. The Developer has incurred certain costs related to the 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 third parties.

NOTE 9 - RELATED PARTIES

The Developer of the property which constitutes the District is Trollco Inc., a Colorado corporation (Developer). Certain members of the Board of Directors of the District are officers or employees of or related to the Developer or an entity affiliated with the Developer or the majority owner of the Developer, and may have conflicts of interest in dealing with the District.

POUDRE TECH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 10 - RISK MANAGEMENT

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

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

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2016 the District determined/calculated its required emergency reserve to be approximately \$15,000. The funds were provided by the Financing Districts which carried a combined unrestricted cash reserves of \$250,000 at the end of 2016.

The District's management has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

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

SUPPLEMENTARY INFORMATION

**POUDRE TECH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net investment income	\$ -	\$ 54	\$ 54
Transfer from Water Valley No. 1 - Other	1,377,739	36,501	(1,341,238)
Transfer from Water Valley No. 1 - Series 2010 Bonds	361,946	361,946	-
Transfer from Water Valley No. 2 - Other	-	156,633	156,633
Transfer from Water Valley No. 2 - Series 2010 Bonds	1,176,329	1,176,329	-
Total revenues	<u>2,916,014</u>	<u>1,731,463</u>	<u>(1,184,551)</u>
EXPENDITURES			
Bond interest Series 2010A	903,500	903,500	-
Bond interest Series 2010B	282,375	282,375	-
Bond principal Series 2010B	350,000	350,000	-
Paying agent/trustee fees	2,400	2,400	-
Total expenditures	<u>1,538,275</u>	<u>1,538,275</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,377,739</u>	<u>193,188</u>	<u>(1,184,551)</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other fund	(1,377,739)	(193,133)	1,184,606
Total other financing sources (uses)	<u>(1,377,739)</u>	<u>(193,133)</u>	<u>1,184,606</u>
NET CHANGE IN FUND BALANCES	-	55	55
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 55</u></u>	<u><u>\$ 55</u></u>

**POUDRE TECH METROPOLITAN DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Service fees	\$ 490,000	\$ 490,000	\$ 522,662	\$ 32,662
Water meter sales	240,000	345,200	410,400	65,200
System development fees	220,000	324,000	444,200	120,200
Developer advance - Manager & field staff	217,536	217,536	217,536	-
Developer advance - Certified costs	-	800,000	985,353	185,353
Debt issuance	-	4,595,000	4,100,000	(495,000)
Other income	-	1,290	1,290	-
Total revenues	<u>1,167,536</u>	<u>6,773,026</u>	<u>6,681,441</u>	<u>(91,585)</u>
EXPENDITURES				
General and Administrative				
Billing	30,000	30,000	31,063	(1,063)
Consulting and studies	-	40,000	34,102	5,898
Legal	-	13,600	10,318	3,282
Miscellaneous	-	-	20	(20)
Operations and Maintenance				
Electricity and gas	115,000	155,000	147,624	7,376
Repairs and maintenance	70,000	70,000	78,520	(8,520)
Water meters and installation	100,000	300,000	295,981	4,019
Other water operating expenses	50,000	50,000	28,986	21,014
Water system manager & field staff	217,536	217,536	217,536	-
Miscellaneous	-	2,029	-	2,029
Repay Developer advance - Manager & field staff	217,536	307,682	307,682	-
Debt Service				
Bond interest - Series 2016	-	41,323	-	41,323
Cost of issuance	-	98,250	155,754	(57,504)
Trustee/paying agent fees	-	4,000	-	4,000
Capital Outlay				
Capital projects	-	-	26,817	(26,817)
Water rights acquisition	-	2,091,000	2,091,000	-
Repay Developer advance - Certified costs	-	800,000	985,353	(185,353)
Certified costs/reimbursements/other	-	1,523,180	985,353	537,827
Total expenditures	<u>800,072</u>	<u>5,743,600</u>	<u>5,396,109</u>	<u>347,491</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES - BUDGET BASIS	<u>\$ 367,464</u>	<u>\$ 1,029,426</u>	1,285,332	<u>\$ 255,906</u>
ADJUSTMENTS TO RECONCILE				
BUDGET BASIS TO GAAP BASIS:				
Developer advance			(1,202,889)	
Debt issuance			(4,100,000)	
Capital outlay			3,103,170	
Repay developer advance			1,293,035	
Capital assets transferred from Governmental Fund			139,486	
Depreciation			(79,200)	
CHANGE IN NET POSITION			<u>438,934</u>	
NET POSITION, BEGINNING OF YEAR			<u>10,312,992</u>	
NET POSITION, END OF YEAR			<u>\$ 10,751,926</u>	

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

POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

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

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

Year Ended December 31,						
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ -	\$ 903,500	\$ 903,500	\$ 400,000	\$ 271,875	\$ 671,875
2018	-	903,500	903,500	425,000	259,875	684,875
2019	-	903,500	903,500	450,000	246,062	696,062
2020	-	903,500	903,500	475,000	228,063	703,063
2021	-	903,500	903,500	495,000	210,250	705,250
2022	-	903,500	903,500	545,000	185,500	730,500
2023	-	903,500	903,500	575,000	158,250	733,250
2024	-	903,500	903,500	600,000	129,500	729,500
2025	-	903,500	903,500	625,000	99,500	724,500
2026	-	903,500	903,500	675,000	68,250	743,250
2027	440,000	903,500	1,343,500	275,000	34,500	309,500
2028	405,000	881,500	1,286,500	415,000	20,750	435,750
2029	1,135,000	861,250	1,996,250	-	-	-
2030	1,220,000	804,500	2,024,500	-	-	-
2031	1,325,000	743,500	2,068,500	-	-	-
2032	1,390,000	677,250	2,067,250	-	-	-
2033	1,455,000	607,750	2,062,750	-	-	-
2034	1,550,000	535,000	2,085,000	-	-	-
2035	1,640,000	457,500	2,097,500	-	-	-
2036	1,740,000	375,500	2,115,500	-	-	-
2037	1,830,000	288,500	2,118,500	-	-	-
2038	1,920,000	197,000	2,117,000	-	-	-
2039	2,020,000	101,000	2,121,000	-	-	-
	<u>\$ 18,070,000</u>	<u>\$ 16,468,750</u>	<u>\$ 34,538,750</u>	<u>\$ 5,955,000</u>	<u>\$ 1,912,375</u>	<u>\$ 7,867,375</u>

POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

Totals		
Principal	Interest	Total
\$ 400,000	\$ 1,175,375	\$ 1,575,375
425,000	1,163,375	1,588,375
450,000	1,149,562	1,599,562
475,000	1,131,563	1,606,563
495,000	1,113,750	1,608,750
545,000	1,089,000	1,634,000
575,000	1,061,750	1,636,750
600,000	1,033,000	1,633,000
625,000	1,003,000	1,628,000
675,000	971,750	1,646,750
715,000	938,000	1,653,000
820,000	902,250	1,722,250
1,135,000	861,250	1,996,250
1,220,000	804,500	2,024,500
1,325,000	743,500	2,068,500
1,390,000	677,250	2,067,250
1,455,000	607,750	2,062,750
1,550,000	535,000	2,085,000
1,640,000	457,500	2,097,500
1,740,000	375,500	2,115,500
1,830,000	288,500	2,118,500
1,920,000	197,000	2,117,000
2,020,000	101,000	2,121,000
\$ 24,025,000	\$ 18,381,125	\$ 42,406,125

POUDRE TECH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

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

Year Ended December 31,	Principal	Estimated Interest*	Total
2017	\$ -	\$ 191,222	\$ 191,222
2018	164,000	188,273	352,273
2019	164,000	180,666	344,666
2020	164,000	173,538	337,538
2021	164,000	165,452	329,452
2022	164,000	**	**
2023	3,280,000		
	<u>\$ 4,100,000</u>		

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

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

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

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

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

Levy/Collection Year	Assessed Valuation	General Fund	Bond Fund	Total Mill Levy	Property Taxes Levied	Property Taxes Collected	Percent of Taxes Collected to Taxes Levied
2005/2006	\$ 21,459,270	10.000	10.000	20.000	\$ 429,185	\$ 431,330	100.50%
2006/2007	\$ 22,450,650	10.000	10.000	20.000	\$ 449,103	\$ 451,018	100.43%
2007/2008	\$ 25,059,420	10.000	10.000	20.000	\$ 501,188	\$ 503,699	100.50%
2008/2009	\$ 26,085,210	10.000	10.000	20.000	\$ 521,704	\$ 522,930	100.23%
2009/2010	\$ 29,020,280	10.000	10.000	20.000	\$ 580,406	\$ 505,478	87.09%
2010/2011	\$ 26,688,250	10.000	10.000	20.000	\$ 533,765	\$ 523,702	98.11%
2011/2012	\$ 23,459,270	10.000	16.000	26.000	\$ 609,941	\$ 619,372	101.55%
2012/2013	\$ 23,145,380	6.000	33.000	39.000	\$ 902,670	\$ 902,350	99.96%
2013/2014	\$ 22,683,319	7.000	32.000	39.000	\$ 884,649	\$ 884,859	100.02%
2014/2015	\$ 22,201,960	13.250	25.750	39.000	\$ 865,876	\$ 865,653	99.97%
2015/2016	\$ 42,796,050	13.300	25.700	39.000	\$ 1,665,045	\$ 1,668,329	99.96%

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

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

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

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

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

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

	2012	2013	2014	2015	2016
Revenues					
Service fees	\$ 607,411	\$ 364,016	\$ 1,561,563	\$ 471,628	\$ -
System development fees	-	187,000	246,400	372,400	-
Water meter sales	-	211,000	245,300	309,600	-
Boat permit fees	-	-	-	-	475
Transfer from Water Valley No. 1 - Other	255,156	148,947	170,740	264,000	497,814
Transfer from Water Valley No. 2 - Other	-	96,761	95,191	-	1,360,006
Other income	6,087	28,355	4,682	22,339	8,075
Net investment income	58	83	53	35	12
Total revenues	<u>868,712</u>	<u>1,036,162</u>	<u>2,323,929</u>	<u>1,440,002</u>	<u>1,866,382</u>
Expenditures					
General and Administrative	380,565				
Accounting	-	36,879	59,188	43,676	69,861
Audit	-	29,026	26,496	25,839	25,952
Banking fees	-	2,245	1,825	1,010	1,020
Billing/asset management	-	-	72,974	98,550	72,481
District management - Administrative	-	-	-	-	6,565
Consulting and studies	-	26,884	20,614	18,378	25,613
Dues and memberships	-	3,442	2,191	1,794	1,925
Insurance	-	26,899	30,865	208	39,299
Legal	-	49,804	115,482	49,593	117,941
Miscellaneous	-	3,804	2,428	4,529	3,839
Rent	-	-	-	16,000	24,000
Transfer to Water Valley No. 1	-	-	1,000	-	-
Office overhead	-	190,000	594,720	490,140	172,116
Operations and Maintenance	332,994				
Electricity and gas	-	90,497	128,707	173,770	38,414
Landscape and open space	-	79,466	203,023	304,083	367,420
Maintenance and repairs	-	93,475	110,996	98,442	81,385
Pest control	-	5,625	7,650	6,511	7,959
Security	-	60,000	60,000	65,929	74,415
Water operations	-	25,894	46,800	45,517	-
Water meter sold	-	92,088	179,814	168,055	-
Water sales admin fee	-	-	56,250	-	-
Bad debt expense	-	26,805	-	-	-
Capital Outlay	-				
Water Valley No. 1	-	-	450,653	692,075	36,501
Water Valley No. 2	-	-	454,662	1,497,560	156,633
Equipment acquisition	-	18,324	61,383	78,921	96,898
Filing 15 and 16 public improvements	-	-	506,619	-	-
Filing 16 and 18 public improvements	-	-	-	655,446	-
Raindance drainage improvements	-	-	-	370,784	-
Debt Service					
Principal on Line of Credit	88,640	688,121	349,550	-	1,028,878
Interest on Line of Credit	32,088	23,274	41,351	43,672	46,223
Total expenditures	<u>834,287</u>	<u>1,572,552</u>	<u>3,585,241</u>	<u>4,950,482</u>	<u>2,495,338</u>
Excess of Revenues over (under) Expenditures	<u>34,425</u>	<u>(536,390)</u>	<u>(1,261,312)</u>	<u>(3,510,480)</u>	<u>(628,956)</u>
Other Financing Sources (Uses)					
Proceeds from Line of Credit	950,000	732,657	222,532	-	250,000
Developer advances - Office overhead	-	76,061	594,720	490,140	172,116
Developer advances - Certified costs	-	-	506,619	1,026,230	-
Transfer from other funds	2,400	-	5,688,717	3,236,566	193,133
Transfer to other funds	(1,452,196)	(424,657)	(221,382)	-	-
Repayment of Developer advances - Office overhead	-	-	(670,782)	(328,669)	(86,135)
Repayment of Developer advances	-	-	(4,276,212)	-	-
Repayment of Developer advances - Certified costs	-	-	(506,619)	(1,026,230)	-
Total other financing sources (uses)	<u>(499,796)</u>	<u>384,061</u>	<u>1,337,593</u>	<u>3,398,037</u>	<u>529,114</u>
Net Change in Fund Balances	<u>(465,371)</u>	<u>(152,329)</u>	<u>76,281</u>	<u>(112,443)</u>	<u>(99,842)</u>
Fund Balance - Beginning of Year	<u>698,299</u>	<u>191,852</u>	<u>39,523</u>	<u>115,804</u>	<u>(34,893)</u>
Prior period adjustment	(41,076)				
Fund Balance - End of Year	<u>\$ 191,852</u>	<u>\$ 39,523</u>	<u>\$ 115,804</u>	<u>\$ 3,361</u>	<u>\$ (134,735)</u>

Source: District Audited Financial Statements for years ended December 31, 2012-2016.

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

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

	2015 Budget	2016 Amended Budget	2016 Year to Date Actual
Revenue			
Service fees	\$ 698,000	\$ -	\$ -
System development fees	220,000	-	-
Water meter sales	240,000	-	-
Boat permit fees	-	475	475
Transfer from Water Valley No. 1 - Other	79,638	496,621	497,814
Transfer from Water Valley No. 2 - Other	-	2,003,503	1,360,006
Other income	5,000	4,950	8,075
Net investment income	-	20	12
Total revenues	<u>1,242,638</u>	<u>2,505,569</u>	<u>1,866,382</u>
Expenditures			
General and Administrative			
Accounting	55,000	67,000	69,861
Audit	25,000	25,952	25,952
Banking fees	1,000	1,000	1,020
Billing/asset management	100,200	70,200	72,481
District management - Administrative	-	6,565	6,565
Consulting and studies	20,000	30,000	25,613
Dues and subscriptions	3,500	1,925	1,925
Insurance	30,000	39,299	39,299
Legal	100,000	128,000	117,941
Miscellaneous	5,127	6,067	3,839
Rent	-	24,000	24,000
Office overhead	490,140	172,116	172,116
Transfer to Water Valley No. 2	149,246	-	-
Operations and Maintenance			
Electricity and gas	140,000	37,000	38,414
Landscape and open space	150,000	325,000	367,420
Maintenance and repairs	120,000	70,000	81,385
Pest control	9,000	9,000	7,959
Security	60,000	75,000	74,415
Water operations	64,000	-	-
Water meter sold	200,000	-	-
Capital Outlay			
Water Valley No. 1	2,663,195	75,000	36,501
Water Valley No. 2	2,521,569	211,640	156,633
Equipment acquisition	60,000	90,000	96,898
Certified costs	-	1,650,000	-
Debt Service			
Principal on Line of Credit	-	1,028,878	1,028,878
Interest on Line of Credit	40,000	46,223	46,223
Total expenditures	<u>7,006,977</u>	<u>4,189,865</u>	<u>2,495,338</u>
Excess of Revenues over (under) Expenditures	(5,764,339)	(1,684,296)	(628,956)
Other Financing Sources (Uses)			
Proceeds from Line of Credit	-	250,000	250,000
Developer advance	-	129,168	-
Developer advances - Office overhead	490,140	172,116	172,116
Developer advances - Certified costs	-	1,650,000	-
Transfer from other funds	5,184,764	1,286,640	193,133
Repayment of Developer advances - Office overhead	-	(86,135)	(86,135)
Repayment of Developer advances - Certified costs	-	(1,650,000)	-
Total other financing sources (uses)	<u>5,674,904</u>	<u>1,751,789</u>	<u>529,114</u>
Net Change in Fund Balances	(89,435)	67,493	(99,842)
Fund Balance - Beginning of Year	<u>126,435</u>	<u>(34,893)</u>	<u>(34,893)</u>
Prior period adjustment			
Fund Balance - End of Year	<u>\$ 37,000</u>	<u>\$ 32,600</u>	<u>\$ (134,735)</u>

Source: District's 2015 Adopted Budget, 2016 Amended Budget, and Audited Financial Statements for the year ended December 31, 2016.