

**GALLERIA METROPOLITAN DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

**GALLERIA METROPOLITAN DISTRICT
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YEAR ENDED DECEMBER 31, 2023**

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Independent Auditors' Report

Board of Directors
Galleria Metropolitan District
Arapahoe County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Galleria Metropolitan District (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

Simmons & Whelan P.C.

Englewood, CO
June 3, 2024

BASIC FINANCIAL STATEMENTS

**GALLERIA METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 49,652
Cash and Investments - Restricted	206,897
Receivable from County Treasurer	2,577
Property Tax Receivable	638,118
Capital Assets:	
Capital Assets Not Being Depreciated	<u>71,980</u>
Total Assets	<u>969,224</u>
LIABILITIES	
Accounts Payable	2,793
Accrued Interest	2,761
Noncurrent Liabilities:	
Due Within One Year	581,171
Due in More Than One Year	<u>444,702</u>
Total Liabilities	<u>1,031,427</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>638,118</u>
Total Deferred Inflows of Resources	<u>638,118</u>
NET POSITION	
Investment in Capital Assets	71,980
Restricted for:	
Emergency Reserve (TABOR)	400
Debt Service	3,508
Minimum Liquidity	200,000
Unrestricted	<u>(976,209)</u>
Total Net Position	<u><u>\$ (700,321)</u></u>

See accompanying Notes to Basic Financial Statements.

**GALLERIA METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 55,797	\$ -	\$ -	\$ -	(55,797)
Interest on Long-Term Debt and Related Costs	59,729	-	-	-	(59,729)
Total Governmental Activities	\$ 115,526	\$ -	\$ -	\$ -	(115,526)
GENERAL REVENUES					
Property Taxes					606,878
Specific Ownership Taxes					40,746
Interest Income					30,965
Other Revenue					8,850
Total General Revenues and Transfers					687,439
CHANGES IN NET POSITION					571,913
Net Position - Beginning of Year					(1,272,234)
NET POSITION - END OF YEAR					\$ (700,321)

See accompanying Notes to Basic Financial Statements.

**GALLERIA METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 49,652	\$ -	\$ 49,652
Cash and Investments - Restricted	200,400	6,497	206,897
Receivable from County Treasurer	13	2,565	2,578
Property Tax Receivable	3,220	634,898	638,118
Total Assets	\$ 253,285	\$ 643,960	\$ 897,245
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 2,793	\$ 2,793
Total Liabilities	-	2,793	2,793
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax	3,220	634,898	638,118
Total Deferred Inflows of Resources	3,220	634,898	638,118
FUND BALANCES			
Restricted for:			
Emergency Reserves	400	-	400
Debt Service	-	6,269	6,269
Minimum Liquidity	200,000	-	200,000
Assigned to:			
Subsequent Year's Expenditures	49,665	-	49,665
Total Fund Balances	250,065	6,269	256,334
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 253,285	\$ 643,960	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

71,980

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

Accrued Interest
Bonds Payable

(2,761)
(1,025,874)

Net Position of Governmental Activities

\$ (700,321)

See accompanying Notes to Basic Financial Statements.

**GALLERIA METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	General	Debt Service	Total Governmental Funds
REVENUES			
Property Taxes	\$ 2,758	\$ 604,120	\$ 606,878
Specific Ownership Taxes	313	40,433	40,746
Interest Income	10,889	20,076	30,965
Total Revenues	13,960	664,629	678,589
EXPENDITURES			
Current:			
Accounting	-	20,512	20,512
County Treasurer's Fee	43	9,078	9,121
District Management	-	15,751	15,751
Dues and Membership	242	-	242
Election	2,374	-	2,374
Insurance	3,079	-	3,079
Legal	-	13,018	13,018
Miscellaneous	278	-	278
Debt Service:			
Bond Interest	-	52,499	52,499
Bond Principal	-	320,809	320,809
Bond Principal Paydown	-	278,672	278,672
Paying Agent Fees	-	500	500
Total Expenditures	6,016	710,839	716,855
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,944	(46,210)	(38,266)
NET CHANGE IN FUND BALANCES	7,944	(46,210)	(38,266)
Fund Balances - Beginning of Year	242,121	52,479	294,600
FUND BALANCES - END OF YEAR	\$ 250,065	\$ 6,269	\$ 256,334

See accompanying Notes to Basic Financial Statements.

**GALLERIA METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (38,266)

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

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond Principal 599,716

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Interest Payable - Change in Liability 1,613
Other Revenue 8,850

Changes in Net Position of Governmental Activities \$ 571,913

**GALLERIA METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 2,758	\$ 2,758	\$ -
Specific Ownership Taxes	165	313	148
Interest Income	1,000	10,889	9,889
Total Revenues	<u>3,923</u>	<u>13,960</u>	<u>10,037</u>
EXPENDITURES			
Contingency	1,372	-	1,372
County Treasurer's Fee	51	43	8
Directors' Fees	1,000	-	1,000
Dues and Membership	500	242	258
Election	3,500	2,374	1,126
Insurance	4,000	3,079	921
Miscellaneous	500	278	222
Payroll Taxes	77	-	77
Total Expenditures	<u>11,000</u>	<u>6,016</u>	<u>4,984</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,077)	7,944	15,021
OTHER FINANCING SOURCES (USES)			
Transfer to Other Funds	(30,000)	-	30,000
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
NET CHANGE IN FUND BALANCE	(37,077)	7,944	45,021
Fund Balance - Beginning of Year	<u>239,859</u>	<u>242,121</u>	<u>2,262</u>
FUND BALANCE - END OF YEAR	<u>\$ 202,782</u>	<u>\$ 250,065</u>	<u>\$ 47,283</u>

See accompanying Notes to Basic Financial Statements.

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 DEFINITION OF REPORTING ENTITY

(the District), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized by order and decree of the District Court for Arapahoe County on April 11, 1986 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in the Cities of Aurora and Greenwood Village in Arapahoe County, Colorado. The District was organized to provide street improvements, storm drainage, park and recreation facilities, water and sewer facilities, transportation facilities, and television relay facilities. Water service is provided to the property under a total water service contract with the Denver Water Board.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal, interest, and related costs on long-term general obligation debt of the governmental funds.

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. 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.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated to the to the funds in proportion to its share of pooled cash.

Investments are carried at fair value or amortized cost.

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 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 County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include property and infrastructure improvements (e.g. roads, bridges, sidewalks and similar items), are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset 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. Depreciation expense has not been recorded as the assets are recorded as nondepreciable assets.

Deferred Inflows of Resources

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

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

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

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 49,652
Cash and Investments - Restricted	206,897
Total Cash and Investments	\$ 256,549

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	\$ 21,048
Investments	235,501
Total Cash and Investments	\$ 256,549

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit more than federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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

At December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of \$21,048.

Investments

The District has adopted a formal investment policy to invest funds in accordance with state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- * Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement and Application

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

As of December 31, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST) - Prime	Weighted-Average Under 60 Days	\$ 21,112
Colorado Surplus Asset Fund Trust (CSAFE) - CORE	Weighted-Average Under 180 Days	214,338
Government Money Market Fund	Weighted-Average Under 46 Days	51
Total		<u>\$ 235,501</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PLUS+ and COLOTRUST PRIME are rated AAAM by Standard & Poor's and COLOTRUST EDGE is rated AA Af by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE currently offers two portfolios – CSAFE CASH FUND and CSAFE CORE.

CSAFE CASH FUND operates similar to a money market fund, with each share valued at \$1.00. CSAFE CASH FUND may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds highest rated commercial paper and any security allowed under CRS 24-75-601.

CSAFE CORE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$2.00 transactional share price. CSAFE CORE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE CASH FUND is rated AAmmf by Fitch Ratings and CSAFE CORE is rated AA Af/S1 by Fitch Ratings. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Government Money Market Fund

The debt service money that is included in the trust accounts at Wells Fargo Bank is invested in the Government Money Market Fund. This portfolio is a money market fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Government Money Market Fund is rated AAAM by Standard & Poor's. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities:				
Capital Assets, Not Being				
Depreciated:				
Water Tap Participation Charge Credits	\$ 63,130	\$ 8,850	\$ -	\$ 71,980

Water Tap Participation Charge Credits

During 1986, the District obtained 325¾" single-family residential equivalent demand water tap participation charge credits (charge credits) which are available for use within the District's Contract Service area. The charge credits were purchased at \$590 per credit.

The District will use up to ten of the charge credits for common area irrigation purposes. At December 31, 2023, the District had two charge credits remaining, for common area irrigation purposes, for a total of \$1,180.

On June 14, 1999, the District entered into an agreement with Trammell Crow Denver Development, Inc. (Trammell Crow) where Trammell Crow shall be entitled to use up to 59% of the remaining 315 charge credits (185 credits) for the development of its property. In 2007, Trammell Crow's 130 credits, totaling \$76,700, reverted back to the District to be sold to other developers. At December 31, 2023, the District had 76 charge credits available for a total cost of \$44,840. The district reconciles to the City of Denver's water tap ledger annually.

On August 9, 1999, the District entered into an agreement with EQR/Legacy Partners Hampden Town Center LLC (Legacy) where Legacy shall be entitled to use up to 41% of the remaining 315 charge credits (130 credits) for the development of its property, without payment of any additional charge credit for a period of 10 years commencing August 9, 1999. At December 31, 2023, Legacy had 46 charge credits remaining for a total of \$27,140.

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District’s long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Deletions	Balance at December 31, 2023	Due Within One Year
Bonds Payable					
Genreal Obligation Limited Tax					
Refunding Bonds - Series 2010	\$ 1,625,589	\$ -	\$ 599,716	\$ 1,025,873	\$ 581,171
Total Long-Term Obligations	<u>\$ 1,625,589</u>	<u>\$ -</u>	<u>\$ 599,716</u>	<u>\$ 1,025,873</u>	<u>\$ 581,171</u>

General Obligation Bonds

\$4,455,000 Reissued General Obligation Limited Tax Refunding Bonds, Series 2010 (Series 2010 Bonds), were originally dated February 24, 2010, in the original amount of \$5,795,000, with interest at an initial rate of 4.45%. On June 26, 2012, the Series 2010 bonds were amended and restated in the amount of \$5,425,000, with interest at an initial rate of 3.23%. On March 7, 2016, the Series 2010 bonds were amended and restated in the amount of \$4,455,000, with a fixed interest rate of 3.23% through the maturity date of December 1, 2029. The 2016 reissuance of the Series 2010 bonds reduced the Debt Service Reserve Requirement to \$400,000 and eliminated the minimum liquidity requirement. The bonds may be prepaid without prepayment premium prior to maturity on any date. On November 19, 2021, the bond resolution was modified to allow the District to eliminate the \$400,000 reserve fund and use the monies to reduce the outstanding principal on the bonds. In turn, the District is required to maintain a minimum liquidity of no less than \$200,000, tested annually on December 1.

The Bonds are secured by and payable solely from and to the extent of the Pledged Revenue, consisting of monies derived by the District from the Required Mill Levy and all specific ownership taxes. To the extent specific ownership tax revenues are not necessary in any fiscal year to pay the principal of, premium, if any, and interest on the bonds or to replenish any deficiency in the Debt Service Reserve account, such revenues may be expended by the District for any lawful purpose after December 15 of the fiscal year, plus any other legally available moneys credited to the Bond Account. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds, operating expenses of the District, and any Parity Bonds as the same become due and payable, and to make up any deficiencies in the Debt Service Reserve Account, but not in excess of 50 mills.

The District anticipates in paying additional annual principal amounts in order to pay off the debt obligation in 2025. The annual debt payments in Note 5 are based on the District’s desire to pay off the debt on or before December 1, 2025. See page 22 for comparative debt payment schedules between the scheduled payments per the Second Amendment to the Amended and Restated Series 2021 Bond Resolution and the accelerated payments needed to pay off the debt obligation in 2025.

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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

Year Ending December 31,	December 1, Principal Payable December 1		
	Principal	Interest	Total
2024	\$ 581,171	\$ 33,136	\$ 614,307
2025	444,702	14,364	459,066
Total	<u>\$ 1,025,873</u>	<u>\$ 47,500</u>	<u>\$ 1,073,373</u>

Authorized Debt

On May 5, 1998, the District's voters authorized the issuance of indebtedness in an amount not to exceed \$16,875,000 for the purpose of providing certain public improvements at an interest rate not to exceed 12%. On May 2, 2000, the District's voters rescinded the authorized but unissued indebtedness of \$1,328,150 for storm drainage improvements and authorized an increase in the issuance of indebtedness related to street improvements not to exceed \$11,060,000, at an interest rate not to exceed 12% and \$16,875,000 for refunding the District's debt or other obligations and \$500,000 for operations and maintenance.

At December 31, 2023, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

Streets	\$ 17,275,350
Water	765,500
Sewer	936,200
Recreation	2,223,600
Transportation	511,200
Operations	500,000
Refunding	10,890,000
Total	<u>\$ 33,101,850</u>

Pursuant to the Amended Service Plan, the District is permitted to issue bond indebtedness of up to \$68,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

As of December 31, 2023, the District had net investment in capital assets of \$71,980.

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023, as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 400
Minimum Liquidity	200,000
Debt Service Reserve	3,508
Total Restricted Net Position	\$ 203,908

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 7 RELATED PARTIES

During 2023, two of the three Board members were associated with entities that have developed or are developing property within the District.

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; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

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

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

**GALLERIA METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS

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

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 2, 2000, the District voters passed an election question to increase property taxes \$500,000 annually, without limitation of rate, to pay the District's operations, maintenance, and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to any limitations under TABOR.

SUPPLEMENTARY INFORMATION

**GALLERIA METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 604,677	\$ 604,120	\$ (557)
Specific Ownership Taxes	36,281	40,433	4,152
Interest Income	1,500	20,076	18,576
Total Revenues	<u>642,458</u>	<u>664,629</u>	<u>22,171</u>
EXPENDITURES			
Accounting	31,625	20,512	11,113
Auditing	5,500	-	5,500
County Treasurer's Fee	9,070	9,078	(8)
Legal	20,000	13,018	6,982
District Management	16,100	15,751	349
Paying Agent Fees	1,000	500	500
Bond Interest	53,000	52,499	501
Bond Principal	320,809	320,809	-
Bond Principal Paydown	250,000	278,672	(28,672)
Contingency	3,888	-	3,888
Total Expenditures	<u>710,992</u>	<u>710,839</u>	<u>153</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(68,534)	(46,210)	22,324
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	30,000	-	(30,000)
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
NET CHANGE IN FUND BALANCE	(38,534)	(46,210)	(7,676)
Fund Balance - Beginning of Year	<u>53,539</u>	<u>52,479</u>	<u>(1,060)</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,005</u>	<u>\$ 6,269</u>	<u>\$ (8,736)</u>

**GALLERIA METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2023**

The schedule below includes additional principal amounts that would allow the Series 2010 debt obligation to be paid off on December 1, 2025.

	\$4,455,000 Reissued General Obligation Limited Tax Refunding Bonds Originally dated February 24, 2010 - Series 2010 Amended June 26, 2012, March 2016 and November 19, 2021 Interest Rate Fixed 3.23% Interest Payable June 1 and December 1 December 1, Principal Payable December 1		
Bonds/Loans and Interest Maturing in Year Ending December 31,	Principal	Interest	Total
2024	\$ 581,171	\$ 33,136	\$ 614,307
2025	444,702	14,364	459,066
Total	<u>\$ 1,025,873</u>	<u>\$ 47,500</u>	<u>\$ 1,073,373</u>

The schedule below includes only the annual scheduled principal amounts per the Second Amendment to the Amended and Restated Series 2010 Bond Resolution.

	\$4,455,000 Reissued General Obligation Limited Tax Refunding Bonds Originally dated February 24, 2010 - Series 2010 Amended June 26, 2012, March 2016 and November 19, 2021 Interest Rate Fixed 3.23% Interest Payable June 1 and December 1 December 1, Principal Payable December 1		
Bonds/Loans and Interest Maturing in Year Ending December 31,	Principal	Interest	Total
2024	\$ 331,171	\$ 33,136	\$ 364,307
2025	341,868	22,439	364,307
2026	352,834	11,397	364,231
Total	<u>\$ 1,025,873</u>	<u>\$ 66,972</u>	<u>\$ 1,092,845</u>

**GALLERIA METROPOLITAN DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2023**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year		Mills Levied For		Total Property Taxes		Percent Collected to Levied
	Property Tax Levied		General	Debt	Levied	Collected	
	General	Debt					
2019	\$ 1,156,309	\$ 10,519,093	2.000	40.000	\$ 469,329	\$ 460,140	98.04 %
2020	1,255,911	12,289,434	2.000	40.000	544,325	538,757	98.98 %
2021	1,267,499	12,237,847	2.000	40.000	542,749	542,649	99.98 %
2022	1,345,928	13,878,765	2.000	40.000	611,680	601,548	98.34 %
2023	1,378,841	13,738,065	2.000	40.000	607,435	606,878	99.91 %
Estimated for Year Ending December 31, 2024	1,610,121	14,262,333	2.000	40.000	638,118		

Note: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.