

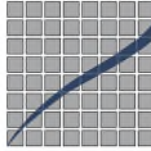
**SOUTHEAST PUBLIC IMPROVEMENT
METROPOLITAN DISTRICT
Arapahoe, Denver and
Douglas Counties, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITOR’S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	20
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	21
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	23



BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southeast Public Improvement Metropolitan District
Arapahoe, Denver, and Douglas Counties, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Southeast Public Improvement Metropolitan District ("District"), as of and for the year ended December 31, 2022, 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 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, 2022, the respective changes in financial position, and the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the 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 opinion.

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 within one year after the date that the financial statements are available to be issued.

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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America 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 which 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 basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic 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 basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 25, 2023

BASIC FINANCIAL STATEMENTS

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 3,081
Cash and Investments - Restricted	11,035,174
Accounts Receivable	628
Prepaid Expenses	3,670
Receivable - County Treasurer	27,921
Property Taxes Receivable	5,909,882
Total Assets	16,980,356
LIABILITIES	
Accounts Payable	122,522
Due to County	1,303
Total Liabilities	123,825
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	5,909,882
Total Deferred Inflows of Resources	5,909,882
NET POSITION	
Restricted for:	
Emergency Reserves	186,700
Unrestricted	10,759,949
Total Net Position	\$ 10,946,649

See accompanying Notes to Basic Financial Statements.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position
Primary Government:					
Governmental Activities:					
General Government	\$ 3,222,998	\$ -	\$ -	\$ -	\$ (3,222,998)
Contributions to Other Governments	2,726,005	-	-	-	(2,726,005)
Interest and Related Costs					
on Long-Term Debt	7,468	-	-	-	(7,468)
	\$ 5,956,471	\$ -	\$ -	\$ -	(5,956,471)
Total Governmental Activities					
GENERAL REVENUES					
Property Taxes					5,791,993
Specific Ownership Taxes					417,215
Net Investment Income					212,567
Total General Revenues					6,421,775
					465,304
CHANGE IN NET POSITION					
Net Position - Beginning of Year					10,481,345
NET POSITION - END OF YEAR					\$ 10,946,649

See accompanying Notes to Basic Financial Statements.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 3,081	\$ -	\$ -	\$ 3,081
Cash and Investments - Restricted	186,700	-	10,848,474	11,035,174
Accounts Receivable	628	-	-	628
Receivable - County Treasurer	27,921	-	-	27,921
Prepaid Expenses	3,670	-	-	3,670
Property Taxes Receivable	5,909,882	-	-	5,909,882
Total Assets	\$ 6,131,882	\$ -	\$ 10,848,474	\$ 16,980,356
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 20,114	\$ -	\$ 102,408	\$ 122,522
Due to County	1,303	-	-	1,303
Total Liabilities	21,417	-	102,408	123,825
 DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	5,909,882	-	-	5,909,882
Total Deferred Inflows of Resources	5,909,882	-	-	5,909,882
 FUND BALANCES				
Nonspendable:				
Prepaid Expense	3,670	-	-	3,670
Restricted for:				
Emergency Reserves	186,700	-	-	186,700
Committed to:				
Capital Projects	-	-	10,746,066	10,746,066
Assigned to:				
Subsequent Year's Expenditures	5,170	-	-	5,170
Unassigned	5,043	-	-	5,043
Total Fund Balances	200,583	-	10,746,066	10,946,649
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,131,882	\$ -	\$ 10,848,474	
Net Position of Governmental Activities				\$ 10,946,649

See accompanying Notes to Basic Financial Statements.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 5,791,993	\$ -	\$ -	\$ 5,791,993
Specific Ownership Taxes	417,215	-	-	417,215
Net Investment Income	13,617	140	198,810	212,567
Total Revenues	<u>6,222,825</u>	<u>140</u>	<u>198,810</u>	<u>6,421,775</u>
EXPENDITURES				
Current:				
Accounting	27,193	-	-	27,193
Audit	5,200	-	-	5,200
County Treasurer's Fees	83,298	-	-	83,298
Directors' Fees	2,600	-	-	2,600
District Management	31,419	-	-	31,419
Dues and Subscriptions	1,238	-	-	1,238
Election Expense	2,807	-	-	2,807
Insurance	3,652	-	-	3,652
Legal	37,443	-	-	37,443
Miscellaneous	199	-	-	199
DSEDP Membership Fee	2,323,799	-	-	2,323,799
DSTMA - Administrative Support	150,000	-	-	150,000
DSTMA - Landscape	333,500	-	-	333,500
DSTMA - Operations	185,000	-	-	185,000
DSTMA - Projects	20,000	-	-	20,000
Service Plan Review Fee	15,650	-	-	15,650
Debt Service:				
Loan Principal	-	2,230,000	-	2,230,000
Loan Interest	-	9,957	-	9,957
Capital Outlay:				
Zone 4 Inverness Drive West Bike Path	-	-	132,148	132,148
Zone 5 County Line Road Operational Improvements	-	-	1,500,000	1,500,000
Zone 6 Lincoln/Havana Improvements	-	-	952,539	952,539
Zone 6 Lone Tree Link	-	-	92,439	92,439
Zone 7 Lone Tree Link	-	-	48,879	48,879
Total Expenditures	<u>3,222,998</u>	<u>2,239,957</u>	<u>2,726,005</u>	<u>8,188,960</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,999,827	(2,239,817)	(2,527,195)	(1,767,185)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(3,304,746)</u>	<u>1,974,150</u>	<u>1,330,596</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,304,746)</u>	<u>1,974,150</u>	<u>1,330,596</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(304,919)	(265,667)	(1,196,599)	(1,767,185)
Fund Balances - Beginning of Year	<u>505,502</u>	<u>265,667</u>	<u>11,942,665</u>	<u>12,713,834</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 200,583</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,746,066</u></u>	<u><u>\$ 10,946,649</u></u>

See accompanying Notes to Basic Financial Statements.

**SOUTHEAST PUBLIC IMPROVEMENT 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, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ (1,767,185)

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

The issuance of long-term debt (e.g., the issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Series 2015 Loan Principal Payment 2,230,000

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 on Debt - Change in Liability 2,489

Change in Net Position of Governmental Activities \$ 465,304

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 5,895,194	\$ 5,791,993	\$ (103,201)
Specific Ownership Taxes	415,198	417,215	2,017
Net Investment Income	750	13,617	12,867
Total Revenues	<u>6,311,142</u>	<u>6,222,825</u>	<u>(88,317)</u>
EXPENDITURES			
Current:			
Accounting	30,000	27,193	2,807
Audit	5,200	5,200	-
County Treasurer's Fees	88,428	83,298	5,130
Directors' Fees	2,800	2,600	200
District Management	27,000	31,419	(4,419)
Dues and Subscriptions	1,500	1,238	262
Election Expense	10,000	2,807	7,193
Insurance	4,200	3,652	548
Legal	34,000	37,443	(3,443)
Miscellaneous	1,000	199	801
DSEDP Membership Fee	2,323,799	2,323,799	-
DSTMA - Administrative Support	150,000	150,000	-
DSTMA - Landscape	333,500	333,500	-
DSTMA - Operations	185,000	185,000	-
DSTMA - Projects	125,000	20,000	105,000
Service Plan Review Fee	3,000	15,650	(12,650)
Total Expenditures	<u>3,324,427</u>	<u>3,222,998</u>	<u>101,429</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,986,715	2,999,827	13,112
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(3,305,000)</u>	<u>(3,304,746)</u>	254
Total Other Financing Sources (Uses)	<u>(3,305,000)</u>	<u>(3,304,746)</u>	254
NET CHANGE IN FUND BALANCE	(318,285)	(304,919)	13,366
Fund Balance - Beginning of Year	<u>520,393</u>	<u>505,502</u>	<u>(14,891)</u>
FUND BALANCE - END OF YEAR	<u>\$ 202,108</u>	<u>\$ 200,583</u>	<u>\$ (1,525)</u>

See accompanying Notes to Basic Financial Statements.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Southeast Public Improvement Metropolitan District (the District), a quasi-municipal corporation was organized on May 6, 2004, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Arapahoe, Denver and Douglas Counties, Colorado. The District was established for the purpose of constructing, acquiring, operating and maintaining various transportation related facilities and services in the Southeast I-25 corridor of the Denver Metro area. The District was organized to be the successor to the Joint Southeast Public Improvement Association (JSPIA), which legally dissolved December 31, 2004.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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 taxes and intergovernmental revenues.

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

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 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 government 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 and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred, or the long-term obligation is due.

The District reports the following major governmental funds:

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 and interest on long-term debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 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.

The District amended its annual budget for the year ended December 31, 2022.

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 periodically to the participating funds based upon each fund's average equity balance in the total cash.

Property Taxes

Property taxes are levied by the District 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 a deferred inflow of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

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.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 3,081
Cash and Investments - Restricted	<u>11,035,174</u>
Total Cash and Investments	<u><u>\$ 11,038,255</u></u>

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 33,658
Investments	<u>11,004,597</u>
Total Cash and Investments	<u><u>\$ 11,038,255</u></u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. 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.

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, 2022, the District's cash deposits had a bank and carrying balance of \$33,658.

Investments

The District has not adopted a formal investment policy; however, the District follows 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.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	Weighted-Average under 60 Days	\$ 11,004,597
Total		<u>\$ 11,004,597</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 Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAsf/S1 by FitchRatings. 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.

NOTE 4 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2022.

	Balance at December 31, 2021	Additions	Deletions	Balance at December 31, 2022	Due Within One Year
Governmental Activities: Notes From Direct Borrowings and Direct Placements: Series 2015 Limited Tax Refunding Loan	\$ 2,230,000	\$ -	\$ 2,230,000	\$ -	\$ -
Total Loan Payable	<u>\$ 2,230,000</u>	<u>\$ -</u>	<u>\$ 2,230,000</u>	<u>\$ -</u>	<u>\$ -</u>

General Obligation Debt

\$3,135,000 General Obligation Limited Tax Variable Rate Refunding Loan, Series 2015, dated November 18, 2015, with a variable interest rate of 65% of London Interbank Offered Rate (LIBOR) plus 1.25%. Interest is payable semi-annually on June 1 and December 1. Principal is payable annually on December 1 through its maturity in 2030.

The loan is subject to prepayment at the option of the District on any date, at a prepayment price equal to the sum of the principal so prepaid plus accrued and unpaid interest thereon to the date of such prepayment, with no prepayment penalty or premium. The District prepaid the remaining outstanding principal and interest balance during 2022.

The loan is secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: 1) the required mill levy, 2) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the required mill levy and 3) any other legally available monies which the District determines to be treated as Pledged Revenue. Required Mill Levy means an ad valorem mill levy imposed upon commercial property of the District each year in an amount sufficient to pay the principal, premium, if any, and interest on the loan as the same become due and payable and to make up any deficiencies in the Reserve Fund. The Maximum Mill Levy is 2.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. For collection year 2022, the District levied 2.000 mills.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt (Continued)

The loan contains a provision regarding certain events of default, for which acceleration is not a remedy. Upon the occurrence of an event of default, the Lender may declare the default rate to be applicable and/or proceed to protect and enforce its rights under the loan by mandamus or any other suit. Events of default occur if the District does not impose the Required Mill levy, fails to observe or perform with material covenants, duties or conditions of the loan and such failure is not remedied within 30 days after the District receives written notice from the Lender or if the District commences with bankruptcy, insolvency or reorganization.

As of December 31, 2022, the loan was paid in full and no longer in effect.

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$75,000,000 at an interest rate to be determined by the District's Board of Directors.

On November 3, 2020, a majority of the qualified electors of the District authorized an additional total indebtedness of \$110,000,000.

At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized on May 4, 2004	Amount Authorized on November 3, 2020	Total Authorized	Authorization Used Series 2004 Bonds	Authorized But Unissued
Business Recruitment	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -	\$ 10,000,000
Parks and Recreation	-	25,000,000	25,000,000	-	25,000,000
Street Improvements	25,000,000	25,000,000	50,000,000	-	50,000,000
Street Safety	25,000,000	-	25,000,000	-	25,000,000
Traffic and Safety	-	25,000,000	25,000,000	-	25,000,000
Transportation	25,000,000	25,000,000	50,000,000	7,925,000	42,075,000
Total	<u>\$ 75,000,000</u>	<u>\$ 110,000,000</u>	<u>\$ 185,000,000</u>	<u>\$ 7,925,000</u>	<u>\$ 177,075,000</u>

er the Service Plan, the maximum total mill levy for the District is 2.000 mills, as adjusted for changes in the ratio of actual value to assessed value of property within the District. The 2.000 mills shall be levied only against commercial property located within the District's boundaries.

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.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 NET POSITION

The District has net position consisting of two components - restricted and unrestricted.

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, 2022, as follows:

Restricted Net Position:

Emergencies	\$ 186,700
Total Restricted Net Position	<u>\$ 186,700</u>

The District's unrestricted net position as of December 31, 2022, is \$10,759,949.

NOTE 6 INTERGOVERNMENTAL AGREEMENTS

Denver South Economic Development Partnership (DSEDP) and Denver South Transportation Management Association (TMA) Commitment Agreement

On November 3, 2009, the District entered into a yearly funding agreement (as amended in 2013) with the Southeast Business Partnership, now renamed Denver South Economic Development Partnership (DSEDP), where the District will provide DSEDP the necessary funding to promote a synergistic relationship with DSEDP and TMA through a seamless, coordinated administrative and operational framework for the mutual benefit of all parties. During 2022, the District funded \$2,323,799 for the defrayal of DSEDP costs and \$668,500 for TMA. The TMA funding consisted of \$150,000 for general and administrative costs, \$333,500 for landscape improvement materials, \$20,000 for projects and matched \$185,000 of local jurisdictional contributions for transportation and management. All such District funds will be limited to an amount generated by a mill levy not to exceed one mill.

Vision 2035 Major and Special Project Funding Statement

On November 1, 2008, the TMA and the District wrote a policy statement related to the District's Vision 2020 Project application and approval criteria. Vision 2020 was extended to 2025 and further extended to 2035 and the policy statement will be modified as described below. Pursuant to the statement, a major project is defined as transportation improvements, which may include architectural or landscape enhancements. Only local jurisdictions (i.e., cities or counties) within the zone in which the project is proposed may make application to the TMA. A maximum of \$6 million, which consists of a 50/50 partnership between the TMA and the local jurisdiction, is available per zone. Such funds may be allocated between each type of improvement; i.e., interchange vs. transit-oriented development area. Additionally, \$17.5 million, split 50/50 between TMA funding and local jurisdiction funding, is available for regional and innovation projects with the intent to reserve these monies for projects that are greater in scale, preferably impact several zones, and have extraordinary third-party cost participation.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Vision 2035 Major and Special Project Funding Statement (Continued)

In addition to the major project funding described above, the statement also allocates up to \$250,000 a year for special projects. These projects are defined as being smaller scale and not part of a major project. Minimum funding for special projects is \$50,000 per location. In the absence of local participation, the \$250,000 yearly District match will accrue on an annual basis. Lastly, the statement also allocates up to \$500,000 a year for operational projects. These projects are intended to promote mobility within Denver South through pilot programs and ongoing operations of successful solutions.

During 2022, \$2,726,005 in matching funds for major projects was awarded to local jurisdictions.

South I-25 Urban Corridor Capital Project Implementation Agreement – Southeast Light Rail Extension Project

On June 16, 2015, the District entered into a capital project implementation agreement with the City of Lone Tree (the City) for the Southeast Light Rail Extension Project (the Project). In 2016, the Regional Transportation District (RTD) began construction, which will extend transit services approximately 2.3 miles from the current end-of-the line location at I-25 and Lincoln Avenue to a location south of I-25 and RidgeGate Parkway.

The purpose of the agreement is to memorialize the District's agreement to participate financially in the Project and to establish the process by which the District's participation will be accomplished. The City, together with the District, Douglas County, and Rampart Range, has agreed to contribute a cash sum of \$25,000,000 in total costs associated with the Project. The District's contribution will match the City's contribution, not to exceed \$3,000,000.

On May 12, 2016 and October 18, 2017, the District made payments of \$2,000,000 and \$1,000,000 respectively, to the City of Lone Tree pursuant to this agreement. No payments were made under this agreement during 2022.

Centennial 25 Metro District Joint Funding Agreement

On March 21, 2017, the District entered into a joint funding agreement with the Centennial 25 Metropolitan District. The purpose of the agreement is to memorialize Centennial 25's agreement to make a one-time financial contribution of \$300,000 to the District's provision of public improvements and services to the benefit of Centennial 25 taxpayers. The funds are only to be used to pay costs directly associated with public improvements or services located within the County Line Zone (Zone 5). The District received the full amount of \$300,000 in April 2017. The District released these funds in 2022.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 INTERFUND TRANSFERS

The transfer of \$3,105,000 from the General Fund to the Capital Projects Fund was for funding of future capital projects. The transfer of \$200,000 from the General Fund to the Debt Service Fund and the transfer of \$1,774,404 from the Capital Projects Fund to the Debt Service Fund were to fund the remaining principal balance and interest on the District's outstanding debt. The transfer of \$254 from the Debt Service Fund to the General Fund was to close out the fund.

NOTE 8 RISK MANAGEMENT

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

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers' compensation 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.

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 that apply to the state of Colorado and all local governments.

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

On May 4, 2004, a majority of the District's electors authorized the District to collect and spend or retain, in a reserve, \$4,000,000 in 2004 and by whatever amount is generated in 2005 and every year thereafter, through a mill levy not to exceed 2.000 mills (as adjusted for laws and changes in assessment ratio) without regard to any limitations under TABOR.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% 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.

SUPPLEMENTARY INFORMATION

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Net Investment Income	\$ 500	\$ 140	\$ 140	\$ -
Total Revenues	<u>500</u>	<u>140</u>	<u>140</u>	<u>-</u>
EXPENDITURES				
Loan Principal	155,000	2,230,000	2,230,000	-
Loan Interest	44,600	9,957	9,957	-
Paying Agent Fees	500	-	-	-
Contingency	44,900	-	-	-
Total Expenditures	<u>245,000</u>	<u>2,239,957</u>	<u>2,239,957</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(244,500)	(2,239,817)	(2,239,817)	-
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	200,000	1,974,150	1,974,150	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>1,974,150</u>	<u>1,974,150</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(44,500)	(265,667)	(265,667)	-
Fund Balance - Beginning of Year	<u>262,593</u>	<u>265,667</u>	<u>265,667</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 218,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Net Investment Income	\$ 7,500	\$ 198,810	\$ 191,310
Total Revenues	<u>7,500</u>	<u>198,810</u>	<u>191,310</u>
EXPENDITURES			
Zone 1 Belleview Corridor Improvements	200,000	-	200,000
Zone 1 Belleview/Quebec Intersection Improvements	200,000	-	200,000
Zone 2 Orchard Rd Interchange Improvement	500,000	-	500,000
Zone 4 Dry Creek Road Operational Improvements	542,000	-	542,000
Zone 4 Dry Creek Station SMART Infrastructure	125,000	-	125,000
Zone 4 Inverness Drive West Bike Path	400,000	132,148	267,852
Zone 5 County Line Road Operational Improvements	500,000	1,500,000	(1,000,000)
Zone 5 C-70 Trail Connect to County Line Rail	100,000	-	100,000
Zone 5 Inverness Drive West Bike Path	400,000	-	400,000
Zone 6 Lincoln Mobility Study	500,000	-	500,000
Zone 6 Lincoln/Havana Improvements	2,000,000	952,539	1,047,461
Zone 6 Lone Tree Link	50,000	92,439	(42,439)
Zone 7 Lone Tree Link	50,000	48,879	1,121
Zone 7 Ridgeway Adaptive Signals	25,000	-	25,000
Zone 7 PTZ Cameras	18,000	-	18,000
Total Expenditures	<u>5,610,000</u>	<u>2,726,005</u>	<u>2,883,995</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,602,500)	(2,527,195)	3,075,305
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	3,105,000	1,330,596	(1,774,404)
Total Other Financing Sources (Uses)	<u>3,105,000</u>	<u>1,330,596</u>	<u>(1,774,404)</u>
NET CHANGE IN FUND BALANCE	(2,497,500)	(1,196,599)	1,300,901
Fund Balance - Beginning of Year	<u>9,613,638</u>	<u>11,942,665</u>	<u>2,329,027</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,116,138</u>	<u>\$ 10,746,066</u>	<u>\$ 3,629,928</u>

OTHER INFORMATION

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied for General	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2018	\$ 2,618,082,803	2.000	\$ 5,236,165	\$ 5,176,492	98.86 %
2019	2,658,165,994	2.000	5,316,333	5,275,259	99.23
2020	2,951,172,429	2.000	5,902,346	5,824,520	98.68
2021	2,867,813,807	2.000	5,735,628	5,673,347	98.91
2022	2,947,596,810	2.000	5,895,194	5,791,993	98.25
Estimated for the Year					
Ending December 31, 2023	\$ 2,954,941,100	2.000	\$ 5,909,882		

Notes:

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.