

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2020

with

Independent Auditor's Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	I
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	15



HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tri-Pointe Residential Metropolitan District
Weld County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tri-Pointe Residential Metropolitan District (the District), Weld County, Colorado, as of and for the year ended December 31, 2020, 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 (U.S. GAAP); 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Tri-Pointe Residential Metropolitan District, Weld County, Colorado, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with U.S. GAAP.

Other Matters

Required Supplementary Information

Management has not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund was presented for the purpose of additional analysis and were not a required part of the financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund is the responsibility of management and was derived from and relate 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 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.

Hiratsuka & Associates, LLP

July 15, 2021
Wheat Ridge, Colorado

Tri-Pointe Residential Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash	\$ 80,867	\$ -	\$ 80,867	\$ -	\$ 80,867
Cash and investments - restricted	478	3,410	3,888	-	3,888
Receivable - County Treasurer	71	796	867	-	867
Receivable from City of Greeley	26,338	-	26,338	-	26,338
Property taxes receivable	<u>22,254</u>	<u>249,184</u>	<u>271,438</u>	<u>-</u>	<u>271,438</u>
Total Assets	<u>\$ 130,008</u>	<u>\$ 253,390</u>	<u>\$ 383,398</u>	<u>-</u>	<u>383,398</u>
LIABILITIES					
Accounts payable	\$ 4,722	\$ -	\$ 4,722	-	4,722
Due to Commercial District	23,278	-	\$ 23,278	-	23,278
Interest payable bonds	-	-	-	46,051	46,051
Long-term liabilities:					
Unpaid interest accrual on bonds	-	-	-	11,583,569	11,583,569
Due within one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,140,000</u>	<u>6,140,000</u>
Total Liabilities	<u>28,000</u>	<u>-</u>	<u>28,000</u>	<u>17,769,620</u>	<u>17,797,620</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	<u>22,254</u>	<u>249,184</u>	<u>271,438</u>	<u>-</u>	<u>271,438</u>
Total Deferred Inflows of Resources	<u>22,254</u>	<u>249,184</u>	<u>271,438</u>	<u>-</u>	<u>271,438</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Restricted:					
Emergencies	478	-	478	(478)	-
Debt service	-	4,206	4,206	(4,206)	-
Capital projects	-	-	-	-	-
Unassigned	<u>79,276</u>	<u>-</u>	<u>79,276</u>	<u>(79,276)</u>	<u>-</u>
Total Fund Balances	<u>79,754</u>	<u>4,206</u>	<u>83,960</u>	<u>(83,960)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 130,008</u>	<u>\$ 253,390</u>	<u>\$ 383,398</u>		
Net Position:					
Restricted for:					
Emergencies				478	478
Debt service				4,206	4,206
Unrestricted				<u>(17,690,344)</u>	<u>(17,690,344)</u>
Total Net Position				<u>\$ (17,685,660)</u>	<u>\$ (17,685,660)</u>

The notes to the financial statements are an integral part of these statements.

Tri-Pointe Residential Metropolitan District

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

For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
Accounting and audit	\$ 7,050	\$ -	\$ 7,050	\$ -	\$ 7,050
Insurance	2,344	-	2,344	-	2,344
Legal	6,246	-	6,246	-	6,246
Treasurer's fees	293	3,278	3,571	-	3,571
Paying Agent fees	-	655	655	-	655
Debt Service:					
Bond interest	-	225,116	225,116	1,282,043	1,507,159
Total Expenditures	<u>15,933</u>	<u>229,049</u>	<u>244,982</u>	<u>1,282,043</u>	<u>1,527,025</u>
GENERAL REVENUES					
Property taxes	19,512	218,491	238,003	-	238,003
Specific ownership taxes	926	10,372	11,298	-	11,298
Interest income	-	130	130	-	130
Other income	<u>57,571</u>	<u>-</u>	<u>57,571</u>	<u>-</u>	<u>57,571</u>
Total General Revenues	<u>78,009</u>	<u>228,993</u>	<u>307,002</u>	<u>-</u>	<u>307,002</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	62,076	(56)	62,020	(62,020)	
CHANGE IN NET POSITION					
				(1,220,023)	(1,220,023)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>17,678</u>	<u>4,262</u>	<u>21,940</u>	<u>(16,487,577)</u>	<u>(16,465,637)</u>
END OF YEAR	<u>\$ 79,754</u>	<u>\$ 4,206</u>	<u>\$ 83,960</u>	<u>\$ (17,769,620)</u>	<u>\$ (17,685,660)</u>

The notes to the financial statements are an integral part of these statements.

Tri-Pointe Residential Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 19,510	\$ 19,510	\$ 19,512	\$ 2
Specific ownership taxes	1,320	930	926	\$ (4)
Other revenues	<u>-</u>	<u>57,570</u>	<u>57,571</u>	<u>1</u>
	<u>20,830</u>	<u>78,010</u>	<u>78,009</u>	<u>(1)</u>
EXPENDITURES				
Treasurer's fees	290	290	293	(3)
Accounting and audit	3,050	7,050	7,050	-
Insurance	2,550	2,400	2,344	56
Legal	3,940	6,300	6,246	54
Contingency	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>11,830</u>	<u>16,040</u>	<u>15,933</u>	<u>107</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,000	61,970	62,076	106
FUND BALANCE:				
BEGINNING OF YEAR	<u>16,191</u>	<u>17,678</u>	<u>17,678</u>	<u>-</u>
END OF YEAR	<u>\$ 25,191</u>	<u>\$ 79,648</u>	<u>\$ 79,754</u>	<u>\$ 106</u>

The notes to the financial statements are an integral part of these statements.

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Tri-Pointe Residential Metropolitan District (“District”), located in Weld County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on August 18, 1999 as a quasi-municipal organization established under the State of Colorado Special District Act. The District operates under a combined service plan with the Tri-Pointe Commercial Metropolitan District, approved by the City of Greeley. The District was established to provide financing for the acquisition, construction, relocation, completion, installation and/or operation and maintenance of: parks and recreational facilities and services; water and sanitary sewer and storm drainage services; streets and safety improvements; public transportation services and fiber optic communication systems. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. The effect of interfund activity has been removed from these statements.

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. The District had no *Program revenues* to report as of December 31, 2020. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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 material sources of revenue subject to accrual are property 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.

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

The District 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 all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Budgetary Accounting

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 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 appropriation is at the total fund expenditures level and lapses at year end. Subsequent to year end, the general fund budget was amended to increase expenditures from \$11,830 to \$16,040 primarily due to an increase in accounting fees.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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 does not have items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report 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. The District has one item that qualifies for reporting in this category. Deferred property taxes are recognized as an inflow of resources in the period that the amounts become available.

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 activities columns in the government-wide financial statements. Capital assets are recorded at cost.

The costs of normal maintenance and repairs that do not add to the value of the assets or 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 using the straight-line method. Land and certain improvements are not depreciated. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. No depreciation has been provided as all assets have been transferred to the City of Greeley.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or 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 since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact. The District has no amounts to report as Nonspendable Fund Balance as of December 31, 2020.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$478 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$4,206 is restricted for the payment of the debt service costs associated with the series 2001 Bonds (see Note 3).

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a 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. The District has no amounts to report as Committed Fund Balance as of December 31, 2020.

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority. The District has no amounts to report as Assigned Fund Balance as of December 31, 2020.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balance of deferred outflows or resources related to those assets. At December 31, 2020 the District did not have any amounts to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash	\$ 80,867
Cash and investments - Restricted	<u>3,888</u>
Total	\$ <u>84,755</u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ <u>84,755</u>
--------------------------------------	------------------

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Deposits

Custodial Credit Risk

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.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the 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, guaranteed investment contracts, and local government investment 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.

Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

On August 6, 2001, the District issued General Obligation Limited Tax Bonds, Series 2001 in the aggregate principal amount of \$6,145,000 (the "Bonds"). The Bonds were issued at a discount with the net proceeds from the bond issue at \$4,198,141 accreting to a principal payoff of \$6,145,000. The Bonds bear interest at the rate of 9.0% per annum. Interest is calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Pledged Revenue available on each June 1 and December 1. Interest compounds at the same rate semiannually on unpaid bond interest.

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

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 35 mills imposed on all taxable property within the District subject to adjustment due to any change in assessment determination, presently at 44.79 mills for collection in 2021, provided that in no event shall the mill levy be increased beyond 50 mills. 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.

The following is a summary of the annual long-term debt principal and interest requirements of the Series 2001 Bonds as of December 31, 2020:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007 – 2020*	\$ 5,055,000	\$ 11,583,570	\$ 16,638,570
2021	1,085,000	48,825	1,133,825
	\$ 6,140,000	\$ 11,632,395	\$ 17,772,395

*Includes \$5,055,000 unpaid principal and \$11,583,570 unpaid interest as of December 31, 2020.

The following is an analysis of changes in long-term debt for the period ending December 31, 2020:

	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>	<u>Due in One Year</u>
2001 Bonds*	\$ 6,140,000	\$ -	\$ -	\$ 6,140,000	\$ 6,140,000
Unpaid interest	10,301,526	1,507,159	(225,116)	11,583,569	-
	\$ 16,441,526	\$ 1,507,159	\$ (225,116)	\$ 17,723,569	\$ 6,140,000

*The District does not anticipate being able to make any principal payments in 2021.

Debt Authorization

As of December 31, 2020, the District has voted debt authorization of approximately \$413,855,000. The District has not budgeted to issue any new debt during 2021.

Note 4: Related Parties

There are currently two members on the Board of Directors of the District with three vacancies. The members have varying interest in a company or companies that own property within the District, or hold debt of the District. 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.

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Note 5: Intergovernmental Agreements

Intergovernmental Agreement Between the Tri-Pointe Districts

The District has entered into a Fee Agreement with the Tri-Pointe Commercial 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 Commercial District of road development and drainage fees in the total amount of \$1.32 million, or (2) the retirement or defeasance of the Bonds. At December 31, 2020, the District has \$26,338 receivable from the City of Greeley related to this agreement, of which \$23,278 is payable to the Commercial District.

Intergovernmental Agreement with the Commercial District and the City

The District has entered into an intergovernmental agreement with the Commercial 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.

Note 6: Fee Limitation and Mill Levy Cap Agreement

The District has entered into an agreement with Richmond American Homes of Colorado, Inc. (Richmond) and TriPoint Acquisition Group (TAG) to limit the District rates, fees, tolls, charges and penalties according to a fee schedule attached to the said agreement. As a part of this agreement, the District has agreed to include terms of this limitation as a limitation on the pledge of any revenues and remedies available to the owners of any District bonds issued after March 16, 2001. As a part of this agreement, the District agrees not to amend its service plan to allow the District to increase its mill levy to greater than 35 mills except for the effect of any reassessment (presently adjusted to 44.79 mills for collection in 2021).

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

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.

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 current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials' liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

TRI-POINTE RESIDENTIAL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 2) governmental funds report long-term debt payments as expenditures; however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

Tri-Pointe Residential Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 218,510	\$ 218,491	\$ (19)
Specific ownership taxes	14,760	10,372	(4,388)
Interest income	-	130	130
	<u>233,270</u>	<u>228,993</u>	<u>(4,277)</u>
EXPENDITURES			
Treasurer fees	3,280	3,278	2
Paying Agent fees	650	655	(5)
Bond interest	227,000	225,116	1,884
Contingency	2,000	-	2,000
	<u>232,930</u>	<u>229,049</u>	<u>3,881</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	340	(56)	(396)
FUND BALANCE:			
BEGINNING OF YEAR	<u>3,301</u>	<u>4,262</u>	<u>961</u>
END OF YEAR	<u><u>\$ 3,641</u></u>	<u><u>\$ 4,206</u></u>	<u><u>\$ 565</u></u>

The notes to the financial statements are an integral part of these statements.