

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT
Weld County, Colorado

FINANCIAL STATEMENTS
December 31, 2016

L. PAUL GOEDECKE P.C.

CERTIFIED PUBLIC ACCOUNTANTS



RECEIVED

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Independent Auditor's Report

Board of Directors

Tri-Pointe Commercial Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Tri-Pointe Commercial 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 an opinion 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 from 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

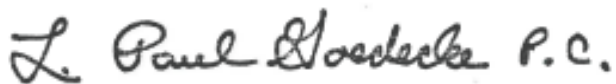
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Tri-Pointe Commercial Metropolitan District as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "L. Paul Goedecke P.C.".

L. Paul Goedecke, P.C.
July 12, 2017

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

**Governmental Funds Balance Sheet/Statement of Net Position
December 31, 2016**

	General Fund	Debt Service Fund	Capital Projects Fund
ASSETS:			
Cash and investments	\$ 158,557	\$ -	\$ -
Cash and investments - restricted	3,000	2,459	27,607
Accounts receivable:			
Cash with County treasurer	626	939	-
Property taxes receivable	131,984	197,977	-
Other	20,728	-	-
Rec TRD – Service fees		3,121	-
Due from other fund	(2,834)	2,834	-
Total assets	312,061	207,330	27,607
LIABILITIES:			
Accounts payable	11,711	-	-
Interest payable	-	-	-
Property tax revenue	131,984	197,977	-
Long term liabilities:			
Unpaid interest accrued on bonds	-	-	-
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	143,695	197,977	-
FUND BALANCE/NET POSITION:			
RESERVED FOR:			
Emergencies	3,000	-	-
Debt service	-	9,353	-
Capital projects	-	-	27,607
Unreserved	165,366	-	-
Total fund balances	168,366	9,353	27,607
Total liabilities and fund balance	312,061	207,330	27,607
Restricted for:			
Emergencies			
Debt service			
Improvements			
Unrestricted			
Total net position			

	Total	Adjustments Note 9	Statement of Net Position
\$	158,557	\$ -	\$ 158,557
	33,066	-	33,066
	1,565	-	1,565
	329,961	-	329,961
	20,728	-	20,728
	3,121	-	3,121
	-	-	-
	<u>546,998</u>	<u>-</u>	<u>546,998</u>
	11,711	-	11,711
	-	84,992	84,992
	329,961	-	329,961
	-	11,701,925	11,701,925
	-	10,335,000	10,335,000
	-	2,825,000	2,825,000
	<u>341,672</u>	<u>24,946,917</u>	<u>25,288,589</u>
	3,000	(3,000)	-
	9,353	(9,353)	-
	27,607	(27,607)	-
	165,366	(165,366)	-
	<u>205,326</u>	<u>(205,326)</u>	<u>-</u>
\$	<u>546,998</u>		
		3,000	3,000
		9,353	9,353
		27,607	27,607
		<u>(24,781,551)</u>	<u>(24,781,551)</u>
		<u>\$ (24,741,591)</u>	<u>\$ (24,741,591)</u>

NOTE: The accompanying notes are an integral part of the financial statements.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2016

	Government Fund Types		
	General Fund	Debt Service Fund	Capital Projects Fund
EXPENDITURES			
Miscellaneous	\$ -	\$ 190	\$ -
Accounting and audit	8,600	-	-
Treasurer's fees	2,006	3,010	-
Legal	3,538	-	-
Insurance	5,516	-	-
Management fees	53,000	-	-
City of Greeley management fee	15,000	-	-
Utilities	(24,527)	-	-
Landscape maintenance	36,859	-	-
Debt Service:			
Bond interest	-	208,227	-
Total expenditures/expenses	99,992	211,427	-
REVENUES			
Investment income	-	4	-
Property taxes	133,756	200,633	-
Specific ownership taxes	8,547	12,820	-
Park Maintenance fees	25,903	-	-
Service fees	-	3,121	-
Total revenues	168,206	216,578	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	68,214	5,151	-
CHANGE IN NET POSITION			
FUND BALANCE/NET POSITION:			
BEGINNING OF YEAR	100,152	4,202	27,607
END OF YEAR	\$ 168,366	\$ 9,353	\$ 27,607

Total	Adjustments Note 9	Statement of Activities
\$ 190	\$ -	\$ 190
8,600	-	8,600
5,016	-	5,016
3,538	-	3,538
5,516	-	5,516
53,000	-	53,000
15,000	-	15,000
(24,527)	-	(24,527)
36,859	-	36,859
-	-	-
<u>208,227</u>	<u>1,620,126</u>	<u>1,828,353</u>
<u>311,419</u>	<u>1,620,126</u>	<u>1,931,545</u>
4	-	4
334,389	-	334,389
21,367	-	21,367
25,903	-	25,903
3,121	-	3,121
<u>384,784</u>	<u>-</u>	<u>384,784</u>
73,365	(73,365)	
	(1,546,761)	(1,546,761)
131,961	(23,326,791)	(23,194,830)
<u>\$ 205,326</u>	<u>\$ (24,946,917)</u>	<u>\$ (24,741,591)</u>

NOTE: The accompanying notes are an integral part of the financial statements.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
Year Ended December 31, 2016**

	Original Budget	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 133,757	\$ 133,756	\$ (1)
Specific ownership taxes	9,800	8,547	(1,253)
Park maintenance fees	30,655	25,903	(4,752)
Total revenues	174,212	168,206	(6,006)
EXPENDITURES			
Accounting and audit	8,600	8,600	-
Legal	7,090	3,538	3,552
Insurance	5,670	5,516	154
District management	53,000	53,000	-
Utilities	33,700	(24,527)	58,227
Landscape maintenance	30,030	36,859	(6,829)
Treasurer's fees	2,010	2,006	4
Contingency	1,000	-	1,000
City of Greeley management fee	15,000	15,000	-
Total expenditures	156,100	99,992	56,108
NET CHANGE IN FUND BALANCE	18,112	68,214	50,102
FUND BALANCE – BEGINNING OF YEAR	93,275	100,152	6,877
FUND BALANCE – END OF YEAR	\$ 111,387	\$ 168,366	\$ 56,979

NOTE: The accompanying notes are an integral part of the financial statements.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 – DEFINITION OF REPORTING ENTITY

Definition of Reporting Entity

Tri-Pointe Commercial Metropolitan District (The District), a quasi-municipal corporation, was organized in 1999 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Weld County, Colorado. The District was established to finance public improvements to be either owned and maintained by the District, dedicated to the City of Greeley, Colorado or dedicated to some other appropriate governmental or nonprofit entity. The District has the power to acquire, construct, complete or relocate the following facilities: parks and recreation, sanitary sewer, traffic and safety, street improvements, public transportation, water, television relay, telephone and fiber optic service.

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

The District follows the Governmental Accounting Standards Boards (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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 – Special Purpose Governments.

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. Property taxes are recognized as revenues in the year for which they are levied.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

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NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 period. The material sources of revenue subject to accrual are property and specific ownership taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Fund Balances

Beginning with fiscal year 2011 the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

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

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

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. 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 above criteria.

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

Budgets

In accordance with the State Budget Law, 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 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.

Cash

The District follows the practice of pooling cash 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.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

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NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to assess the property tax obligation of the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, at the taxpayers election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Restricted Fund Balance

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. \$ 3,000 of the General Fund balance has been restricted in compliance with this requirement.

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:

Cash and investments - unrestricted	\$ 158,557
Cash and investments - restricted	33,066
	<u>\$ 191,623</u>

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

Deposits with financial institutions	<u>\$ 191,623</u>
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TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits

Deposits With Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

As of December 31, 2016, the District's cash deposits had a bank balance of \$ 192,081 and a carrying balance of \$ 191,623.

Investments

Credit Risk

The District has adopted a formal investment policy and follows state statutes regarding investments. Colorado statutes specify types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. government agency entities, certain money market funds, and local government pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations for the year ended December 31, 2016:

	Balance at January 1, 2016	Additions	Retirements	Balance at December 31, 2016	Due in One Year*
2000 General Obligation Bond	\$ 13,160,000	\$ -	\$ -	\$ 13,160,000	\$ 10,335,000
Unpaid accrued interest	10,081,800	1,828,353	208,227	11,701,925	-
	<u>\$ 23,241,800</u>	<u>\$ 1,828,353</u>	<u>\$ 208,227</u>	<u>\$ 24,861,925</u>	<u>\$ 10,335,000</u>

*The District does not anticipate being able to make any principal payments in 2017.

The District is authorized to issue general obligation bonds totaling \$535,000,000 for street improvements, water improvements, sanitation facilities, safety protection services, park and recreation facilities, transportation, television relay, mosquito control, operation and maintenance and telephone facilities within the District.

On November 30, 2000 the District issued \$14,220,000 of General Obligation Limited Tax Bonds at an interest rate of 7.75%. The bonds constitute a limited tax obligation of the District payable from pledged revenue as defined in the bond resolution as monies derived from the limited tax levy not to exceed 30 mills imposed on all taxable property within the District. Bonds of this issue are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity, upon payment of par plus accrued interest and a redemption premium as follows:

Date of Redemption	Redemption Premium
December 1, 2010 to November 30, 2011	1.0%
December 1, 2011 and thereafter	.0%

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4 – LONG-TERM OBLIGATIONS

The annual maturity and sinking fund requirements to amortize the general obligation bonds outstanding as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Annual Requirements</u>	
		<u>Interest</u>	<u>Total</u>
2006-2016*	\$ 9,070,000	\$ 11,701,925	\$ 20,771,925
2017	1,265,000	316,975	1,581,975
2018	1,360,000	218,937	1,578,937
2019	1,465,000	113,537	1,578,537
	<u>\$ 13,160,000</u>	<u>\$ 12,351,374</u>	<u>\$ 25,511,374</u>

*Includes unpaid principal of \$ 9,070,000 and unpaid interest of \$ 11,701,925 as of December 31, 2016.

NOTE 5 – RELATED PARTY TRANSACTIONS

All of the members of the District’s Board of Directors are or have been employees of the developer, Westfield Development Company, Inc. or an affiliated company. The District has entered into a management and operations agreement with Westfield Development Company Inc. to operate, maintain and administer the facilities and improvements and is paid an annual fee of \$58,000 plus actual expenses incurred by the Company. The fee is allocated \$5,000 to accounting with the balance of \$53,000 being charged to District management. As and when required by law, and on advice of counsel, the Board members file written disclosures of any conflicts with the District and the Colorado Secretary of State.

NOTE 6– RISK MANAGEMENT

The District is exposed to various risks of loss related to thefts of, damage to, or destruction of assets; errors or omissions and or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2016. 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.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 6– RISK MANAGEMENT (CONTINUED)

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 7 – INTERGOVERNMENTAL AGREEMENTS

Intergovernmental Agreement Between the Tri-Pointe Districts. The District has entered into the Fee Agreement with the Tri-Pointe Residential Metropolitan District pursuant to which, in consideration of the construction by the Commercial District of road, drainage and park improvements for the benefit of both the Tri-Pointe Districts, the Residential District agrees to assess within its boundaries road development fees and drainage fees. Such fees are to be collected and remitted to the Commercial District. The Fee Agreement provides that it will terminate upon the earlier of (1) collection of and payment to the District of road development and drainage fees in the total amount of \$1.32 million, or (2) the retirement or defeasance of the Bonds.

Intergovernmental Agreement with the Residential District and the City. The District has entered into an intergovernmental agreement with the Residential District and the City of Greeley, defined as the “Districts-City IGA,” concerning the collection by the City, and payment to the Tri-Pointe Districts, of road development fees and drainage fees.

Intergovernmental Agreement with the City of Greeley. On March 1, 2012 the District entered into a new agreement with the City of Greeley Colorado, which replaced and superseded the April 4, 2003 agreement. The District and the City have agreed that the City shall maintain and repair the improvements of the water park feature, landscape areas and street right of way along with the administration thereof, in accordance with City standards and practices. Maintenance costs for the park and water feature are to be shared 50/50 between the City and the District. Maintenance costs for the entry feature and roundabouts outside the public right of way are the sole responsibility of the District. City right of way costs are to be paid 100% by the City. In addition to any cost sharing obligations, the District shall pay to the City an annual fee of \$20,000 to defray a part of the administrative costs incurred by the City. The District allocated \$5,000 of the fee to the homeowners association. The term of this agreement shall be for five one year periods commencing March 1, 2012. After the initial five year term the parties may extend for an additional five one year periods.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 8 – TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. 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.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above tax policy change directly causing a net tax revenue gain to any local government.

The District’s management believes it is in compliance 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.

On November 7, 2000, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 9 – RECONCILIATION OF *GOVERNMENT-WIDE* AND FUND
FINANCIAL STATEMENTS**

**Explanation of differences between the governmental fund Balance Sheet and the
government-wide Statement of Net Position**

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Unpaid interest accrual	\$ 11,701,925
Interest payable	\$ 84,992
Bonds payable	\$ 13,160,000

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

**Explanation of differences between the governmental fund Statement of Revenue,
Expenditures and Changes in Fund Balance and the government-wide Statement of
Activities**

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Unpaid interest accrual	\$ 1,620,126
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Governmental funds report actual interest payments as expenditures. However in the Statement of Activities, the accrual of unpaid interest is recognized as an expense in the current period.

SUPPLEMENTAL INFORMATION

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
Year Ended December 31, 2016

	Original Budget	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 200,635	\$ 200,633	\$ (2)
Specific ownership taxes	14,730	12,820	(1,910)
Interest income	-	4	4
Service fees	-	3,121	3,121
Total revenues	215,365	216,578	1,213
EXPENDITURES			
Miscellaneous expenses	200	190	10
Treasurer's fees	3,000	3,010	(10)
Interest on bonds	210,000	208,227	1,773
Contingency	2,000	-	2,000
Total expenditures	215,200	211,427	3,773
NET CHANGE IN FUND BALANCE	165	5,151	4,986
FUND BALANCE:			
BEGINNING OF YEAR	5,619	4,202	(1,417)
END OF YEAR	\$ 5,784	\$ 9,353	\$ 3,569

NOTE: The accompanying notes are an integral part of the financial statements.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT
—
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Reimbursement	\$ -	\$ -	\$ -
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE – BEGINNING OF YEAR	26,754	27,607	853
FUND BALANCE – END OF YEAR	<u>\$ 26,754</u>	<u>\$ 27,607</u>	<u>\$ 853</u>

NOTE: The accompanying notes are an integral part of the financial statements.