

TRIVIEW METROPOLITAN DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**
With Independent Auditors' Report

YEAR ENDED DECEMBER 31, 2015

BOARD OF DIRECTORS

President Robert Fisher
Vice President Reid Bolander
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Valerie Remington – District Manager

TRIVIEW METROPOLITAN DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Triview Metropolitan District
Monument, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Triview Metropolitan District, (the District) as of and for the year ended December 31, 2015, 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.

Auditors' 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, the business-type activities and each major fund of the District as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 34, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Supplemental 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 supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules on pages 35 and 36 are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Stockman Kast Ryan & Co., LLP

July 13, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRIVIEW METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) is presented to provide an overview of the financial activities and conditions for the fiscal year ended on December 31, 2015. The MD&A contains information currently known to management as of the date of the auditor's report. The MD&A should be read in conjunction with the District's financial statement that accompanies this report.

FINANCIAL HIGHLIGHTS

- Total Assets equaled: \$56,321,567 for 2015.
- Deferred Outflows of Resources were \$1,120,843.
- Cash, Cash Equivalents and Investments as of December 31, 2015 were \$16,062,476
- Total Liabilities for 2015 equaled \$53,445,399.
- Deferred Inflows of Resources were \$2,364,720.
- Net Position for 2015 totaled \$1,632,291.
- Governmental change in Net Position from 2015 to 2014 totaled \$1,117,540.
- Business-type change in Net Position from 2015 to 2014 totaled \$577,677.

FINANCIAL STATEMENTS

The financial statements consist of three parts - management discussion and analysis, the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two are government-wide statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District government, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the information in the financial statements.

Government-wide Statements — The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial status, or financial position. Over time increases or decreases in the District's net position is one indicator whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base (Assessed Valuation) are needed to assess the overall strength of the District.

Fund Financial Statements — The fund financial statements provide more detailed information about the District's funds, focusing on its most significant funds, not the District as a whole. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Fund — The activity of the District's General fund is reported as a governmental fund, which focuses on how money flows into and out of the General fund. This fund is reported using the modified accrual accounting method, which measures cash and all of the other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs.

Proprietary (Enterprise) Fund — The activity of the District Enterprise fund is to report the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's Enterprise fund is the same as the business-type activities reported in the governmental-wide statements but provides more detailed and additional information, such as cash flows.

District Specific — The Triview Metropolitan District utilizes two separate financial categories of activities; one for the general district functions and one for the enterprise, or business-type functions. Each of these, in turn, is segregated into operational and capital functions. Together, these comprise the overall government-wide statements. The Governmental, or general, category covers the public functions involving: administration; streets; drainage; landscaping; traffic control; street lighting; street signage; environmental and mosquito control. The Proprietary, or Business-type, category involves the public provision of water, wastewater, reuse water, related administration, and environmental functions. The Governmental functions are funded by property taxes, sales taxes, impact fees and bond financing when required. The Proprietary functions are funded by water and sewer user charges, tap fees and, similarly, bond financing when required for capital projects.

FINANCIAL POSITION & RESULTS FROM OPERATIONS

NET POSITION:

	2015			2014		
	Governmental Activities	Proprietary Activities	Total	Governmental Activities	Proprietary Activities	Total
ASSETS						
Other	\$ 15,030,760	\$ 4,161,593	\$ 19,192,353	\$ 14,251,316	\$ 4,851,842	\$ 19,103,158
Capital	<u>8,699,945</u>	<u>28,429,269</u>	<u>37,129,214</u>	<u>9,023,852</u>	<u>27,395,536</u>	<u>36,419,388</u>
Total assets	<u>\$ 23,730,705</u>	<u>\$ 32,590,862</u>	<u>\$ 56,321,567</u>	<u>\$ 23,275,168</u>	<u>\$ 32,247,378</u>	<u>\$ 55,522,546</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 876,100</u>	<u>\$ 244,743</u>	<u>\$ 1,120,843</u>	<u>\$ 988,548</u>	<u>\$ 265,426</u>	<u>\$ 1,253,974</u>

	2015			2014		
	Governmental Activities	Proprietary Activities	Total	Governmental Activities	Proprietary Activities	Total
LIABILITIES						
Current	\$ 1,458,829	\$ 2,965,079	\$ 4,423,908	\$ 1,425,746	\$ 2,369,955	\$ 3,795,701
Long-term	<u>43,437,617</u>	<u>5,583,874</u>	<u>49,021,491</u>	<u>44,525,005</u>	<u>6,433,874</u>	<u>50,958,879</u>
Total liabilities	<u>\$ 44,896,446</u>	<u>\$ 8,548,953</u>	<u>\$ 53,445,399</u>	<u>\$ 45,950,751</u>	<u>\$ 8,803,829</u>	<u>\$ 54,754,580</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>\$ 2,364,720</u>	<u>\$ -</u>	<u>\$ 2,364,720</u>	<u>\$ 2,084,866</u>	<u>\$ -</u>	<u>\$ 2,084,866</u>
NET POSITION						
Net investment in capital assets	\$ (33,267,737)	\$ 25,999,806	\$ (7,267,931)	\$ (33,843,540)	\$ 24,633,459	\$ (9,210,081)
Restricted position	1,486,609	2,437,843	3,924,452	1,506,834	2,041,738	3,548,572
Unrestricted position	<u>9,126,767</u>	<u>(4,150,997)</u>	<u>4,975,770</u>	<u>8,564,805</u>	<u>(2,966,222)</u>	<u>5,598,583</u>
Total net position	<u>\$ (22,654,361)</u>	<u>\$ 24,286,652</u>	<u>\$ 1,632,291</u>	<u>\$ (25,771,901)</u>	<u>\$ 23,708,975</u>	<u>\$ (62,926)</u>

Triview Metropolitan District was formed in 1985. In 1987 debt was placed upon Triview and in 1988 the developer filed for bankruptcy. This "Old Debt" remained in place accruing interest at 12.21% annual rate with no payments being made. This is referred to as the "Inactive Period". In 1994 the majority of the land within the District was acquired by a new developer and in 1997 a development agreement was reached whereby all of the previous debt and any new debt to that developer became Limited Tax Obligation Debt, or "Unscheduled Bonds" resembling "Revenue Bonds". The point-in-time from 1998 onward is referred to as the "Active Period".

The Old Debt had paid for a portion of the sewer system, a partially constructed water tank, partial road grading and soft costs; but nothing at that stage, the Inactive Period, could provide services. In order to service the first house within Triview, additional funds had to be obtained to complete the water and sewer systems, construct streets and improve the site drainage along with other required improvements. This funding initially took the form of developer loans that were then converted into Limited Tax Liability Bonds during this Active Period.

The current financial position is the result of the District investing in infrastructure in order to provide services. That infrastructure is being depreciated. The debt in excess of that directly related to the infrastructure equates to the accruing interest costs thus resulting in the status of the net position.

PROGRAM REVENUE BY SOURCE:

	2015			2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Charges of service						
User charges (rates)	\$	\$ 2,139,192	\$ 2,139,192	\$	\$ 2,189,669	\$ 2,189,669
Impact fees	102,038		102,038	924,763		924,763
Capital contributions:						
Water & sewer tap fees		218,396	218,396		3,207,462	3,207,462
GENERAL						
Tax revenues	4,410,456		4,410,456	4,186,755		4,186,755
Interest income	27,349	5,168	32,517	22,025	2,352	24,377
Other	<u>33,680</u>	<u>407,826</u>	<u>441,506</u>	<u>20,972</u>	<u>54,180</u>	<u>75,152</u>
Total revenues	<u>4,573,523</u>	<u>2,770,582</u>	<u>7,344,105</u>	<u>5,154,515</u>	<u>5,453,663</u>	<u>10,608,178</u>

	2015			2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
FUNCTIONAL						
General government	281,864		281,864	306,745		306,745
Streets	429,182		429,182	444,217		444,217
Lighting	23,675		23,675	23,561		23,561
Signage				152		152
Traffic control	50,609		50,609	27,996		27,996
Parks	237,116		237,116	289,898		289,898
Conservation	15,852		15,852	15,802		15,802
Debt service	2,227,685		2,227,685	2,254,229		2,254,229
Water, wastewater and reuse		2,382,905	2,382,905		2,446,975	2,446,975
Total expenditures	3,265,983	2,382,905	5,648,888	3,362,600	2,446,975	5,809,575
Transfers	(190,000)	190,000	-	(180,000)	180,000	-
Change in net position	1,117,540	577,677	1,695,217	1,611,915	3,186,688	4,798,603
Net position—beginning of year	(23,771,901)	23,708,975	(62,926)	(25,383,816)	20,522,287	(4,861,529)
Net position—end of year	<u>\$ (22,654,361)</u>	<u>\$ 24,286,652</u>	<u>\$ 1,632,291</u>	<u>\$ (23,771,901)</u>	<u>\$ 23,708,975</u>	<u>\$ (62,926)</u>

Both Governmental and Proprietary (Business Type) Activities exhibited a positive change in net position primarily attributable to monitoring appropriate expenditures in conjunction with declining fee revenue.

ANALYSIS OF POSITION

The overall financial position of the District improved during 2015, due to continued monitoring of operating expenditures.

During 2015, supplementary appropriations approved by the District's Board of Directors modified the appropriation from \$2,819,248 to \$4,267,734 in the enterprise fund to account for the capital expenditures incurred for the Sanctuary Pointe project and the installment payment for water rights acquired in 2014.

In the Water, Wastewater and Reuse Enterprise Fund Schedule of Revenues, Expenses and Changes in Net Position, (non-GAAP budgeting basis) Budget and Actual, revenues exceeded budget by \$35,082 and expenses were under budget by \$1,096. The revenues were better than budget due primarily to the increased release of escrow funds committed to a specific project. Expenses were under budget due to cost savings from staffing.

Capital assets for the Governmental Activities decreased due to capital outlays of only \$133,909 in 2015 and depreciation in excess of additional capital. Capital assets for the Business-type Activities increased largely due to the Sanctuary Pointe project that commenced in 2015. Triview has constructed facilities that, in some cases, will serve the build-out population yet the District is less than 40% developed and probably 15 years from build out status. These facilities are depreciated, as necessary, at a logical rate. With increased development and increased facility construction, depreciation will not be as significant a factor once an adequate economy of scale is reached.

CAPITAL ASSETS:

	2015			2014		
	Governmental Activities	Proprietary Activities	Total	Governmental Activities	Proprietary Activities	Total
Operating systems	\$ 14,487,647	\$ 39,223,673	\$ 53,711,320	\$ 14,353,738	\$ 37,357,295	\$ 51,711,033
Accumulated depreciation	<u>(5,787,702)</u>	<u>(10,794,404)</u>	<u>(16,582,106)</u>	<u>(5,329,886)</u>	<u>(9,961,759)</u>	<u>(15,291,645)</u>
Total capital assets, net	<u>\$ 8,699,945</u>	<u>\$ 28,429,269</u>	<u>\$ 37,129,214</u>	<u>\$ 9,023,852</u>	<u>\$ 27,395,536</u>	<u>\$ 36,419,388</u>

The long-term liabilities decreased during 2015 by \$1,902,388 primarily due to both the general and enterprise funds making significant principal payments on outstanding debt.

LONG-TERM DEBT:

	2015			2014		
	Governmental Activities	Proprietary Activities	Total	Governmental Activities	Proprietary Activities	Total
Loan payable	\$	\$ 6,433,874	\$ 6,433,874		\$ 7,283,874	\$ 7,283,874
G.O. bonds payable	<u>44,537,617</u>		<u>44,537,617</u>	<u>\$ 45,590,005</u>		<u>45,590,005</u>
Total debt	<u>\$ 44,537,617</u>	<u>\$ 6,433,874</u>	<u>\$ 50,971,491</u>	<u>\$ 45,590,005</u>	<u>\$ 7,283,874</u>	<u>\$ 52,873,879</u>

The following are "known conditions" that will have a significant effect upon the financial position of the District. There were approximately 399,000 square feet of commercial property uses completed and operating within the District by the end of 2015. Two additional commercial taps are anticipated for 2016.

As of December 31, 2015 there are 1,349 residential taps and 91 commercial taps being serviced by the District.

This additional commercial development generates the following revenue implications:

- Increase in property tax base, which is assessed under Statute at 3½ times that of residential property.
- Increase in retail commercial sales tax revenues; which Triview receives 50% of same under an agreement with the Town of Monument.
- Increase in employment base that relates to residential demand for District housing.
- Increase in use tax revenues; which are based upon building costs by type.
- Increase in water and sewer user fees and charges.
- Increase in impact fees generated by the additional commercial development.

The residential market continued to prosper during 2015. The District anticipates the momentum to continue into 2016 due to the continued development of Sanctuary Pointe and an estimated 30 residences to be permitted.

Increases in residential units generate the following revenue implications:

- Increase in property tax base as compared to undeveloped land; which is assessed at lesser rates.
- Increase in use tax revenues.
- Increase in water and sewer user fees and charges.
- Increase in impact fees generated by the additional residential development.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Triview Metropolitan District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Valerie Remington, District Manager, PO Box 849, 16055 Old Forest Point, Suite 300, Monument, Colorado, 80132.

FINANCIAL STATEMENTS

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 9,814,109	\$ 890,696	\$ 10,704,805
Cash and cash equivalents, restricted	41,412	2,437,843	2,479,255
Investments	1,570,425	-	1,570,425
Investments, restricted	1,307,991	-	1,307,991
Property taxes receivable	2,364,720	-	2,364,720
Interest receivable	2,277	-	2,277
Accounts receivable	348,179	80,732	428,911
Prepaid expenses	26,731	32,343	59,074
Internal balances	(445,084)	445,084	-
Funds held in escrow	-	274,895	274,895
Capital assets, net of accumulated depreciation	8,699,945	28,429,269	37,129,214
Total assets	<u>23,730,705</u>	<u>32,590,862</u>	<u>56,321,567</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	876,100	244,743	1,120,843
Total deferred outflows of resources	<u>876,100</u>	<u>244,743</u>	<u>1,120,843</u>
LIABILITIES			
Accounts payable	13,246	1,060,125	1,073,371
Accrued interest	345,583	86,987	432,570
Escrow funds held	-	274,895	274,895
Accrued settlement	-	693,072	693,072
Long-term liabilities			
Due within one year	1,100,000	850,000	1,950,000
Due in more than one year	43,437,617	5,583,874	49,021,491
Total liabilities	<u>44,896,446</u>	<u>8,548,953</u>	<u>53,445,399</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	2,364,720	-	2,364,720
Total deferred inflows of resources	<u>2,364,720</u>	<u>-</u>	<u>2,364,720</u>
NET POSITION			
Net investment in capital assets	(33,267,737)	25,999,806	(7,267,931)
Restricted			
Debt service	1,349,403	-	1,349,403
Capital projects	-	2,437,843	2,437,843
Emergency reserve (TABOR)	137,206	-	137,206
Unrestricted	9,126,767	(4,150,997)	4,975,770
Total net position	<u>\$ (22,654,361)</u>	<u>\$ 24,286,652</u>	<u>\$ 1,632,291</u>

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

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ 281,864	\$ 15,940	\$ -	\$ -	\$ (265,924)	\$ (265,924)
Streets	429,182	82,725	-	-	(346,457)	(346,457)
Lighting	23,675	-	-	-	(23,675)	(23,675)
Signage	-	-	-	-	-	-
Traffic control	50,609	-	-	-	(50,609)	(50,609)
Parks, landscape and open space	237,116	3,373	-	-	(233,743)	(233,743)
Conservation	15,852	-	-	-	(15,852)	(15,852)
Interest	2,227,685	-	-	-	(2,227,685)	(2,227,685)
General government	\$ 3,265,983	\$ 102,038	\$ -	\$ -	\$ (3,163,945)	\$ (3,163,945)
Business-type activities:						
Water, Wastewater and Reuse Fund	\$ 2,382,905	\$ 2,438,088	\$ -	\$ -	55,183	55,183
Total	\$ 2,382,905	\$ 2,438,088	\$ -	\$ -	55,183	55,183
General revenues:						
Taxes					4,410,456	4,410,456
Investment earnings					27,349	32,517
Conservation Trust funds					15,852	15,852
Other revenues					17,828	345,154
Transfers					(190,000)	-
Total general revenues					4,281,485	4,803,979
Change in net position					1,117,540	1,695,217
Net position - Beginning					(23,771,901)	(62,926)
Net position - Ending					\$ 24,286,652	\$ 1,632,291

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

**TRIVIEW METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2015**

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 9,814,109
Restricted cash and cash equivalents	41,412
Investments	1,570,425
Investments, restricted	1,307,991
Property taxes receivable	2,364,720
Interest receivable	2,277
Accounts receivable, other	348,179
Prepaid expense	26,731
Total assets	<u>\$ 15,475,844</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Accounts payable	\$ 13,246
Due to other funds	445,084
Total liabilities	<u>458,330</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	<u>2,364,720</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,364,720</u>
FUND BALANCE	
Nonspendable:	
Prepaid expenditures	26,731
Restricted:	
Debt service	1,349,403
Emergency reserves	137,206
Unassigned	11,139,454
Total fund balance	<u>12,652,794</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 15,475,844</u>
 Total fund balance, governmental funds	 \$ 12,652,794
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	8,699,945
Deferred outflows of resources are not current financial resources, and therefore are not reported in the funds	876,100
Accrued interest is not due and payable in the current period, and therefore, is not reported as a liability in the funds	(345,583)
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Assets	<u>(44,537,617)</u>
Net position of governmental activities	<u>\$ (22,654,361)</u>

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

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
Year Ended December 31, 2015

	<u>General</u>
REVENUES	
Taxes	\$ 4,410,456
Fees	102,038
Conservation Trust funds	15,852
Interest income	27,349
Miscellaneous revenue	17,828
Total revenues	<u>4,573,523</u>
EXPENDITURES	
General government	286,748
Streets	163,310
Lighting	23,675
Signage	-
Traffic control	23,757
Parks, landscape and open space	201,049
Conservation	15,852
Debt Service:	
Interest and fiscal charges	3,172,950
Total expenditures	<u>3,887,341</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>686,182</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	(190,000)
Total other financing sources	<u>(190,000)</u>
NET CHANGE IN FUND BALANCE	496,182
FUND BALANCE - BEGINNING OF YEAR	<u>12,156,612</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 12,652,794</u></u>

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

**TRIVIEW METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL
FUND TO THE STATEMENT OF POSITION
Year Ended December 31, 2015**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ 496,182</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays for the period.	(323,907)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>945,265</u>
Change in net position - Governmental activities	<u><u>\$ 1,117,540</u></u>

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

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER, WASTEWATER AND REUSE FUND
December 31, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets	
Cash and cash equivalents	\$ 890,696
Accounts Receivable	80,732
Prepaid expenses	32,343
Due from other funds	445,084
Total current assets	<u>1,448,855</u>
Non-current assets	
Restricted cash and cash equivalents	2,437,843
Funds held in escrow	274,895
Capital assets, net of depreciation	28,429,269
Total non-current assets	<u>31,142,007</u>
Total assets	<u>32,590,862</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on refunding	<u>244,743</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 32,835,605

LIABILITIES AND NET POSITION

Current Liabilities	
Accounts payable	\$ 1,060,125
Accrued interest	86,987
Accrued settlement	693,072
Notes payable	850,000
Total current liabilities	<u>2,690,184</u>
Non-current liabilities	
Escrow funds held	274,895
Notes payable	5,583,874
Total non-current liabilities	<u>5,858,769</u>
Total liabilities	<u>8,548,953</u>

NET POSITION

Net investment in capital assets	25,999,806
Restricted	2,437,843
Unrestricted	(4,150,997)
Total net position	<u>24,286,652</u>

TOTAL LIABILITIES AND NET POSITION

\$ 32,835,605

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

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND - WATER, WASTEWATER AND REUSE FUND
Year Ended December 31, 2015

OPERATING REVENUE

Water sales	\$ 1,161,606
Tap fees	218,396
Payment in lieu of fees	80,500
Sewer charges	<u>977,586</u>
Total operating revenue	<u>2,438,088</u>

OPERATING EXPENSES

Water system	365,983
Wastewater system	465,154
General and administrative	435,514
Depreciation	<u>832,645</u>
Total operating expenses	<u>2,099,296</u>

OPERATING INCOME

338,792

NONOPERATING REVENUE AND (EXPENSES)

Interest income	5,168
Miscellaneous income	31,245
Release of escrow funds	296,081
Interest expense	<u>(283,609)</u>
Total nonoperating revenue (expense)	<u>48,885</u>

INCOME BEFORE TRANSFERS

387,677

TRANSFERS IN

190,000

CHANGE IN NET POSITION

577,677

NET POSITION - BEGINNING OF YEAR

23,708,975

NET POSITION - END OF YEAR

\$ 24,286,652

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

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER, WASTEWATER AND REUSE FUND
Year Ended December 31, 2015

	<u>Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,440,373
Cash payments to suppliers for goods and services	(245,615)
Cash payments to employees for services	(140,655)
Net cash provided by operating activities	<u>2,054,103</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	190,000
Miscellaneous non-operating income	31,245
Change in due from other funds	260,581
Net cash provided by noncapital financing activities	<u>481,826</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,866,377)
Release of escrow funds	296,081
Principal paid on debt	(850,000)
Interest paid on debt	(218,613)
Net cash used in capital and related financing activities	<u>(2,638,909)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>5,168</u>
Net cash provided by investing activities	5,168
NET DECREASE IN CASH AND CASH EQUIVALENTS	(97,812)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,426,351</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,328,539</u></u>

Continued

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

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER, WASTEWATER AND REUSE FUND
Year Ended December 31, 2015

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE
BALANCE SHEET**

Cash and cash equivalents	\$ 890,696
Restricted cash and cash equivalents	<u>2,437,843</u>
Total cash and cash equivalents	<u><u>\$ 3,328,539</u></u>

**RECONCILIATION OF OPERATING INCOME TO CASH FLOWS
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 338,792
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	832,645
Effects of changes in operating assets and liabilities:	
Accounts receivable	2,285
Prepaid expense	33,929
Accounts payable	<u>846,452</u>
Total adjustments	<u>1,715,311</u>
Net cash provided by operating activities	<u><u>\$ 2,054,103</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

TRIVIEW METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Triview Metropolitan District (the "District") is a quasi-municipal political subdivision of the State of Colorado organized to develop and provide certain services to the residents of the District. The District was formed by order of the District Court for the County of El Paso, Colorado, entered in Civil Action No. 85 CV 0893 on May 13, 1985, following the favorable outcome of an organizational election held on May 10, 1985. The District, as a metropolitan district, derives its power from state statutes. Among the express statutory powers of the District are the powers of taxation and eminent domain, and the power to borrow money and issue both general obligation bonds and revenue bonds. The District has purchased water rights, and has constructed a water distribution system, a sanitary and storm sewer collection system, roadways, signs and other improvements.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). A summary of the significant accounting policies used in the preparation of these financial statements follows.

Reporting Entity — The District has no component units for which either discrete or blended presentation is required. The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

Government-Wide and Fund Financial Statements — The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between *governmental* and *business-type* activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities are financed to a significant extent by fees and charges.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include 1) fees and 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. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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 period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The District considers property taxes as available if they are collected within 30 days after year-end. Property taxes are recognized as revenue in the fiscal period for which they are levied, providing the available criteria are met.

Those revenues susceptible to accrual are property taxes, sales taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental fund:

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

Additionally, the District reports the following major proprietary fund:

Enterprise Fund – The enterprise fund is used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has one enterprise fund-the Water, Wastewater and Reuse Fund. The intent of the District is that the costs of providing goods and services to the general public on a

continuing basis be financed or recovered primarily through user charges. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to apply restricted resources first, then unrestricted resources as they are needed.

Receivables — All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses — Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Due To and From Other Funds — Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. In the fund financial statements, these receivables and payable are classified as "due from other funds" or "due to other funds". In the government-wide financial statements, all internal balances have been substantially eliminated.

Restricted Cash and Investments — The use of certain cash and investments of the District is restricted. These cash and investment items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

Capital Assets — Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, traffic, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Buildings, improvements, vehicles, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

Roads and streets	2 – 40 years
Wells	20 years
Water storage tank	40 years
Wastewater treatment facility	40 years
Water distribution System and treatment facility	40 years
Equipment	3 – 7 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net assets.

Accumulated Employee Benefit Amounts — Accumulated unpaid vacation, sick pay, and other employee benefit amounts are not material. Therefore, a liability of these benefits has not been reflected in these financial statements.

Long-Term Liabilities — In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issue costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Classification — The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted -This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Statement of Cash Flows — For purposes of the Statement of Cash Flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, government pools, and short-term investments with original maturities of three months or less from the date of acquisition, including restricted cash and cash equivalents. Funds held in escrow are excluded from the District's definition of cash and cash equivalents.

Estimates — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events — The District has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date of issuance of the financial statements.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the general fund balance sheet and the government-wide statement of net assets:

The general fund balance sheet includes reconciliation between *fund balance-governmental fund* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "capital assets used in governmental activities are

not financial resources and, therefore, are not reported in the funds". The details of this difference are as follows:

Capital assets	\$ 14,487,647
Accumulated depreciation	<u>(5,787,702)</u>
Net adjustment to fund balance – governmental fund to arrive at net assets – governmental activities	<u>\$ 8,699,945</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures and change in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and change in fund balance includes a reconciliation of *net changes in fund balance-governmental fund* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report outlays for capital assets as expenditures. In contrast in the Statement of Activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense". The details of this difference are as follows:

Depreciation	\$ (457,816)
Capital outlays	<u>133,909</u>
Net adjustment to net change in fund balance – governmental fund to arrive at change in net assets – governmental activities	<u>\$ (323,907)</u>

Another element of the reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities". The details of this difference are as follows:

Amortization of advance refunding difference	\$ (112,448)
Amortization of discount	(12,612)
Repayment of bonds	1,065,000
Change in accrued interest	<u>5,325</u>
Net adjustment to net change in fund balance – governmental fund to arrive at change in net assets of governmental activities	<u>\$ 945,265</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information — The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the fall, the District Manager submits to the Board of Directors, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the District to obtain taxpayer comments.
3. Prior to December 15, the budget is legally approved.

4. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
5. Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. The budget for the Water, Wastewater and Reuse Fund is prepared on a basis of accounting other than generally accepted accounting principles, which is normal for proprietary funds. The primary differences are that bond proceeds are treated as a budget source, capital expenditures and principal payments are treated as a budget use, and accrued unpaid interest and the amortization and depreciation expense are not budgeted.
8. Budgeted amounts are as originally adopted or amended.
9. All annual appropriations lapse at the end of the year.

4. DEPOSITS AND INVESTMENTS

The District's deposits and investments consist of the following at December 31, 2015:

	Deposits	Certificate of Deposit	COLO- TRUST	Money Market	Total
Cash and cash equivalents	\$ 451,701		\$ 8,712,048	\$ 1,541,056	\$ 10,704,805
Restricted cash and cash equivalents			2,437,843	41,412	2,479,255
Investments		1,570,425			1,570,425
Restricted investments		1,307,991			1,307,991
Funds held in escrow	<u>274,895</u>				<u>274,895</u>
Total	<u>\$ 726,596</u>	<u>\$ 2,878,416</u>	<u>\$ 11,149,891</u>	<u>\$ 1,582,468</u>	<u>\$ 16,337,731</u>

Reconciliation of cash and cash equivalents to the government-wide financial statements at December 31, 2015:

	Governmental Activities	Business- type Activities	Total
Cash and cash equivalents	\$ 9,814,109	\$ 890,696	\$ 10,704,805
Restricted cash and cash equivalents	41,412	2,437,843	2,479,255
Investments	1,570,425		1,570,425
Restricted investments	1,307,991		1,307,991
Funds held in escrow		<u>274,895</u>	<u>274,895</u>
Total	<u>\$ 12,773,937</u>	<u>\$ 3,603,434</u>	<u>\$ 16,337,731</u>

Deposits — 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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 uninsured deposits.

At December 31, 2015, the carrying amount of the District's deposits including certificates of deposits and money markets were \$5,187,480, the bank balances were \$5,287,376. Of the total bank balance, \$1,250,000 was covered by FDIC insurance and \$4,037,376 falls under the provision of the Colorado Public Deposit Protection Act which is collateralized in single institution pools.

Investments — The District is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agencies' securities
- Certain international agencies' securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Certain commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposits
- Certain money market fund
- Guaranteed investment contracts

At December 31, 2015 the District's investment balances were as follows:

	Maturities	Fair Value
Certificates of deposit	Less than 90 days	\$ 850,753
Certificates of deposit	More than 90 days	2,027,663
Total		<u>\$ 2,878,416</u>

Investments with maturities of less than 90 days are classified as cash and cash equivalents on the financial statements.

The District's investments are subject to interest rate risk and credit risk as described below:

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk. State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2015 the District investments were rated AAAM by Standard & Poor's.

Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to

COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes.

5. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2015:

GENERAL FUND	
Cash with County Treasurer	\$ 20,713
Taxes from town	327,076
Undeposited funds	<u>390</u>
Total general fund	<u>348,179</u>
WATER, WASTEWATER AND REUSE FUND	
User fees receivable	<u>80,732</u>
Total other receivables	<u>\$ 428,911</u>

6. INTERFUND BALANCES AND TRANSFERS

Interfund balances consisted of the following at December 31, 2015:

Receivable	Payable	Amount
Enterprise fund	General fund	<u>\$ 445,084</u>

The enterprise fund has a receivable from the general fund, the purpose of this interfund balance is to be a mechanism to track the proper allocation of payments and receipts. During the year ended December 31, 2015 the General Fund transferred \$190,000 to the Enterprise Fund for the allocation of certain taxes to the enterprise fund for operations.

7. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and are payable in two installments due February 28 and June 15, or in one installment due April 30. El Paso County bills and collects property taxes for the District. District property tax revenues are recognized when levied to the extent that they result in current receivables. The tax rate for the year ended December 31, 2015 was 35.000 mills. The District's assessed valuation for 2014, for taxes collected in 2015, was \$59,567,590.

8. ESCROW FUNDS HELD

An escrow account in the District's name has been established. As a result of agreements between the District, El Paso County, Centre Development and Pinetree Properties one million dollars was deposited with the District to construct infrastructure improvements west of Interstate 25 and to provide service to that portion of the District. The remaining balance of \$274,895 includes interest of \$153,359 at December 31, 2015.

9. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance at December 31, 2014	Additions	Disposals/ Retirements	Balance at December 31, 2015
Governmental activities:				
Capital assets, being depreciated:				
Road and streets	12,216,031	104,484	-	12,320,515
Traffic control	436,399	-	-	436,399
Parks, landscape and open space	1,342,775	-	-	1,342,775
Equipment	192,938	29,425	-	222,363
Office space	165,595	-	-	165,595
Total capital assets being depreciated	14,353,738	133,909	-	14,487,647
Less accumulated depreciation for:				
Road and streets	(4,559,937)	(370,357)	-	(4,930,294)
Traffic control	(298,260)	(26,852)	-	(325,112)
Parks, landscape and open space	(353,471)	(36,067)	-	(389,538)
Equipment	(110,022)	(20,400)	-	(130,422)
Office space	(8,196)	(4,140)	-	(12,336)
Total accumulated depreciation	(5,329,886)	(457,816)	-	(5,787,702)
Total capital assets, net	<u>\$ 9,023,852</u>	<u>\$ (323,907)</u>	<u>\$ -</u>	<u>\$ 8,699,945</u>
Business-type activities:				
Capital assets, not being depreciated:				
Water rights	5,040,081	-	-	5,040,081
Capital assets, being depreciated:				
Wells	2,061,535	234,246	-	2,295,781
Water storage tank	1,038,433	-	-	1,038,433
Wastewater treatment facility	10,009,219	-	-	10,009,219
Water distribution system and treatment facility	19,146,811	249,052	-	19,395,863
Sanctuary Pointe	-	1,383,080	-	1,383,080
Equipment	61,216	-	-	61,216
Total capital assets being depreciated	37,357,295	1,866,378	-	39,223,673
Less accumulated depreciation for:				
Wells	(628,353)	(73,730)	-	(702,083)
Water storage tank	(455,839)	(25,961)	-	(481,800)
Wastewater treatment facility	(2,741,540)	(250,230)	-	(2,991,770)
Water distribution system and treatment facility	(6,082,003)	(480,224)	-	(6,562,227)
Equipment	(54,024)	(2,500)	-	(56,524)
Total accumulated depreciation	(9,961,759)	(832,645)	-	(10,794,404)
Total capital assets, net	<u>\$ 27,395,536</u>	<u>\$ 1,033,733</u>	<u>\$ -</u>	<u>\$ 28,429,269</u>

10. LONG-TERM LIABILITIES

Loans — On October 22, 2014 the District issued a Tax Exempt Revenue Note for \$5,933,874 through Northstar Bank. This Note is payable semiannually in principal amounts of \$200,000 excluding interest at 2.75% to 3.75% with the final payment due October 22, 2029. The proceeds of this Note were used to pay the outstanding Colorado Water Resources and Power Development Authority loans along with the outstanding management fees to Donala Water and Sanitation District. The District has pledged all future net enterprise revenues as payment on this loan.

The District entered in to a loan agreement with a commercial company on August 22, 2014 in the amount of \$1,350,000 for the purchase of certain water rights with an actual purchase price of \$2,000,000. This loan is payable over three years with \$450,000 plus interest at 3.5% due annually for three years. The loan is secured by these water rights, which are recorded in capital assets in the amount of \$2,000,000 at December 31, 2015.

Annual debt service requirements to maturity for business -type activities loans are as follows:

<u>Year</u>	<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 850,000	\$ 238,687
2017	850,000	207,173
2018	400,000	176,215
2019	400,000	161,007
2020	400,000	146,187
2021 - 2025	2,000,000	402,289
2026 - 2029	1,533,874	93,971
Total	<u>\$ 6,433,874</u>	<u>\$ 1,425,529</u>

General Obligation Bonds — The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Voters of the District authorized the issuance of \$50,840,800 of debt at special elections held in November 1986 and November 1987. General obligation bonds have been issued for governmental activities.

In 2009, general obligation bonds totaling \$47,955,000 were issued to currently refund general obligation bonds. The refunding was undertaken to lock in interest rates which were being remarketed weekly with the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$1,663,237. This amount is netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Series 2009 General Obligation Refunding Bonds bearing
interest rates ranging from 2.25% to 5.00% until maturity
on November 1, 2039.

\$ 44,840,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,100,000	\$ 2,073,500
2017	1,135,000	2,035,000
2018	1,180,000	1,992,438
2019	1,225,000	1,945,237
2020	1,275,000	1,896,238
2021 - 2025	7,210,000	8,648,337
2026 - 2030	8,975,000	6,874,912
2031 - 2035	11,430,000	4,424,938
2036 - 2039	<u>11,310,000</u>	<u>1,373,938</u>
Total	<u>\$ 44,840,000</u>	<u>\$ 31,264,538</u>

Changes In Long-Term Liabilities —

	Balance at January 1, 2014	Additions	Deductions	Balance at December 31, 2015	Amounts Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 45,905,000		\$ 1,065,000	\$ 44,840,000	\$ 1,100,000
Bond issuance discount	<u>(314,995)</u>		<u>(12,612)</u>	<u>(302,383)</u>	
Government activity long-term liabilities	<u>\$ 45,590,005</u>	<u>\$</u>	<u>\$ 1,052,388</u>	<u>\$ 44,537,617</u>	<u>\$ 1,100,000</u>
Business-type activities:					
Loans payable:					
Principal	\$ 7,283,874	\$	\$ 850,000	\$ 6,433,874	\$ 850,000
Business-type activity long-term liabilities	<u>\$ 7,283,874</u>	<u>\$</u>	<u>\$ 850,000</u>	<u>\$ 6,433,874</u>	<u>\$ 850,000</u>

11. NET POSITION

The District has net assets consisting of three components: net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent

proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

As of December 31, 2015, the District had net investment in capital assets, net of related debt as follows:

Net investment in capital assets:	
Capital assets, net of depreciation	\$ 37,129,214
Capital asset related to deferred outflow	1,120,843
Long-term liabilities due within one year	(1,950,000)
Long-term liabilities due in more than one year	(49,021,491)
Debt Proceeds spent for non-capitalized purposes	<u>5,453,503</u>
Total net investment in capital assets	<u>\$ (7,267,931)</u>

Restricted assets are reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported:

Restricted:

Restricted for capital projects	\$ 2,437,843
Restricted for debt service	1,349,403
Emergency reserve (TABOR)	<u>137,206</u>
Total restricted	<u>\$ 3,924,452</u>

Unrestricted net position consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District utilizes unrestricted net position before using restricted net position. As of December 31, 2015, the District had unrestricted net position of \$4,975,770.

12. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settlements have not exceeded coverage during the past three fiscal years.

13. COMMITMENTS AND CONTINGENCIES

Litigation — The District is involved in pending or threatened lawsuits and claims. The District and its legal counsel estimate that the potential claims against the District not covered by insurance or accrued for, resulting from such litigation, would not materially affect the financial statements of the District.

Tap fees — In 2007, the District settled a condemnation proceeding with a developer by agreeing to provide the developer with a credit for sewer and water tap fees in the cumulative amount of \$436,000. As of December 31, 2015 the developer had a remaining credit for sewer and water tap fees in the amount of \$48,000.

In 2009 the District entered into an intergovernmental agreement with Donala Water and Sanitation District (Donala) to fund the completion of the Wastewater Treatment Facility. Under this agreement, fees are payable monthly from tap fees collected by Triview at \$1,500 per single family sewer tap and a proportionate percentage of commercial taps (See Note 14).

Water Purchase Agreement — On April 8, 2014 the District entered into a settlement agreement (the Settlement) relating to the disputed water purchase agreement dated February 2, 2009 between the District and certain developers within the District. The settlement provided that in exchange for cash payment of \$1,500,000 and tap/impact fee credits of \$1,500,000 the developers would convey certain water rights to the District. These water rights were conveyed for the purpose of providing the water that the District will use in servicing the area that the Developers intend to develop. The tap/impact fee credits are set at the 2011 rates and can be used for the next ten years. After the first five years any use of a credit requires the developer to purchase a like tap/impact fee at the then current rate. The District had recorded a liability and related capital asset in the amount of \$3,000,000 as of December 31, 2013. During the year ended December 31, 2014 the District paid cash of \$1,500,000 and issued taps with a total value of \$854,928 to the Developer. As of December 31, 2015 the remaining available tap fees to the Developer are \$645,072.

The Agreement also stipulated that the developer, through the District, has to pay the Town of Monument (the Town) \$675,000 for the Town to provide post-pumping augmentation based on the proposed augmentation plan. The funds are to be used by the Town to pay for water improvements based upon the 2014 IGA dated April 7, 2014. The Settlement also voided the 2009 purchase agreement. Other than the payments noted above, providing typical water service and required improvements and to obtain approval and implementation of the water augmentation plan the District does not believe that it has any further liabilities in regards to this issue.

On January 23, 2015 the District entered into an agreement with certain developers to expand the Districts infrastructure to provide water, sewer and other standard services to a new area, Phase I of Sanctuary Pointe (Phase I) within the District's boundaries. The expansion of the District's services to this new area will require additional infrastructure estimated to cost approximately \$4,850,000.

A separate escrow account will be set up for a portion of the tap fees to be used to fund the additional infrastructure improvements. The District pledges to escrow \$8,000 from each single family and \$6,000 from each multi-family tap fee from Phase I. The agreement requires the Developers in Phase I to pay a Water Impact Fee of \$3,000, in excess of the standard District tap fees.

The agreement commits funding of approximately \$2,400,000 from escrowed tap fees and an additional \$250,000 from the District. The additional funding of approximately \$2,200,000 will be provided by the Developers. The contribution from the Developers will be repaid by the District from additional escrowed tap fees based on the schedule above. The estimated remaining funding of \$250,000 not supplied by the tap fees above will be required from the District within 90 days of the of the installation of the final residential meter in Phase I. As of December 31, 2015, the District had expended \$619,877 for infrastructure improvements in accordance with the Agreement.

Should the Developers fail to complete the development within two years after filing their intent to proceed the District will not be obligated to reimburse the Developers for all sewer infrastructure estimated to be approximately \$1,355,000.

14. INTERGOVERNMENTAL AGREEMENTS

Intergovernmental Agreement with Forest Lakes Metropolitan District and Donala Water and Sanitation District — The District entered into an agreement dated November 11, 1999, subsequently amended on October 25, 2001, with Forest Lakes Metropolitan District and Donala Water and Sanitation District to define ownership rights in the wastewater treatment plant. Under the amended agreement, the District and Forest Lakes transferred part ownership to Donala.

In 2009 the Districts completed an expansion of the plant to 1.75 million gallons per day (MGD). Under the terms of the above agreements, the three Districts reallocated ownership. Ownership was also modified under a 2009 agreement between the District and Donala, with the District deeding ownership of 6.7% of the 1.75 MGD capacity to Donala. The current ownership is 37.3% owned by the District, 17.1% by Forest Lakes, and 45.6% by Donala. The plant is currently being operated by Donala and all parties are responsible for their respective share of operations and maintenance costs, based on the relative share of actual flows.

In 2009 the District deeded 6.7% of the 1.75 MGD total plant treatment capacity to Donala. The District expects the 6.7% of plant ownership to be deeded back to the District pursuant to the intergovernmental agreement to fund the completion of the wastewater treatment plant

In addition, in accordance with the November 11, 1999 agreement, an ownership interest in a 24" interceptor was transferred to the Forest Lakes Metropolitan District. As a result of the transfer, the interceptor is owned 50% by the District, 25% by Forest Lakes, and 25% by Donala.

Intergovernmental Agreement with Forest Lakes Metropolitan — On March 28, 2002, the District entered into an intergovernmental agreement with Forest Lakes Metropolitan District for the design, construction, operation and ownership of the Monument Creek Interceptor.

Intergovernmental Agreements with the Town of Monument — The 1987-1999 IGA with the Town of Monument is part of (appendix to) the 1987 Annexation Agreement which brought the property into the Town. This IGA sets out how the District and the Town will interact as two separate public entities. Additionally, the IGA contains various requirements for Triview Metropolitan District to follow, including the collection of certain fees and the methods for infrastructure construction as well as the maintenance of said facilities.

15. AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the *State Constitution*, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 6, 2006 District residents voted to exempt the District from the revenue limits of the Amendment. This revenue change is effective from January 1, 2007 through December 31, 2017.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTAL INFORMATION

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original-Final</u>	<u>Actual</u>	
REVENUES			
Taxes	\$ 4,118,876	\$ 4,410,456	\$ 291,580
Fees	198,300	102,038	(96,262)
Conservation Trust funds	14,500	15,852	1,352
Interest income	8,000	27,349	19,349
Miscellaneous revenue	-	17,828	17,828
Total Revenues	<u>4,339,676</u>	<u>4,573,523</u>	<u>233,847</u>
EXPENDITURES			
General government:	285,790	286,748	(958)
Streets	694,623	163,310	531,313
Lighting	30,500	23,675	6,825
Signage	1,000	-	1,000
Traffic control	24,500	23,757	743
Drainage	15,000	-	15,000
Parks, landscape & open space	213,000	201,049	11,951
Conservation	14,500	15,852	(1,352)
Debt Service:			
Interest and fiscal charges	<u>3,172,950</u>	<u>3,172,950</u>	<u>-</u>
Total Expenditures	<u>4,451,863</u>	<u>3,887,341</u>	<u>564,522</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	<u>(112,187)</u>	<u>686,182</u>	<u>798,369</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(190,000)</u>	<u>(190,000)</u>	<u>-</u>
Total other financing sources	<u>(190,000)</u>	<u>(190,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(302,187)	496,182	798,369
FUND BALANCE - BEGINNING OF YEAR	12,156,612	12,156,612	-
FUND BALANCE - END OF YEAR	<u>\$ 11,854,425</u>	<u>\$ 12,652,794</u>	<u>\$ 798,369</u>

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

SUPPLEMENTAL INFORMATION

TRIVIEW METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
NET POSITION (NON-GAAP BUDGETARY BASIS)
WATER, WASTEWATER AND REUSE FUND
For the Year Ended December 31, 2015

	Original Budgeted Amounts	Amended Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Water assessments	\$ 1,034,070	\$ 1,150,000	\$ 1,161,606	\$ 11,606
Sewer assessments	963,000	963,000	977,586	14,586
Interest income	1,500	5,000	5,168	168
Water and sewer tap fees	421,250	220,000	218,396	(1,604)
Payment in lieu of fees	-	80,500	80,500	-
Release of escrow funds	-	296,000	296,081	81
Miscellaneous income	21,000	21,000	31,245	10,245
Total Revenues	<u>2,440,820</u>	<u>2,735,500</u>	<u>2,770,582</u>	<u>35,082</u>
EXPENDITURES				
General & administrative:				
Salaries & wages	201,051	201,051	140,655	60,396
Employee benefits	63,076	63,076	34,094	28,982
Engineering	55,000	55,000	78,245	(23,245)
Legal	64,000	64,000	91,336	(27,336)
Accounting and auditing	26,400	26,400	27,851	(1,451)
Conference/training/class	1,500	1,500	993	507
Dues, publications & subscriptions	3,450	3,450	9,367	(5,917)
Office supplies & equipment	7,700	7,700	1,152	6,548
Postage	10,000	10,000	8,000	2,000
Publications - legal notice	300	300	28	272
Repairs & maintenance	1,500	1,500	1,151	349
Telephone service	9,000	9,000	11,364	(2,364)
Travel & meetings	2,000	2,000	1,503	497
Office overhead	4,600	4,600	4,367	233
Insurance	8,775	8,775	8,967	(192)
Billing expense	4,000	4,000	7,313	(3,313)
Miscellaneous	6,000	6,000	4,569	1,431
Vehicle repair and maintenance	10,000	10,000	4,559	5,441
Total General & Administrative	<u>478,352</u>	<u>478,352</u>	<u>435,514</u>	<u>42,838</u>
Water system	325,070	365,070	365,983	(913)
Wastewater system	591,514	470,000	465,154	4,846
Principal payments on capital debt	650,000	850,000	850,000	-
Interest expense	224,312	234,312	283,609	(49,297)
Capital expenditures	550,000	1,870,000	1,866,378	3,622
Total Expenses	<u>2,819,248</u>	<u>4,267,734</u>	<u>4,266,638</u>	<u>1,096</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(378,428)</u>	<u>(1,532,234)</u>	<u>(1,496,056)</u>	<u>36,178</u>
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	190,000	190,000	190,000	-
Total other financing sources	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENSES	<u>(188,428)</u>	<u>(1,342,234)</u>	<u>(1,306,056)</u>	<u>36,178</u>
NET POSITION - BEGINNING OF YEAR	<u>2,876,440</u>	<u>2,876,440</u>	<u>2,876,440</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 2,688,012</u>	<u>\$ 1,534,206</u>	<u>\$ 1,570,384</u>	<u>\$ 36,178</u>

TRIVIEW METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
Year Ended December 31, 2015

Revenue (budgetary basis)	\$ 2,770,582
Revenues per Statement of Revenues, Expenses and Changes in Fund Net Position	<u>2,770,582</u>
Expenditures (budgetary basis)	4,266,638
Expenditures included in statement of revenues, expenses and changes in net position, but not included with expenditures on a budgetary basis:	
Depreciation	832,645
Expenditures included under budgetary basis, but not included in statement of revenues, expenses and changes in net position	
Capital outlay - water system improvements and water rights	(1,866,378)
Debt paid, net of costs of issuance	<u>(850,000)</u>
Operating and non-operating expenses per statement of revenues, expenses and changes in net position	<u>2,382,905</u>
Other financing sources (uses)	<u>190,000</u>
Change in net position per statement of revenues, expenses and changes in net position	<u><u>\$ 577,677</u></u>