

DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
Denver County, Colorado

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Denver Gateway Meadows Metro District

Opinions

We have audited the accompanying financial statements of the governmental activities and the major funds of Denver Gateway Meadows Metro District (the "District") as of and for the year ended December 31, 2021 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 Metro District, as of December 31, 2021 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 Metro 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; 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.

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 Metro District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

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

Other-Matters

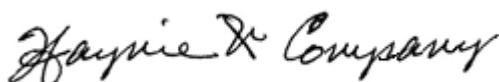
Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Denver Gateway Meadows Metro District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the 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 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Littleton, Colorado
September 29, 2022

BASIC FINANCIAL STATEMENTS

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 6,130
Cash and Investments - Restricted	9,075,848
Property Taxes Receivable	140
Prepaid Expenses	2,997
Total Assets	<u>9,085,115</u>
LIABILITIES	
Accounts Payable	19,150
Noncurrent Liabilities:	
Due in More Than One Year	9,638,442
Total Liabilities	<u>9,657,592</u>
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	140
Total Deferred Inflows of Resources	<u>140</u>
NET POSITION	
Restricted for:	
Emergency Reserves	100
Unrestricted	<u>(572,717)</u>
Total Net Position	<u><u>\$ (572,617)</u></u>

See accompanying Notes to Basic Financial Statements.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 51,753	\$ -	\$ -	\$ -	\$ (51,753)
Interest and Related Costs on Long-Term Debt	528,251	-	-	-	(528,251)
Total Governmental Activities	\$ 580,004	\$ -	\$ -	\$ -	(580,004)
GENERAL REVENUES					
Property Taxes					247
Net Investment Income					464
Total General Revenues					711
CHANGE IN NET POSITION					(579,293)
Net Position - Beginning of Year					6,676
NET POSITION - END OF YEAR					\$ (572,617)

See accompanying Notes to Basic Financial Statements.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 6,130	\$ -	\$ -	\$ 6,130
Cash and Investments - Restricted	100	-	9,075,748	9,075,848
Property Taxes Receivable	14	126	-	140
Prepaid Expenses	2,997	-	-	2,997
	<u>\$ 9,241</u>	<u>\$ 126</u>	<u>\$ 9,075,748</u>	<u>\$ 9,085,115</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 16,150	\$ -	\$ 3,000	\$ 19,150
Total Liabilities	16,150	-	3,000	19,150
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	14	126	-	140
Total Deferred Inflows of Resources	14	126	-	140
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	2,997	-	-	2,997
Restricted for:				
Emergencies (TABOR)	100	-	-	100
Capital Projects	-	-	9,072,748	9,072,748
Unassigned	(10,020)	-	-	(10,020)
Total Fund Balances	<u>(6,923)</u>	<u>-</u>	<u>9,072,748</u>	<u>9,065,825</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,241</u>	<u>\$ 126</u>	<u>\$ 9,075,748</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities are not due and payable in the current period and, therefore, are not in the funds:

Accrued Interest on Developer Advance	(492)
Developer Advances Payable	(34,000)
Bonds Payable	(9,580,000)
Accrued Bond Interest Payable	(23,950)
	<u>(9,618,442)</u>

Net Position of Governmental Activities	<u>\$ (572,617)</u>
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See accompanying Notes to Basic Financial Statements.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 247	\$ -	\$ -	\$ 247
Net Investment Income	1	-	463	464
Total Revenues	<u>248</u>	<u>-</u>	<u>463</u>	<u>711</u>
EXPENDITURES				
Current:				
Accounting	12,168	-	-	12,168
County Treasurer's Fees	2	-	-	2
Denver Review Fee	3,000	-	-	3,000
District Management	10,733	-	-	10,733
Dues and Subscriptions	401	-	-	401
Insurance and Bonds	2,995	-	-	2,995
Legal	22,389	-	-	22,389
Miscellaneous	65	-	-	65
Capital:				
Cost of Issuance	-	-	507,715	507,715
Total Expenditures	<u>51,753</u>	<u>-</u>	<u>507,715</u>	<u>559,468</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(51,505)	-	(507,252)	(558,757)
OTHER FINANCING SOURCES (USES)				
Developer Advance	34,000	-	-	34,000
Advances from Denver Gateway Center MD	3,906	-	-	3,906
Bond Proceeds - Series 2021	-	-	9,580,000	9,580,000
Total Other Financing Sources (Uses)	<u>37,906</u>	<u>-</u>	<u>9,580,000</u>	<u>9,617,906</u>
NET CHANGE IN FUND BALANCES	(13,599)	-	9,072,748	9,059,149
Fund Balances - Beginning of Year	<u>6,676</u>	<u>-</u>	<u>-</u>	<u>6,676</u>
FUND BALANCES - END OF YEAR	<u>\$ (6,923)</u>	<u>\$ -</u>	<u>\$ 9,072,748</u>	<u>\$ 9,065,825</u>

See accompanying Notes to Basic Financial Statements.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds \$ 9,059,149

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position.

Bond Proceeds	(9,580,000)
Current Year Developer Advance	(34,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest on Bonds - Change in Liability	(23,950)
Accrued Interest on Developer Advance - Change in Liability	<u>(492)</u>

Change in Net Position of Governmental Activities \$ (579,293)

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 246	\$ 246	\$ 247	\$ 1
Specific Ownership Taxes	12	12	-	(12)
Net Investment Income	100	100	1	(99)
Total Revenues	<u>358</u>	<u>358</u>	<u>248</u>	<u>(110)</u>
EXPENDITURES				
Current:				
Accounting	10,000	15,000	12,168	2,832
Contingency	2,498	10,498	-	10,498
County Treasurer's Fees	2	2	2	-
Denver Review Fee	3,000	3,000	3,000	-
District Management	8,000	15,000	10,733	4,267
Dues and Subscriptions	500	500	401	99
Insurance and Bonds	4,000	4,000	2,995	1,005
Legal	10,000	25,000	22,389	2,611
Miscellaneous	2,000	2,000	65	1,935
Drainage Maintenance	11,000	11,000	-	11,000
Total Expenditures	<u>51,000</u>	<u>86,000</u>	<u>51,753</u>	<u>34,247</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,642)	(85,642)	(51,505)	34,137
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	35,000	34,000	(1,000)
Advances from Denver Gateway Center MD	50,000	50,000	3,906	(46,094)
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>85,000</u>	<u>37,906</u>	<u>(47,094)</u>
NET CHANGE IN FUND BALANCES	(642)	(642)	(13,599)	(12,957)
Fund Balance - Beginning of Year	<u>833</u>	<u>833</u>	<u>6,676</u>	<u>5,843</u>
FUND BALANCE - END OF YEAR	<u>\$ 191</u>	<u>\$ 191</u>	<u>\$ (6,923)</u>	<u>\$ (7,114)</u>

See accompanying Notes to Basic Financial Statements.

DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2001 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. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement 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.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only 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 due.

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.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

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 fund's average equity balance in the total cash.

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 normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 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 inflow of resources in the year they are levied and measurable. The 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 and are not included in the calculation of net investment in capital assets.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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 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.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2021. The deficit will be eliminated with the receipt of funds advanced by the Developer in 2022.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 6,130
Cash and Investments - Restricted	9,075,848
Total Cash and Investments	<u>\$ 9,081,978</u>

Cash and investments as of December 31, 2021, consist of the following:

Deposits with Financial Institutions	\$ 6,230
Investments	9,075,748
Total Cash and Investments	<u>\$ 9,081,978</u>

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 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.

On December 31, 2021, the District's cash deposits had a bank balance of \$6,230 and a carrying balance of \$6,230.

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:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . 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

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of December 31, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average Under 60 Days	<u>\$ 9,075,748</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 is rated AAAM by Standard & Poor’s. 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

<u>Governmental Activities</u>	<u>December 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31, 2021</u>
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2021, the District had no capital assets.

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2021:

	<u>December 31, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2021</u>	<u>Due Within One Year</u>
Bonds Payable:					
Series 2021 - Bonds	\$ -	\$ 9,580,000	\$ -	\$ 9,580,000	\$ -
Unpaid Interest	-	23,950	-	23,950	-
Other:					
Developer Advances:					
Principal - Operating	-	34,000	-	34,000	-
Interest - Operating	-	492	-	492	-
Total Debt	<u>\$ -</u>	<u>\$ 9,638,442</u>	<u>\$ -</u>	<u>\$ 9,638,442</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.

Details of the Bonds

The Bonds bear interest at the rate of 6.000% 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.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

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 2021 (for collection in 2022), the amount of \$75,000, 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.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

Authorized Debt

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 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.

	Amount Authorized November 8, 2016	Authorization Used 2021 Bonds	Remaining at December 31, 2021
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
Total	<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.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted net position.

The restricted component of net position consists of assets 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, 2021, as follows:

Restricted Net Position:

TABOR Reserve	\$ 100
Total Restricted Net Position	<u>\$ 100</u>

The District has a deficit in unrestricted net position.

NOTE 7 RELATED PARTIES

The Developers of the property which constitutes the District are Gateway North LLC, a Colorado limited liability company and 64th & Tower 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 8 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, 2021, outstanding operating advances under the agreement totaled \$108,587 and accrued interest totaled \$18,239; outstanding capital advances totaled \$37,367 and accrued interest totaled \$7,814.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 AGREEMENTS AND COMMITMENTS (CONTINUED)

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 prorata 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 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, 2021, 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.

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.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

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.

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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.

SUPPLEMENTARY INFORMATION

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Paying Agent Fees	-	4,000	-	4,000
Contingency	-	16,000	-	16,000
Total Expenditures	-	20,000	-	20,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(20,000)	-	20,000
OTHER FINANCING SOURCES (USES)				
Developer Advance	-	20,000	-	(20,000)
Total Other Financing Sources (Uses)	-	20,000	-	(20,000)
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Net Investment Income	\$ -	\$ -	\$ 463	\$ 463
Total Revenues	-	-	463	463
EXPENDITURES				
Cost of Issuance	-	513,580	507,715	5,865
Capital Construction	20,000	10,185,420	-	10,185,420
Total Expenditures	20,000	10,699,000	507,715	10,191,285
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,000)	(10,699,000)	(507,252)	10,191,748
OTHER FINANCING SOURCES (USES)				
Bond Proceeds - Series 2021	-	10,679,000	9,580,000	(1,099,000)
Advances from Denver Gateway Center MD	20,000	20,000	-	(20,000)
Total Other Financing Sources (Uses)	20,000	10,699,000	9,580,000	(1,119,000)
NET CHANGE IN FUND BALANCES	-	-	9,072,748	9,072,748
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,072,748</u>	<u>\$ 9,072,748</u>

**DENVER GATEWAY MEADOWS METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2021**

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Mills Levied	Total Property Taxes		Percent Collected to Levied
		General	Debt Service		Levied	Collected	
2017	\$ 17,410	48.000	0.000	48.000	\$ 836	\$ 836	100.00 %
2018	24,390	50.000	0.000	50.000	1,220	1,377	112.87
2019	11,610	50.000	0.000	50.000	580	581	100.17
2020	12,870	50.000	0.000	50.000	643	644	100.16
2021	4,930	50.000	0.000	50.000	246	247	100.41
Estimated for the Year Ending December 31, 2022	\$ 2,800	5.000	45.000	50.000	\$ 140		