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CliftonLarsonAllen LLP

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Accountant's Compilation Report

Advisory Board
City Council, City and County of Denver
Gateway Village General Improvement District
City and County of Denver, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances of the Gateway Village General Improvement District for the General Fund and Debt Service Fund for the year ending December 31, 2013, including the forecasted estimate of comparative information for the year ending December 31, 2012, in accordance with attestation standards established by the American Institute of Certified Public Accountants. A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2011 is presented for comparative purposes only. Such information is taken from the 2011 audit report of the District for the year ended December 31, 2011, as prepared by L. Paul Goedecke, P.C., dated March 19, 2012, wherein an unqualified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to the Gateway Village General Improvement District.

Greenwood Village, Colorado
_____, 2012

PRELIMINARY DRAFT - SUBJECT TO REVISION

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT
SUMMARY**

**FORECASTED 2013 BUDGET AS PROPOSED
WITH 2011 ACTUAL AND 2012 ESTIMATED
For the Years Ended and Ending December 31,**

10/8/2012

| | ACTUAL 2011 | BUDGET 2012 | ACTUAL 6/30/2012 | ESTIMATED 2012 | PROPOSED 2013 |
|---|----------------|----------------|---------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ 512,163 | \$ 463,792 | \$ 477,629 | \$ 477,629 | \$ 503,442 |
| REVENUES | | | | | |
| 1 Property taxes | 574,027 | 533,157 | 358,339 | 521,552 | 527,824 |
| 2 Specific ownership taxes | 33,286 | 29,324 | 14,632 | 35,000 | 34,309 |
| 3 Net investment income | 1,088 | 800 | 490 | 160 | 750 |
| Total revenues | 608,401 | 563,281 | 373,461 | 556,712 | 562,883 |
| Total funds available | 1,120,564 | 1,027,073 | 851,090 | 1,034,341 | 1,066,325 |
| EXPENDITURES | | | | | |
| 4 General and administration | | | | | |
| 5 Accounting | 20,069 | 23,000 | 9,440 | 21,000 | 23,000 |
| 6 Audit | 2,700 | 2,700 | - | 2,700 | 2,700 |
| 7 City administrative fee | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 8 County Treasurer's fees | 5,753 | 5,332 | 3,583 | 5,216 | 5,278 |
| 9 Insurance | 9,983 | 10,000 | - | 9,952 | 10,000 |
| 10 Legal | 34,691 | 25,000 | 3,361 | 10,000 | 25,000 |
| 11 Miscellaneous | 221 | 300 | 75 | 200 | 300 |
| 12 Repayment of Developer advance | 110,071 | - | - | - | - |
| 13 Operations and maintenance | | | | | |
| 14 Contingency | - | 21,630 | - | - | 5,795 |
| 15 Fence repairs | - | 7,500 | - | 7,500 | 20,000 |
| 16 Irrigation water | - | 21,400 | - | 25,180 | 25,940 |
| 17 Irrigation water - HOA | - | 8,100 | 2,109 | 9,100 | 9,500 |
| 18 Landscape contract - Bolling | - | 19,950 | 9,765 | 19,110 | 18,700 |
| 19 Landscape contract - Chambers Rd | - | 16,270 | 5,238 | 13,260 | 11,340 |
| 20 Landscape contract - HOA | - | 32,100 | 13,263 | 31,610 | 31,500 |
| 21 Landscaping | 107,465 | - | - | - | - |
| 22 Landscaping repairs | - | 7,800 | 1,142 | 3,770 | 3,900 |
| 23 Landscaping repairs - HOA | - | 6,000 | 1,165 | 4,640 | 4,800 |
| 24 Repairs and maintenance | - | 5,000 | - | 5,000 | 5,000 |
| 25 Snow removal | 392 | 12,200 | 212 | 10,000 | 12,200 |
| 26 Utilities | 2,932 | 300 | 150 | 305 | 325 |
| 27 Utilities - HOA | - | 1,000 | 468 | 1,000 | 1,000 |
| 28 Winter watering | - | 2,700 | - | 2,700 | 2,700 |
| 29 Debt service | | | | | |
| 30 Contingency | - | 15,000 | - | - | 15,000 |
| 31 Loan interest | 73,508 | 63,356 | 31,765 | 63,356 | 52,828 |
| 32 Loan principal | 270,000 | 280,000 | - | 280,000 | 290,000 |
| 33 Paying agent fees | 150 | 600 | - | 300 | 600 |
| Total expenditures | 642,935 | 592,238 | 86,736 | 530,899 | 582,406 |
| Total expenditures and transfers out requiring appropriation | 642,935 | 592,238 | 86,736 | 530,899 | 582,406 |
| ENDING FUND BALANCES | \$ 477,629 | \$ 434,835 | \$ 764,354 | \$ 503,442 | \$ 483,919 |
| EMERGENCY RESERVE | \$ 7,700 | \$ 7,100 | \$ 4,600 | \$ 7,100 | \$ 7,200 |
| DEBT SERVICE RESERVE | 173,131 | 172,897 | 173,145 | 173,145 | 173,145 |
| TOTAL RESERVE | \$ 180,831 | \$ 179,997 | \$ 177,745 | \$ 180,245 | \$ 180,345 |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's
compilation report and summary of significant assumptions.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

10/8/2012

| | ACTUAL 2011 | BUDGET 2012 | ACTUAL 6/30/2012 | ESTIMATED 2012 | PROPOSED 2013 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ASSESSED VALUATION - DENVER | | | | | |
| Residential | \$ 11,304,830 | \$ 11,599,560 | \$ 11,599,560 | \$ 11,599,560 | \$ 11,435,470 |
| Commercial | 4,816,380 | 3,797,970 | 3,797,970 | 3,797,970 | 3,797,970 |
| Vacant Land | 590 | 590 | 590 | 590 | 590 |
| Personal Property | 582,710 | 239,210 | 239,210 | 239,210 | 239,210 |
| State Assessed | 996,800 | 767,500 | 767,500 | 767,500 | 767,500 |
| Certified Assessed Value | <u>\$ 17,701,310</u> | <u>\$ 16,404,830</u> | <u>\$ 16,404,830</u> | <u>\$ 16,404,830</u> | <u>\$ 16,240,740</u> |
| MILL LEVY | | | | | |
| GENERAL FUND | 12.500 | 12.500 | 12.500 | 12.500 | 12.500 |
| DEBT SERVICE FUND | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 |
| Total Mill Levy | <u>32.500</u> | <u>32.500</u> | <u>32.500</u> | <u>32.500</u> | <u>32.500</u> |
| PROPERTY TAXES | | | | | |
| GENERAL FUND | \$ 221,266 | \$ 205,060 | \$ 205,060 | \$ 205,060 | \$ 203,009 |
| DEBT SERVICE FUND | 354,026 | 328,097 | 328,097 | 328,097 | 324,815 |
| Levied property taxes | 575,292 | 533,157 | 533,157 | 533,157 | 527,824 |
| Adjustments to actual/rounding | - | - | (174,818) | - | - |
| Refund and abatements | (1,265) | - | - | (11,605) | - |
| Budgeted Property Taxes | <u>\$ 574,027</u> | <u>\$ 533,157</u> | <u>\$ 358,339</u> | <u>\$ 521,552</u> | <u>\$ 527,824</u> |
| BUDGETED PROPERTY TAXES | | | | | |
| GENERAL FUND | \$ 220,771 | \$ 205,060 | \$ 137,817 | \$ 200,597 | \$ 203,009 |
| DEBT SERVICE FUND | 353,256 | 328,097 | 220,522 | 320,955 | 324,815 |
| | <u>\$ 574,027</u> | <u>\$ 533,157</u> | <u>\$ 358,339</u> | <u>\$ 521,552</u> | <u>\$ 527,824</u> |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
FORECASTED 2013 BUDGET AS PROPOSED
WITH 2011 ACTUAL AND 2012 ESTIMATED
For the Years Ended and Ending December 31,**

10/8/2012

| | ACTUAL 2011 | BUDGET 2012 | ACTUAL 6/30/2012 | ESTIMATED 2012 | PROPOSED 2013 |
|---|-------------------|-------------------|---------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES | \$ 164,912 | \$ 110,744 | \$ 124,263 | \$ 124,263 | \$ 175,957 |
| REVENUES | | | | | |
| 1 Property taxes | 220,771 | 205,060 | 137,817 | 200,597 | 203,009 |
| 2 Specific ownership taxes | 33,286 | 29,324 | 14,632 | 35,000 | 34,309 |
| 3 Net investment income | 1,031 | 650 | 476 | 130 | 600 |
| Total revenues | <u>255,088</u> | <u>235,034</u> | <u>152,925</u> | <u>235,727</u> | <u>237,918</u> |
| Total funds available | <u>420,000</u> | <u>345,778</u> | <u>277,188</u> | <u>359,990</u> | <u>413,875</u> |
| EXPENDITURES | | | | | |
| General and administration | | | | | |
| 4 Accounting | 20,069 | 23,000 | 9,440 | 21,000 | 23,000 |
| 5 Audit | 2,700 | 2,700 | - | 2,700 | 2,700 |
| 6 City administrative fee | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 7 County Treasurer's fees | 2,213 | 2,051 | 1,378 | 2,006 | 2,030 |
| 8 Insurance | 9,983 | 10,000 | - | 9,952 | 10,000 |
| 9 Legal | 34,691 | 25,000 | 3,361 | 10,000 | 25,000 |
| 10 Miscellaneous | 221 | 300 | 75 | 200 | 300 |
| 11 Repayment of Developer advance | 110,071 | - | - | - | - |
| Operations and maintenance | | | | | |
| 12 Contingency | - | 21,630 | - | - | 5,795 |
| 13 Fence repairs | - | 7,500 | - | 7,500 | 20,000 |
| 14 Irrigation water | - | 21,400 | - | 25,180 | 25,940 |
| 15 Irrigation water - HOA | - | 8,100 | 2,109 | 9,100 | 9,500 |
| 16 Landscape contract - Bolling | - | 19,950 | 9,765 | 19,110 | 18,700 |
| 17 Landscape contract - Chambers Rd | - | 16,270 | 5,238 | 13,260 | 11,340 |
| 18 Landscape contract - HOA | - | 32,100 | 13,263 | 31,610 | 31,500 |
| 19 Landscaping | 107,465 | - | - | - | - |
| 20 Landscaping repairs | - | 7,800 | 1,142 | 3,770 | 3,900 |
| 21 Landscaping repairs - HOA | - | 6,000 | 1,165 | 4,640 | 4,800 |
| 22 Repairs and maintenance | - | 5,000 | - | 5,000 | 5,000 |
| 23 Snow removal | 392 | 12,200 | 212 | 10,000 | 12,200 |
| 24 Utilities | 2,932 | 300 | 150 | 305 | 325 |
| 25 Utilities - HOA | - | 1,000 | 468 | 1,000 | 1,000 |
| 26 Winter watering | - | 2,700 | - | 2,700 | 2,700 |
| Total expenditures | <u>295,737</u> | <u>230,001</u> | <u>52,766</u> | <u>184,033</u> | <u>220,730</u> |
| Total expenditures and transfers out requiring appropriation | <u>295,737</u> | <u>230,001</u> | <u>52,766</u> | <u>184,033</u> | <u>220,730</u> |
| ENDING FUND BALANCES | <u>\$ 124,263</u> | <u>\$ 115,777</u> | <u>\$ 224,422</u> | <u>\$ 175,957</u> | <u>\$ 193,145</u> |
| EMERGENCY RESERVE | <u>\$ 7,700</u> | <u>\$ 7,100</u> | <u>\$ 4,600</u> | <u>\$ 7,100</u> | <u>\$ 7,200</u> |
| TOTAL RESERVE | <u>\$ 7,700</u> | <u>\$ 7,100</u> | <u>\$ 4,600</u> | <u>\$ 7,100</u> | <u>\$ 7,200</u> |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT
DEBT SERVICE FUND
FORECASTED 2013 BUDGET AS PROPOSED
WITH 2011 ACTUAL AND 2012 ESTIMATED
For the Years Ended and Ending December 31,**

10/8/2012

| | ACTUAL 2011 | BUDGET 2012 | ACTUAL 6/30/2012 | ESTIMATED 2012 | PROPOSED 2013 |
|---|-------------------|-------------------|---------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES | \$ 347,251 | \$ 353,048 | \$ 353,366 | \$ 353,366 | \$ 327,485 |
| REVENUES | | | | | |
| 1 Property taxes | 353,256 | 328,097 | 220,522 | 320,955 | 324,815 |
| 2 Net investment income | 57 | 150 | 14 | 30 | 150 |
| Total revenues | <u>353,313</u> | <u>328,247</u> | <u>220,536</u> | <u>320,985</u> | <u>324,965</u> |
| Total funds available | <u>700,564</u> | <u>681,295</u> | <u>573,902</u> | <u>674,351</u> | <u>652,450</u> |
| EXPENDITURES | | | | | |
| General and administration | | | | | |
| 3 County Treasurer's fees | 3,540 | 3,281 | 2,205 | 3,210 | 3,248 |
| Debt service | | | | | |
| 4 Contingency | - | 15,000 | - | - | 15,000 |
| 5 Loan interest | 73,508 | 63,356 | 31,765 | 63,356 | 52,828 |
| 6 Loan principal | 270,000 | 280,000 | - | 280,000 | 290,000 |
| 7 Paying agent fees | 150 | 600 | - | 300 | 600 |
| Total expenditures | <u>347,198</u> | <u>362,237</u> | <u>33,970</u> | <u>346,866</u> | <u>361,676</u> |
| Total expenditures and transfers out requiring appropriation | <u>347,198</u> | <u>362,237</u> | <u>33,970</u> | <u>346,866</u> | <u>361,676</u> |
| ENDING FUND BALANCES | <u>\$ 353,366</u> | <u>\$ 319,058</u> | <u>\$ 539,932</u> | <u>\$ 327,485</u> | <u>\$ 290,774</u> |
| DEBT SERVICE RESERVE | <u>\$ 173,131</u> | <u>\$ 172,897</u> | <u>\$ 173,145</u> | <u>\$ 173,145</u> | <u>\$ 173,145</u> |
| TOTAL RESERVE | <u>\$ 173,131</u> | <u>\$ 172,897</u> | <u>\$ 173,145</u> | <u>\$ 173,145</u> | <u>\$ 173,145</u> |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's
compilation report and summary of significant assumptions.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT
2013 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

The budget has been reviewed by the Advisory Board and submitted to the Members of City Council, City and County of Denver, with the recommendation for their approval.

Services Provided

Gateway Village General Improvement District (District), a quasi-municipal corporation, was organized by Ordinance 551, Series of 1994 of the City Council of the City and County of Denver (the City Council) and is governed pursuant to provisions of the Improvement District Act. The District'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 manage the financial and legal affairs of the District. The Advisory Board is composed of one Council Member from the Councilperson District, three City employees and three landowners from properties within the District.

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

On November 8, 1994, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$2,000,000 at an interest rate not to exceed 15% per annum. On November 3, 1998, the electors authorized an additional \$1,000,000 at an effective interest not to exceed 10% per annum. At December 31, 2012, the District has no remaining authorized but unissued indebtedness.

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

The District prepares its budget on the modified accrual basis of accounting.

Revenues

Property Taxes

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

In accordance with its organization documents and election questions, the District requests that the City Treasurer collect in 2013 the revenue from a total of 32.500 mills. The calculation of taxes is displayed on page 3 of the budget.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT
2013 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the City Treasurer primarily on vehicle licensing within the City as a whole. The taxes are allocated by the City Treasurer to all taxing entities within the City. The forecast assumes that the District's share will be equal to approximately 6.5% of the total property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.2%.

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting, and insurance.

Operations and maintenance

The land included within the District is subject to a Memorandum of Agreement dated June 30, 1995, related to the annexation of the property to the City. Provisions of the Agreement provide that the City agrees to maintain the streets, storm drainage, and parks within the annexed area at the City's expense. However, the District has budgeted to maintain the storm drainage canal and certain streetscapes within the District at the conclusion of the construction warranty period, which began in 2001. Beginning in 2006, the District agreed to pay certain landscaping costs maintained by the Home Owners' Association (HOA). Those costs include monthly landscaping maintenance and repairs, sprinkler repairs, snow removal, water and electricity.

Repayment of Developer Advance

In accordance with a memorandum of understanding with the Developer in 1995, the District has documented claims for cash advances and expenditures made on behalf of the District by the Developer and acquisition of assets from the Developer or related parties. The District is to reimburse the Developer at such time that the District has funds not otherwise required for debt service or operations of the District. The obligation is subject to annual appropriation by the District Board. At December 31, 2012, the outstanding and unreimbursed contingent liability for these advances or acquisitions was zero as the District paid off the entire remaining balance due to the Developer during 2011.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT
2013 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

County Treasurer's Fees

County Treasurer's fees have been computed at 1.0 % of property tax collections.

Debt Service

Principal and interest payments in 2013 are provided based on the debt amortization schedule from the Series 2009 Refunding Bonds (discussed under Debt and Leases).

Debt and Leases

The \$2,215,000 General Obligation Refunding Bonds, Series 2009, dated November 20, 2009, bear an interest rate of 3.76%, and consist of serial bonds due annually through 2016. The bonds are subject to redemption prior to maturity at the option of the District on any date without premium. The Bonds are secured by the Pledged Revenues and all moneys and earnings thereon held in the Funds or accounts created under the terms of the Indenture. Pledged Revenues consists of revenues derived from the imposition of the Required Mill Levy, the specific ownership tax which is collected as a result of the imposed mill levy, and any other legally available funds.

The District has no capital or operating leases.

Reserves

Debt Service Reserve

The District maintains a Debt Service Reserve of \$173,145, as required with the issuance of the 2009 Bonds.

Emergency Reserves

The District has provided an emergency reserve fund equal to at least 3% of fiscal year spending for 2013, as defined under TABOR.

This information is an integral part of the accompanying forecasted budget.

**GATEWAY VILLAGE GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2012**

**\$2,215,000 General Obligation
Refunding Bonds
Series 2009
Dated November 20, 2009
Interest Rate 3.76%**

**Interest Payable March 1, June 1,
September 1 and December 1
Principal Payable December 1**

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2013 | \$ 290,000 | \$ 52,828 | \$ 342,828 |
| 2014 | 300,000 | 41,924 | 341,924 |
| 2015 | 315,000 | 30,644 | 345,644 |
| 2016 | 500,000 | 18,800 | 518,800 |
| | <u>\$ 1,405,000</u> | <u>\$ 144,196</u> | <u>\$ 1,549,196</u> |

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.