

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT  
CITY AND COUNTY OF DENVER, COLORADO**

—  
**FINANCIAL STATEMENTS**  
**December 31, 2017**

**L. PAUL GOEDECKE P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS



**RECEIVED**

Office of the State Auditor

May 1, 2018

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## **Independent Auditor's Report**

Board of Directors  
Denver 14th Street General Improvement District

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Denver 14th Street General Improvement District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

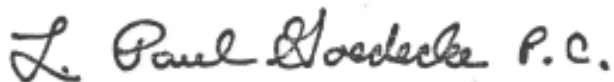
## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Denver 14th Street General Improvement District as of December 31, 2017, and the respective changes in financial position 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**

The management's discussion and analysis information on pages III - IV are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions 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.  
April 17, 2018

## **DENVER 14<sup>TH</sup> STREET GENERAL IMPROVEMENT DISTRICT**

### **Management's Discussion and Analysis**

Management's discussion and analysis of the Denver 14th Street General Improvement District's (GID's) financial performance provides an overview of the GID's financial activities for the year ending on December 31, 2017. This annual report consists of a series of financial statements. The Statement of Net Position (on page 1) and the Statement of Activities (on page 2) provide information about the activities of the GID as a whole and present a longer-term view of the GID's finances. For governmental activities, these statements explain how these services were financed in the short term, as well as what remains for future spending.

The 2017 GID operating revenues were \$258,882, up by 21% from 2016 operating revenues of \$213,348. Revenues from property owner maintenance charges were down \$5,402 and banner and additional maintenance revenues were up \$48,454 from 2016.

Operating expenses were \$192,449 in 2017 as compared to operating expenditures in 2016 of \$180,941, an increase of \$11,508.

The GID Net Position increased by \$19,663 in 2017.

Property owner maintenance charges represent 71% of the total revenues for 2017.

A full year of operation for the 14th Street General Improvement District includes routine maintenance of trees and planter landscaping, surface debris removal, trash and recycling removal. Most expenditures are primarily landscaping work which includes the seasonal fortifying of the perennial beds. In addition, the City and County of Denver contracts with the GID to provide planter installation and maintenance for the Webb Building and in 2017 added the Denver Performing Arts Complex 14<sup>th</sup> Street perennial beds and planters to the GID exempt property maintenance program.

#### **Budgetary Highlights:**

On August 17, 2017, the 14<sup>th</sup> Street General Improvement District issued Series 2017, \$4,000,000 Refunding Notes for an advance refunding of the Series 2010, \$4,000,000 Revenue Bonds to take advantage of lower interest rates resulting in savings to property owners of approximately \$45,000 per year.

The full-year of operation reflects routine maintenance costs that detail specific expenses to include the following:

- Seasonal planting and landscape work
- Electrical repairs/miscellaneous maintenance
- Monument and signage maintenance and repair

- Utilities expenditures are itemized: water and electric
- Additional landscape from exempt properties
- Periodic repairs and maintenance

**Financial Contact:**

The Denver 14th Street General Improvement District financial statements are designed to present users with a general overview of the GID's finances and to demonstrate the GID's accountability. If there are any questions about the report or additional information is needed, please contact Denver 14th Street GID, 1515 Arapahoe St., Tower 3, Ste 100, Denver, CO 80202.

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT**

**Governmental Funds Balance Sheet/Statement of Net Position  
December 31, 2017**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS:</b>					
Cash and investments	\$ 249,173	\$ -	\$ 249,173	\$ -	\$ 249,173
Cash and investments - restricted	6,500	66,045	72,545	-	72,545
Accounts receivable	48,848	-	48,848	-	48,848
Deferred Outflows of Resources					
Cost of Bond Refunding	-	-	-	308,566	308,566
<b>Total assets</b>	<u>304,521</u>	<u>66,045</u>	<u>370,566</u>	<u>308,566</u>	<u>679,132</u>
<b>LIABILITIES:</b>					
Accounts payable	19,917	-	19,917	-	19,917
Interest payable - Note	-	-	-	43,308	43,308
Long-term liabilities					
Due in one year	-	-	-	160,000	160,000
Due after one year	-	-	-	3,864,554	3,864,554
<b>Total liabilities</b>	<u>19,917</u>	<u>-</u>	<u>19,917</u>	<u>4,067,863</u>	<u>4,087,780</u>
<b>FUND BALANCE / NET POSITION</b>					
Fund Balances:					
Restricted					
Emergencies	6,500	-	6,500	(6,500)	-
Debt Service		66,045	66,045	(66,045)	-
Unassigned	278,103	-	278,103	(278,103)	-
<b>Total fund balances</b>	<u>284,603</u>	<u>66,045</u>	<u>350,648</u>	<u>(350,648)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 304,521</u>	<u>\$ 66,045</u>	<u>\$ 370,566</u>	<u>\$ 3,717,214</u>	
<b>NET POSITION</b>					
Restricted for:					
Emergencies				6,500	6,500
Debt service				66,045	66,045
Unrestricted				(3,478,859)	(3,478,859)
<b>Total net positions</b>				<u>\$ (3,406,314)</u>	<u>\$ (3,406,314)</u>

*NOTE: The accompanying notes are an integral part of the financial statements.*

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT**

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2017**

	Debt Service		Adjustments	Statement of
	General Fund	Fund		Total
<b>EXPENDITURES / EXPENSES</b>				
Administrative charge	\$ 40,000		\$ 40,000	\$ 40,000
Audit	3,575		3,575	3,575
Bank and board charges	814		814	814
Legal fees	1,867		1,867	1,867
Insurance	5,677		5,677	5,677
Seasonal planting and landscape work	48,127		48,127	48,127
Electrical repairs / miscellaneous maintenance	11,852		11,852	11,852
Holiday lights	18,000		18,000	18,000
Assessment calculation	2,802		2,802	2,802
City district fee	5,000		5,000	5,000
Banner installations	9,147		9,147	9,147
Additional landscape exempt properties	31,584		31,584	31,584
Watering	1,808		1,808	1,808
Recycling receptacles	3,102		3,102	3,102
Electric	7,109		7,109	7,109
Periodic maintenance repairs	1,984		1,984	1,984
Bond interest	-	123,725	123,725	49,604
Bond issue Costs	-	79,492	79,492	-
<b>Total expenditures/expenses</b>	<u>192,449</u>	<u>203,217</u>	<u>395,666</u>	<u>445,270</u>
<b>REVENUES</b>				
General Revenues				
Property owner maintenance charges	183,887	-	183,887	-
Property owner capital debt charges	-	352,950	352,950	-
Investment income	478	-	478	-
Banner rental income/additional maintenance	74,517	-	74,517	-
<b>Total revenues</b>	<u>258,882</u>	<u>352,950</u>	<u>611,832</u>	<u>611,832</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds including premium	-	4,025,099	4,025,099	-
Payment to refunded Bond Escrow	-	(4,171,998)	(4,171,998)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(146,899)</u>	<u>(146,899)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	66,433	2,834	69,267	(69,267)
<b>CHANGE IN NET POSITION</b>				19,663
<b>FUND BALANCE/NET POSITION:</b>				
<b>BEGINNING OF YEAR</b>	<u>218,170</u>	<u>63,211</u>	<u>281,381</u>	<u>(3,707,358)</u>
<b>END OF YEAR</b>	<u>\$ 284,603</u>	<u>\$ 66,045</u>	<u>\$ 350,648</u>	<u>\$ (3,756,962)</u>

*NOTE: The accompanying notes are an integral part of the financial statements.*

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL**

**Year Ended December 31, 2017**

	<b>Original Budget</b>	<b>Total Amended Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property owner maintenance charges	\$ 190,709	\$ 183,809	\$ 183,887	\$ 78
Banner rental income/additional maintenance	40,582	74,482	74,517	35
Interest revenue	-	-	478	478
<b>Total revenues</b>	<u>231,291</u>	<u>258,291</u>	<u>258,882</u>	<u>591</u>
<b>EXPENDITURES / EXPENSES</b>				
Administrative charge	40,000	40,000	40,000	-
Audit	3,250	3,575	3,575	-
Bank and board charges	1,600	1,600	814	786
Legal fees	3,250	3,250	1,867	1,383
Insurance	6,000	6,000	5,677	323
Seasonal planting and landscape work	47,015	48,165	48,127	38
Electrical repairs / miscellaneous maintenance	8,000	11,900	11,852	48
Holiday lights	19,500	19,500	18,000	1,500
Assessment calculation	2,500	2,825	2,802	23
City district fee	5,000	5,000	5,000	-
Banner installations	5,000	9,200	9,147	53
Additional landscape exempt properties	11,852	31,587	31,584	3
Monument and signage	5,000	5,000	-	5,000
Watering	4,120	4,120	1,808	2,312
Recycling receptacles	3,308	3,308	3,102	206
Electric	7,995	7,995	7,109	886
Periodic repairs and maintenance	5,000	5,000	1,984	3,016
Emergency reserve	550	550	-	550
Contingency	2,000	2,000	-	2,000
<b>Total operating and maintenance expenses</b>	<u>180,940</u>	<u>210,575</u>	<u>192,449</u>	<u>18,126</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	50,351	47,716	66,433	18,717
<b>FUND BALANCE/NET POSITION:</b>				
<b>BEGINNING OF YEAR</b>	<u>151,656</u>	<u>218,170</u>	<u>218,170</u>	<u>-</u>
<b>END OF YEAR</b>	<u>\$ 202,007</u>	<u>\$ 265,886</u>	<u>\$ 284,603</u>	<u>\$ 18,717</u>

*NOTE: The accompanying notes are an integral part of the financial statements.*

# DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### **NOTE 1 - DEFINITION OF REPORTING ENTITY**

The District, a public or quasi-municipal subdivision of the State of Colorado and body corporate, was organized by Ordinance 464, Series of 2009 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, Part 6 of Article 25 of Title 31, C.R.S. The District's service area is located entirely in the City and County of Denver (the City). 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 assist with the management of the financial and legal affairs of the District.

The District was established to provide, acquire or finance and operate and maintain street improvements, including but not limited to curbs, gutters, culverts and other drainage facilities, underground conduit, sidewalks, trails, parking, paving, lighting, grading, landscaping, bicycle paths and pedestrian ways, bicycle parking and facilities, retaining walls, fencing, entry monumentation, streetscaping, furniture, benches, trash receptacles, newspaper corrals, bridges, median islands, irrigation, signalization, signing and striping, area identification, and incidental and appurtenant facilities, equipment, land and easements and extensions of and improvements to such facilities.

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:

#### **Basis of Presentation**

The accompanying financial statements are presented per GASB Statement No. 34 – Special Purpose Governments.

# DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Separate financial statements are provided for the government 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 period. The major sources of revenue susceptible to accrual are charges 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:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

# DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS December 31, 2017

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

#### **Fund Balances**

Beginning with fiscal year 2011 the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

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

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

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision making authority, the Board of Directors prior to the end of the current fiscal year. 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 above criteria.

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

# DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports two categories of net position, as follows:

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted net assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above component and is available for general use by the District.

The District's unrestricted component of net position as of December 31, 2017, is (\$3,478,859). This deficit amount was a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

#### 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 modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The District amended its General Fund and Debt Service Fund Budgets.

#### 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.

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

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

**Capital Assets**

The initial improvements included within the District are subject to an Intergovernmental Agreement dated March 30, 2010. Provisions of the Agreement provide that the City agrees to cause the installation of sidewalk and streetscape improvements. 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 certain streetscape improvements within the District at the conclusion of the construction warranty period.

**Restricted Fund Balance**

Emergency Reserves of \$ 6,500 have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado.

The restricted fund balance in the Debt Service Fund is to be used for future payment of bond principal, interest and related costs.

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of December 31, 2017 are classified in the accompanying financial statement as follows:

Statement of net assets:	
Cash and investments - unrestricted	\$ 249,173
- restricted	72,545
Total cash and investments	<u>\$ 321,718</u>

Cash and investments as of December 31, 2017 consist of the following:

Deposits with financial institutions	\$ 269,138
Investments – Held in Trust - UMB Bank	52,580
Total cash and investments	<u>\$ 321,718</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. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 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.

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

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

**Investments**

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

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. 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) and money market funds (generally held by Bank Trust Departments in their role as Paying Agent or Trustee), and Colotrust, which record their investments at amortized cost.

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.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investments contracts not purchased with bond proceeds, are limited to maturities of three years or less.

Colorado State 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 mutual funds
- Guaranteed investment contracts
- \* Local government investment pools

As of December 31, 2017, the District has the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
UMB- Federated Prime Obligation Fund	13 months or less	\$ 52,580

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 4 – LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term obligations for the year ended December 31, 2017:

	<u>Balance at 1/1/2017</u>	<u>Net Issues</u>	<u>Retirements</u>	<u>Balance at 12/31/2017</u>	<u>Current Portion</u>
Series 2010, \$4,000,000 Revenue					
Bonds	\$ 3,535,000	\$ -	\$ 3,535,000	\$ -	\$ -
Premium on bond issue	151,737	-	151,737	-	-
<b>Total</b>	<u>\$ 3,686,737</u>	<u>\$ -</u>	<u>\$ 3,686,737</u>	<u>\$ -</u>	<u>\$ -</u>
Series 2017, \$4,000,000 Refunding					
Note Issued August 17, 2017	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000	\$ 160,000
Premium on bond issue	-	25,099	544	24,555	-
<b>Total</b>	<u>\$ -</u>	<u>\$ 4,025,099</u>	<u>\$ 544</u>	<u>\$ 4,024,555</u>	<u>\$ 160,000</u>

The detail of the District’s long-term obligations are as follows:

**Revenue Note**

**\$4,000,000 Refunding Revenue Note Series 2017 dated August 17, 2017** with an interest rate of 2.83% with principal due annually beginning December 1, 2018 through December 1, 2031, at which time the interest rate will be reset at the then Federal Home Loan Board of Des Moines, Iowa one year advance rate. Interest is payable semiannually commencing June 1, 2018. The proceeds of the loan were used to advance refund the General Improvement Districts 2010 Revenue Bonds whose proceeds were used to provide funds to pay the costs and expenses of the 14<sup>th</sup> street streetscape and sidewalk improvements. The Notes are subject to redemption at the option of the GID on December 1, 2018 and on any date thereafter from any legally available funds at a redemption price equal to the principal amount of each note plus a redemption premium of 1.5% through December 1, 2022, 1% premium from 2023 through December 1, 2027, .5% premium from 2028 through December 1, 2032 and no premium from 2033 through 2034. The note is secured by the pledged revenue derived from the imposition of capital charges on property owners within the District. The Capital charges constitute a perpetual lien on and against such property, and if capital charges are not paid when due, may be foreclosed the same as a mechanics lien.

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 4 – LONG-TERM OBLIGATIONS (CONTINUE)**

The District's long-term obligations will mature as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 160,000	\$ 149,963	\$ 309,963
2019	200,000	111,808	311,808
2020	205,000	106,130	311,130
2021	205,000	100,310	305,310
2022	215,000	94,490	309,490
2023-2027	1,165,000	377,626	1,542,626
2028-2032	1,300,000	202,604	1,502,604
2033-2034	550,000	26,638	576,638
	<u>\$ 4,000,000</u>	<u>\$ 1,169,569</u>	<u>\$ 5,169,569</u>

**Authorized Debt**

On November 3, 2009, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$4,000,000 at an interest rate not to exceed 10% per annum. At December 31, 2017, the District has no remaining authorized but unissued indebtedness.

**NOTE 5 – RISK MANAGEMENT COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL**

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

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2017. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

## DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### **NOTE 6 – TAX, SPENDING AND DEBT LIMITATIONS**

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

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.

#### **NOTE 7 – AGREEMENTS**

##### **Intergovernmental Agreement**

The District has entered into an agreement with the City and County of Denver dated March 30, 2010, whereby the City agrees to fund project obligations as necessary up to a maximum of \$10,000,000 from the Better Denver bonds (city funds) along with the District's contribution of \$4,000,000. These funds will be utilized to construct certain sidewalk and streetscape improvements along 14<sup>th</sup> Street in Denver, Colorado. The project was successfully completed with no deposit funds remaining.

##### **Management Services Agreement**

The District has entered into a management services agreement with the Downtown Denver Partnership to retain the Downtown Denver Partnership as a manager of its operations and programs including general administration and maintenance.

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT**

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**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 8 – RECONCILIATION OF *GOVERNMENT-WIDE* FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS**

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements: 1) long term liabilities are not due and payable in the current period and therefore are not reported in the funds; 2) amounts reported as fund balance have been reclassified for inclusion in Net Position; and 3) interest payable of \$43,308 has been accrued and reported in the Statement of Net Position, as well as an accrual of the outstanding debt of \$4,024,554.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column comprised of the following adjustments: 1) interest expense of \$49,604 which represents the change in unpaid interest accrued in 2017 and amortization of bond premium.

**SUPPLEMENTAL INFORMATION**

**DENVER 14TH STREET GENERAL IMPROVEMENT DISTRICT**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL  
Year Ended December 31, 2017**

	<u>Original / Final Budget</u>	<u>Amendments</u>	<u>Total Amended Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>					
Property owner capital debt charges	\$ 352,950	\$ -	\$ 352,950	\$ 352,950	\$ (0)
<b>Total revenues</b>	<u>352,950</u>	<u>-</u>	<u>352,950</u>	<u>352,950</u>	<u>(0)</u>
<b>EXPENDITURES / EXPENSES</b>					
Bond interest	247,950	-	247,950	123,725	124,225
Bond principal	105,000	-	105,000	-	105,000
Bond issue Costs	-	-	-	79,492	(79,492)
<b>Total expenditures</b>	<u>352,950</u>	<u>-</u>	<u>352,950</u>	<u>203,217</u>	<u>149,733</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan proceeds including premium	-	4,306,000	4,306,000	4,025,099	(280,902)
Payment to refunded Bond Escrow	-	(4,306,000)	(4,306,000)	(4,171,998)	134,003
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,899)</u>	<u>(146,899)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	2,834	(296,632)
<b>FUND BALANCE/NET POSITION:</b>					
<b>BEGINNING OF YEAR</b>	<u>63,211</u>	<u>63,211</u>	<u>63,211</u>	<u>63,211</u>	<u>-</u>
<b>END OF YEAR</b>	<u>\$ 63,211</u>	<u>\$ 63,211</u>	<u>\$ 63,211</u>	<u>\$ 66,045</u>	<u>\$ 2,834</u>

*NOTE: The accompanying notes are an integral part of the financial statements.*