

**Gateway Regional Metropolitan District**

**Financial Statements  
December 31, 2017**

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Office of the State Auditor

July 30, 2018

**Gateway Regional Metropolitan District  
Financial Statements  
December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors Gateway Regional Metropolitan District

We have audited the accompanying financial statements of the governmental activities and each fund of the Gateway Regional Metropolitan District (the "District"), as of and for the year ended December 31, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

#### ***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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of the Gateway Regional Metropolitan District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

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**Other Matters**

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

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison 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 statement 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.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
July 26, 2018**

## **FINANCIAL STATEMENTS**

**Gateway Regional Metropolitan District  
Balance Sheet/  
Statement of Net Position  
December 31, 2017**

	<b>Balance Sheet</b>				<b>Adjustments</b>	<b>Statement of Net Position</b>
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>		
<b>Assets:</b>						
Cash and cash equivalents	136,183	964,605	16,795	1,117,583	-	1,117,583
Property tax receivable	53,033	1,122,208	-	1,175,241	-	1,175,241
Accounts receivable	-	47,844	-	47,844	-	47,844
Prepaid expenses	4,598	-	-	4,598	-	4,598
Capital assets, net of accumulated depreciation	-	-	-	-	512,753	512,753
<b>Total Assets</b>	<u>193,814</u>	<u>2,134,657</u>	<u>16,795</u>	<u>2,345,266</u>	<u>512,753</u>	<u>2,858,019</u>
<b>Liabilities:</b>						
Accrued interest payable	-	21,884	-	21,884	-	21,884
Accounts payable	6,018	-	-	6,018	-	6,018
2007-1 City Note	-	-	-	-	2,435,450	2,435,450
Bonds payable:						
Due within one year	-	-	-	-	200,000	200,000
Due in more than one year	-	-	-	-	8,308,226	8,308,226
<b>Total Liabilities</b>	<u>6,018</u>	<u>21,884</u>	<u>-</u>	<u>27,902</u>	<u>10,943,676</u>	<u>10,971,578</u>
<b>Deferred Inflows of Resources:</b>						
Deferred tax revenues	53,033	1,122,208	-	1,175,241	-	1,175,241
<b>Total Deferred Inflows of Resources</b>	<u>53,033</u>	<u>1,122,208</u>	<u>-</u>	<u>1,175,241</u>	<u>-</u>	<u>1,175,241</u>
<b>Fund Balance/Net Position:</b>						
<b>Fund Balance:</b>						
Nonspendable	4,598	-	-	4,598	(4,598)	-
Restricted for emergency	3,338	-	12	3,351	(3,351)	-
Assigned	-	990,565	16,783	1,007,348	(1,007,348)	-
Unassigned	126,827	-	-	126,827	(126,827)	-
<b>Total Fund Balance</b>	<u>134,763</u>	<u>990,565</u>	<u>16,795</u>	<u>1,142,123</u>	<u>(1,142,123)</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>193,814</u>	<u>2,134,657</u>	<u>16,795</u>	<u>2,345,266</u>	(2,345,266)	-
<b>Net Position:</b>						
Restricted for emergency					3,351	3,351
Unrestricted					(9,292,151)	(9,292,151)
<b>Total Net Position</b>					<u>(9,288,800)</u>	<u>(9,288,800)</u>

The accompanying notes are an integral part of these financial statements.

**Gateway Regional Metropolitan District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance/**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	<b>Statement of Revenues, Expenditures and Changes in Fund Balance</b>				<b>Adjustments</b>	<b>Statement of Activities</b>
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>		
<b>Revenues:</b>						
Property tax	48,536	728,035	-	776,571	-	776,571
Specific ownership tax	57,469	-	-	57,469	-	57,469
System development fees	-	1,323,210	-	1,323,210	-	1,323,210
System development fees -- FCV	-	148,733	-	148,733	-	148,733
Net investment income	903	18,281	407	19,591	-	19,591
Miscellaneous	4,370	-	-	4,370	-	4,370
<b>Total Revenues</b>	<u>111,278</u>	<u>2,218,259</u>	<u>407</u>	<u>2,325,574</u>	<u>-</u>	<u>2,329,944</u>
<b>Expenditures/Expenses:</b>						
Accounting	21,817	-	-	21,817	-	21,817
Legal	13,678	-	-	13,678	-	13,678
Legal publications and elections	49	-	-	49	-	49
Insurance	5,215	-	-	5,215	-	5,215
Maintenance and utilities	40,702	-	-	40,702	21,996	62,698
Miscellaneous	2,127	-	-	2,127	-	2,127
District management	16,887	-	-	16,887	-	16,887
County Treasurer's fees	486	7,291	-	7,777	-	7,777
Denver review fee	5,000	-	-	5,000	-	5,000
Debt service/interest expense	-	1,913,778	-	1,913,778	(1,483,426)	430,352
<b>Total Expenditures/Expenses</b>	<u>105,961</u>	<u>1,921,069</u>	<u>-</u>	<u>2,027,030</u>	<u>(1,461,430)</u>	<u>565,600</u>
<b>Other Financing Sources:</b>						
Operating transfers in (out)	-	145,115	(145,115)	-	-	-
Denver Highpoint agreement	6,345	-	-	6,345	-	6,345
<b>Total Other Financing Sources</b>	<u>6,345</u>	<u>145,115</u>	<u>(145,115)</u>	<u>6,345</u>	<u>-</u>	<u>6,345</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	11,662	442,305	(144,708)	309,259	(309,259)	
<b>Change in Net Position</b>					1,770,689	1,770,689
<b>Fund Balance/Net Position:</b>						
Beginning	123,101	548,260	161,503	832,864		(11,059,489)
Ending	<u>134,763</u>	<u>990,565</u>	<u>16,795</u>	<u>1,142,123</u>		<u>(9,288,800)</u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies**

On May 11, 1998, the City and County of Denver District Court issued an Order and Decree creating Gateway Regional Metropolitan District (the "District"), a quasi-municipal corporation, pursuant to provisions of the Colorado Special District Act and other relevant law. The District's service area is located entirely in the City and County of Denver ("City"), Colorado. On December 17, 2007, the City approved the District's Amended and Restated Service Plan. The District and the City entered into a Regional Facilities Agreement in 1998 and amended in 2001 (the "Original RFA"), which defines the District's responsibilities to provide for the design, acquisition, construction, installation and financing of regional facilities. The Regional Facilities Agreement was amended again, dated January 14, 2008, as a result of negotiations during 2007 with the City and County of Denver and the owners of the High Point project (the "2007 RFA"). The regional facilities include storm drainage, streets, sanitation and related improvements, park and recreation, and a fire station. Upon completion, the facilities are to be transferred to the City for ownership and maintenance, except that the District will be responsible for maintenance of limited regional drainage infrastructure improvements and landscaping within public right-of-ways.

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

Effective December 1, 2007, the Amended and Restated Service Plan states that the maximum mill levy will be no more than 7 mills for operations and no more than 15 mills for debt service. However, the maximum mill levy allowed will be adjusted upward or downward to offset legislative or constitutional changes in the method of calculating assessed values of taxable property within the District.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The District is governed by an elected Board which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the provisions of the Colorado Special District Act. The reporting entity consists of (a) the primary government (i.e., the District), and (b) organizations for which the District is financially accountable or the organization's primary purpose is to benefit the District. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The District is not financially accountable for any entity based on the above criteria nor is the District a component unit of any other entity.

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

**1. Government-wide Financial Statements**

In the Statement of Net Position, the District's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts - invested in capital assets, net of related debt; restricted; and unrestricted net position.

The focus of the Statement of Net Position and the Statement of Activities is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**2. Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The *Debt Service Fund* accounts for property taxes levied for debt payment on general obligation bonds.

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

**1. Long-term Economic Focus and Accrual Basis**

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days of December 31) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**D. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

**2. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

**3. Capital Assets**

Capital assets, which include land, landscape, and detention pond, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life of at least 3 years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

Landscape construction is depreciated using the straight line method over twenty-five years of estimated useful life.

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**4. Deferred Inflows and Outflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

**5. Fund Balance**

The District classifies governmental fund balances as follows:

*Non-spendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

*Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**Gateway Regional Metropolitan District  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**5. Fund Balance (continued)**

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management reports the target amounts annually to Board of Directors.

**4. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

**A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets, net	\$ 512,753
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Bonds payable	\$ 8,508,226
2007-1 City Note	2,435,450

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

**Gateway Regional Metropolitan District  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements (continued)**

**B. Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities**

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Maintenance and utilities	\$ 21,996
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The adjustment of \$21,996 is depreciation expense.

Principal paid on City note	\$ (1,458,796)
Interest accrued on City note	164,774
Principal paid on 2016 bonds	(190,000)
Amortization of discount on 2016 bonds	596
Total adjustment	<u>\$ (1,483,426)</u>

The issuance of long-term debt (e.g., bonds, leases) 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 issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

**III. Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds and the fiduciary fund are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2017 budget, prior to August 25, 2016, the Assessor's Office sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The Assessor's Office may change the assessed valuation on or before December 10, 2016 only once by a single notification to the District.
- (2) On or before October 15, 2016, the District's management submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgets and Budgetary Accounting (continued)**

- (4) For the 2017 budget, prior to December 15, 2016 the District computed and certified to the City and County of Denver a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) emergency appropriations; and (d) reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**B. TABOR Amendment - Revenue and Spending Limitation Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years. TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2017, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$3,351 which is the approximate required reserve at December 31, 2017.

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)**

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

On May 5, 1998, a majority of the District's electors who voted in the election approved the following two non-debt TABOR related questions:

"Shall Gateway Regional Metropolitan District taxes be increased \$120,000 annually (first full fiscal year dollar increase) and by such amounts as may be collected annually thereafter as may be necessary to pay the District's operations, maintenance and other expenses: such taxes to consist of an operational ad valorem mill levy imposed at a rate not to exceed 10 mills as may be determined by the Board, to be used for the purpose of paying the District's operations, maintenance and other expenses; and shall the proceeds of such taxes and investment income thereon constitute voter-approved revenue changes and be collected and spent by the District each year without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes?"

"Shall Gateway Regional Metropolitan District, for purposes other than enterprises, and as a voter-approved revenue change, be authorized to collect, retain, and spend the amount of \$5,000,000 annually from any revenue sources other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, regional system development fees, inspection charges, grants, or any other fee, rate, toll, penalty, income, or charge imposed, collected, or authorized by law to be imposed or collected by the District, and shall such revenues be collected and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District?"

On May 5, 1998, the District's electors also authorized, in separate questions, the District to increase debt \$24,301,600 and taxes \$67,175,160 annually or by such lesser amount as may be necessary, such debt to be in the form of General Obligation Bonds, or other obligations, or other obligations of the District, including without limitation contracts, leases, and other agreements for the purpose of designing and building street, bridge, and landscaping improvements, storm drainage facilities, a regional fire station, and park and recreation infrastructure and other capital improvements. The maximum net effective annual interest rate on the debt shall not exceed 10% per annum. The debt shall mature or become payable in not more than 20 years after the date of issuance, is to be paid from any legally available moneys of the District, including the proceeds of ad valorem taxes; such taxes to consist of a debt service ad valorem mill levy imposed on all taxable property within the District not to exceed 25 mills, adjusted as described in the election questions. The above debt and tax increases shall constitute voter-approved revenue changes.

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)**

On November 3, 1998, a majority of the District's electors approved the following four TABOR related questions:

"Shall Gateway Regional Metropolitan District taxes be increased \$120,000 annually (first full fiscal year dollar increase) and by such amounts as may be collected annually thereafter as may be necessary to pay the District's operations, maintenance and other expenses: such taxes to consist of an operational ad valorem mill levy imposed at a rate not to exceed 10 mills as may be determined by the Board, to be used for the purpose of paying the District's operations, maintenance and other expenses; and shall the proceeds of such taxes and investment income thereon constitute voter-approved revenue changes and be collected and spent by the District each year without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes?"

"Shall Gateway Regional Metropolitan District taxes be increased \$120,000 in 1999 for collection in 2000, and by the same amount as adjusted for inflation plus annual local growth in each subsequent fiscal year thereafter through and including 2020, to pay in part the District's general cost of operations, maintenance; such taxes to consist of an ad valorem mill levy which shall be imposed at a rate not to exceed 10 mills as may be determined by the District to produce the annual increase set forth above or such lesser amount as may be necessary; and shall the District be allowed to collect and expend from said mill levy more than the amount which would otherwise be permitted under the 5.1/2% limit of Section 29-1-301, Colorado Revised Statutes, all such additional revenues to be used for such lawful purposes as are deemed appropriate by the Board?"

"Shall Gateway Regional Metropolitan District, for purposes other than enterprises, and as a voter-approved revenue change, be authorized to collect, retain, and spend the amount of \$5,000,000 annually from any revenue sources other than ad valorem taxes, including but not limited to tap fees, facility fees, service charges, regional system development fees, inspection charges, grants, or any other fee, rate, toll, penalty, income, or charge imposed, collected, or authorized by law to be imposed or collected by the District, and shall such revenues be collected and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, and without limiting in any year the amount of other revenues that may be collected and spent by the District?"

"Shall Gateway Regional Metropolitan District debt be increased \$24,301,600, with a repayment cost of not more than \$67,175,160; and shall Gateway Regional Metropolitan District taxes be increased \$26,731,760 annually, or by such lesser annual amount as may be necessary to pay the District's debt; such debt to consist of general obligation bonds or other obligations issued for the purpose of refunding, paying, or defeasing, in whole or in part, bonds, notes, or other financial obligations of the District; such debt to bear interest at a net effective interest rate not in excess of 10% per annum, which interest rate may be higher than the interest rate borne by the obligations being refunded; such interest to be payable at such time or times and which may compound annually or semiannually as may be determined by the District, such debt to be issued at one time or from time to time and to mature or be payable in not more than 40 years after issuance, to be paid from any legally available moneys of the District, including the proceeds of ad valorem property taxes; such taxes to consist of an ad valorem mill levy imposed without

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)**

limitation of rate or with such limitations as may be determined by the Board, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used solely for the purpose of paying the principle of, premium if any, and interest on the District's debt; and shall the proceeds of any such debt and the proceeds of such taxes, any other revenue used to pay such debt, and investment income thereon constitute voter-approved revenue changes and be collected and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution?"

On November 3, 1998, the District's electors also authorized, in separate ballot questions, the District to increase debt \$24,301,600 and taxes \$67,175,160 annually or by such lesser amount as may be necessary, such debt to be in the form of General Obligation Bonds, or other obligations, or other obligations of the District, including without limitation contracts, leases, and other agreements for the purpose of designing and building street, bridge, and landscaping improvements, storm drainage facilities, a regional fire station, and park and recreation infrastructure, and other capital improvements. The maximum net effective annual interest rate on the debt shall not exceed 10% per annum. The debt shall mature or become payable in not more than 20 years after the date of issuance, is to be paid from and legally available moneys of the District, including the proceeds of ad valorem taxes; such taxes to consist of a debt service ad valorem mill levy imposed on all taxable property within the District not to exceed 25 mills, adjusted as described in the election questions. The above debt and tax increases shall constitute voter-approved revenue changes.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

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. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions 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.

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

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

The District had invested \$602,991 in the Colorado Local Government Liquid Asset Trust (the "Trust"). The Trust is 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, measured at net asset value, and each share is equal in value to \$1.00. Investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank.

The Trust directly holds all repurchase agreements. The custodian's internal records identify the investments owned by the Trust. The District does not categorize its participation in the Trust because the investment is not evidenced by securities specifically identifiable to the District.

A summary of cash deposits and investments is as follows:

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking		\$ 46,735		
On demand accounts		463,859		
Cash with County Treasurer		3,998		
<i>Investments:</i>				
Colostrust	AAAm	602,991	602,991	
		<u>\$ 1,117,583</u>		
<b><u>Investments Measured at Net Asset Value</u></b>				
Colostrust		<u>\$ 602,991</u>		

**Gateway Regional Metropolitan District  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets:				
Landscape improvements	\$ 879,849	-	-	879,849
Total capital assets being depreciated	<u>879,849</u>	<u>-</u>	<u>-</u>	<u>879,849</u>
Less accumulated depreciate for:				
Landscape improvements	(345,100)	(21,996)	-	(367,096)
Total accumulated depreciation	<u>(345,100)</u>	<u>(21,996)</u>	<u>-</u>	<u>(367,096)</u>
<b>Total capital assets, net</b>	<u>\$ 534,749</u>	<u>(21,996)</u>	<u>-</u>	<u>512,753</u>

**C. Long-term Obligations**

**1. 2007-1 City Note**

On March 19, 2009, the District issued the 2007-1 City Note to the City and County of Denver (with an effective date for accrual of interest of January 14, 2008), in the principal amount of \$5,689,519.52 at 4.47% interest per annum and a twenty year term as required by the 2007 RFA (see note IV.D.6). The 2007-1 City Note will be subordinate to the District's bonds and payable from System Development Fees and the debt service mill levy limited to 15 mills, less mills required for debt service on senior bonds. Additional notes to the City may be incurred by the District if the City incurs regional improvement costs attributable to the District and the District is unable to issue bonds. If the District's assessed valuation increases, the District shall pay the 2007-1 City Note (first accrued interest, then principal) and any subsequent notes (first old notes, then newer notes) or pay for more regional improvements requested by the City.

On December 7, 2016, and effective January 1, 2017, the District passed a resolution to collect and use certain drainage fees ("First Creek Fees") based on a certain First Creek Restoration Project Short Report dated as of January 12, 2016, which provides the cost of furnishing the First Creek Improvements that have resolved drainage and flood problems of the property impacted. The First Creek Improvements allocable to the District under the Short Report total \$1,600,000. The First Creek Fee will include interest on the First Creek portion of the City Note initially at 3% and later at a different rate based on the terms of the First Creek Note. The First Creek Fee will also include the actual costs of collection of the First Creek Fee or 2% of the amount of the First Creek Fee plus interest as provided in the resolution, collected as an administrative charge. The resolution sets out specific estimates of the fees to be imposed on First Creek property.

**Gateway Regional Metropolitan District  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Long-term Obligations (continued)**

**2. General Obligation Limited Tax Refunding Bonds, Series 2016**

On June 24, 2016, the District issued General Obligation Limited Tax Refunding Bonds, Series 2016 to refund its Series 2008 bonds. The bonds accrue interest at 3% annually through 2036; 3.125% from 2037 through 2041; and 3.25% from 2042 through 2045.

The bonds are payable solely from and to the extent of the Pledged Revenue (as defined in the Official Statement), which is generally, moneys derived from the following sources, net of costs of collection: 1) the Required Mill Levy; 2) a reserve fund; 3) the portion of Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and 4) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

A Reserve Fund equal to \$463,163 is required to be maintained by the Trustee in accordance with the provisions of the Indenture for so long as any bond is outstanding.

The District realized a net present value savings on the refunding of \$1,334,001.

**3. Schedule of Debt Service Requirements**

<u>Year</u>	<u>2016 Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	200,000	262,613	462,613
2019	205,000	256,612	461,612
2020	210,000	250,463	460,463
2021	215,000	244,162	459,162
2022	225,000	237,713	462,713
2023-2027	1,220,000	1,083,862	2,303,862
2028-2032	1,415,000	889,463	2,304,463
2033-2037	1,640,000	663,712	2,303,712
2038-2042	1,910,000	395,625	2,305,625
2043-2045	1,295,000	84,988	1,379,988
Total	<u>\$ 8,535,000</u>	<u>4,369,213</u>	<u>12,904,213</u>

The 2007-1 City Note is not included in the debt schedule because it is payable as revenues become available from the System Development Fee and property tax from up to a 15-mill debt service levy.

**Gateway Regional Metropolitan District  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Long-term Obligations (continued)**

**4. Schedule of Changes in Long-term Obligations**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2007-1 City Note	3,729,472	164,774	(1,458,796)	2,435,450	-
2016 Bonds	8,725,000	-	(190,000)	8,535,000	200,000
2016 Original Issue Discount	(27,370)	-	596	(26,774)	(627)
<b>Total</b>	<u>\$ 12,427,102</u>	<u>164,774</u>	<u>(1,648,200)</u>	<u>10,943,676</u>	<u>199,373</u>

**5. Debt Authorization**

On November 3, 1998, the District's voters authorized the issuance of general obligation indebtedness in an amount not to exceed \$48,603,200 at an interest rate not to exceed 10% per annum.

At December 31, 2017, the District had total authorized indebtedness as follows:

<b>Purpose</b>	<b>Authorized</b>	<b>Debt Authorization Used</b>					<b>Remaining</b>
		<b>Series 2000</b>	<b>Series 2005</b>	<b>City Note 2007</b>	<b>Series 2008</b>	<b>Series 2016</b>	
Streets	\$ 11,368,800	691,600	-	1,637,732	1,888,673	-	7,150,795
Storm Sewer and Drainage	6,000,000	543,400	-	1,151,823	-	-	4,304,777
Park and Rec	4,245,000	-	-	897,964	-	-	3,347,036
Fire Stations	2,687,800	-	-	2,002,001	-	-	685,799
Refunding	24,301,600	-	70,000	-	6,916,327	8,725,000	8,590,273
<b>Total</b>	<u>\$ 48,603,200</u>	<u>1,235,000</u>	<u>70,000</u>	<u>5,689,520</u>	<u>8,805,000</u>	<u>8,725,000</u>	<u>24,078,680</u>

**6. 2007 Amended and Restated Regional Facilities Agreement**

Pursuant to the 2007 RFA, the District will pay the City 83%, and High Point will pay the remaining 17%, of the actual capital costs paid by the City to construct Tower Road and 56<sup>th</sup> Avenue Lanes 3 and 4, plus simple interest on the unpaid principal balance at a rate of 4.47%.

The District issued General Obligation Limited Tax Variable Rate Refunding and Improvement Bonds, Series 2008, in the amount of \$8,805,000, refunded by General Obligation Limited Tax Refunding Bonds, Series 2016. The proceeds of the Series 2008 Bonds were applied to the District's share of the Tower Road Bridge Improvements and the 56<sup>th</sup> Avenue Improvements (approximately \$1.5 million to date) and to obligations of the District incurred prior to July 2007, the outstanding portion consisting of approximately \$3.4 million incurred in connection with the 1998 56<sup>th</sup> and Tower Road Improvements and approximately \$7.35 million incurred in connection with a 2007-1 Short Report from the City.

**Gateway Regional Metropolitan District**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Long-term Obligations (continued)**

**6. 2007 Amended and Restated Regional Facilities Agreement (continued)**

Unpaid amounts from the 2007-1 Short Report (the \$7.35 million obligation) will be due to the City from the District pursuant to a "2007-1 City Note", which will be subordinate to the District's bonds and payable from System Development Fees and the debt service mill levy limited to 15 mills, less the mills required for debt service on the senior bonds. Additional notes to the City may be incurred by the District if the City incurs regional improvement costs attributable to the District and the District is unable to issue bonds. If the District's assessed valuation increases, the District shall pay the 2007-1 City Note (first accrued interest, then principal) and any subsequent notes (first old notes, then newer notes) or pay for more regional improvements requested by the City.

The System Development Fees ("SDF") shall continue to be collected and disbursed to pay for the District's obligations, including the bonds, notes, and regional improvement projects. The SDFs shall be collected at a level at least equal to the aggregate potential of the City impact fees then currently imposed under the Impact Fee Ordinance.

**V. Other Information**

**A. Risk Management**

**Colorado Special Districts Property and Liability Pool**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. 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 official's 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.

**Gateway Regional Metropolitan District  
Notes to the Financial Statements  
December 31, 2017  
(Continued)**

**V. Other Information (continued)**

**A. Risk Management (continued)**

**Colorado Special Districts Property and Liability Pool (continued)**

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2016 (the latest audited information available) is as follows:

<b>Assets</b>	<u><u>\$ 52,645,796</u></u>
Liabilities	\$ 28,757,242
Capital and surplus	<u>23,888,554</u>
<b>Total</b>	<u><u>\$ 52,645,796</u></u>
Revenue	\$ 18,932,979
Underwriting expense	<u>14,100,230</u>
Underwriting gain (loss)	4,832,749
Other income	405,790
<b>Net Income (Loss)</b>	<u><u>\$ 5,238,539</u></u>

**B. Related Party Transactions**

All members of the Board of Directors are officers, consultants, or employees of major landowners within the District. These members may have conflicts of interest with respect to certain transactions that come before the Board.

**C. First Creek Intergovernmental Agreement**

On January 1, 2001, the District entered into an intergovernmental agreement with Urban Drainage and Flood Control District, City and County of Denver, City of Aurora, and Town Center Metropolitan District whereby the District agreed to fund 12.6% of the construction costs for Detention Ponds 808 and 305 in accordance with the Upper Basin Plan as stated in the agreement. Pond 808 was constructed at a cost of \$597,343 and the District paid its 12.6% share, amounting to \$75,265. The agreement sets forth an estimated cost of \$2,204,188 for Pond 305. The exclusion of the High Point property included provisions for that property to pay 17% of the District's share of the costs of Pond 305. The District is expected to pay approximately 10.458% or up to \$230,514 upon completion of the pond.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Gateway Regional Metropolitan District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2017**  
**With Comparative Actual Amounts For the Year Ended 2016**

	<b>2017</b>		<b>Variance Positive (Negative)</b>	<b>2016</b>
	<b>Original and Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>				
Property tax	48,567	48,536	(31)	47,605
Specific ownership tax	46,300	57,469	11,169	51,509
Net investment income	500	903	403	361
Miscellaneous	-	4,370	4,370	-
<b>Total Revenues</b>	<u>95,367</u>	<u>111,278</u>	<u>15,911</u>	<u>99,475</u>
<b>Expenditures:</b>				
Accounting and audit	18,500	21,817	(3,317)	22,405
Legal	25,000	13,678	11,322	25,625
Legal publications and elections	250	49	201	974
Insurance	5,000	5,215	(215)	4,671
Maintenance and utilities	43,500	40,702	2,798	37,322
Office expense	3,000	2,127	873	3,462
District management	18,500	16,887	1,613	22,255
County Treasurer's fees	486	486	-	476
Denver review fee	5,000	5,000	-	5,000
Contingency/emergency reserve	90,343	-	90,343	251
<b>Total Expenditures</b>	<u>209,579</u>	<u>105,961</u>	<u>103,618</u>	<u>122,441</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(114,212)</u>	<u>5,317</u>	<u>119,529</u>	<u>(22,966)</u>
<b>Other Financing Sources (Uses):</b>				
Denver Highpoint agreement	5,100	6,345	1,245	5,069
Operating transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>5,100</u>	<u>6,345</u>	<u>1,245</u>	<u>5,069</u>
<b>Net Change in Fund Balance</b>	<u>(109,112)</u>	<u>11,662</u>	<u>120,774</u>	<u>(17,897)</u>
<b>Fund Balance - Beginning</b>	<u>109,112</u>	<u>123,101</u>	<u>13,989</u>	<u>140,998</u>
<b>Fund Balance - Ending</b>	<u><u>-</u></u>	<u><u>134,763</u></u>	<u><u>134,763</u></u>	<u><u>123,101</u></u>

The accompanying notes are an integral part of these financial statements.

**SUPPLEMENTARY INFORMATION**

**Gateway Regional Metropolitan District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended December 31, 2017**  
**With Comparative Actual Amounts For 2016**

	<u>2017</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2016</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
Property tax -- 2008 bonds	470,685	470,685	470,264	(421)	606,807
Property tax -- City Note and RFA	257,824	257,824	257,771	(53)	106,729
System development fees	-	1,200,000	1,323,210	123,210	241,667
System development fees -- FCV	-	-	148,733		
Net investment income	4,000	4,000	18,281	14,281	4,686
<b>Total Revenues</b>	<u>732,509</u>	<u>1,932,509</u>	<u>2,218,259</u>	<u>137,017</u>	<u>959,889</u>
<b>Expenditures:</b>					
Series 2008 bond interest	-	-	-	-	9,891
Series 2016 bond principal	190,000	190,000	190,000	-	-
Series 2016 bond interest	268,313	268,313	267,838	475	139,373
City note principal	80,514	1,170,276	1,177,975	(7,699)	411,274
City note interest	177,310	177,310	161,150	16,160	260,914
City note principal -- FCV	-	24,367	24,367	-	-
City note interest -- FCV	-	87,448	87,448	-	-
Letter of credit fee	-	-	-	-	34,416
Interest rate swap	-	-	-	-	102,440
Remarketing fee	-	-	-	-	4,698
Paying agent fees on refunding	8,000	8,000	5,000	3,000	8,000
County Treasurer's fees	7,286	7,286	7,291	(5)	7,144
<b>Total Expenditures</b>	<u>731,423</u>	<u>1,933,000</u>	<u>1,921,069</u>	<u>11,931</u>	<u>978,150</u>
<b>(Deficiency) of Revenues Over Expenditures</b>	1,086	(491)	297,190	148,948	(18,261)
<b>Other Financing Sources (Uses):</b>					
Series 2016 bond proceeds	-	-	-	-	8,697,630
Series 2008 bond refunding	-	-	-	-	(7,865,000)
Bond issuance costs	-	-	-	-	(311,858)
Operating transfers in (out)	-	-	145,115	145,115	(7,510)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>145,115</u>	<u>145,115</u>	<u>513,262</u>
<b>Net Change in Fund Balance</b>	1,086	(491)	442,305	294,063	495,001
<b>Fund Balance - Beginning</b>	<u>506,817</u>	<u>506,817</u>	<u>548,260</u>	<u>41,443</u>	<u>53,259</u>
<b>Fund Balance - Ending</b>	<u>507,903</u>	<u>506,326</u>	<u>990,565</u>	<u>335,506</u>	<u>548,260</u>

The accompanying notes are an integral part of these financial statements.

**Gateway Regional Metropolitan District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended December 31, 2017**  
**With Comparative Actual Amounts For 2016**

	<u>2017</u>			<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Net investment income	830	407	(423)	916
<b>Total Revenues</b>	<u>830</u>	<u>407</u>	<u>(423)</u>	<u>916</u>
<b>Expenditures:</b>				
Capital outlay	162,246	-	162,246	-
<b>Total Expenditures</b>	<u>162,246</u>	<u>-</u>	<u>162,246</u>	<u>-</u>
<b>(Deficiency) of Revenues Over Expenditures</b>	(161,416)	407	161,823	916
<b>Other Financing Sources:</b>				
Operating transfers in (out)	-	(145,115)	(145,115)	7,510
<b>Total Other Financing Sources</b>	<u>-</u>	<u>(145,115)</u>	<u>(145,115)</u>	<u>7,510</u>
<b>Net Change in Fund Balance</b>	(161,416)	(144,708)	16,708	8,426
<b>Fund Balance - Beginning</b>	<u>161,416</u>	<u>161,503</u>	<u>87</u>	<u>153,077</u>
<b>Fund Balance - Ending</b>	<u><u>-</u></u>	<u><u>16,795</u></u>	<u><u>16,795</u></u>	<u><u>161,503</u></u>

The accompanying notes are an integral part of these financial statements.