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Accountant's Compilation Report

Board of Directors
Southeast Public Improvement Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Southeast Public Improvement Metropolitan District for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Southeast Public Improvement Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 3, 2020

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 5,754,337	\$ 7,306,978	\$ 7,857,038
REVENUES			
Property taxes	5,176,492	5,297,702	5,902,346
Specific ownership tax	427,429	435,000	406,113
Interest income	151,598	195,500	68,500
Other revenue	1,417	231,360	-
Total revenues	<u>5,756,936</u>	<u>6,159,562</u>	<u>6,376,959</u>
TRANSFERS IN	<u>2,818,600</u>	<u>3,340,000</u>	<u>3,085,000</u>
Total funds available	<u>14,329,873</u>	<u>16,806,540</u>	<u>17,318,997</u>
EXPENDITURES			
General Fund	2,765,023	3,207,184	3,433,384
Debt Service Fund	222,112	233,000	260,000
Capital Projects Fund	1,217,160	2,169,318	3,433,000
Total expenditures	<u>4,204,295</u>	<u>5,609,502</u>	<u>7,126,384</u>
TRANSFERS OUT	<u>2,818,600</u>	<u>3,340,000</u>	<u>3,085,000</u>
Total expenditures and transfers out requiring appropriation	<u>7,022,895</u>	<u>8,949,502</u>	<u>10,211,384</u>
ENDING FUND BALANCES	<u>\$ 7,306,978</u>	<u>\$ 7,857,038</u>	<u>\$ 7,107,613</u>
EMERGENCY RESERVE	\$ 170,000	\$ 173,100	\$ 189,500
CENTENNIAL 25 METRO DISTRICT RESERVE	300,000	300,000	300,000
TOTAL RESERVE	<u>\$ 470,000</u>	<u>\$ 473,100</u>	<u>\$ 489,500</u>

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

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/20

ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
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ASSESSED VALUATION - ARAPAHOE COUNTY

Residential	\$ 10,441,228	\$ 17,116,219	\$ 23,598,930
Commercial	1,217,620,565	1,255,593,925	1,410,735,170
Industrial	3,643,575	3,827,989	4,342,760
Agricultural	408	408	481
Vacant land	22,406,503	21,063,752	21,434,447
Personal property	172,423,231	166,922,608	186,319,638
State Assessed	2,621,050	2,903,950	3,817,930
Other	453	453	453
Certified Assessed Value	<u>\$ 1,429,157,013</u>	<u>\$ 1,467,429,304</u>	<u>\$ 1,650,249,809</u>

MILL LEVY

General	2.000	2.000	2.000
Total mill levy	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>

PROPERTY TAXES

General	\$ 2,858,314	\$ 2,934,859	\$ 3,300,500
Levied property taxes	2,858,314	2,934,859	3,300,500
Adjustments to actual/rounding	(44,654)	-	-
Refunds and abatements	4,893	(5,184)	-
Budgeted property taxes	<u>\$ 2,818,553</u>	<u>\$ 2,929,675</u>	<u>\$ 3,300,500</u>

ASSESSED VALUATION - DENVER COUNTY

Commercial	332,073,140	338,916,920	434,723,850
	<u>332,073,140</u>	<u>338,916,920</u>	<u>434,723,850</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 332,073,140</u>	<u>\$ 338,916,920</u>	<u>\$ 434,723,850</u>

MILL LEVY

General	2.000	2.000	2.000
Total mill levy	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>

PROPERTY TAXES

General	\$ 664,146	\$ 677,834	\$ 869,448
Levied property taxes	664,146	677,834	869,448
Adjustments to actual/rounding	(7,731)	-	-
Refunds and abatements	(297)	(3,448)	-
Budgeted property taxes	<u>\$ 656,118</u>	<u>\$ 674,386</u>	<u>\$ 869,448</u>

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**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/20

ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
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ASSESSED VALUATION - DOUGLAS COUNTY

Residential	\$ 259,660	\$ 259,660	\$ 296,260
Commercial	688,437,800	690,487,160	704,465,550
Industrial	15,111,880	15,111,880	18,909,140
Agricultural	53,950	49,480	67,100
Vacant land	22,995,740	17,567,420	17,417,230
Personal property	129,972,280	128,340,540	124,837,560
State assessed	21,200	3,500	205,800
Other	140	130	130
	856,852,650	851,819,770	866,198,770
Adjustments	-	-	-
Certified Assessed Value	\$ 856,852,650	\$ 851,819,770	\$ 866,198,770

MILL LEVY

General	2.000	2.000	2.000
Total mill levy	2.000	2.000	2.000

PROPERTY TAXES

General	\$ 1,713,705	\$ 1,703,640	\$ 1,732,398
Levied property taxes	1,713,705	1,703,640	1,732,398
Adjustments to actual/rounding	(11,315)	-	-
Refunds and abatements	(569)	(9,999)	-
Budgeted property taxes	\$ 1,701,821	\$ 1,693,641	\$ 1,732,398

BUDGETED PROPERTY TAXES

General	\$ 5,176,492	\$ 5,297,702	\$ 5,902,346
	\$ 5,176,492	\$ 5,297,702	\$ 5,902,346

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**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 1,149,570	\$ 1,203,017	\$ 426,535
REVENUES			
Property Taxes	5,176,492	5,297,702	5,902,346
Specific Ownership Tax	427,429	435,000	406,113
Interest Income	31,732	38,000	5,000
Other Revenue	1,417	-	-
Total revenues	5,637,070	5,770,702	6,313,459
Total funds available	6,786,640	6,973,719	6,739,994
EXPENDITURES			
Accounting	22,805	25,000	28,000
Auditing	4,500	4,725	4,950
County Treasurer's Fee	74,406	79,476	88,535
Directors' Fees	2,400	2,600	2,800
Dues and Licenses	1,238	1,650	1,700
Insurance	3,890	3,903	4,100
District Management	26,374	24,000	26,000
Legal	23,964	20,000	30,000
Miscellaneous	184	500	1,000
Elections	262	-	1,000
DSTMA - Administrative Support	150,000	150,000	150,000
DSTMA - Landscape	187,000	333,531	333,500
DSTMA - Operations	185,000	185,000	185,000
DSTMA - Projects	-	50,000	250,000
DSEDP - Membership Fee	2,080,000	2,323,799	2,323,799
Service Plan Review	3,000	3,000	3,000
Total expenditures	2,765,023	3,207,184	3,433,384
TRANSFERS OUT			
Transfer to Other Fund	2,818,600	3,340,000	3,085,000
Total transfers out	2,818,600	3,340,000	3,085,000
Total expenditures and transfers out requiring appropriation	5,583,623	6,547,184	6,518,384
ENDING FUND BALANCE	\$ 1,203,017	\$ 426,535	\$ 221,610
EMERGENCY RESERVE	\$ 170,000	\$ 173,100	\$ 189,500

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**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 250,000	\$ 284,913	\$ 249,413
REVENUES			
Interest Income	7,025	7,500	3,500
Total revenues	<u>7,025</u>	<u>7,500</u>	<u>3,500</u>
TRANSFERS IN			
Transfer from Other Fund	<u>250,000</u>	<u>190,000</u>	<u>255,000</u>
Total funds available	<u>507,025</u>	<u>482,413</u>	<u>507,913</u>
EXPENDITURES			
Paying Agent Fees	500	3,000	3,000
Contingency	-	-	27,000
Loan Interest	71,612	80,000	80,000
Loan Principal	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Total expenditures	<u>222,112</u>	<u>233,000</u>	<u>260,000</u>
Total expenditures and transfers out requiring appropriation	<u>222,112</u>	<u>233,000</u>	<u>260,000</u>
ENDING FUND BALANCE	<u>\$ 284,913</u>	<u>\$ 249,413</u>	<u>\$ 247,913</u>

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

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,**

1/3/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 4,354,767	\$ 5,819,048	\$ 7,181,090
REVENUES			
Interest Income	112,841	150,000	60,000
Other Revenue	-	231,360	-
Total revenues	<u>112,841</u>	<u>381,360</u>	<u>60,000</u>
TRANSFERS IN			
Transfer from Other Fund	<u>2,568,600</u>	<u>3,150,000</u>	<u>2,830,000</u>
Total funds available	<u>7,036,208</u>	<u>9,350,408</u>	<u>10,071,090</u>
EXPENDITURES			
Bonus Pool - Blyncsy - Centennial	-	50,000	-
Bonus Pool - Special Projects - Blyncsy - Lone Tree	-	50,000	-
Zone 1 Belleview Corridor Improvements	216,827	533,000	-
Zone 3 Arapahoe and I-25 East Intersection	557,651	-	-
Zone 3 Arapahoe Rd Medians	300,000	29,000	-
Zone 4 Inverness Drive West Bike Path	-	-	283,000
Zone 4 Dry Creek Road Operational Improvement	-	-	300,000
Zone 5 County Line Road Operational Improvement	-	-	1,500,000
Zone 6 Lone Tree Link	71,341	3,659	50,000
Zone 6 Meridian/Jamaica Improvements	-	-	250,000
Zone 7 Ridgeway Parkway Widening	-	1,500,000	1,000,000
Zone 7 Lone Tree Link	71,341	3,659	50,000
Total expenditures	<u>1,217,160</u>	<u>2,169,318</u>	<u>3,433,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,217,160</u>	<u>2,169,318</u>	<u>3,433,000</u>
ENDING FUND BALANCE	<u>\$ 5,819,048</u>	<u>\$ 7,181,090</u>	<u>\$ 6,638,090</u>
CENTENNIAL 25 METRO DISTRICT RESERVE	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

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

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, Southeast Public Improvement Metropolitan District (SPIMD), was organized for the main purpose of constructing, acquiring, operating and maintaining various transportation related facilities and services in the Southeast I-25 corridor. The District is comprised of non-residential properties in Arapahoe, Denver and Douglas Counties, Colorado.

The District was formed by Court Order on May 6, 2004, with its formation election held on May 4, 2004. The budget 1election approved general obligation indebtedness of \$25,000,000 for street improvements, \$25,000,000 for public transportation and \$25,000,000 for traffic and safety controls. The election also approved an annual increase in taxes of \$4,000,000 for general operations and maintenance.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

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.

The District's maximum Required Mill Levy is 2.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. 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 as the same become due and payable, and to make up any deficiencies in the Reserve Fund.

The primary source of revenue is property taxes. The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget at the adopted mill levy of 2.000.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of the property taxes collected in Arapahoe County, 6% of the property taxes collected in Denver County, and 9% of the taxes collected in Douglas County.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (cont'd)

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Expenditures

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

Support Services Agreement

The annual compensation to be paid to the Denver South Transportation Management Association (TMA) for its performance per SPIMD's commitment letter is determined on an annual basis by the Board of Directors. Included in the amount for 2020 is \$150,000 for administrative support costs, \$333,500 for landscaping, \$185,000 for operations and services, and \$250,000 for projects. Additionally, \$2,394,000 is to be paid to the Denver South Economic Development Partnership (DSEDP) for operations, economic development, and advocacy programs pursuant to a funding agreement.

Debt Service

Interest and principal payments are provided based on the debt schedule from the General Obligation Limited Tax Refunding Loan, Series 2015 (discussed under Debt and Leases). The interest rate at June 30, 2019 of 2.86% has been used in estimating the debt service payments.

Capital Outlay

SPIMD has approved a capital outlay budget of \$3,433,000 for matching funds for projects, and a \$0 contingency subject to a local match from the participating jurisdictions.

Debt and Leases

On November 18, 2015, the District redeemed the Series 2004 General Obligation Limited Tax Variable Rate bonds for \$3,135,027.48 and issued a Series 2015 General Obligation Limited Tax Variable Rate Refunding Loan. The Loan has a variable interest rate with interest payable June 1st and December 1st. Principal is payable annually on December 1st through 2030. The variable interest rate at December 31, 2018 was 2.78%. The District's current debt service schedule is attached.

The District has no capital or operating leases.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of fiscal year spending for 2020, as defined under TABOR.

This information is an integral part of the accompanying budget.

**SOUTHEAST PUBLIC IMPROVEMENT METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending		\$ 3,130,000 Taxfree Loan Refunding Issue, Series 2015 Variable Rate Bonds Dated November 17, 2015 SIFMA Variable Interest Rate Interest Payable Semi-Annually Principal Payable December 1			
December 31,	Period Ending	Principal	Interest	Debt Service	Annual Debt Service
	6/1/2020		36,250.50	36,250.50	
2020	12/1/2020	150,000	36,250.50	186,250.50	222,501.00
	6/1/2021		34,105.50	34,105.50	
2021	12/1/2021	155,000	34,105.50	189,105.50	223,211.00
	6/1/2022		31,889.00	31,889.00	
2022	12/1/2022	155,000	31,889.00	186,889.00	218,778.00
	6/1/2023		29,672.50	29,672.50	
2023	12/1/2023	155,000	29,672.50	184,672.50	214,345.00
	6/1/2024		27,456.00	27,456.00	
2024	12/1/2024	160,000	27,456.00	187,456.00	214,912.00
	6/1/2025		25,168.00	25,168.00	
2025	12/1/2025	160,000	25,168.00	185,168.00	210,336.00
	6/1/2026		22,880.00	22,880.00	
2026	12/1/2026	160,000	22,880.00	182,880.00	205,760.00
	6/1/2027		20,592.00	20,592.00	
2027	12/1/2027	160,000	20,592.00	180,592.00	201,184.00
	6/1/2028		18,304.00	18,304.00	
2028	12/1/2028	165,000	18,304.00	183,304.00	201,608.00
	6/1/2029		15,944.50	15,944.50	
2029	12/1/2029	165,000	15,944.50	180,944.50	196,889.00
	6/1/2030		13,585.00	13,585.00	
2030	12/1/2030	950,000	13,585.00	963,585.00	977,170.00
		<u>\$ 2,535,000</u>	<u>551,694.00</u>	<u>3,086,694.00</u>	<u>3,086,694.00</u>

Note: Interest rate is calculated at 2.86% for the life of the loan.

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