



Certified Public Accountants and Business Consultants

Accountant's Compilation Report

Board of Directors
Section 14 Metropolitan District
Denver and Jefferson Counties, Colorado

Management is responsible for the accompanying budget of revenues, expenditures and fund balances of Section 14 Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, the actual comparative information for the year ending December 31, 2016, and the adopted budget for the year ending December 31, 2017 in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. 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 AICPA. 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.

We draw attention to the Budget Message included in the budget submission to the State of Colorado which describes that the budgetary basis of accounting is the modified accrual basis in accordance with the requirements of Colorado Revised Statutes 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 Section 14 Metropolitan District.

Barnes Griggs & Associates, PC

Lakewood, Colorado
January 13, 2018

Barnes Griggs & Associates, PC

SECTION 14 METROPOLITAN DISTRICT

2018 Budget Message

Introduction

Section 14 Metropolitan District (the “District”) was formed in 1987 for the purpose of providing streets, associated safety protection facilities, storm drainage and irrigation facilities, sanitary sewer and water facilities, and landscaping improvements. All services are provided for property owners located within District boundaries.

The District consists of approximately 177 acres located in Jefferson County, City and County of Denver, and the City of Lakewood.

Under agreement with various jurisdictions, a majority of improvements have been dedicated to the respective jurisdictions.

The 2018 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2018 fiscal year based on available revenues. This budget provides for the annual debt service on the District’s General Obligation Debt as well as the general operation of the District and reimbursement of capital expenses.

Current District

The District’s assessed value of non-excluded property increased 13.84% to \$52,341,016 in 2017. The District’s overall mill levy stayed the same at 23.669 mills with 9.857 mills dedicated to the General Fund and 13.812 mills dedicated to the Debt Service Fund for tax collected in the 2018 fiscal year. The District has passed a ballot question authorizing the increase of the General Fund operations mill levy up to 10 mills.

Exclusions

The District has excluded four parcels of real property from its boundaries (“Excluded Parcels”). The Excluded Parcels are responsible for servicing debt on the Series 2000 General Obligation Variable Rate Refunding Bonds. The mill levies for the Excluded Parcels are adjusted annually based on each exclusion’s responsible share of the annual debt service. The Westlake/Fairmark and Jefferson 1994 Exclusions have a mill levy of 4.976 and the Villages at Raccoon Creek and Grant Ranch Cove Exclusions have a mill levy of 13.812 mills.

Budgetary Basis of Accounting

The District uses funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds determine the total District budget. All of the District’s funds are considered governmental funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within 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.

Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax and expenditures which include district administration, legal services, and other expenses related to statutory operations of a local government. The District retains the services of a contract administrator to provide the on-going management of the District. No change in the level of services from the current year is proposed. In 1999, the District began contributing to the landscape maintenance responsibilities and anticipates that the level of service will continue to increase in the years ahead. The District contributes for maintenance of monuments and landscape improvements.

The **Debt Service Fund** is used to account for property taxes and other revenues dedicated to pay the fiscal year's debt expense which includes principal payments, interest payments, and administrative costs associated with debt obligations. Below is a consolidated summary of the District's remaining General Obligation long-term debt.

Bonds Principal and Interest Maturing in the Year(s) Ending	\$ 5,995,000 Series 2000 GO Variable Rate Refunding Bonds		
	Principal	Interest	Total
2018	\$ 940,000	\$ 96,750	\$ 1,036,750
2019	995,000	49,750	1,044,750
Total	<u>\$ 1,935,000</u>	<u>\$ 146,500</u>	<u>\$ 2,081,500</u>

The **Capital Projects Fund** is used to account for revenues and expenditures for reimbursement of capital projects. In 2018, the Board budgeted for a developer reimbursement in the amount of \$550,000 for capital projects, pursuant to the Project Funding and Reimbursement Agreement.

Emergency Reserve

As required by Section 20 of Article X of the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.

SECTION 14 METROPOLITAN DISTRICT
Assessed Value, Property Tax and Mill Levy Information

	2016 Actual	2017 Adopted Budget	2018 Adopted Budget
Assessed Valuation			
Jefferson County	\$ 38,108,589	\$ 37,534,351	\$ 42,757,296
Denver County	8,464,690	8,443,000	9,583,720
Sub Total Assessed Valuation	46,573,279	45,977,351	52,341,016
Assessed Valuation Exclusions			
Jefferson Exclusions:			
Jefferson-1994	4,320,335	4,220,332	4,886,852
Grant Ranch Cove-04	3,537,679	3,546,470	3,672,778
Denver Exclusions:			
Westlake (Fairmark)	4,221,010	4,150,630	4,806,530
Villages at Raccoon Creek	3,512,810	3,506,510	3,762,240
Sub Total Assessed Valuations Exclusions	15,591,834	15,423,942	17,128,400
TOTAL ASSESSED VALUATIONS	\$ 62,165,113	\$ 61,401,293	\$ 69,469,416
Mill Levy			
General Fund	5.110	5.110	9.857
Temporary Mill Levy Reduction	0.000	0.000	0.000
Refunds and Abatements			
Denver	0.000	0.000	0.000
Denver - Villages at Raccoon Creek	0.000	0.000	0.000
Jefferson	0.000	0.000	0.022
Jefferson - Exclusion 1994	0.000	0.000	0.000
Jefferson - Grant Ranch Cove	0.000	0.000	0.194
Debt Service Fund			
Denver	18.180	18.559	13.812
Denver - Westlake aka Fairmark	6.550	6.687	4.976
Denver - Villages at Raccoon Creek	18.180	18.559	13.812
Jefferson	18.180	18.559	13.812
Jefferson - Exclusion 1994	6.550	6.687	4.976
Jefferson - Exclusion Grant Ranch Cove	18.180	18.559	13.812
Combined Total Mill Levy-Jefferson/Denver ONLY	23.290	23.669	23.669
Property Taxes			
General Fund	\$ 237,990	\$ 234,945	\$ 515,926
Debt Service Fund	846,702	853,294	722,934
Debt Service Fund Exclusions	184,124	186,872	150,926
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	1,654
Actual/Budgeted Property Taxes	\$ 1,268,816	\$ 1,275,111	\$ 1,391,440

SECTION 14 METROPOLITAN DISTRICT

GENERAL FUND 2018 Adopted Budget with 2016 Actual, 2017 Budget, and 2017 Estimated

	2016 Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ 210,391	\$ 211,407	\$ 300,061	\$ 88,776
REVENUE				
Property Taxes - Denver	43,255	43,144	43,144	94,467
Property Taxes - Jeff. Cty.	193,426	191,801	191,801	421,459
Specific Ownership Taxes	98,205	85,000	85,000	86,608
Interest Income	2,266	1,500	5,021	5,000
Total Revenue	337,151	321,445	324,966	607,534
Total Funds Available	547,542	532,852	625,027	696,310
EXPENDITURES				
Accounting	10,666	11,000	11,000	11,220
District Management	6,836	8,840	8,840	9,017
Audit	5,974	6,000	6,000	6,000
Director's Fees	300	1,500	1,500	1,500
Dues & Subscriptions	616	600	600	600
Election Expense	913	-	-	1,000
Insurance	5,193	5,713	5,713	6,284
Legal	6,851	14,000	14,000	14,280
Statutory Compliance	158	-	-	-
Legal Publications	137	100	100	100
Miscellaneous Expenses	226	1,000	1,000	1,000
C&C of Denver Annual Fee	3,000	3,000	3,000	3,000
Payroll Taxes	23	115	115	115
Treasurer's Fees	3,335	-	3,294	7,739
Utilities	99,840	90,000	90,000	90,000
Landscape Maintenance	103,412	95,000	95,000	95,000
Contingency	-	86,341	86,341	81,230
Emergency Reserves	-	9,643	9,749	18,226
Total Expenditures	247,481	332,852	336,251	346,311
Transfers and Other Uses				
Transfer to Capital	-	200,000	200,000	350,000
Total Expenditures Requiring Appropriation	247,481	532,852	536,251	696,311
ENDING FUND BALANCE	\$ 300,061	\$ -	\$ 88,776	\$ -

SECTION 14 METROPOLITAN DISTRICT

DEBT SERVICE FUND

2018 Adopted Budget

with 2016 Actual, 2017 Adopted Budget, 2017 Amended Budget, and 2017 Estimated

	2016 Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ 223,452	\$ 227,827	\$ 226,074	\$ 230,726
REVENUE				
Property Taxes - Denver	153,888	156,694	156,694	132,370
Property Taxes - Jeff. Cty.	688,156	696,600	696,600	591,505
Prty Taxes - Ex Denver	91,511	92,832	92,832	75,881
Prty Taxes - Ex Jeff. Cty.	92,364	94,040	94,040	75,758
Interest Income	4,976	-	7,876	-
Total Revenue	1,030,895	1,040,166	1,048,042	875,514
Total Funds Available	1,254,347	1,267,993	1,274,116	1,106,240
EXPENDITURES				
Bond Principal 2000	835,000	885,000	885,000	940,000
Bond Interest 2000	176,363	138,788	138,788	96,750
Trustee/Paying Agent Fees	2,750	4,000	4,000	4,000
Arbitrage expense	-	4,900	-	-
Treasurer's Fees	14,161	15,602	15,602	13,133
Total Expenditures	1,028,274	1,048,290	1,043,390	1,053,883
Total Expenditures Requiring Appropriation	1,028,274	1,048,290	1,043,390	1,053,883
ENDING FUND BALANCE	\$ 226,074	\$ 219,703	\$ 230,726	\$ 52,357

SECTION 14 METROPOLITAN DISTRICT

CAPITAL PROJECTS FUND 2018 Adopted Budget with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated

	2016 Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ 1,758	\$ 101,763	\$ 1,762	\$ 201,769
REVENUE				
Interest Income	4	-	7	-
Transfer from General Fund	-	200,000	200,000	350,000
Total Revenue	4	200,000	200,007	350,000
Total Funds Available	1,762	301,763	201,769	551,769
EXPENDITURES				
Reimbrse developer- cap. proj.	-	300,000	-	550,000
Contingency	-	1,763	-	1,769
Total Expenditures	-	301,763	-	551,769
Total Expenditures Requiring Appropriation	-	301,763	-	551,769
ENDING FUND BALANCE	\$ 1,762	\$ -	\$ 201,769	\$ -