

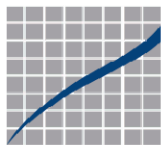
TRIVIEW METROPOLITAN DISTRICT #4

FINANCIAL STATEMENTS

DECEMBER 31, 2018

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
<hr/>	
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	5
Statement of activities	6
<hr/>	
Fund financial statements:	
Balance sheets - governmental funds	7
Statements of revenues, expenditures and changes in fund balances - governmental funds	8
Reconciliation of the statements of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	10
General fund - statement of revenues, expenditures and changes in fund balance - budget and actual	12
<hr/>	
Notes to financial statements	13
<hr/>	
SUPPLEMENTARY INFORMATION	
Debt service fund - schedule of revenues, expenditures and changes in fund balance - budget and actual	25
Capital projects fund - schedule of revenues, expenditures and changes in fund balance - budget and actual	26



BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Triview Metropolitan District #4

Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Triview Metropolitan District #4 ("District") as of and for the year ended December 31, 2018, 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 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 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 each major fund of the District as of December 31, 2018, the respective changes in financial position and the respective 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

Management has omitted 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 which 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.

Other Information

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

BiggsKofford, P.C.

Colorado Springs, Colorado
July 29, 2019

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BASIC FINANCIAL STATEMENTS

TRIVIEW METROPOLITAN DISTRICT #4
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 46,597
Cash and investments - restricted	3,626,621
Accounts receivable - County Treasurer	518
Prepaid expenses	2,358
Property taxes receivable	83,172
Total assets	3,759,266
<u>LIABILITIES</u>	
Accounts payable	6,629
Accrued interest payable	23,958
Noncurrent liabilities:	
Due in more than one year	5,080,165
Total liabilities	5,110,752
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred property tax revenues	83,172
Total deferred inflows of resources	83,172
<u>NET POSITION</u>	
Restricted for:	
Debt service	739,751
Capital projects	2,897,882
Emergency reserve	1,194
Unrestricted	(5,073,485)
Total net position	\$ (1,434,658)

The accompanying notes and independent auditor's report
should be read with this financial statement.

TRIVIEW METROPOLITAN DISTRICT #4
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>	
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT:					
General government	\$ 40,342	\$ -	\$ -	\$ -	\$ (40,342)
Facilities fees	-	-	147,750	-	147,750
Interest and related costs on long-term debt	343,873	-	-	-	(343,873)
Dedication of capital assets to other government entities	1,416,254	-	-	-	(1,416,254)
Total primary government	\$ 1,800,469	\$ -	\$ 147,750	\$ -	(1,652,719)
GENERAL REVENUES:					
Property taxes					46,661
Specific ownership taxes					5,896
Investment earnings					17,306
Total general revenues					69,863
Changes in net position					(1,582,856)
Net position, beginning of year					148,198
Net position, end of year					\$ (1,434,658)

The accompanying notes and independent auditor's report should be read with this financial statement.

TRIVIEW METROPOLITAN DISTRICT #4
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ 12,045	\$ 34,552	\$ -	\$ 46,597
Cash and investments - restricted	-	728,739	2,897,882	3,626,621
Accounts receivables - County Treasurer	100	418	-	518
Prepaid expenses	2,358	-	-	2,358
Property taxes receivable	16,109	67,063	-	83,172
Total assets	<u>\$ 30,612</u>	<u>\$ 830,772</u>	<u>\$ 2,897,882</u>	<u>3,759,266</u>
<u>LIABILITIES</u>				
Accounts payable	6,629	-	-	6,629
Total liabilities	<u>6,629</u>	<u>-</u>	<u>-</u>	<u>6,629</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred property tax revenues	16,109	67,063	-	83,172
Total deferred inflows of resources	<u>16,109</u>	<u>67,063</u>	<u>-</u>	<u>83,172</u>
<u>FUND BALANCE</u>				
Nonspendable:				
Prepaid expenses	2,358	-	-	2,358
Restricted for:				
Debt service	-	763,709	-	763,709
Capital project fund	-	-	2,897,882	2,897,882
Emergency reserve	1,194	-	-	1,194
Unassigned:				
General government	4,322	-	-	4,322
Total fund balances	<u>7,874</u>	<u>763,709</u>	<u>2,897,882</u>	<u>3,669,465</u>
Total liabilities and fund balances	<u>\$ 30,612</u>	<u>\$ 830,772</u>	<u>\$ 2,897,882</u>	
Amounts reported in governmental activities in the statement of net position are different because:				
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:				
Bonds payable				(5,080,165)
Accrued interest payable				(23,958)
Net position of governmental activities				<u>\$ (1,434,658)</u>

The accompanying notes and independent auditor's report should be read with this financial statement.

TRIVIEW METROPOLITAN DISTRICT #4
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	General Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 9,038	\$ 37,623	\$ -	\$ 46,661
Facilities fees	-	147,750	-	147,750
Specific ownership taxes	1,142	4,754	-	5,896
Net investment income	-	5,574	11,732	17,306
Total revenues	10,180	195,701	11,732	217,613
EXPENDITURES				
Current:				
Legal	35,924	-	-	35,924
Insurance	1,825	-	-	1,825
Accounting	975	-	-	975
Bank charges	747	-	-	747
County Treasurer's fees	136	564	-	700
Dues	171	-	-	171
Debt service:				
Interest expense	-	34,340	-	34,340
Bond issuance costs	-	286,010	-	286,010
Capital project fund:				
Capital outlay	-	-	1,307,222	1,307,222
Total expenditures	39,778	320,914	1,307,222	1,667,914
Excess of revenues over (under) expenditures	(29,598)	(125,213)	(1,295,490)	(1,450,301)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	5,080,600	-	5,080,600
Transfer in (out) other funds	31,940	(4,225,312)	4,193,372	-
Total other financing sources (uses)	31,940	855,288	4,193,372	5,080,600
Net change in fund balances	2,342	730,075	2,897,882	3,630,299
Fund balances, beginning of year	5,532	33,634	-	39,166
Fund balances, end of year	\$ 7,874	\$ 763,709	\$ 2,897,882	\$ 3,669,465

The accompanying notes and independent auditor's report should be read with this financial statement.

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TRIVIEW METROPOLITAN DISTRICT #4
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds	\$	3,630,299
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as capital outlay expense:

Capital outlay		1,307,222
Dedication of capital assets to other government entities		(1,416,254)

The issuance of long-term debt (e.g., bonds) 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences is the treatment of long-term debt and related items as follows:

Bond proceeds		(5,080,600)
Amortization of bond premium		435
Change in accrued interest		(23,958)

Changes in net position of governmental activities	\$	(1,582,856)
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The accompanying notes and independent auditor's report should be read with this financial statement.

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TRIVIEW METROPOLITAN DISTRICT #4
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$ 9,038	\$ 9,038	\$ 9,038	\$ -
Specific ownership taxes	1,200	1,142	1,142	-
Net investment income	278	-	-	-
Total revenues	10,516	10,180	10,180	-
<u>EXPENDITURES</u>				
Legal	10,000	35,924	35,924	-
Insurance	5,000	1,825	1,825	-
Accounting	5,825	975	975	-
Bank charges	-	747	747	-
County Treasurer's fees	136	163	136	27
Dues	-	171	171	-
Contingency	-	500	-	500
Total expenditures	20,961	40,305	39,778	527
Excess of revenues under expenditures	(10,445)	(30,125)	(29,598)	(527)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from other funds	5,000	33,634	31,940	(1,694)
Total other financing sources	5,000	33,634	31,940	(1,694)
Net change in fund balance	\$ (5,445)	\$ 3,509	2,342	\$ (1,167)
Fund balance, beginning of year			5,532	
Fund balance, end of year			\$ 7,874	

The accompanying notes and independent auditor's report
should be read with this financial statement.

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. DEFINITION OF REPORTING ENTITY

Triview Metropolitan District No. 4 ("District #4"), a quasi-municipal corporation and a political subdivision of the State of Colorado created pursuant to the Special District Act, was formed in 2007 for the design, construction and financing of certain internal roadways, including that portion of Sanctuary Rim Drive within its boundaries, and for financing offsite improvements to Higby Road and Jackson Creek Parkway in the Town of Monument.

District #4 was formed in conjunction with Triview Metropolitan District ("District #1"), Triview Metropolitan District No. 2 ("District #2") and Triview Metropolitan District No. 3 ("District #3") to design, finance and construct Ranch Pointe Road, Sanctuary Pointe Avenue, Higby Road, and Jackson Creek Parkway. District #1 is responsible for managing the construction, operation and maintenance of all improvements not transferred to the Town of Monument. District #2, District #3 and District #4 are responsible for providing the funding and tax base needed to support the financing plan for capital improvements and to fund ongoing operations.

District #4 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.

District #4 is not financially accountable for any other organization nor is District #4 a component unit of any other primary governmental entity.

District #4 has no employees and all operational and administrative functions are contracted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 District #4. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of District #4. The difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of District #4 is reported as net position.

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct and indirect 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 instead as general revenues.

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

Measurement focus, basis of accounting and financial statement position

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 collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, District #4 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 property taxes and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by District #4. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

District #4 reports the following major governmental funds:

General fund - The general fund is used to account for all financial resources of District #4 except those required to be accounted for in another fund.

Debt service fund - The debt service fund accounts for the servicing of general long-term debt and revenues generated and received by District #4 that are required to be used in payment of long-term debt.

Capital projects fund - The capital projects fund accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with state budget law, District #4's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. District #4'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.

District #4 amended its annual budget for the year ended ended December 31, 2018.

Pooled cash and investments

District #4 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.

Property taxes

Property taxes are levied by District #4's 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 and attaches as an enforceable lien 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 taxpayer's election, in February and June in equal installments. Delinquent taxpayers are notified in August and sales of the tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected to District #4 monthly.

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

Infrastructure assets

Costs of certain engineering, feasibility, environmental and other infrastructure costs are capitalized as infrastructure assets, and are not depreciated. Upon completion, the infrastructure assets are expected to be conveyed to other governmental entities.

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred inflows of resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available.

Equity

Net position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is District #4's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund balances

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 is legally or contractually required to be maintained intact.

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

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

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

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (continued)

Fund balances (continued)

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 balance is available for use when an expenditure is incurred, it is District #4's policy to use the most restrictive classification first.

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 46,597
Cash and investments - restricted	<u>3,626,621</u>
 Total cash and investments	 <u><u>\$ 3,673,218</u></u>

Cash and investments as of December 31, 2018 consist of the following:

Deposits with financial institutions	\$ 46,597
Investments	<u>3,626,621</u>
	 <u><u>\$ 3,673,218</u></u>

Deposits with financial institutions

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 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.

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

3. CASH AND INVESTMENTS (CONTINUED)

Deposits with financial institutions (continued)

As of December 31, 2018, District #4's cash deposits had a bank balance of \$46,597 and a book balance of \$46,597.

Investments

District #4 has not adopted a formal investment policy; however, District #4 follows state statutes regarding investments.

District #4 generally limits its concentration of investments to those which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, District #4 is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless otherwise 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 and certain United States government agency securities
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2018, District #4 had the following in investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 3,626,621</u>

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

3. CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

COLOTRUST

District #4 invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST" or "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of US government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and District #4 records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

4. INFRASTRUCTURE ASSETS

The following is a summary schedule of infrastructure asset activity recorded by District #4 during the year ended December 31, 2018:

	Balance 01/01/18	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/18
Infrastructure assets	<u>\$ 109,032</u>	<u>\$ 1,307,222</u>	<u>\$ (1,416,254)</u>	<u>\$ -</u>

During 2018, the infrastructure constructed or acquired by District #4, was conveyed to other governmental entities. The costs of the construction of infrastructure transferred to other governmental entities were removed from District #4's financial records.

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt of District #4 during the year ended December 31, 2018:

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Repayments/ Defeasance</u>	<u>Balance 12/31/2018</u>	<u>Due Within One Year</u>
2018 G.O. Refunding Bonds	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
2018 G.O. Refunding Bonds Premium	-	80,600	(435)	80,165	-
	<u>\$ -</u>	<u>\$ 5,080,600</u>	<u>\$ (435)</u>	<u>\$ 5,080,165</u>	<u>\$ -</u>

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

General Obligation Bonds

On October 18, 2018, District #4 issued \$5,000,000 of General Obligation Limited Tax Bonds, Series 2018 ("2018 Bonds"). The 2018 Bonds are term bonds that bear interest of 5.75% per annum payable on June 1 and December 1, commencing on December 1, 2018. Mandatory principal payments are due on December 1, commencing on December 1, 2026, with final payment due on December 1, 2048. Bonds maturing after December 1, 2026, are subject to redemption prior to maturity, at the option of District #4, on December 1, 2026, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

The 2018 Bonds are secured by and payable from general ad valorem taxes, specific ownership taxes and facilities fees which may be levied on all taxable property within District #4 in an amount necessary to pay the principal and interest on the 2018 Bonds when due. The 2018 Bonds are additionally secured by the reserve fund, which was initially funded with proceeds of the 2018 Bonds in the amount of

Proceeds of the 2018 Bonds will be used for the purposes of (i) funding and reimbursing a portion of the costs of acquiring, constructing, and installing certain public improvements; (ii) funding an initial deposit to the reserve fund; and (iii) paying the costs of issuance of the bonds.

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

5. LONG-TERM OBLIGATIONS (CONTINUED)

Annual requirements to amortize 2018 Bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 287,500	\$ 287,500
2020	-	287,500	287,500
2021	-	287,500	287,500
2022	-	287,500	287,500
2023	-	287,500	287,500
2024 - 2028	245,000	1,424,275	1,669,275
2029 - 2033	585,000	1,305,538	1,890,538
2034 - 2038	875,000	1,106,013	1,981,013
2039 - 2043	1,275,000	810,750	2,085,750
2044 - 2048	2,020,000	387,262	2,407,262
	<u>\$ 5,000,000</u>	<u>\$ 6,471,338</u>	<u>\$ 11,471,338</u>

6. NET POSITION

District #4 has net position consisting of two components - restricted and unrestricted.

Restricted items include net positions that are subject to restrictions for use either by external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

District #4 had restricted net positions of as of December 31, 2018:

Restricted net position:

Debt service (see Note 5)	\$ 739,751
Capital projects	2,897,882
Emergencies (see Note 10)	<u>1,194</u>
	<u>\$ 3,638,827</u>

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

6. NET POSITION (CONTINUED)

District #4's unrestricted net position as of December 31, 2018 totaled a deficit of \$5,073,485. This deficit amount was a result of District #4 being responsible for the repayment of general obligation bonds, the proceeds of which were transferred primarily to District #1.

7. FACILITIES FEE

On November 1, 2016, District #4 adopted a resolution imposing facilities fees on the property within the district in the amount of \$1,500 for lots greater than 8,000 square feet, \$750 for lots less than or equal to 8,000 square feet and \$0.75 per buildable square foot on commercial space. Facilities fees are due at the earlier occurrence of the issuance of a building permit or the sale or transfer of ownership of a platted lot to a third-party.

8. RELATED PARTIES

The developers of the property which constitutes District #4 are McKinney Classic 3, LLC and Collin Elite 1, LLC. The members of the board of directors are officers, employees or associated with the developers and may have conflicts of interest in dealing with District #4.

9. ECONOMIC DEPENDENCY

District #4 has not yet established a revenue base sufficient to pay operational and capital expenditures and meet debt service requirements. Until an independent revenue base is established, continuation of operations in District #4 and construction of public improvements will be dependent upon the District's ability to refinance its debt service obligations or funding by the developer.

10. RISK MANAGEMENT

District #4 is 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.

District #4 is a member of the Colorado Special Districts Property and Liability Pool ("Pool") as of December 31, 2018. 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.

District #4 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.

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

11. TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known 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 within the State of Colorado.

Spending and revenue limits are determined based on the prior 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. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues. District #4's voters approved a ballot issue allowing District #4 to retain all revenues.

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.

District #4'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 likely require judicial interpretation.

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SUPPLEMENTARY INFORMATION

TRIVIEW METROPOLITAN DISTRICT #4
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property taxes	\$ 37,623	\$ 37,623	\$ 37,623	\$ -
Facilities fees	97,000	147,750	147,750	-
Specific ownership taxes	-	4,754	4,754	-
Net investment income	-	5,574	5,574	-
Total revenues	134,623	195,701	195,701	-
<u>EXPENDITURES</u>				
Bond issuance costs	-	286,010	286,010	-
Interest expense	58,400	34,340	34,340	-
Contingency	-	500	-	500
County Treasurer's fees	564	678	564	114
Total expenditures	58,964	321,528	320,914	614
Excess of revenues over (under) expenditures	75,659	(125,827)	(125,213)	(614)
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond proceeds	-	5,080,600	5,080,600	-
Developer repayment	100,000	-	-	-
Transfer in (out) other funds	(5,000)	-	(4,225,312)	(4,225,312)
Total other financing sources	95,000	5,080,600	855,288	(4,225,312)
Net change in fund balance	\$ 170,659	\$ 4,954,773	730,075	\$ (4,225,926)
Fund balance, beginning of year			33,634	
Fund balance, end of year			\$ 763,709	

See independent auditor's report

TRIVIEW METROPOLITAN DISTRICT #4
CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Net investment income	\$ -	\$ 11,732	\$ 11,732	\$ -
Total revenues	-	11,732	11,732	-
<u>EXPENDITURES</u>				
Capital outlay	2,000,000	1,307,222	1,307,222	-
Contingency	-	1,000	-	1,000
Total expenditures	2,000,000	1,308,222	1,307,222	1,000
Excess of revenues over (under) expenditures	(2,000,000)	(1,296,490)	(1,295,490)	(1,000)
<u>OTHER FINANCING SOURCES (USES)</u>				
Developer advances	2,000,000	-	-	-
Transfer in (out) other funds	-	-	4,193,372	4,193,372
Total other financing sources	-	-	4,193,372	4,193,372
Net change in fund balance	<u><u>\$(2,000,000)</u></u>	<u><u>\$(1,296,490)</u></u>	2,897,882	<u><u>\$ 4,192,372</u></u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u><u>\$ 2,897,882</u></u>	

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