

**PIVOT DENVER METROPOLITAN DISTRICT
ANNUAL REPORT FOR REPORT YEAR 2023
ADAMS COUNTY, COLORADO**

This annual report is submitted to Adams County consistent with Section VII of the Service Plan for the Pivot Denver Metropolitan District (the “District”).

A. Boundary changes made or proposed.

During the report year of 2023, the District did not have any boundary changes.

B. Intergovernmental Agreements with other governmental bodies entered into or proposed.

During the report year of 2023, the District did not enter into or propose any intergovernmental agreements with other governmental bodies.

C. Copies of the District’s rules and regulations, effective December 31 of the prior year, if applicable.

The District does not have any rules and regulations.

F. A summary of any litigation which involves the District.

During the report year of 2023, the District was not involved in any litigation, and is not currently involved in any litigation.

G. Status of Public Improvement Construction Schedule.

As of the date of this report, all public improvements necessary to serve the property within the District consistent with the District’s Service Plan have been completed. No further public improvements are anticipated.

H. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the County as of December 31 of the prior year.

No facilities or improvements constructed by the District were dedicated to or accepted by the County or other governmental entity during 2023.

I. The assessed valuation of the District for the current year.

The assessed valuation as certified by Adams County in 2023 was \$3,303,260.00.

J. Current year budget including a description of the Public Improvements to be constructed in such year.

The 2024 adopted budget for the District is attached hereto as Exhibit A. No public improvements are planned for construction during 2024 or beyond.

K. Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

The 2022 Audit is attached hereto as Exhibit B. The 2023 Audit is not yet complete, but it will be provided to the County following its completion.

L. Notice of any uncured events of default by the District which continue beyond a ninety (90) day period, under any Debt instrument.

There was no notice of any uncured events of default by the District under any Debt instrument, which continued beyond a ninety (90) day period.

M. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

The District has had no inability to pay its obligations during 2023.

Exhibit A
2024 Budget

**RESOLUTION
TO ADOPT 2024 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
PIVOT DENVER METROPOLITAN DISTRICT**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2024 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE PIVOT DENVER METROPOLITAN DISTRICT, ADAMS COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2024, AND ENDING ON THE LAST DAY OF DECEMBER, 2024,

WHEREAS, the Board of Directors of the Pivot Denver Metropolitan District has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 29, 2023 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$0; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$82,582.00; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$0; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2023 valuation for assessment for the District as certified by the County Assessor of Adams County is \$3,303,260.00; and

WHEREAS, at an election held on November 6, 2019 the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PIVOT DENVER METROPOLITAN DISTRICT OF ADAMS COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Pivot Denver Metropolitan District for calendar year 2024.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2024 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2024 budget year, there is hereby levied a tax of 0 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2023.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2024 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 25.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2023.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2024 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2023.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2024 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2023.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify to the Board of County Commissioners of Adams County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of Adams County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

[remainder of page intentionally left blank; signature page follows]

ADOPTED this 29th day of November, 2023.

PIVOT DENVER METROPOLITAN
DISTRICT



President

ATTEST:



Secretary

ATTACH COPY OF THE ADOPTED BUDGET AND
THE CERTIFICATION OF TAX LEVIES

PIVOT DENVER METROPOLITAN DISTRICT
(formerly PECOS LOGISTICS PARK METROPOLITAN DISTRICT)
2024 BUDGET MESSAGE

DISTRICT SERVICES: The District is a metropolitan district organized pursuant to the Special District Act. The District will provide certain essential public-purpose facilities for the use and benefit of the property owners and users within and without the boundaries of the District. It is intended that the District oversee operations and maintenance of the improvements and supplement the services of the property owner.

BASIS OF ACCOUNTING: The basis of accounting utilized in the preparation of the 2024 budget for the District is the modified accrual method. The District's 2024 budget includes projected revenues and expenditures for its general operating fund, capital projects fund, emergency fund, and debt service fund.

IMPORTANT FEATURES OF THE BUDGET:

1. General Operating Fund/Expenditures: Paid for out of the District's General Operating Fund, these expenses include general administrative costs, insurance, legal, professional fees and other miscellaneous costs. Costs are being funded by developer advances (current general fund mill levy is -0- mills). The advances will be repaid from the tax levy for operations and maintenance as funds become available. The maximum mill levy is 50 mills inclusive of the debt service mill levy subject to adjustment in the event that the method of calculating assessed valuation is or was changed after January 1, 2019.
2. Capital Projects Fund/Expenditures: The District was formed to coordinate and manage the financing, acquisition, construction, and completion, of public infrastructure within and without the Project, including, without limitation, all streets, traffic and safety, water, sanitation, storm drainage, and transportation facilities. The District issued \$6,359,655 Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2022 in 2022 to cover infrastructure cost and the cost of issuance. The project is projected to be completed in 2023 and infrastructure costs paid in full by early 2024.
3. Emergency Fund/Expenditures: The emergency fund for fiscal year 2023 will be equal to 3% of the District's fiscal year spending excluding those expenditures for bonded debt service, spending from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards, or property sales.
4. Debt Service Fund/Expenditures: The District issued \$6,359,655 Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2022 in 2022 payable from pledged revenue from an ad valorem mill levy imposed by the Issuer upon all taxable property within its boundaries each year sufficient to pay the principal of, premium if any, and interest on the Bonds, as the same become due and

payable. The District is required to certify not less than 25 mills until the Surplus Fund Requirement is met. During 2023 funds were transferred from the Project Fund to the Debt Service Fund to fund the Surplus Fund in full. The current debt service mill levy will remain at 25 mills. The maximum mill levy for both debt service and operations and maintenance is 50 mills per the Service Plan. The Bonds will accrete at 7% interest through December 1, 2024 to a final accreted principal of \$7,330,000 with the first interest payment due June 1, 2025.

PIVOT DENVER METROPOLITAN DISTRICT
(formerly PECOS LOGISTICS PARK METROPOLITAN DISTRICT
GENERAL OPERATING FUND BUDGET
JANUARY 1, 2024 THROUGH DECEMBER 31, 2024

	Actual Prior Year 2022	Adopted Budget Year 2023	Estimated Current Year 2023	Proposed Budget Year 2024
BEGINNING FUND BALANCE JANUARY 1	(2,055)	1,656	1,656	1,941
REVENUES:				
Property taxes	0	0	0	0
Specific ownership taxes	0	0	0	0
TOTAL REVENUES	0	0	0	0
TOTAL AVAILABLE RESOURCES	(2,055)	1,656	1,656	1,941
EXPENDITURES:				
General and administration				
Treasurer fees		0	0	0
Accounting/Audit	6,273	6,000	19,000	20,000
Administrative		500	117	500
Insurance	110	2,500	1,699	10,000
Legal	33,870	2,000	12,619	2,500
Misc	5,000	0	0	1,000
Contingency	0	5,000	0	5,000
TOTAL EXPENDITURES	45,253	16,000	33,435	39,000
OTHER FINANCING SOURCES(USES)				
Developer advances	48,964	16,000	33,720	40,000
Operating transfer in (out)	0	0	0	0
TOTAL OTHER FINANCING SOURCES(USES)	48,964	16,000	33,720	40,000
ENDING FUND BALANCE	1,656	1,656	1,941	2,941
RECONCILIATION OF FUND BALANCE:				
Reserve for emergencies (3%)	480	480	1,358	1,003
Undesignated	1,176	1,176	583	1,938
TOTAL FUND BALANCE	1,656	1,656	1,941	2,941

GENERAL:

ASSESSED VALUATION (2022/2023 - \$39,042; \$3,303,260)

CALCULATION (Assessed value x .001 x mills)

Adams County

General Fund (-0- mills)

Debt Service Fund (25 mills)

BUDGETED TAX REVENUES

0	976	976	82,582
0	0	0	0
0	976	976	82,582
0	976	976	82,582

PIVOT DENVER METROPOLITAN DISTRICT
 (formerly PECOS LOGISTICS PARK METROPOLITAN DISTRICT)
CAPITAL PROJECTS FUND BUDGET
JANUARY 1, 2024 THROUGH DECEMBER 31, 2024

	Actual Prior Year 2022	Adopted Budget Year 2023	Estimated Current Year 2023	Proposed Budget Year 2024
BEGINNING FUND BALANCE JANUARY 1	0	4,522,261	6,186,384	169,370
REVENUES				
Interest Income	32,880	0	193,566	5,000
Total Revenues	32,880	0	193,566	5,000
TOTAL AVAILABLE RESOURCES	32,880	4,522,261	6,379,950	174,370
EXPENDITURES				
Administration	752		11,768	3,000
Capital expenditures	0	4,517,261	5,991,671	145,385
Legal & other professional services	1,063	5,000	11,142	2,000
Bond issuance costs	205,399	0	0	0
Total Expenditures	207,214	4,522,261	6,014,581	150,385
OTHER FINANCING SOURCES (USES)				
Bond proceeds	6,359,655	0	0	0
Developer advances	1,063		9,142	(10,205)
Transfer in (out)	0	0	(205,141)	0
Total Other Financing Sources (Uses)	6,360,718	0	(195,999)	(10,205)
ENDING FUND BALANCE	6,186,384	0	169,370	13,780

PIVOT DENVER METROPOLITAN DISTRICT
(formerly PECOS LOGISTICS PARK METROPOLITAN DISTRICT
EMERGENCY FUND BUDGET
JANUARY 1, 2024 THROUGH DECEMBER 31, 2024

	Actual Prior Year 2022	Adopted Budget Year 2023	Estimated Current Year 2023	Proposed Budget Year 2024
BEGINNING FUND BALANCE JANUARY 1	0	1,425	480	1,358
REVENUES:				
Transfer from General Fund	480	(945)	878	(355)
TOTAL AVAILABLE RESOURCES	480	480	1,358	1,003
EXPENDITURES:				
TOTAL EXPENDITURES	0	0	0	0
ENDING FUND BALANCE	480	480	1,358	1,003

PIVOT DENVER METROPOLITAN DISTRICT
(formerly PECOS LOGISTICS PARK METROPOLITAN DISTRICT
DEBT SERVICE FUND BUDGET
JANUARY 1, 2024 THROUGH DECEMBER 31, 2024

	Actual Prior Year 2022	Adopted Budget Year 2023	Estimated Current Year 2023	Proposed Budget Year 2024
BEGINNING FUND BALANCE JANUARY 1	-	-	-	206,351
REVENUES:				
Property tax	-	976	976	82,582
Specific ownership taxes	-	60	56	4,950
Interest income	-	-	193	-
TOTAL REVENUES	-	1,036	1,225	87,532
TOTAL AVAILABLE RESOURCES	-	1,036	1,225	293,883
EXPENDITURES:				
Interest expense	-	-	-	-
Paying agent fees	-	-	8	-
Treasurer fees	-	10	7	1,240
TOTAL EXPENDITURES	-	10	15	1,240
OTHER FINANCING SOURCES (USES)				
Transfer in(out)	-	-	205,141	-
Principal payments on bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES(USES)	-	-	205,141	-
ENDING FUND BALANCE	-	1,026	206,351	292,643

District shall maintain a \$200,000 surplus fund balance as defined in the Trust Indenture.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Adams County, Colorado.

On behalf of the Pivot Denver Metropolitan District,
 (taxing entity)^A
 the Board of Directors
 (governing body)^B
 of the Pivot Denver Metropolitan District
 (local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 3,303,260 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 3,303,260 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 1/9/2024 for budget/fiscal year 2024.
 (no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	0.000 mills	\$ 0
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$ 0
3. General Obligation Bonds and Interest ^J	25.000 mills	\$ 82,582
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	25.000 mills	\$ 82,582

Contact person: (print) Stephanie Net Daytime phone: (303) 839-3712
 Signed: Stephanie Net Title: Paralegal

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1.	Purpose of Issue:	Limited Tax General Obligation Convertible Capital Appreciation Bonds
	Series:	2022
	Date of Issue:	November 8, 2022
	Coupon Rate:	7%
	Maturity Date:	November 1, 2052
	Levy:	25.000
	Revenue:	\$82,582

2.	Purpose of Issue:	
	Series:	
	Date of Issue:	
	Coupon Rate:	
	Maturity Date:	
	Levy:	
	Revenue:	

CONTRACTS^K:

3.	Purpose of Contract:	
	Title:	
	Date:	
	Principal Amount:	
	Maturity Date:	
	Levy:	
	Revenue:	

4.	Purpose of Contract:	
	Title:	
	Date:	
	Principal Amount:	
	Maturity Date:	
	Levy:	
	Revenue:	

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Exhibit B
2022 Audit

PIVOT DENVER METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2022

with

Independent Auditor's Report

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HIRATSUKA & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pivot Denver Metropolitan District
Adams County, Colorado

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pivot Denver Metropolitan District (the 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, and 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 Opinion

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 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 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 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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 not presented Management's Discussion and Analysis. Such missing information, although not a part of the basic financial statements, is required by GASB, 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 opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information as listed in the table of contents is presented for the purpose of additional analysis and was not a required part of the financial statements.

The Supplemental Information is the responsibility of management and is derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Hiratsuka & Associates, LLP

June 1, 2023
Wheat Ridge, Colorado

Pivot Denver Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS
December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments - restricted	\$ -	\$ -	\$ 6,186,384	\$ 6,186,384	\$ -	\$ 6,186,384
Property taxes receivable	-	976	-	976	-	976
Developer receivable	<u>6,121</u>	<u>-</u>	<u>1,063</u>	<u>7,184</u>	<u>(7,184)</u>	<u>-</u>
Total Assets	<u>\$ 6,121</u>	<u>\$ 976</u>	<u>\$ 6,187,447</u>	<u>\$ 6,194,544</u>	<u>(7,184)</u>	<u>6,187,360</u>
LIABILITIES						
Accounts payable	\$ 4,465	\$ -	\$ 1,063	\$ 5,528	-	5,528
Developer payable	-	-	-	-	43,499	43,499
Accrued interest on developer payable	-	-	-	-	649	649
Accrued interest on long term debt	-	-	-	-	37,261	37,261
Long-term liabilities:						
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,387,655</u>	<u>6,387,655</u>
Total Liabilities	<u>4,465</u>	<u>-</u>	<u>1,063</u>	<u>5,528</u>	<u>6,469,064</u>	<u>6,474,592</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>-</u>	<u>976</u>	<u>-</u>	<u>976</u>	<u>-</u>	<u>976</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>976</u>	<u>-</u>	<u>976</u>	<u>-</u>	<u>976</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Restricted:						
Emergencies	480	-	-	480	(480)	-
Capital projects	-	-	6,186,384	6,186,384	(6,186,384)	-
Unassigned	<u>1,176</u>	<u>-</u>	<u>-</u>	<u>1,176</u>	<u>(1,176)</u>	<u>-</u>
Total Fund Balances	<u>1,656</u>	<u>-</u>	<u>6,186,384</u>	<u>6,188,040</u>	<u>(6,188,040)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances						
	<u>\$ 6,121</u>	<u>\$ 976</u>	<u>\$ 6,187,447</u>	<u>\$ 6,194,544</u>		
Net Position:						
Restricted for:						
Emergencies					480	480
Capital projects					6,186,384	6,186,384
Unrestricted					<u>(6,475,072)</u>	<u>(6,475,072)</u>
Total Net Position					<u>\$ (288,208)</u>	<u>\$ (288,208)</u>

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

Pivot Denver Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES -
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES					
General & Administrative					
Accounting and administration	\$ 6,273	\$ 752	\$ 7,025	\$ -	\$ 7,025
Insurance	110	-	110	-	110
Legal	33,870	1,063	34,933	-	34,933
Miscellaneous expenses	5,000	-	5,000	-	5,000
Bond issuance costs	-	205,399	205,399	-	205,399
Interest expense	-	-	-	65,910	65,910
Total Expenditures	<u>45,253</u>	<u>207,214</u>	<u>252,467</u>	<u>65,910</u>	<u>318,377</u>
GENERAL REVENUES					
Interest income	-	32,880	32,880	-	32,880
Total General Revenues	<u>-</u>	<u>32,880</u>	<u>32,880</u>	<u>-</u>	<u>32,880</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(45,253)	(174,334)	(219,587)	(65,910)	(285,497)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	6,359,655	6,359,655	(6,359,655)	-
Developer advances	48,964	1,063	50,027	(50,027)	-
Total Other Financing Sources (Uses)	<u>48,964</u>	<u>6,360,718</u>	<u>6,409,682</u>	<u>(6,409,682)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES					
	3,711	6,186,384	6,190,095	(6,190,095)	
CHANGE IN NET POSITION					
				(285,497)	(285,497)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>(2,055)</u>	<u>-</u>	<u>(2,055)</u>	<u>(656)</u>	<u>(2,711)</u>
END OF YEAR	<u>\$ 1,656</u>	<u>\$ 6,186,384</u>	<u>\$ 6,188,040</u>	<u>\$ (6,476,248)</u>	<u>\$ (288,208)</u>

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

Pivot Denver Metropolitan District

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

For the Year Ended December 31, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Specific ownership taxes	-	-	-	-
Other income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	-	-	-
EXPENDITURES				
Accounting and administration	6,000	6,300	6,273	27
Miscellaneous	-	5,000	5,000	-
Insurance	300	100	110	(10)
Legal	5,000	36,700	33,870	2,830
Contingency	10,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	21,300	48,100	45,253	2,847
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(21,300)	(48,100)	(45,253)	2,847
OTHER FINANCING SOURCES (USES)				
Developer advances	21,000	50,000	48,964	(1,036)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	21,000	50,000	48,964	(1,036)
NET CHANGE IN FUND BALANCE				
	(300)	1,900	3,711	1,811
FUND BALANCE:				
BEGINNING OF YEAR	1,444	656	(2,055)	(2,711)
	<hr/>	<hr/>	<hr/>	<hr/>
END OF YEAR	\$ 1,144	\$ 2,556	\$ 1,656	\$ (900)

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

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

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

Definition of Reporting Entity

The District was originally organized as Pecos Logistics Park Metropolitan District on December 10, 2019, as a quasi-municipal organization established under the State of Colorado Special District Act. An amended and restated service plan approved by Adams County October 25, 2022 amends, restates, and replaces in its entirety the original service plan for Pecos Logistics Park Metropolitan District, changed the name to Pivot Denver Metropolitan District and reestablished the District boundaries. The District was reestablished to coordinate and manage the financing, acquisition, construction, completion, operation and maintenance of all public infrastructure and services within and without the Pivot Denver Development (the “Project), including, without limitation, all streets, traffic and safety, water, sanitation, storms drainage, transportation, park and facilities, covenant control, security and marketing, and generally to serve the Pivot Denver Project. The District's primary revenues are bond proceeds and developer advances. After District development, revenues are expected to be property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

Basis of Presentation

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

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The District had no *Program revenues* to report as of December 31, 2022. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year in which they are collected.

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

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

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

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

Budgetary Accounting

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

The District amended its total appropriations; in the General Fund from \$21,300 to \$48,100 due to an excess of operating expenditures related to District reorganization, and the Capital Projects Fund from \$0 to \$212,395 due to expenses related to District organization and the 2022 bond issuance.

Assets, Liabilities and Net Position Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

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

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility.

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Interfund Balances

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Deferred property taxes are recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are recorded at cost.

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

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Long-Term Obligations

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

Fund Balance

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$480 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Capital Projects Fund in the amount of \$6,186,384 is restricted for the payment of capital improvements for the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors. The District has no amounts to report as Committed Fund Balance as of December 31, 2022.

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority. The District has no amounts to report as Assigned Fund Balance as of December 31, 2022.

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose.

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

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balance of deferred outflows or resources related to those assets. At December 31, 2022 the District did not have any amounts to report in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

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

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

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 2: Cash and Investments

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

Statement of Net Position:

Cash	\$	-
Cash and investments - Restricted		<u>6,186,384</u>
Total	\$	<u>6,186,384</u>

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

Deposits with financial institutions	\$	-
Investments – Colotrust		<u>6,186,384</u>
	\$	<u>6,186,384</u>

Deposits

Custodial Credit Risk

The Colorado Public Deposit Protection Act (“PDPA”), requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

Investments

Investment Valuation

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; 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).

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

Colotrust Prime Fund

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

During 2022, the District's funds that were included in the trust accounts at UMB Bank were invested in the Colotrust Prime Fund. This fund is a local government investment pool operating similar to a money market fund with each share equal in value to \$1.00. The fund is AAAM rated by Standard & Poor's with a weighted average maturity of under 60 days. The fund consists of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. Colotrust records its investments at fair value and the District records its investment in Colotrust using the net asset value method. Designated custodian banks provide safekeeping and depository services to Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. As of December 31, 2022, the District has \$6,186,384 invested in the fund.

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2022, is as follows:

On November 8, 2022, the District issued Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2022 in the original aggregate principal amount of \$6,359,655 (the "Series 2022 Bonds") for the purpose of defraying the costs of all or a portion of the Project. The Series 2022 Bonds bear interest at the rate of 7% per annum. Interest is calculated on the basis of a 360-day year of twelve 30-day months.

The Series 2022 Bonds will compound during the accretion period (date of issuance to December 1, 2024) on each June 1 and December 1 to a final total accreted principal of \$7,330,000. The Series 2022 Bonds will start paying interest semi-annually commencing June 1, 2025. Principal and interest payments commence December 1, 2028 and the bonds mature on November 1, 2052. The Series 2022 Bonds are subject to a mandatory sinking fund redemption. The 2022 Bonds are subject to redemption prior to maturity at the option of the District on any date, on and after December 1, 2032, in whole or in part, upon payment of the principal to be redeemed, plus interest accrued to the redemption date, without any redemption premium.

The Series 2022 Bonds are secured by Pledged Revenues including the Required Mill Levy imposed each year upon all taxable property located within the District in an amount sufficient to pay the Debt Service Requirements as the same become due and payable, but not in excess of 30 mills until the year 2031 and thereafter, 45 mills subject to adjustment for calculation of assessed values, the portion of the specific ownership tax allocable to the amount of the Required Mill Levy, and any other legally available moneys that the Board determines in its sole discretion to credit to the Bond Fund.

The following is an analysis of changes in long-term debt for the period ending December 31, 2022:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
2022 Bonds	\$ -	\$ 6,359,655	\$ -	\$ 6,359,655
Compound interest	-	28,000		28,000
	\$ -	\$ 6,387,655	\$ -	\$ 6,387,655

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

The following is a summary of the annual long-term debt principal and interest requirements consisting of payments due on the Series 2022 Bonds upon full accretion:

	<u>Principal</u>	<u>Accreted Interest</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ -	\$ -	\$ -
2024	-	-	-	-
2025	-	-	513,100	513,100
2026	-	-	513,100	513,100
2027	-	-	513,100	513,100
2028 - 2032	39,043	5,958	2,560,950	2,605,951
2033 - 2037	585,644	89,358	2,468,549	3,143,551
2038 - 2042	1,084,525	165,475	2,158,449	3,408,449
2043 - 2047	1,813,326	276,674	1,610,349	3,700,349
2048 - 2052	2,837,117	432,880	721,382	3,991,379
	<u>\$ 6,359,655</u>	<u>\$ 970,345</u>	<u>\$ 11,058,979</u>	<u>\$ 18,388,979</u>

Debt Authorization

As of December 31, 2022, the District had remaining voted debt authorization of approximately \$4,170,000. Per the District's Service Plan, the District cannot issue debt in excess of \$11,500,000.

Note 5: Related Parties

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

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2022

Reimbursement Agreements

On January 7, 2020, Pecos Logistics Park Metropolitan District entered into a Reimbursement Agreement with Westfield Development Company, Inc, a related party. This agreement was then transferred to Pivot Denver Metropolitan District through the amended and restated Service Plan renaming the District. Westfield Development Company, Inc. assigned their obligation under the agreement to Pecos Logistics Park, LLLP, who subsequently assigned the agreement to Denver Mart Industrial Partners JV LLLP (“the Developer”) on October 27, 2022. The Developer may pay expenses on behalf of the District, and the District will reimburse the Developer for these expenses plus accrued interest of 7% per annum upon receipt of evidence acceptable to the District. Payments shall be applied first to interest and then to principal. As of December 31, 2022, the District owed the Developer \$43,499 for advances made to the general and capital projects fund plus accrued interest of \$649. Interest expense recorded for the year was \$649.

Management and Operations Agreement

The District paid Westfield Property Services, LLC (“WPS”), a related party, \$6,000 in accounting fees during 2022 under a Management and Operations Agreement assigned to the District from the Pecos Logistics Park Metropolitan District with the amended service plan.

Subsequent to financial statement date, the District entered into a Second Management and Operations Agreement with WPS effective January 1, 2023. Under this agreement, WPS is to provide certain operations and management services to the District, such as management, maintenance, and administration of the activities of the District. The District is responsible to reimburse WPS for expenses incurred for services plus a fee of \$833 per month.

Note 6: Tax, Spending and Debt Limitations

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

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

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

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.

PIVOT DENVER METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2022

On November 6, 2019, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

Note 7: Risk Management

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

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

Note 8: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) Long-term liabilities such as bonds payable and accrued bond/loan interest payable are not due and payable in the current period and, therefore, are not in the funds.

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

- 1) Governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 2) governmental funds report developer advances, loan and/or bond proceeds as revenue, which are reported on the full accrual method on the Statement of Net Position.

SUPPLEMENTAL INFORMATION

Pivot Denver Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2022

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES				
Interest income	\$ -	\$ 33,000	\$ 32,880	\$ (120)
Total Revenues	<u>-</u>	<u>33,000</u>	<u>32,880</u>	<u>(120)</u>
EXPENDITURES				
Bond issuance costs	-	210,395	205,399	4,996
Legal	-	1,000	1,063	(63)
Accounting and administration	-	1,000	752	248
Total Expenditures	<u>-</u>	<u>212,395</u>	<u>207,214</u>	<u>5,181</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(179,395)	(174,334)	5,061
OTHER FINANCING SOURCES (USES)				
Developer advances	-	1,063	1,063	-
Bond proceeds	-	6,359,655	6,359,655	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>6,360,718</u>	<u>6,360,718</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	6,181,323	6,186,384	5,061
FUND BALANCE:				
BEGINNING OF YEAR	-	-	-	-
END OF YEAR	<u>\$ -</u>	<u>\$ 6,181,323</u>	<u>\$ 6,186,384</u>	<u>\$ 5,061</u>

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