

GATEWAY REGIONAL METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 800-741-3254
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NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors</u>	<u>Office</u>	<u>Term/Expires</u>
Mark Throckmorton	President	2023/May 2023
Charles Foster	Treasurer	2022/May 2022
Gregory Berger	Secretary	2022/May 2022
Marcia Lujan	Assistant Secretary	2023/May 2023
VACANT		2023/May 2022

DATE: June 2, 2021

TIME: 12:30 p.m.

PLACE: DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD VIA ZOOM WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE SEE THE BELOW REFERENCED ZOOM MEETING INFORMATION.

Join Zoom Meeting

<https://us02web.zoom.us/j/83028806984?pwd=djhSNVVNRnkrZW1oNVNhRUtiOUZKQT09>

Meeting ID: 830 2880 6984

Passcode: 261498

Dial In: 1-253-215-8782

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda, confirm location of meeting and posting of notices.

C. Review and approve minutes of the March 3, 2021 Special Meeting (enclosure).

II. PUBLIC COMMENTS

A. _____

III. FINANCIAL MATTERS

- A. Review and ratify approval of the payment of claims for the periods ending as follows (enclosures):

Fund	Period Ending March 31, 2021	Period Ending April 29, 2021	Period Ending May 19_, 2021
General	\$ 7,574.76	\$ 18,988.24	\$ 20,461.13
Debt Service	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 7,574.76	\$ 18,988.24	\$ 20,461.13

- B. Review and accept quarterly unaudited financial statements for the period ending March 31, 2021 (enclosure).

- C. Review and consider approval of 2020 Audited Financial Statements and authorize execution of Representations Letter (enclosures).

- D. Discuss System Development Fees.

IV. LEGAL MATTERS

- A. _____

V. CAPITAL IMPROVEMENTS / OPERATIONS MATTERS

- A. _____

VI. OTHER BUSINESS

- A. _____

VII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR SEPTEMBER 1, 2021.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE GATEWAY REGIONAL METROPOLITAN DISTRICT HELD MARCH 3, 2021

A Special Meeting of the Board of Directors (the “Board”) of the Gateway Regional Metropolitan District (the “District”), City and County of Denver, Colorado, was duly posted and held on Wednesday, the 3rd day of March, 2021 at 12:30 P.M., Due to concerns regarding the spread of the Coronavirus (COVID-19) and the benefits to control of the spread of the virus by limiting in-person contact, this District Board Meeting was held by conference call without any individuals (neither District Representative nor the general public) attending in person. The meeting was open to the public via conference call.

ATTENDANCE

Directors In Attendance Were:

Mark Throckmorton
Charles Foster
Gregory Berger

Following discussion, upon motion duly made by Director Foster, seconded by Director Berger and, upon vote, unanimously carried, the absence of Director Lujan was excused.

Also in Attendance:

Matt Cohrs and Judy Leyshon; Special District Management Services, Inc.

Tom George, Esq.; Spencer Fane, LLP

Kimberly Johannis; Simmons & Wheeler, P.C.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest to the Board of Directors and to the Secretary of State. Mr. Cohrs noted that a quorum was present and requested that members of the Board disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting, in accordance with the statute. No new disclosures were made. Mr. Cohrs noted that all Directors’ Disclosure Statements have been filed.

ADMINISTRATIVE MATTERS

Agenda: Mr. Cohrs distributed for the Board’s review and approval a proposed Agenda for the District’s Special Meeting.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Berger, seconded by Director Foster and, upon vote, unanimously carried, the Agenda was approved, as amended.

Approval of Meeting Location and Confirmation of Posting of Notices: The Board entered into discussion regarding the requirements of Section 32-2-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director Berger, seconded by Director Foster and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within the District's boundaries, or within 20 miles from the District's boundaries, to hold this meeting, it was determined to conduct the meeting at the above-stated date, time and location. The Board further noted that notice of this time, date and location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within the District's boundaries.

Minutes: The Board reviewed Minutes of the December 2, 2020 Special Meeting.

Following discussion, upon motion duly made by Director Throckmorton, seconded by Director Berger and, upon vote, unanimously carried, the Minutes of the December 2, 2020 Special Meeting were approved, as presented.

FINANCIAL MATTERS

Claims: The Board reviewed the payment of claims for the periods ending as follows:

Fund	Period Ending Dec. 16, 2020	Period Ending Jan. 19, 2021	Period Ending Feb. 10, 2021
General	\$ 10,092.31	\$ 9,459.82	\$ 6,883.63
Debt Service	\$ -0-	\$ -0-	\$ -0-
Capital Projects	\$ -0-	\$ -0-	\$ -0-
Total Claims	\$ 10,092.31	\$ 9,459.82	\$ 6,883.63

Following review, upon motion duly made by Director Throckmorton, seconded by Director Berger and, upon vote, unanimously carried, the Board ratified approval of payment of claims as presented.

Financial Statements: Ms. Johanns reviewed with the Board the quarterly unaudited financial statements of the District for the period ending December 31, 2020.

Following review, upon motion duly made by Director Berger, seconded by Director Foster and, upon vote, unanimously carried, the Board approved the

RECORD OF PROCEEDINGS

quarterly unaudited financial statements of the District for the period ending December 31, 2020.

Status of Staggered System Development Fees for Boulder Creek Neighborhoods: There was no update at this time.

Allocation of SDF Funds from Commercial Property: The Board discussed the allocation of SDF Funds from the commercial property. Director Throckmorton reported to the Board that the City and County of Denver is satisfied. He inquired on how the District can now apply the SDF's. Attorney George noted that he will review agreements and determine how the District can use those funds. Ms. Johanns noted that she will continue to pay the note until the District determines how to apply the SDF's. The Board further discussed the mill levies and if they can be reduced. No action was taken by the Board.

LEGAL MATTERS

There were no legal matters to discuss at this time.

CAPITAL IMPROVEMENTS/ OPERATIONS MATTERS

Change Order to Service Agreement with BrightView Landscape Services, Inc. for 2021 Landscape Maintenance Services: The Board reviewed a Change Order to the Service Agreement with BrightView Landscape Services, Inc. for 2021 Landscape Maintenance Services.

Following discussion, upon motion duly made by Director Throckmorton, seconded by Director Berger and, upon vote, unanimously carried, the Board ratified approval of the Change Order to the Service Agreement with BrightView Landscape Services, Inc. for 2021 Landscape Maintenance Services.

OTHER BUSINESS

Irrigation Leak: Mr. Cohrs discussed with the Board the repairs made by Brightview Landscape Services on the irrigation leak. No action was taken by the Board.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Throckmorton, seconded by Director Berger and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By _____
Secretary for the Meeting

Gateway Regional Metropolitan District
March-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
BrightView Landscape Services Inc.	7255683	3/1/2021	3/31/2021	\$ 2,200.00	Landscape Maintenance	1786
Denver Water	6400 2-21	2/12/2021	3/5/2021	\$ 16.46	Utilities	1794
Denver Water	18100 2-21	2/12/2021	3/5/2021	\$ 23.17	Utilities	1794
Denver Water	6701 2-21	2/12/2021	3/5/2021	\$ 16.46	Utilities	1794
Denver Water	6800 2-21	2/12/2021	3/5/2021	\$ 16.46	Utilities	1794
Denver Water	7101 2-21	2/12/2021	3/5/2021	\$ 16.46	Utilities	1794
Denver Water	6101	2/12/2021	3/5/2021	\$ 16.46	Utilities	1794
Denver Water	6601 2-21	2/12/2021	3/5/2021	\$ 16.46	Utilities	1794
Denver Water	5801 2-21	2/12/2021	3/5/2021	\$ 16.46	Utilities	1794
Denver Water	6001 2-21	2/12/2021	3/5/2021	\$ 16.46	Utilities	1794
Denver Water	7001 2-21	2/12/2021	3/5/2021	\$ 16.46	Utilities	1794
Simmons and Wheeler	28160	1/31/2021	3/31/2021	\$ 718.75	Accounting	1612
Special District Association of Colorado	SDA 2021	2/10/2021	3/31/2021	\$ 585.83	Insurance and Bonds/SDA	1670
Special District Management Services	Feb-21	2/28/2021	3/31/2021	\$ 2,641.10	Administration	1614
Special District Management Services	Feb-21	2/28/2021	3/31/2021	\$ 448.00	Accounting	1612
Special District Management Services	Feb-21	2/28/2021	3/31/2021	\$ 197.53	Miscellaneous	1690
Spencer Fane LLP	1024712	2/28/2021	3/31/2021	\$ 537.00	Legal	1675
UNCC	221020669	2/28/2021	3/31/2021	\$ 75.24	Miscellaneous	1690

\$ 7,574.76

Gateway Regional Metropolitan District
March-21

	General	Debt	Capital	Totals
Disbursements	\$ 7,574.76		\$ -	\$ 7,574.76
Variable Interest Payment		\$ -		\$ -
2008 Bond Payments:		\$ -		\$ -
Swap Interest		\$ -		\$ -
<u>Total Disbursements from Checking Acct</u>	<u>\$ 7,574.76</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,574.76</u>

Gateway Regional Metropolitan District
April-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
BrightView Landscape Services Inc.	7310208	3/30/2021	3/30/2021	\$ 9,504.12	Landscape Maintenance	1786
BrightView Landscape Services Inc.	7297722	4/30/2021	4/30/2021	\$ 2,220.00	Landscape Maintenance	1786
BrightView Landscape Services Inc.	4638683	4/2/2021	4/2/2021	\$ 300.00	Landscape Maintenance	1786
BrightView Landscape Services Inc.	4638685	4/2/2021	4/2/2021	\$ 300.00	Landscape Maintenance	1786
BrightView Landscape Services Inc.	4638684	4/2/2021	4/2/2021	\$ 300.00	Landscape Maintenance	1786
Denver Water	6400 3-21	3/16/2021	4/6/2021	\$ 16.46	Utilities	1794
Denver Water	6701 3-21	3/16/2021	4/6/2021	\$ 16.46	Utilities	1794
Denver Water	7001 3-21	3/16/2021	4/6/2021	\$ 16.46	Utilities	1794
Denver Water	6601 3-21	3/16/2021	4/6/2021	\$ 16.46	Utilities	1794
Denver Water	6001 3-21	3/16/2021	4/6/2021	\$ 16.46	Utilities	1794
Denver Water	6800 3-21	3/16/2021	4/6/2021	\$ 16.46	Utilities	1794
Denver Water	7101 3-21	3/16/2021	4/6/2021	\$ 16.46	Utilities	1794
Denver Water	5801 3-21	3/16/2021	4/6/2021	\$ 16.46	Utilities	1794
Denver Water	6101 3-21	3/16/2021	4/6/2021	\$ 16.46	Utilities	1794
Denver Water	18100 3-21	3/16/2021	4/6/2021	\$ 23.17	Utilities	1794
Simmons & Wheeler	30355	3/31/2021	4/29/2021	\$ 875.00	Accounting	1612
Simmons & Wheeler	30054	2/28/2021	4/29/2021	\$ 1,313.75	Accounting	1612
Special District Management Services	Mar-21	3/31/2021	3/31/2021	\$ 2,463.50	Administration	1614
Special District Management Services	Mar-21	3/31/2021	3/31/2021	\$ 294.00	Accounting	1612
Special District Management Services	Mar-21	3/31/2021	3/31/2021	\$ 219.42	Miscellaneous	1690
Spencer Fane LLP	1030843	3/31/2021	3/31/2021	\$ 958.50	Legal	1675
UNCC	221030687	3/31/2021	3/31/2021	\$ 68.64	Miscellaneous	1690

\$ 18,988.24

Gateway Regional Metropolitan District
April-21

	General	Debt	Capital	Totals
Disbursements	\$ 18,988.24		\$ -	\$ 18,988.24
Variable Interest Payment		\$ -		\$ -
2008 Bond Payments:		\$ -		\$ -
Swap Interest		\$ -		\$ -
Total Disbursements from Checking Acct	\$ 18,988.24	\$ -	\$ -	\$ 18,988.24

Gateway Regional Metropolitan District
May-21

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
BrightView Landscape Services Inc.	7351527	4/28/2021	5/13/2021	\$ 5,757.82	Landscape Maintenance	1786
BrightView Landscape Services Inc.	7255683.1	3/1/2021	5/19/2021	\$ 20.00	Landscape Maintenance	1786
BrightView Landscape Services Inc.	4672398	4/30/2021	5/15/2021	\$ 277.50	Landscape Maintenance	1786
BrightView Landscape Services Inc.	4672397	4/30/2021	5/15/2021	\$ 253.50	Landscape Maintenance	1786
BrightView Landscape Services Inc.	7339707	5/1/2021	5/16/2021	\$ 2,220.00	Landscape Maintenance	1786
Denver Water	6701 4-21	4/14/2021	5/5/2021	\$ 16.46	Utilities	1794
Denver Water	6800 4-21	4/14/2021	5/5/2021	\$ 16.46	Utilities	1794
Denver Water	7001 4-21	4/14/2021	5/5/2021	\$ 16.46	Utilities	1794
Denver Water	6601 4-21	4/14/2021	5/5/2021	\$ 16.46	Utilities	1794
Denver Water	6400 4-21	4/14/2021	5/5/2021	\$ 16.46	Utilities	1794
Denver Water	18100 4-21	4/14/2021	5/5/2021	\$ 23.17	Utilities	1794
Denver Water	6101 4-21	4/14/2021	5/5/2021	\$ 16.46	Utilities	1794
Denver Water	7101 4-21	4/14/2021	5/5/2021	\$ 16.46	Utilities	1794
Denver Water	5801 4-21	4/14/2021	5/5/2021	\$ 16.46	Utilities	1794
Denver Water	6001 4-21	4/14/2021	5/5/2021	\$ 16.46	Utilities	1794
McMahan and Associates	16955	3/31/2021	5/19/2021	\$ 8,700.00	Audit	1615
Simmons and Wheeler	30514	4/30/2021	5/19/2021	\$ 822.50	Accounting	1612
Special District Management Services	Apr-21	4/30/2021	5/19/2021	\$ 1,705.50	Administration	1614
Special District Management Services	Apr-21	4/30/2021	5/19/2021	\$ 322.00	Accounting	1612
Special District Management Services	Apr-21	4/30/2021	5/19/2021	\$ 132.32	Miscellaneous	1690
Special District Management Services	Apr-21	4/30/2021	5/19/2021	\$ 14.00	Insurance and Bonds/SDA	1670
UNCC	31160-221040694	4/30/2021	5/19/2021	\$ 64.68	Miscellaneous	1690

\$ 20,461.13

Gateway Regional Metropolitan District
May-21

	General	Debt	Capital	Totals
Disbursements	\$ 20,461.13		\$ -	\$ 20,461.13
Variable Interest Payment		\$ -		\$ -
2008 Bond Payments:		\$ -		\$ -
Swap Interest		\$ -		\$ -
<u>Total Disbursements from Checking Acct</u>	<u>\$ 20,461.13</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,461.13</u>

Gateway Regional Metropolitan District
Financial Statements

March 31, 2021

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Gateway Regional Metropolitan District

Management is responsible for the accompanying financial statements of each major fund of Gateway Regional Metropolitan District, as of and for the period ended March 31, 2021, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the three months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Gateway Regional Metropolitan District because we performed certain accounting services that impaired our independence.

Simmons & Wheeler P.C.

May 10, 2021
Englewood, Colorado

Gateway Regional Metropolitan District
Balance Sheet - Governmental Funds and Account Groups
March 31, 2021

See Accountant's Compilation Report

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Account Groups</u>	<u>Total All Funds</u>
Assets					
Current assets					
Checking	\$ 7,653	\$ -	\$ 11,332	\$ -	\$ 18,985
Colostrust	261,328	17,685	1,050,370	-	1,329,383
Wells Fargo Bond Funds	-	-	463,198	-	463,198
Taxes due from County	26,055	-	308,983	-	335,038
	<u>295,036</u>	<u>17,685</u>	<u>1,833,883</u>	<u>-</u>	<u>2,146,604</u>
Other assets					
Fixed assets (net of depreciation)	-	-	-	446,765	446,765
Amount available in debt service fund	-	-	-	1,833,883	1,833,883
Amount to be provided for retirement of debt	-	-	-	6,694,024	6,694,024
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,974,672</u>	<u>8,974,672</u>
	<u>\$ 295,036</u>	<u>\$ 17,685</u>	<u>\$ 1,833,883</u>	<u>\$ 8,974,672</u>	<u>\$ 11,121,276</u>
Liabilities and Equity					
Current liabilities					
Accounts Payable	\$ 23,572	\$ -	\$ -	\$ -	\$ 23,572
	<u>23,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,572</u>
Long Term liabilities					
General Obligation Bonds	-	-	-	7,920,000	7,920,000
First Creek Note	-	-	-	607,907	607,907
	<u>23,572</u>	<u>-</u>	<u>-</u>	<u>8,527,907</u>	<u>8,551,479</u>
Fund Equity					
Investment in fixed assets	-	-	-	446,765	446,765
Fund balance (deficit)	271,464	17,685	1,833,883	-	2,123,032
	<u>271,464</u>	<u>17,685</u>	<u>1,833,883</u>	<u>446,765</u>	<u>2,569,797</u>
	<u>\$ 295,036</u>	<u>\$ 17,685</u>	<u>\$ 1,833,883</u>	<u>\$ 8,974,672</u>	<u>\$ 11,121,276</u>

**Gateway Regional Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Governmental Funds
For The 3 Months Ended March 31, 2021
General Fund**

See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property Taxes	\$ 92,911	\$ 43,179	\$ (49,732)
Specific Ownership Taxes	100,000	34,604	(65,396)
Interest Income	1,009	5,135	4,126
Denver Highpoint Agreement	7,000	-	(7,000)
	<u>200,920</u>	<u>82,918</u>	<u>(118,002)</u>
Expenditures			
Accounting	32,000	4,237	27,763
Administration	30,000	7,234	22,766
Audit	9,500	-	9,500
Denver Review Fee	3,000	-	3,000
Insurance/SDA	6,000	5,541	459
Legal	20,000	1,664	18,336
Legal publications/elections	2,300	-	2,300
Landscape Maintenance	60,000	16,444	43,556
Utilities	11,000	568	10,432
Utility locates	1,500	239	1,261
Treasurer's Fees	1,394	434	960
Miscellaneous Expense	3,000	860	2,140
Contingency	207,054	-	207,054
Emergency reserve	5,391	-	5,391
	<u>392,139</u>	<u>37,221</u>	<u>354,918</u>
Excess (deficiency) of revenues over expenditures	(191,219)	45,697	236,916
Fund balance beginning	<u>191,219</u>	<u>225,767</u>	<u>34,548</u>
Fund balance ending	<u>\$ -</u>	<u>\$ 271,464</u>	<u>\$ 271,464</u>

Gateway Regional Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Governmental Funds
For The 3 Months Ended March 31, 2021
Capital Projects Fund
See Accountant's Compilation Report

	<u>Annual Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest Income	\$ 200	\$ 4	\$ (196)
	<u>200</u>	<u>4</u>	<u>(196)</u>
Expenditures			
Miscellaneous Improvements	<u>17,953</u>	<u>-</u>	<u>17,953</u>
	<u>17,953</u>	<u>-</u>	<u>17,953</u>
Excess (deficiency) of revenues over expenditures	(17,753)	4	17,757
Fund balance beginning	<u>17,753</u>	<u>17,681</u>	<u>(72)</u>
Fund balance (deficit) ending	<u>\$ -</u>	<u>\$ 17,685</u>	<u>\$ 17,685</u>

Gateway Regional Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Governmental Funds
For The 3 Months Ended March 31, 2021
Debt Service Fund
See Accountant's Compilation Report

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property Taxes - 2016 Bonds	\$ 459,163	\$ 213,439	\$ (245,724)
Property Taxes - City Note and RFA	2,145,889	997,218	(1,148,671)
System Development Fees	-	140,658	140,658
Interest Income and miscellaneous	<u>8,000</u>	<u>58</u>	<u>(7,942)</u>
	<u>2,613,052</u>	<u>1,351,373</u>	<u>(1,261,679)</u>
Expenditures			
Bond Principal - 2016 Bonds	215,000	-	215,000
Bond Interest - 2016 Bonds	244,163	-	244,163
2018-1 City Note Principal	2,096,701	23,254	2,073,447
2018-1 City Note Interest	20,000	142	19,858
Paying Agent Fees	5,000	-	5,000
Treasurer's Fees	<u>32,188</u>	<u>12,155</u>	<u>20,033</u>
	<u>2,613,052</u>	<u>35,551</u>	<u>2,577,501</u>
Excess (deficiency) of revenues over expenditures	-	1,315,822	1,315,822
Fund balance beginning	<u>508,795</u>	<u>518,061</u>	<u>9,266</u>
Fund balance (deficit) ending	<u>\$ 508,795</u>	<u>\$ 1,833,883</u>	<u>\$ 1,325,088</u>

DRAFT 3/25/2021

GATEWAY REGIONAL METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2020

with

Independent Auditors' Report

DRAFT 3/25/2021

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DRAFT 3/25/2021

GATEWAY REGIONAL METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 216,825	\$ -	\$ -	\$ 216,825	\$ -	\$ 216,825
Cash and investments - restricted	5,391	522,843	17,681	545,915	-	545,915
Receivable - County Treasurer	7,092	-	-	7,092	-	7,092
Property taxes receivable	92,911	2,605,052	-	2,697,963	-	2,697,963
Prepaid expenses	4,955	-	-	4,955	-	4,955
Capital assets not being depreciated	-	-	-	-	446,765	446,765
Total Assets	\$ 327,174	\$ 3,127,895	\$ 17,681	\$ 3,472,750	446,765	3,919,515
LIABILITIES						
Accounts payable	\$ 8,496	\$ -	\$ -	\$ 8,496	-	8,496
Accounts payable - County Treasurer	-	4,782	-	4,782	-	4,782
Accrued interest on bonds	-	-	-	-	20,347	20,347
Long-term liabilities:						
Due within one year	-	-	-	-	215,000	215,000
Due in more than one year	-	-	-	-	8,310,933	8,310,933
Total Liabilities	8,496	4,782	-	13,278	8,546,280	8,559,558
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	92,911	2,605,052	-	2,697,963	-	2,697,963
Total Deferred Inflows of Resources	92,911	2,605,052	-	2,697,963	-	2,697,963
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	4,955	-	-	4,955	(4,955)	-
Restricted:						
Emergencies	5,391	-	-	5,391	(5,391)	-
Debt service	-	518,061	-	518,061	(518,061)	-
Capital projects	-	-	17,681	17,681	(17,681)	-
Unassigned	215,421	-	-	215,421	(215,421)	-
Total Fund Balances	225,767	518,061	17,681	761,509	(761,509)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 327,174	\$ 3,127,895	\$ 17,681	\$ 3,472,750		
Net Position:						
Restricted for:						
Emergencies					5,391	5,391
Debt service					497,714	497,714
Capital projects					17,681	17,681
Unrestricted					(7,858,792)	(7,858,792)
Total Net Position					\$ (7,338,006)	\$ (7,338,006)

The notes to the financial statements are an integral part of these statements.

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GATEWAY REGIONAL METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting	\$ 18,609	\$ -	\$ -	\$ 18,609	\$ -	\$ 18,609
Administration	27,218	-	-	27,218	-	27,218
Audit	8,542	-	-	8,542	-	8,542
Denver review fee	3,000	-	-	3,000	-	3,000
Insurance/SDA	5,304	-	-	5,304	-	5,304
Legal	7,268	-	-	7,268	-	7,268
Legal publications	1,327	-	-	1,327	-	1,327
Landscape maintenance	46,122	-	-	46,122	-	46,122
Utilities	12,613	-	-	12,613	-	12,613
Treasurer's fees	699	19,612	-	20,311	-	20,311
Miscellaneous expense	4,393	-	-	4,393	-	4,393
2016 Bond principal	-	210,000	-	210,000	(210,000)	-
2016 Bond interest expense	-	250,463	-	250,463	917	251,380
City note principal	-	1,850,976	-	1,850,976	(1,850,976)	-
City note interest	-	59,496	-	59,496	(10,465)	49,031
First Creek note interest	-	-	-	-	17,569	17,569
Trustee fees	-	5,000	-	5,000	-	5,000
Depreciation	-	-	-	-	21,996	21,996
Total Expenditures	135,095	2,395,547	-	2,530,642	(2,030,959)	499,683
PROGRAM REVENUES						
System development fees	-	394,399	-	394,399	-	394,399
Total Program Revenues	-	394,399	-	394,399	-	394,399
Net Program Income (Expenses)	(135,095)	(2,001,148)	-	(2,136,243)	2,030,959	(105,284)
GENERAL REVENUES						
Property taxes	69,939	1,960,960	-	2,030,899	-	2,030,899
Specific ownership taxes	109,569	-	-	109,569	-	109,569
Denver HighPoint Revenue	10,868	-	-	10,868	-	10,868
Interest income	1,717	5,870	128	7,715	-	7,715
Total General Revenues	192,093	1,966,830	128	2,159,051	-	2,159,051
NET CHANGES IN FUND BALANCES	56,998	(34,318)	128	22,808	(22,808)	
CHANGE IN NET POSITION					2,053,767	2,053,767
FUND BALANCES/NET POSITION:						
BEGINNING OF YEAR	168,769	552,379	17,553	738,701	(10,130,474)	(9,391,773)
END OF YEAR	\$ 225,767	\$ 518,061	\$ 17,681	\$ 761,509	\$ (8,099,515)	\$ (7,338,006)

The notes to the financial statements are an integral part of these statements.

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GATEWAY REGIONAL METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2020

	Original & Final		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 72,983	\$ 69,939	\$ (3,044)
Specific ownership taxes	60,000	109,569	49,569
Denver HighPoint Revenue	8,000	10,868	2,868
Interest income	<u>6,164</u>	<u>1,717</u>	<u>(4,447)</u>
Total Revenues	<u>147,147</u>	<u>192,093</u>	<u>44,946</u>
EXPENDITURES			
Accounting	30,000	18,609	11,391
Administration	23,000	27,218	(4,218)
Election expense	5,000	-	5,000
Audit	8,900	8,542	358
Denver review fee	3,000	3,000	-
Insurance/SDA	6,000	5,304	696
Legal	25,000	7,268	17,732
Legal publications	2,000	1,327	673
Landscape maintenance	30,000	46,122	(16,122)
Utilities	20,000	12,613	7,387
Treasurer's fees	1,097	699	398
Miscellaneous expense	3,000	4,393	(1,393)
Contingency	133,556	-	133,556
Emergency reserve	<u>4,710</u>	<u>-</u>	<u>4,710</u>
Total Expenditures	<u>295,263</u>	<u>135,095</u>	<u>160,168</u>
NET CHANGE IN FUND BALANCE	(148,116)	56,998	205,114
FUND BALANCE:			
BEGINNING OF YEAR	<u>148,116</u>	<u>168,769</u>	<u>20,653</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 225,767</u>	<u>\$ 225,767</u>

The notes to the financial statements are an integral part of these statements.

GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Gateway Regional Metropolitan District, located in the City and County of Denver, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized on May 11, 1998, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide for the design, acquisition, construction, installation and financing of regional facilities which include storm drainage, streets, sanitation and related improvements, park and recreation and a fire station. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

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.

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

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

In December 2020, the District amended its total appropriations in the Debt Service Fund from \$2,051,948 to \$2,600,000 primarily due to higher payments on district debt.

GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

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 minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Original Issue Discount

Original issue discount from the Series 2016 Bonds are being amortized over the term of the bonds using the interest method. Accumulated amortization of original issue discount amounted to \$6,650 at December 31, 2020.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of at least three years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land is not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Landscape improvements	25 years
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GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$4,955 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

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GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$5,391 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$518,061 is restricted for the payment of the debt service costs associated with the General Obligation Refunding Bonds Series 2016 (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$17,681 is restricted for the payment of the costs for capital improvements within the District.

Committed Fund Balance

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

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

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GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Net Position

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

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

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 assets.

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

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Note 2: Cash and Investments

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 216,825
Cash and investments - Restricted	<u>545,915</u>
Total	\$ <u>762,740</u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 468,908
Investments - COLOTRUST	<u>293,832</u>
	\$ <u>762,740</u>

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GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

Deposits

Custodial Credit Risk

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 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments

Investment Valuation

Certain investments are measured at fair value 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. The District’s investment is not required to be categorized within the fair value hierarchy. This investment’s value is calculated using the net asset value method (NAV) per share.

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District’s investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

As of December 31, 2020, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST” or the “Trust”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The Trust operates similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the Trust. Substantially all securities owned by the Trust are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$293,832 invested in COLOTRUST.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
<u>Capital assets being depreciated:</u>				
Landscape improvements	879,849	-	-	879,849
Total capital assets being depreciated	879,849	-	-	879,849
<u>Accumulated Depreciation:</u>				
Landscape improvements	(411,088)	(21,996)	-	(433,084)
Total accumulated depreciation	(411,088)	(21,996)	-	(433,084)
Net capital assets being depreciated	468,761	(21,996)	-	446,765
Government type assets, net	<u>\$ 468,761</u>	<u>\$ (21,996)</u>	<u>\$ -</u>	<u>\$ 446,765</u>

GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Upon completion, the regional facilities (storm drainage, streets, sanitation and related improvements, park and recreation, and a fire station) are to be transferred to the City of Denver 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.

Note 4: Long Term Debt

A description of the long-term obligations as of December 31, 2020, is as follows:

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 . 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 Financial Statements December 31, 2020

\$8,725,000 General Obligation Limited Tax Refunding Bonds, Series 2016

On June 24, 2016, the District issued \$8,725,000 General Obligation Limited Tax Refunding Bonds, Series 2016, (“Series 2016 Bonds”) 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 Series 2016 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.

Events of Default as defined in the Series 2016 Bond Indenture are 1) the failure of the District to impose the Required Mill levy, or to apply the Pledged Revenue as required by the Indenture, 2) the default by the District in the performance or observance of any other of the covenants, agreements, or conditions of the Indenture or the Bond Resolution, and failure to remedy the same after notice thereof pursuant to the Indenture, and 3) the filing of a petition under the federal bankruptcy laws or other applicable laws seeking to adjust the obligations represented by the Bonds. Failure to pay the principal of or interest on the Series 2016 Bonds when due shall not, of itself, constitute an Event of Default under the Indenture. Remedies available in the Event of Default include 1) receivership, 2) suit for judgment, and 3) other suits. Acceleration of the Series 2016 Bonds is not an available remedy for an Event of Default.

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GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

The following is a summary of the annual long-term debt principal and interest requirements of the Series 2016 Bonds.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 215,000	\$ 244,163	\$ 459,163
2022	225,000	237,713	462,713
2023	230,000	230,963	460,963
2024	235,000	224,063	459,063
2025	245,000	217,013	462,013
2026-2030	1,335,000	970,763	2,305,763
2031-2035	1,550,000	758,063	2,308,063
2036-2040	1,790,000	508,956	2,298,956
2041-2045	<u>2,095,000</u>	<u>207,831</u>	<u>2,302,831</u>
	<u>\$ 7,920,000</u>	<u>\$ 3,599,525</u>	<u>\$11,519,525</u>

Regional Facilities Agreement

In 1998 the District and the City entered into a Regional Facilities Agreement (the “Original RFA”) which was amended in 2001 and 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”). 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 56th Avenue Lanes 3 and 4, plus simple interest on the unpaid principal balance at a rate of 4.47%.

During 2008, 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 56th 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 56th 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 Financial Statements December 31, 2020

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.

Series 2018-1 General Obligation Limited Tax Note

As of January 1, 2018, the balance of the 2007-1 City Note was transferred in its entirety to the General Obligation Limited Tax Note Series 2018-1 (“Series 2018-1 GO Note”) and effective as of that date will accrue interest at a rate of 3% per annum.

2017 Short Report – Gateway Regional Metropolitan District

On December 5, 2017, Denver Public Works issued the 2017 Short Report – Gateway Regional Metropolitan District which was issued pursuant to the Amended and Restated Regional Facilities Agreement (“Restated RFA”) dated as of January 14, 2008. The purpose of the report was to accomplish four things; 1) memorialize the results of reconciliation activities which occurred after the execution of the Restated RFA, 2) provide final reconciliations for the Tower Road Bridge Project and the 56th Ave. Project, 3) request the District’s share of funding for a number of projects that have been completed between 2007 and 2015, and 4) Agreement and terms for a new Note to replace the maturing 2007-1 Note (Series 2018-1 Go Note). Pursuant to this agreement, it was agreed that the amount due from the District for the projects completed between 2007 and 2015 totaled \$1,783,786. This principal balance plus accrued interest through December 31, 2017, of \$526,537 were determined to be obligations of the District and have been added to the 2018-1 GO Note effective January 1, 2018 and accrue interest at 3% per annum. The related assets are owned by the City of Denver and are not included in the District’s records.

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GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

First Creek Revenue Note, Series 2018-1

On December 7, 2016, the District passed a resolution, effective January 1, 2017, to accept a First Creek Note in the amount of \$1,011,578 to reimburse the City for certain First Creek Improvements that removed certain property identified in the resolution from a flood plain. To pay the First Creek Note, the District agreed to impose a First Creek Fee on certain property owners in the area that the improvements benefited. The First Creek Note bears interest at 3% per annum.

The following is an analysis of changes in long-term debt for the period ending December 31, 2020:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Current Portion
<u>General Obligation Bonds:</u>					
2016 General Obligation Bond	\$ 8,130,000	\$ -	\$ 210,000	\$ 7,920,000	\$ 215,000
2016 Bond Discount	(22,162)	-	(1,442)	(20,720)	-
	<u>8,107,838</u>	<u>-</u>	<u>208,558</u>	<u>7,899,280</u>	<u>215,000</u>
<u>Notes from direct borrowing and direct placements:</u>					
First Creek Revenue Note					
Series 2018-1	566,151		-	566,151	-
Series 2018-1 General Obligation					
Limited Tax Note	1,874,230	-	1,850,976	23,254	-
Accrued Interest on					
First Creek Revenue Note					
Series 2018-1	19,662	17,569	-	37,231	-
Series 2018-1 General Obligation					
Limited Tax Note	10,482	49,124	59,589	17	-
	<u>2,470,525</u>	<u>66,693</u>	<u>1,910,565</u>	<u>626,653</u>	<u>-</u>
Total	<u>\$ 10,578,363</u>	<u>\$ 66,693</u>	<u>\$ 2,119,123</u>	<u>\$ 8,525,933</u>	<u>\$ 215,000</u>

Debt Authorization

As of December 31, 2020, the District had remaining voted debt authorization of approximately \$24,078,680. The District has not budgeted to issue any new debt during 2021. Per the District's Service Plan, the District can not issue debt in excess of \$48,603,200.

GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2020

Note 5: Other Agreements

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.

Note 6: Related Party

All of the Board of Directors are employees, owners or are otherwise associated with the Developer and may have conflicts of interest in dealing with the District. Management believes that all potential conflicts, if any, have been disclosed to the Board.

Note 7: Tax, Spending and Debt Limitations

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

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

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

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GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

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.

On May 5, 1998, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 8: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("Pool") which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

Note 9: 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) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

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GATEWAY REGIONAL METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2020

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

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SUPPLEMENTAL INFORMATION

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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, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 2,046,313	\$ 2,568,128	\$ 1,960,960	\$ (607,168)
System development fees	-	-	394,399	394,399
Interest income	<u>25,000</u>	<u>25,000</u>	<u>5,870</u>	<u>(19,130)</u>
Total Revenues	<u>2,071,313</u>	<u>2,593,128</u>	<u>2,361,229</u>	<u>(231,899)</u>
EXPENDITURES				
2016 Bond principal	210,000	210,000	210,000	-
2016 Bond interest expense	250,463	250,463	250,463	-
City note principal	1,500,000	2,065,752	1,850,976	214,776
City note interest	60,000	45,000	59,496	(14,496)
Trustee fees	7,700	5,000	5,000	-
Treasurer's fees	<u>23,785</u>	<u>23,785</u>	<u>19,612</u>	<u>4,173</u>
Total Expenditures	<u>2,051,948</u>	<u>2,600,000</u>	<u>2,395,547</u>	<u>204,453</u>
NET CHANGE IN FUND BALANCE	19,365	(6,872)	(34,318)	(27,446)
FUND BALANCE:				
BEGINNING OF YEAR	<u>515,667</u>	<u>515,667</u>	<u>552,379</u>	<u>36,712</u>
END OF YEAR	<u>\$ 535,032</u>	<u>\$ 508,795</u>	<u>\$ 518,061</u>	<u>\$ 9,266</u>

The notes to the financial statements are an integral part of these statements.

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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, 2020

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ 400	\$ 128	\$ (272)
Total Revenues	<u>400</u>	<u>128</u>	<u>(272)</u>
EXPENDITURES			
Capital improvements	<u>17,948</u>	<u>-</u>	<u>17,948</u>
Total Expenditures	<u>17,948</u>	<u>-</u>	<u>17,948</u>
NET CHANGE IN FUND BALANCE	(17,548)	128	17,676
FUND BALANCE:			
BEGINNING OF YEAR	<u>17,548</u>	<u>17,553</u>	<u>5</u>
END OF YEAR	<u>\$ -</u>	<u>\$ 17,681</u>	<u>\$ 17,681</u>

The notes to the financial statements are an integral part of these statements.

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GATEWAY REGIONAL METROPOLITAN DISTRICT

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2020

(Unaudited)

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property <u>Tax Levy</u>	Denver Highpoint <u>Exclusion</u>	Mills Levied			Total Property Tax		Percent Collected to Levied
			<u>General Fund</u>	<u>Debt Service</u>	<u>Highpoint</u>	<u>Levied</u>	<u>Collected</u>	
2010	\$ 51,213,560	\$ 5,431,290	1.000	15.000	1.631	\$ 828,275	\$ 751,835	90.77%
2011	\$ 48,880,990	\$ 10,838,930	1.000	15.000	1.739	\$ 800,945	\$ 798,422	99.68%
2012	\$ 37,285,650	\$ 9,119,820	1.000	15.000	2.577	\$ 620,073	\$ 608,422	98.12%
2013	\$ 38,953,790	\$ 8,858,140	1.000	15.000	2.817	\$ 648,214	\$ 648,120	99.99%
2014	\$ 35,171,700	\$ -	1.000	15.000	0.000	\$ 562,748	\$ 562,232	99.91%
2015	\$ 34,962,090	\$ -	1.000	15.000	0.000	\$ 559,393	\$ 558,778	99.89%
2016	\$ 48,242,740	\$ -	1.000	15.000	0.000	\$ 771,884	\$ 761,141	98.61%
2017	\$ 48,567,280	\$ -	1.000	15.000	0.000	\$ 777,076	\$ 776,571	99.94%
2018	\$ 73,452,570	\$ -	0.722	15.278	0.000	\$ 1,175,241	\$ 1,174,488	99.94%
2019	\$ 89,389,450	\$ -	0.579	15.421	0.000	\$ 1,430,231	\$ 1,423,037	99.50%
2020	\$ 132,455,990	\$ -	0.551	15.449	0.000	\$ 2,119,296	\$ 2,030,899	95.83%
Estimated for year ending December 31, 2021	\$ 168,622,700	\$ -	0.551	15.449	0.000	\$ 2,697,963		

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

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CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION – UNAUDITED

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GATEWAY REGIONAL METROPOLITAN DISTRICT

TEN LARGEST OWNERS OF TAXABLE PROPERTY WITHIN THE DISTRICT

December 31, 2020

UNAUDITED

<u>Taxpayer Name</u>	<u>2020 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Flightsafety Intl, Inc.	\$ 17,696,410	10.49%
HH Denver LLC	6,870,590	4.07%
Yampa Hotel Owner LLC	6,605,880	3.92%
Pena MH LLC	5,753,830	3.41%
Tower Road Lodging LLC	5,029,090	2.98%
DIA Yampa Street Development	4,856,950	2.88%
Watermark Fist Creek Denver	4,779,860	2.83%
MGL Pena Station LLC	4,153,740	2.46%
Watermark at Tower Rd II LLC	3,881,800	2.30%
CPLG Properties LLC	3,814,980	2.26%
Total	<u>\$ 63,443,130</u>	<u>37.60%</u>

NOTE

Assessed Valuations were obtained from the Denver County website.

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GATEWAY REGIONAL METROPOLITAN DISTRICT

ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE DISTRICT

December 31, 2020

UNAUDITED

<u>Class</u>	<u>2020 Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Commercial	\$ 80,278,130	47.61%
Residential	54,077,330	32.07%
Vacant Land	10,696,100	6.34%
Agricultural	31,510	0.02%
Personal Property	23,539,630	13.96%
Total	<u>\$ 168,622,700</u>	<u>100.00%</u>

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GATEWAY REGIONAL METROPOLITAN DISTRICT

ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT

December 31, 2020

UNAUDITED

	2019 Revenue from <u>Property Taxes</u>	Outstanding General Obligation <u>Debt</u>
Denver School District No. 1	858,529,862	1,860,560,351
City and County of Denver	479,346,000	842,856,000
Denver International Business Center Metropolitan District No. 1	1,402,051	47,570,000
Denver Gateway Center Metropolitan District	307,744	26,825,000
Ebert Metropolitan District Nos. 1 & 2	6,710,628	102,380,000
	<u>1,346,296,285</u>	<u>2,880,191,351</u>

Chart is provided for informational purposes only and should not be relied upon as information provided by other entities has not been verified and can not be assumed accurate. Further, approved but not yet issued debt will not be reflected.

Management Representation Letter
Gateway Regional Metropolitan District

McMahan and Associates, LLC

This representation letter is provided in connection with your audit of the financial statements of Gateway Regional Metropolitan District, which comprise the respective financial position of the governmental activities and each major fund as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Gateway Regional Metropolitan District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) We have made available to you all financial records and related data.
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 25) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 26) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 27) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 28) The financial statements properly classify all funds and activities.
- 29) All funds that meet the quantitative criteria in [GASB Statement Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 30) Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 31) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

- 32) Provisions for uncollectible receivables have been properly identified and recorded.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 36) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 38) We have reported all obligations and their terms of the District to the City and County of Denver and any other entity which the District may have obligations to.
- 39) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) With respect to the budgetary comparison schedules in sections D and E:
 - a) We acknowledge our responsibility for presenting the budgetary comparison schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the budgetary comparison schedules, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the budgetary comparison schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the budgetary comparison schedules are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Date: _____

Signature: _____ Signature: _____

Title: _____ Title: _____