

DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT

Denver County, Colorado


**FINANCIAL STATEMENTS
DECEMBER 31, 2023**


Table of Contents


	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	I
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	19
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	20
OTHER INFORMATION	
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	21



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Independent Auditor's Report

To the Board of Directors
Denver Gateway Meadows Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Denver Gateway Meadows 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 the major funds of Denver Gateway Meadows Metropolitan 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 Opinions

We conducted our audits 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 Denver Gateway Meadows Metropolitan District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; 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 Denver Gateway Meadows Metropolitan 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 opinions. 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 Denver Gateway Meadows Metropolitan 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 Denver Gateway Meadows Metropolitan 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.

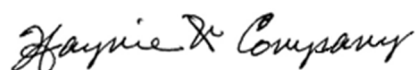
Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Denver Gateway Meadows Metropolitan District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
September 27, 2024

BASIC FINANCIAL STATEMENTS

DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments - unrestricted	\$ 24,164
Cash and investments - restricted	8,955,563
Property taxes receivable	240,620
Capital assets, net	690,122
Total assets	9,910,469
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Accounts payable	22,855
Accrued loan interest payable	47,900
Noncurrent liabilities:	
Due in more than one year	10,998,769
Total liabilities	11,069,524
 DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes revenues	240,620
Total deferred inflows of resources	240,620
 NET POSITION	
Net investment in capital assets	(545,010)
Restricted for:	
Capital Projects	583,406
Unrestricted	(1,438,071)
Total net position	\$ (1,399,675)

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

DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental Activities:					
General government	\$ 113,185	\$ -	\$ -	\$ -	\$ (113,185)
Interest and fiscal charges	644,741	-	-	-	(644,741)
Total governmental activities	<u>\$ 757,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(757,926)</u>
General revenues:					
Taxes:					
					63
					468,768
					<u>468,831</u>
					(289,095)
					<u>(1,110,580)</u>
					<u>\$ (1,399,675)</u>

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

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments - unrestricted	\$ 24,164	\$ -	\$ -	\$ 24,164
Cash and investments - restricted	-	192	8,955,371	8,955,563
Property taxes receivable	78,028	162,592	-	240,620
TOTAL ASSETS	\$ 102,192	\$ 162,784	\$ 8,955,371	\$ 9,220,347
LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 16,018	\$ 667	\$ 6,170	\$ 22,855
Total liabilities	16,018	667	6,170	22,855
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenues	78,028	162,592	-	240,620
Total deferred inflows of resources	78,028	162,592	-	240,620
FUND BALANCES				
Spendable:				
Restricted for capital projects	-	-	8,949,201	8,949,201
Unassigned	8,146	(475)	-	7,671
Total fund balances	8,146	(475)	8,949,201	8,956,872
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 102,192	\$ 162,784	\$ 8,955,371	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Capital assets, net

690,122

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Accrued bond interest payable

(47,900)

Bonds payable

(9,580,000)

Unpaid and compounded interest

(1,209,475)

Developer advances principal - Operating

(194,000)

Developer advances interest - Operating

(15,294)

(10,356,547)

Net position of governmental activities

\$ (1,399,675)

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

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2023**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property tax	\$ 6	\$ 57	\$ -	\$ 63
Net investment income	1	9	468,758	468,768
Total revenues	<u>7</u>	<u>66</u>	<u>468,758</u>	<u>468,831</u>
EXPENDITURES				
Current:				
Accounting	16,087	-	-	16,087
Audit	6,400	-	-	6,400
Legal	33,746	-	-	33,746
Election	2,225	-	-	2,225
District management	14,037	-	-	14,037
Insurance and bonds	3,044	-	-	3,044
Board of Director fees	100	-	-	100
County Treasurer's fees	-	1	-	1
Denver review fee	3,000	-	-	3,000
Bank service charges	-	-	22,270	22,270
Dues and subscriptions	371	-	-	371
Debt service:				
Paying agent fees	-	667	-	667
Capital outlay:				
Engineering	-	-	11,904	11,904
Streets	-	-	42,542	42,542
Water	-	-	27,341	27,341
Sanitation	-	-	27,341	27,341
Parks and recreation	-	-	27,341	27,341
Utilities	-	-	524,496	524,496
Total expenditures	<u>79,010</u>	<u>668</u>	<u>683,235</u>	<u>762,913</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(79,003)</u>	<u>(602)</u>	<u>(214,477)</u>	<u>(294,082)</u>
OTHER FINANCING SOURCES (USES)				
Developer advances	96,000	4,000	-	100,000
Total other financing sources (uses)	<u>96,000</u>	<u>4,000</u>	<u>-</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCES	16,997	3,398	(214,477)	(194,082)
FUND BALANCES - BEGINNING OF YEAR	(8,851)	(3,873)	9,163,678	9,150,954
FUND BALANCES - END OF YEAR	<u>\$ 8,146</u>	<u>\$ (475)</u>	<u>\$ 8,949,201</u>	<u>\$ 8,956,872</u>

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

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

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>\$ (194,082)</u>
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	<u>649,061</u>
	<u>649,061</u>
<p>Long-term debt (e.g. bonds, loans) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Developer advances	(100,000)
Change in bonds unpaid and compounded interest payable	(610,725)
Change in bond interest payable	(22,513)
Change in developer advance interest payable	(10,836)
	<u>(744,074)</u>
Change in net position - Governmental activities	<u>\$ (289,095)</u>

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

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Property tax	\$ 6	\$ 6	\$ -
Net investment income	1	1	-
Total revenues	<u>7</u>	<u>7</u>	<u>-</u>
EXPENDITURES			
Accounting	25,000	16,087	8,913
Audit	5,000	6,400	(1,400)
Legal	35,000	33,746	1,254
Election	5,000	2,225	2,775
District management	25,000	14,037	10,963
Insurance and bonds	4,000	3,044	956
Board of Directors fees	-	100	(100)
Denver review fee	3,000	3,000	-
Drainage maintenance	11,000	-	11,000
Dues and subscriptions	500	371	129
Miscellaneous	2,000	-	2,000
Contingency	10,515	-	10,515
Total expenditures	<u>126,015</u>	<u>79,010</u>	<u>47,005</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(126,008)</u>	<u>(79,003)</u>	<u>47,005</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	126,008	96,000	(30,008)
Total other financing sources (uses)	<u>126,008</u>	<u>96,000</u>	<u>(30,008)</u>
NET CHANGE IN FUND BALANCE	-	16,997	16,997
FUND BALANCE - BEGINNING OF YEAR	<u>100</u>	<u>(8,851)</u>	<u>(8,951)</u>
FUND BALANCE - END OF YEAR	<u>\$ 100</u>	<u>\$ 8,146</u>	<u>\$ 8,046</u>

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

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – DEFINITION OF REPORTING ENTITY

The District, a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District Court of the City and County of Denver (the City) on November 24, 2004 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under the Service Plan dated August 23, 2004. The District's service area is located in the City and County of Denver. The District was established to provide financing for the design, acquisition, installation, construction, and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation improvements and services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

The District reports the following major governmental funds:

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

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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

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

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to adopt the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in total cash. Investments are carried at fair value.

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 of each year. The levy is certified by December 15 to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are 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 of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities' column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress until conveyed.

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

It is the policy of the City to accept maintenance responsibility for all capital improvements within the City after a minimum two-year warranty period, except for certain landscaping, park and recreation, and storm drainage improvements specified in the District's Service Plan, upon the District's completion and conveyance of such improvements provided they meet the City's specifications.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents

DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

an acquisition of net position that applies to a future period 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. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

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

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

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

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

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

Deficit

The Debt Service Fund reported a deficit in the fund financial statements as of December 31, 2023. The deficit will be eliminated with the receipt of property and specific ownership taxes in 2024.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments - unrestricted	\$ 24,164
Cash and investments - restricted	8,955,563
Total cash and investments	<u>\$ 8,979,727</u>

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

Deposits with Financial Institutions	\$ 45,240
Investments	8,934,487
Total Cash and Investments	<u>\$ 8,979,727</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2023, the District's cash deposits with financial institutions that had a bank balance of \$45,240 and carrying balance of \$45,240.

Investments

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

- . Obligations of the United States and certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2023, the District had the following investments.

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	<u>\$ 8,934,487</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Restricted Cash and Investments

As of December 31, 2023, the District reports cash and investments in the amount of \$8,955,563 which are restricted for capital projects.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in the capital assets for the year ended December 31, 2023 follows:

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023
Capital assets, not being depreciated:				
Construction in progress:				
Streets	\$ -	\$ 42,542	\$ -	\$ 42,542
Water	-	27,341	-	27,341
Sanitation	-	27,341	-	27,341
Parks & Recreation	-	27,341	-	27,341
Utilities	39,561	524,496	-	564,057
Other	1,500	-	-	1,500
Total capital assets, not being depreciated	41,061	649,061	-	690,122
Total capital assets, net	<u>\$ 41,061</u>	<u>\$ 649,061</u>	<u>\$ -</u>	<u>\$ 690,122</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2023.

	Balance December 31, 2022	Additions	Refundings/ Retirements	Balance December 31, 2023	Due Within One Year
Bonds Payable:					
Series 2021 - Bonds	\$ 9,580,000	\$ -	\$ -	\$ 9,580,000	\$ -
Unpaid and compounded interest	598,750	610,725	-	1,209,475	-
Other:					
Developer Advances:					
Principal - Operating	94,000	100,000	-	194,000	-
Interest - Operating	4,458	10,836	-	15,294	-
	<u>\$ 10,277,208</u>	<u>\$ 721,561</u>	<u>\$ -</u>	<u>\$ 10,998,769</u>	<u>\$ -</u>

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

General Obligation Limited Tax Bonds, Series 2021(3) (the Bonds) dated November 16, 2021

Bond Proceeds

The District issued the Bonds on November 16, 2021, in the par amount of \$9,580,000. Proceeds from the sale of the Bonds were used to fund public improvements related to the development of property in the District and to pay costs of issuance of the Bonds.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Details of the Bonds

The Bonds bear interest at the rate of 6.00% per annum and are payable annually on December 1, beginning on December 1, 2022, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. Unpaid interest on the Bonds compounds annually on each December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 2, 2061, such amounts shall be extinguished and no longer due and outstanding.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2026 to November 30, 2027	3.00%
December 1, 2027 to November 30, 2028	2.00%
December 1, 2028 to November 30, 2029	1.00%
December 1, 2029 and Thereafter	0.00%

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2004) less the amount of the Operations Mill Levy, or such lesser mill levy which is sufficient to pay all of the principal of and interest on the Bonds in full. The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

The Operations Mill Levy is, with respect to any particular levy year, the number of mills necessary to produce the dollar amount of the Operations Deduction for the collection year. The Operations Deduction is the amount reasonably determined by the District as being necessary to pay or reimburse the District's operation and maintenance expenses, but not in excess of the following: (i) for levy year 2022 (for collection in 2023), the amount of \$76,500, and (ii) for each levy year thereafter, an additional 2%.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue. On November 2, 2004, the District's electorate authorized total indebtedness of \$25,000,000 for infrastructure improvements at an interest rate not to exceed 18% and \$10,000,000 for refunding the District's debt or other obligations. The

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

election also approved an annual increase in property taxes of \$500,000, at a rate not to exceed 50 mills, to pay the District’s operation and maintenance costs.

On November 8, 2016, the District’s electorate authorized total indebtedness of \$185,000,000 for infrastructure improvements at an interest rate not to exceed 18% and \$150,000,000 for refunding the District’s debt or other obligations. The election also approved an annual increase in property taxes of \$500,000, at a rate not to exceed 50 mills, to pay the District’s operation and maintenance costs.

As of December 31, 2023, the District’s authorized but unissued debt was as follows:

Purpose	Amount Authorized	Authorization Used	Remaining at December 31, 2023
	November 8, 2016	2021 Bonds	
Streets	\$ 30,000,000	\$ -	\$ 30,000,000
Water	30,000,000	-	30,000,000
Sanitation	30,000,000	-	30,000,000
Parks and recreation	30,000,000	-	30,000,000
Traffic safety	30,000,000	-	30,000,000
Public transportation	30,000,000	-	30,000,000
Security services	5,000,000	-	5,000,000
Debt Refunding	120,000,000	-	120,000,000
	<u>\$ 305,000,000</u>	<u>\$ -</u>	<u>\$ 305,000,000</u>

Pursuant to the Service Plan, the District can issue bond indebtedness of up to \$5,000,000, subject to an increase of such amount with the approval of the County. In 2016, the County approved increasing this limit to \$30,000,000. In addition, the maximum total mill levy for the District is 50 mills, as adjusted for changes in the ratio of actual value to assessed value property within the District.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District’s service area within the limitations of the District’s Service Plan.

NOTE 6 – FUND EQUITY

As of December 31, 2023, the District reported the following classifications of fund equity.

Restricted Fund Balance

The restricted fund balance in the Capital Projects Fund in the amount of \$8,949,201 is to be used exclusively for capital asset construction or acquisition of public improvements.

NOTE 7 - NET POSITION

The District had net position consisting of three components – net investment in capital assets, restricted and unrestricted.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District had restricted net position as of December 31, 2023 as follows:

Restricted for:

Capital projects	\$ 583,406
	<u>\$ 583,406</u>

In the government-wide financial statements, the District's had an unrestricted net position deficit of \$1,438,071 as a result of capital improvements that were funded with long-term debt and the associated unpaid and compounded interest on the long-term debt.

NOTE 8 – RELATED PARTIES

The Developers of the property which constitutes the District are Gateway North LLC, a Colorado limited liability company. All members of the Board of Directors are officers, employees, or associated with the Developers and may have conflicts of interest in dealing with the District.

NOTE 9 – AGREEMENTS AND COMMITMENTS

Intergovernmental Advance and Reimbursement Agreement

On October 19, 2020, the District entered into the Intergovernmental Advance and Reimbursement Agreement (IGA) with Denver Gateway Center Metropolitan District (Center) to repay advances made by Center for operating and capital infrastructure costs. The District agreed to repay Center for such advances plus accrued interest at the rate of 6% up to the date of the IGA and 3% after the date of the IGA. In the event the District has not fully paid or reimbursed Center for any advances with interest prior to January 1, 2035, any outstanding amount shall be deemed to be forever released, discharged, forgiven, and satisfied in full. As of December 31, 2023, outstanding operating advances under the agreement totaled \$108,587 and accrued interest totaled \$24,792; outstanding capital advances totaled \$37,637 and accrued interest totaled \$10,084.

Infrastructure Cost Sharing Agreement (Denver Gateway Center Filing No. 7)

On April 15, 2021, the District entered into the Infrastructure Cost Sharing Agreement (Agreement) with 64th & Tower, LLC, a Colorado limited liability company (Tower), Gateway North LLC, a Colorado limited liability company (Gateway North) and Denver Gateway Center Metropolitan District (Center) relating to the construction of certain public infrastructure (outlined in the Agreement) which services both the District and Center.

Center has agreed to design, construct, and install certain public infrastructure. The District will reimburse Center for its prorate share in accordance with the terms of this Agreement and the separate IGA between the District and Center. In addition to the certain shared public

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

infrastructure, Center has agreed to contribute up to \$434,393 towards the cost of moving certain pipes/valves currently existing in the 64th Avenue Right of Way. If the actual cost to move the pipes/valves exceeds \$434,393, Tower shall be responsible for any excess amounts.

One element of the public infrastructure is the construction of a detention pond, which will benefit both Center and the District. Center will be responsible for the maintenance of the detention pond, and will pay all costs and expenses for maintenance, repair and replacement of the detention pond, subject to reimbursement by the District for its share in accordance with the Districts' separate IGA. The Districts share of the maintenance costs will be 34.685%. Center will bill the District for its share of the costs.

As of December 31, 2023, no costs have been billed back to the District under this agreement.

Funding and Reimbursement Agreement

On July 1, 2021, the District entered into the Funding and Reimbursement Agreement (FRA) with Gateway North, LLC, a Colorado limited liability company (Gateway North). Gateway North is willing to loans funds to the District for costs the District has and will incur for general operating, administrative and maintenance. The amount of the loan is not to exceed \$250,000 and shall be available to the District through December 31, 2024. The loan will bear simple interest of 6.5% annually from the date of each advance. As of December 31, 2023, outstanding operating advances under the agreement totaled \$194,000 and accrued interest totaled \$15,294.

Public Improvements Acquisition and Reimbursement Agreement

On July 1, 2021, the District entered into the Public Improvements Acquisition and Reimbursement Agreement (PIARA) with Gateway North, LLC, a Colorado limited liability company (Gateway North). Gateway North has incurred or intends to incur costs related to the financing, construction, and installation of Public Improvements within the District. The PIARA establishes the terms and conditions for the acquisition and reimbursement of these public improvements. Gateway North shall submit documents and proof of payment to evidence the advance payments. The payments will bear simple interest of 6.5% annually from the date of each advance payment or from the date of direct payment by Gateway North.

NOTE 10 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, as amended from time to time, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2023. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability and boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability and public officials' liability. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that 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.

On November 3, 2004, the District's voters authorized the District to increase property taxes \$500,000 annually, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitutions (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, spend, or retain all revenue without regard to any limitations under TABOR.

On November 8, 2016, the District's voters authorized the District to increase property taxes \$500,000 annually, without limitation of rate and without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitutions (TABOR) or Section 29-1-301, C.R.S., to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, spend, or retain all revenue without regard to any limitations under TABOR.

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2023**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Property tax	\$ 57	\$ 57	\$ -
Specific ownership tax	3	-	(3)
Net investment income	-	9	9
Total revenues	<u>60</u>	<u>66</u>	<u>6</u>
EXPENDITURES			
County Treasurer's fees	1	1	-
Paying agent fees	4,000	667	3,333
Contingency	15,999	-	15,999
Total expenditures	<u>20,000</u>	<u>668</u>	<u>19,332</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,940)</u>	<u>(602)</u>	<u>19,338</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	19,815	4,000	(15,815)
Total other financing sources (uses)	<u>19,815</u>	<u>4,000</u>	<u>(15,815)</u>
NET CHANGE IN FUND BALANCE	(125)	3,398	3,523
FUND BALANCE - BEGINNING OF YEAR	<u>125</u>	<u>(3,873)</u>	<u>(3,998)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (475)</u>	<u>\$ (475)</u>

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2023**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Net investment income	\$ 90,752	\$ 468,758	\$ 378,006
Total revenues	<u>90,752</u>	<u>468,758</u>	<u>378,006</u>
EXPENDITURES			
Bank service charges	-	22,270	(22,270)
Capital outlay:			
Engineering	-	11,904	(11,904)
Capital projects	9,130,000	649,061	8,480,939
Total expenditures	<u>9,130,000</u>	<u>683,235</u>	<u>8,446,765</u>
NET CHANGE IN FUND BALANCE	(9,039,248)	(214,477)	8,824,771
FUND BALANCE - BEGINNING OF YEAR	<u>9,039,248</u>	<u>9,163,678</u>	<u>124,430</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 8,949,201</u>	<u>\$ 8,949,201</u>

OTHER INFORMATION

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
TOTAL DISTRICT
Year Ended December 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Property Taxes		Percentage Collected to Levied
		General	Debt Service	Total	Levied	Collected	
2018	\$ 24,390	50.000	0.000	50.000	\$ 1,220	\$ 1,377	112.9%
2019	\$ 11,610	50.000	0.000	50.000	\$ 581	\$ 581	100.0%
2020	\$ 12,870	50.000	0.000	50.000	\$ 644	\$ 644	100.0%
2021	\$ 4,930	50.000	0.000	50.000	\$ 247	\$ 247	100.0%
2022	\$ 2,800	5.000	45.000	50.000	\$ 139	\$ 140	100.7%
2023	\$ 1,260	5.000	45.000	50.000	\$ 63	\$ 63	100.0%
Estimated for year ending December 31, 2024	\$ 4,629,890	16.853	35.118	51.971	\$ 240,620		

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.