

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT**  
City and County of Denver, Colorado

**FINANCIAL STATEMENTS**  
December 31, 2016



**RECEIVED**

*By Justin L. Smith at 9:55 am, Mar 22, 2017*

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## **Independent Auditor's Report**

Board of Directors  
Gateway Village General Improvement District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental and business activities and each major fund of Gateway Village General Improvement District as of and for the year ended December 31, 2016, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and business activities and each major fund of the Gateway Village General Improvement District as of December 31, 2016, and the respective changes in financial position, cash flows and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

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 are not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*L. Paul Goedecke P.C.*

L. Paul Goedecke, P.C.  
February 23, 2017

## **BASIC FINANCIAL STATEMENTS**

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 349,724
Cash and investments - Restricted	11,800
Receivable - County Treasurer	3,082
Property taxes receivable	450,672
Total assets	815,278
<b>LIABILITIES</b>	
Accounts payable	4,490
Total liabilities	4,490
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax revenue	450,672
Total deferred inflows of resources	450,672
<b>NET POSITION</b>	
Restricted for:	
Emergency reserves	11,800
Unrestricted	348,316
Total net position	\$ 360,116

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

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 233,603	\$ -	\$ -	\$ -	\$ (233,603)
Interest and related costs on long-term debt	19,735	-	-	-	(19,735)
	<u>\$ 253,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(253,338)</u>
General revenues:					
Property taxes					578,488
Specific ownership taxes					38,450
Net investment income					5,090
Total general revenues					<u>622,028</u>
Change in net position					368,690
Net position - Beginning					(8,574)
Net position - Ending					<u>\$ 360,116</u>

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

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 349,724	\$ -	\$ 349,724
Cash and investments - Restricted	11,800	-	11,800
Receivable - County Treasurer	3,082	-	3,082
Property taxes receivable	450,672	-	450,672
<b>TOTAL ASSETS</b>	<b>\$ 815,278</b>	<b>\$ -</b>	<b>\$ 815,278</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 4,490	\$ -	\$ 4,490
Total liabilities	4,490	-	4,490
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenue	450,672	-	450,672
Total deferred inflows of resources	450,672	-	450,672
<b>FUND BALANCES</b>			
Restricted for:			
Emergency reserves	11,800	-	11,800
Unassigned	348,316	-	348,316
Total fund balances	360,116	-	360,116
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 815,278</b>	<b>\$ -</b>	<b>\$ 815,278</b>

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

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year End of December 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 348,886	\$ 229,602	\$ 578,488
Specific ownership taxes	38,450	-	38,450
Net investment income	5,090	-	5,090
Total revenues	<u>392,426</u>	<u>229,602</u>	<u>622,028</u>
<b>EXPENDITURES</b>			
Accounting	22,352	-	22,352
Audit	2,700	-	2,700
County Treasurer's fees	3,495	2,300	5,795
City administrative fee	5,000	-	5,000
Insurance and bonds	10,059	-	10,059
Irrigation water	23,872	-	23,872
Irrigation water - HOA	7,706	-	7,706
Landscape contract - Bolling	18,551	-	18,551
Landscape contract - Chambers Road	11,102	-	11,102
Landscape contract - HOA	24,969	-	24,969
Landscape repairs	3,376	-	3,376
Landscape repairs - HOA	8,106	-	8,106
Legal	26,643	-	26,643
Miscellaneous	230	-	230
Snow removal	4,205	-	4,205
Utilities	1,415	-	1,415
Utilities - HOA	969	-	969
Property improvements - Fence	58,853	-	58,853
Debt service			
Bond principal	-	500,000	500,000
Bond interest	-	18,852	18,852
Paying agent fees	-	150	150
Total expenditures	<u>233,603</u>	<u>521,302</u>	<u>754,905</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>158,823</u>	<u>(291,700)</u>	<u>(132,877)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	11,897	(11,897)	-
Total other financing sources (uses)	<u>11,897</u>	<u>(11,897)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	170,720	(303,597)	(132,877)
<b>FUND BALANCES - BEGINNING OF YEAR</b>			
	<u>189,396</u>	<u>303,597</u>	<u>492,993</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 360,116</u>	<u>\$ -</u>	<u>\$ 360,116</u>

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

**GATEWAY VILLAGE GENERAL IMPROVEMENT 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, 2016**

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

Net change in fund balances - Total governmental funds	\$ (132,877)
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The issuance of long-term debt (e.g., bonds) provides 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Current year bond principal	500,000
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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 payable on bonds - Change in liability	<u>1,567</u>
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Changes in net position of governmental activities	<u><u>\$ 368,690</u></u>
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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2016**

	<b>Original And Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Property taxes	\$ 348,955	\$ 348,886	\$ (69)
Specific ownership taxes	37,608	38,450	842
Net investment income	500	5,090	4,590
Total revenues	<u>387,063</u>	<u>392,426</u>	<u>5,363</u>
<b>EXPENDITURES</b>			
Accounting	23,000	22,352	648
Audit	2,700	2,700	-
County Treasurer's fees	3,490	3,495	(5)
City administrative fee	5,000	5,000	-
Insurance and bonds	11,000	10,059	941
Contingency	15,470	-	15,470
Irrigation water	25,940	23,872	2,068
Irrigation water - HOA	10,000	7,706	2,294
Landscape contract - Bolling	19,000	18,551	449
Landscape contract - Chambers Rd.	11,500	11,102	398
Landscape contract - HOA	30,500	24,969	5,531
Landscape repairs	3,900	3,376	524
Landscape repairs - HOA	5,000	8,106	(3,106)
Legal	25,000	26,643	(1,643)
Maintenance and repair	5,000	-	5,000
Miscellaneous	300	230	70
Snow removal	8,000	4,205	3,795
Utilities	500	1,415	(915)
Utilities - HOA	2,000	969	1,031
Winter watering	2,700	-	2,700
Property improvements - Fence	90,000	58,853	31,147
Total expenditures	<u>300,000</u>	<u>233,603</u>	<u>66,397</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>87,063</b>	<b>158,823</b>	<b>71,760</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	11,897	11,897
Total other financing sources (uses)	<u>-</u>	<u>11,897</u>	<u>11,897</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>87,063</b>	<b>170,720</b>	<b>83,657</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>179,410</u>	<u>189,396</u>	<u>9,986</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 266,473</u></u>	<u><u>\$ 360,116</u></u>	<u><u>\$ 93,643</u></u>

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

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Gateway Village General Improvement District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Ordinance 551, Series of 1994 of the City Council of the City and County of Denver (the City Council) and is governed pursuant to provisions of the Improvement District Act. The District is located entirely in the City and County of Denver (the City) and all District services are provided within its boundaries. The City Council constitutes the ex-officio Board of Directors of the District (the Board). The Board established an advisory board (the Advisory Board) to manage the financial and legal affairs of the District. The Advisory Board is comprised of the City's Manager of Public Works (or designated representative), the City Council District member who represents the district that overlaps a majority of the District, and three registered electors of the District.

The District was established to provide financing for construction of streets, drainage, safety, parks and recreation facilities, landscaping and police or fire facilities improvements.

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 is a component unit of the City for financial statement reporting purposes.

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

**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 taxes.

The statement of net position reports all financial and capital resources of the District. The difference between the assets plus the deferred outflows of resources and liabilities plus the deferred inflows of resources of the District is 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

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 and interest. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is 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 debt of the governmental funds.

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.

**Budgets**

In accordance with the Charter of the City, the Board 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 level and lapses at year-end. The Board can modify the budget by line item within the total appropriation without notification. The appropriation can only be

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Investments are carried at fair value.

**Property Taxes**

Property taxes are levied by the District's Board. The levy is based on assessed valuations determined by the City Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the Denver City Council to put the tax lien on the individual properties as of January 1 of the following year. The City 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 City Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue 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**

The land included within the District is subject to a Memorandum of Agreement dated June 30, 1995, related to the annexation of the property to the City. Provisions of the Agreement provide that the City agrees to maintain the streets, storm drainage, and parks within the annexed area at the City's expense. Consequently, the District's costs related to capital assets have been removed from the District's capital asset records. However, the District has budgeted to maintain the storm drainage canal and certain streetscapes within the District.

**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.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund balance sheet does not include a reconciliation between total liabilities and fund balance and total net position as reported in the government-wide statement of net position. The District had no current year transactions requiring reconciliation.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 349,724
Cash and investments - Restricted	<u>11,800</u>
Total cash and investments	<u><u>\$ 361,524</u></u>

Cash and investments as of December 31, 2016, consist of the following:

Deposits with financial institutions	\$ 7,756
Investments	<u>353,768</u>
Total cash and investments	<u><u>\$ 361,524</u></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 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.

At December 31, 2016, the District's cash deposits had a bank balance of \$7,756 and a carrying balance of \$7,756.

**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 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. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

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

**Fair Value Measurement and Application**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The District has invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs.

As of December 31, 2016, the District had the following investments:

<b>Investment</b>	<b>Maturity</b>	<b>Fair Value</b>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	<u>\$ 353,768</u>

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. 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.

**NOTE 4 - LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2016:

	<b>Balance at December 31, 2015</b>	<b>Net Issues</b>	<b>Retirements/ Refundings</b>	<b>Balance at December 31, 2016</b>	<b>Current Portion</b>
Series 2009 - \$2,215,000 G.O. Refunding Bonds	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>

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

**General Obligation Bonds**

**\$2,215,000 General Obligation Refunding Bonds, Series 2009, dated November 20, 2009**, with an interest rate of 3.76%, consisting of serial bonds due annually through 2016. The bonds are subject to redemption prior to maturity at the option of the District on any date without premium. The bonds were used to refund and pay the Series 1998 and Series 2004 Bonds plus accrued interest, to establish a debt service reserve, and to pay for cost of issuance.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)**

The bonds are secured by the Pledged Revenues and all monies and earnings thereon held in the Funds or accounts created under the terms of the Indenture. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy, the specific ownership tax which is collected as a result of the imposed mill levy, and any other legally available funds.

The Series 2009 bonds were paid in full on December 1, 2016.

**Authorized Debt**

On November 8, 1994, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$2,000,000 at an interest rate not to exceed 15% per annum. On November 3, 1998, the electors authorized an additional \$1,000,000 at an effective interest not to exceed 10% per annum. At December 31, 2016, the District has no remaining authorized but unissued indebtedness.

**NOTE 5 - NET POSITION**

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

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 legislations. The District had a restricted net position at December 31, 2016, as follows:

Restricted net position:

Emergency reserves	<u>\$ 11,800</u>
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**NOTE 6 - RELATED PARTIES**

**City**

Two City employees serve on the Advisory Board. The District has an agreement to reimburse the City for employee time and expense devoted to the operation of the District. The District paid the City \$5,000 in 2016 for these services.

**NOTE 7 - AGREEMENTS**

**Landscaping Services Agreement**

On April 1, 2006, the District entered into a landscaping services agreement with Gateway Village Homeowners Association (HOA) in an effort to consolidate the costs of the landscaping services in order to reduce the financial effect of either assessments or taxes to the homeowners. The HOA will perform, or cause to be performed, the landscaping for certain parks, streetscape and drainage areas. The District will reimburse the HOA for services provided upon the District's behalf.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 7 – AGREEMENTS (CONTINUED)**

**Cooperative Landscaping Agreement**

On August 8, 2006, the District entered into a cooperative agreement for landscaping services with the City and County of Denver (City). The District performs maintenance and landscaping services on behalf of the City for certain streetscape and storm drainage improvements in accordance with all the rules, regulations and restrictions which may be imposed by the City. Any construction, repair or modification of the improvements shall be done to the then-current standards of the Department of Public Works. The District pays monthly water utility bills for water used on the landscaping. The City shall cooperate with the District to facilitate the waiver of any water tap development fees. All landscape improvements that are constructed or installed shall be owned by the City.

The Agreement was amended in 2007 to add new landscape improvements to the original agreement.

**Fence Maintenance Agreement**

On September 21, 2015, the District entered into a fence maintenance agreement with Gateway Village Homeowners Association (HOA). Prior to this agreement, the District had reimbursed the HOA for replacement of perimeter fencing within the District (the "HOA Fence"). This Agreement provides funding to the HOA for the maintenance and repair of the HOA Fence. The HOA will be responsible for maintaining and repairing the HOA Fence. The District shall reimburse the HOA for costs associated with the maintenance and repair of the HOA Fence. The maintenance and repair costs may include monies owed to the fence maintenance and repair company, landscaping costs, and other fees and costs associated with the administration of the HOA Fence. Reimbursement of these costs is subject to annual appropriation by the District. Any maintenance and repair costs in excess of the District's annual appropriated amount shall be the responsibility of the HOA.

**NOTE 8 - 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; or acts of God. The District maintains commercial insurance for these risks of loss. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There have been no claims in the past three fiscal years.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 9 - 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.

On November 8, 1994, a majority of the District's electors approved the following ballot question:

Shall Gateway Village General Improvement District, City and County of Denver, Colorado's taxes be increased by \$75,000 annually from the imposition of ad valorem property taxes at a rate of 20 mills in 1995 and each year thereafter, for the payment of operational and maintenance expenses of the District, and shall the revenues from such taxes and any earnings from the investment thereof be collected and spent without limitation by any revenue or spending limits, and without affecting the District's ability to collect or spend any other revenues or funds, under Article X, Section 20 of the Colorado Constitution or any other law?

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

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

**SUPPLEMENTARY INFORMATION**

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
Year End of December 31, 2016**

	<u>Original And Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Property taxes	\$ 229,635	\$ 229,602	\$ (33)
Net investment income	50	-	(50)
Total revenues	<u>229,685</u>	<u>229,602</u>	<u>(83)</u>
<b>EXPENDITURES</b>			
Bond principal	500,000	500,000	-
Bond interest	18,800	18,852	(52)
County Treasurer's fees	2,296	2,300	(4)
Paying agent fees	600	150	450
Contingency	11,242	-	11,242
Total expenditures	<u>532,938</u>	<u>521,302</u>	<u>11,636</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(303,253)</u>	<u>(291,700)</u>	<u>11,553</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	(11,897)	(11,897)
Total other financing sources (uses)	<u>-</u>	<u>(11,897)</u>	<u>(11,897)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(303,253)</u>	<u>(303,597)</u>	<u>(344)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>303,253</u>	<u>303,597</u>	<u>344</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT  
 FIVE YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY  
 AND PROPERTY TAXES COLLECTED  
 December 31, 2016**

<u>Year Ended December 31</u>		<u>Assessed Valuation for Property Tax Levy</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
<u>Assessment Year</u>	<u>Collection Year</u>			<u>Levied</u>	<u>Collected</u>	
2011	2012	\$ 16,404,830	32.500	\$ 533,156	\$ 515,974	99.9%
2012	2013	\$ 16,461,800	32.500	\$ 535,009	\$ 532,107	99.5%
2013	2014	\$ 16,995,100	32.500	\$ 552,341	\$ 545,553	98.8%
2014	2015	\$ 17,861,970	32.500	\$ 580,514	\$ 580,773	100.1%
2015	2016	\$ 22,513,240	25.700	\$ 578,590	\$ 578,488	100.0%
Estimated 2016	2017	\$ 22,533,600	20.000	\$ 450,672		