

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2023

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tri-Pointe Commercial Metropolitan District
Weld County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tri-Pointe Commercial Metropolitan District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and were 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 31, 2024
Wheat Ridge, Colorado

Tri-Pointe Commercial Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash	65,433	\$ -	\$ 65,433	\$ -	\$ 65,433
Cash and investments - restricted	4,578	3,276	7,854	-	7,854
Receivable - County Treasurer	210	629	839	-	839
Property taxes receivable	66,600	199,700	266,300	-	266,300
Other receivable	16,636	-	16,636	-	16,636
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 153,457</u>	<u>\$ 203,605</u>	<u>\$ 357,062</u>	<u>-</u>	<u>357,062</u>
LIABILITIES					
Accounts payable	\$ 10,374	\$ 440	\$ 10,814	-	10,814
Interest payable	-	-	-	84,992	84,992
Long-term liabilities:					
Unpaid interest accrued on bonds	-	-	-	25,929,808	25,929,808
Due within one year	-	-	-	13,160,000	13,160,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>10,374</u>	<u>440</u>	<u>10,814</u>	<u>39,174,800</u>	<u>39,185,614</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	66,600	199,700	266,300	-	266,300
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>66,600</u>	<u>199,700</u>	<u>266,300</u>	<u>-</u>	<u>266,300</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Restricted:					
Emergencies	4,578	-	4,578	(4,578)	-
Debt service	-	3,465	3,465	(3,465)	-
Capital projects	-	-	-	-	-
Unassigned	71,905	-	71,905	(71,905)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>76,483</u>	<u>3,465</u>	<u>79,948</u>	<u>(79,948)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances					
	<u>\$ 153,457</u>	<u>\$ 203,605</u>	<u>\$ 357,062</u>		
Net Position:					
Restricted for:					
Emergencies				4,578	4,578
Unrestricted				(39,099,430)	(39,099,430)
				<u> </u>	<u> </u>
Total Net Position				<u>\$ (39,094,852)</u>	<u>\$ (39,094,852)</u>

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

Tri-Pointe Commercial Metropolitan District

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

For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting and audit	\$ 12,000	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Management fees	53,000	-	-	53,000	-	53,000
Insurance	7,338	-	-	7,338	-	7,338
Legal	7,774	440	-	8,214	-	8,214
Miscellaneous	-	150	-	150	-	150
Treasurer's fees	1,032	3,095	-	4,127	-	4,127
City of Greeley administrative fee	15,000	-	-	15,000	-	15,000
Utilities	12,852	-	-	12,852	-	12,852
Landscape Maintenance	21,167	-	-	21,167	-	21,167
Debt Service:						
Bond interest	-	214,300	-	214,300	2,660,150	2,874,450
<u>Total Expenditures</u>	<u>130,163</u>	<u>217,985</u>	<u>-</u>	<u>348,148</u>	<u>2,660,150</u>	<u>3,008,298</u>
GENERAL REVENUES						
Property taxes	68,778	206,335	-	275,113	-	275,113
Specific ownership taxes	2,970	8,909	-	11,879	-	11,879
Interest income	-	687	-	687	-	687
Park Maintenance cost reimbursement	18,848	-	-	18,848	-	18,848
Maintenance cost reimbursement	24,508	-	-	24,508	-	24,508
<u>Total General Revenues</u>	<u>115,104</u>	<u>215,931</u>	<u>-</u>	<u>331,035</u>	<u>-</u>	<u>331,035</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,059)	(2,054)	-	(17,113)	17,113	
OTHER FINANCING SOURCES (USES)						
Transfers in/out	27,607	-	(27,607)	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>27,607</u>	<u>-</u>	<u>(27,607)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	12,548	(2,054)	(27,607)	(17,113)	17,113	
CHANGE IN NET POSITION					(2,677,263)	(2,677,263)
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	63,935	5,519	27,607	97,061	(36,514,650)	(36,417,589)
END OF YEAR	<u>\$ 76,483</u>	<u>\$ 3,465</u>	<u>\$ -</u>	<u>\$ 79,948</u>	<u>\$ (39,174,800)</u>	<u>\$ (39,094,852)</u>

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

Tri-Pointe Commercial Metropolitan District

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

For the Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 68,800	\$ 68,778	\$ (22)
Specific ownership taxes	4,100	2,970	(1,130)
Park maintenance cost reimbursement	21,900	18,848	(3,052)
Maintenance cost reimbursement	<u>28,450</u>	<u>24,508</u>	<u>(3,942)</u>
	<u>123,250</u>	<u>115,104</u>	<u>(8,146)</u>
EXPENDITURES			
Treasurer's fees	1,000	1,032	(32)
Accounting and audit	11,900	12,000	(100)
Management fees	53,000	53,000	-
Insurance	7,000	7,338	(338)
Legal	10,600	7,774	2,826
City of Greeley administrative fee	15,000	15,000	-
Landscape Maintenance and Repairs	21,000	21,167	(167)
Utilities	20,900	12,852	8,048
Contingency	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>150,400</u>	<u>130,163</u>	<u>20,237</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(27,150)	(15,059)	12,091
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	<u>27,607</u>	<u>27,607</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>27,607</u>	<u>27,607</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	457	12,548	12,091
FUND BALANCE:			
BEGINNING OF YEAR	<u>62,298</u>	<u>63,935</u>	<u>1,637</u>
END OF YEAR	<u>\$ 62,755</u>	<u>\$ 76,483</u>	<u>\$ 13,728</u>

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

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Tri-Pointe Commercial Metropolitan District (“the 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 in 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 Residential Metropolitan District, approved by the City of Greeley. 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. These public improvements include, parks and recreation, sanitary sewer, traffic and safety, street improvements, public transportation, water, television relay, telephone and fiber optic service. The District's primary revenues are property taxes and service fees. 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 COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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, 2023. 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 COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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.

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.

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 debt service fund budget was amended to increase expenditures from \$216,300 to \$219,400 due to a higher than expected amount of bond interest paid.

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, 2023 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.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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.

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. All capital assets have been conveyed to other governments as of December 31, 2023.

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 COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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.

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 \$4,578 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 \$3,465 is restricted for the payment of the debt service costs associated with the series 2000 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, 2023.

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, 2023.

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 COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

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, 2023 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, 2023, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash	\$	65,433
Cash and investments - Restricted		<u>7,854</u>
Total	\$	<u>73,287</u>

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$	<u>73,287</u>
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TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

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.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2023, is as follows:

On November 30, 2000, the District issued Limited Tax General Obligation Bonds, Series 2000 in the aggregate principal amount of \$14,220,000 (the "Series 2000 Bonds"), for the purpose of defraying the costs of all or a portion of the Project. The Series 2000 Bonds bear interest at the rate of 7.75% 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. 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 of 1% prior to December 1, 2011 and 0% thereafter.

The following is a summary of the annual long-term debt principal and interest requirements upon full accretion of the Series 2000 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2023*	\$ 13,160,000	\$ 25,929,808	\$ 39,089,808
2024	-	204,000	204,000
	\$ 13,160,000	\$ 26,133,808	\$ 39,293,808

*Includes unpaid principal of \$13,160,000 and unpaid interest of \$25,929,808 as of December 31, 2023. The Bonds were scheduled to mature in 2019. As of December 31, 2023, \$13,160,000 of the bonds remain outstanding. The District has covenanted to continue certifying a mill levy to service any unpaid interest as well as unpaid principal. The District certified 30 mills or \$204,000 for collection in 2024 to be applied to unpaid interest debt reflected in the schedule above.

The following is an analysis of changes in long-term debt for the period ending December 31, 2023:

	<u>Balance</u> <u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due in One</u> <u>Year</u>
2000 Bonds	\$ 13,160,000	\$ -	\$ -	\$13,160,000	\$13,160,000
Unpaid interest	23,269,658	2,874,450	(214,300)	25,929,808	-
	\$ 36,429,658	\$ 2,874,450	\$ (214,300)	\$39,089,808	\$13,160,000

Debt Authorization

As of December 31, 2023, the District has debt authorization of \$535,000,000. The District has not budgeted to issue any new debt during 2024.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 4: Related Parties

There are currently three members on the Board of Directors of the District with two vacancies. Two members of the Board are currently employees of the developer, Westfield Development Company, Inc. ('Westfield') while others have interests in a company or companies affiliated with Westfield. The District has entered into a management and operations agreement with Westfield to operate, maintain and administer the facilities and improvements and is paid an annual fee of \$58,000 plus actual expenses incurred by Westfield. The fee is allocated \$5,000 to accounting with the balance of \$53,000 being charged to District management. As and 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 5: Intergovernmental Agreements

Intergovernmental Agreement with the City of Greeley – Maintenance Costs

On March 1, 2012 the District entered into a Maintenance 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 obligation, 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 Homeowners association agreed to pay \$5,000 of this fee. The term of this agreement shall be for five one year periods commencing March 1, 2012. The agreement was extended on November 10, 2022 for an additional five one year periods set to expire on December 31, 2027.

Intergovernmental Agreement Between the Tri-Pointe Districts regarding Joint Funding of Annual Maintenance Costs

On December 6, 2022, the District entered into a Joint Funding of Maintenance Costs agreement with the Tri-Pointe Residential Metropolitan District pursuant to which, the two Districts agree to share equally in any and all costs incurred by the District and owed to the City pursuant to the Maintenance Agreement. Tri-Pointe Residential Metropolitan District agreed to pay the District the amount of \$27,645 which is equal to fifty percent of the total costs incurred by the District in 2022. This amount was received by the District in 2023. Commencing January 1, 2023, the District will submit quarterly invoices in arrears to Tri-Pointe Residential Metropolitan District for their fifty percent share of the costs incurred. The agreement shall remain in effect through December 31, 2023 and shall thereafter automatically renew for successive terms of one year unless either party gives written notice of its intention not to renew. The District recognized \$24,508 of reimbursement income related to this agreement in 2023, with \$12,445 receivable at year end which is included in Other receivable on the financial statements.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2023

Note 6: 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.

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 7: 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.

TRI-POINTE COMMERCIAL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2023

Note 8: 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.

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;
- 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.

Note 9: Subsequent events

Subsequent to the date of the financial statements, an Agreement of Gifts was entered into by the District (Donee) and the Tripoint Acquisition Group, LLC (Donor) under which the Donor conveyed all right, title and interest in a certain parcel of land located in the City of Greeley through a gift at no cost or consideration to the Donee. The parties agree that the fair market value of this gift is \$13,970,000 at the date of conveyance.

SUPPLEMENTAL INFORMATION

Tri-Pointe Commercial Metropolitan District

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

For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 206,500	\$ 206,500	\$ 206,335	\$ (165)
Specific ownership taxes	10,380	10,380	8,909	(1,471)
Interest income	<u>-</u>	<u>700</u>	<u>687</u>	<u>(13)</u>
Total Revenues	<u>216,880</u>	<u>217,580</u>	<u>215,931</u>	<u>(1,649)</u>
EXPENDITURES				
Miscellaneous	200	-	150	(150)
Legal	-	-	440	(440)
Treasurer fees	3,100	3,100	3,095	5
Bond interest	211,000	214,300	214,300	-
Contingency	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Expenditures	<u>216,300</u>	<u>219,400</u>	<u>217,985</u>	<u>1,415</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	580	(1,820)	(2,054)	(234)
FUND BALANCE:				
BEGINNING OF YEAR	<u>2,144</u>	<u>5,519</u>	<u>5,519</u>	<u>-</u>
END OF YEAR	<u>\$ 2,724</u>	<u>\$ 3,699</u>	<u>\$ 3,465</u>	<u>\$ (234)</u>

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

Tri-Pointe Commercial Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Transfer from General Fund	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Total Expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfer out	(27,607)	(27,607)	-
Total Other Financing Sources (Uses)	(27,607)	(27,607)	-
NET CHANGE IN FUND BALANCE	(27,607)	(27,607)	-
FUND BALANCE:			
BEGINNING OF YEAR	27,607	27,607	-
END OF YEAR	\$ -	\$ -	\$ -

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