

SECTION 14 METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 800-741-3254
Fax: 303-987-2032

NOTICE OF SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Jay Perlmutter	President	2023/May 2023
Jonathan Perlmutter	Treasurer	2022/May 2022
Douglas C. Ernst	Assistant Secretary	2022/May 2022
G. Darwin Toll, Jr.	Assistant Secretary	2023/May 2023
Kenya Jenkins	Assistant Secretary	2022/May 2022
Ann Finn	Secretary	

DATE: June 22, 2020
TIME: 9:30 a.m.

Due to Executive Order D 2020 044 Safer at Home issued by Governor Polis on April 26, 2020, and Public Health Order 20-28 implementing the Executive Order, issued by the Colorado Department of Health and Environment (CDPHE) on April 26, 2020, this meeting will be held via teleconferencing and can be joined through the directions below:

CONFERENCE CALL NUMBER: **1-877-261-8991**
PASSCODE: **6168588**

I. ADMINISTRATIVE MATTERS

- A. Present Disclosures of Potential Conflicts of Interest and confirm quorum.

- B. Approve Agenda; confirm location of the meeting and posting of meeting notice.

- C. Discuss results of the cancelled May 5, 2020 Regular Election for Directors (enclosure).

- D. Consider appointment of officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____
Asst. Secretary _____

- E. Review and approve Minutes of the April 17, 2020 Special Meeting (enclosure).
-

- F. Consider authorizing all interested Board Members (and guest) to attend the 2020 SDA Conference in Keystone on September 23, 24 and 25, 2020.
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II. PUBLIC COMMENTS

- A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.
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III. FINANCIAL MATTERS

- A. Review and ratify approval of payment of claims for the following periods (enclosures):

Fund	Period ending April 20, 2020	Period ending May 20, 2020
General	\$ 14,180.76	\$ 38,668.83
Debt	\$ -0-	\$ -0-
Capital	\$ -0-	\$ 12,960.55
Total	\$ 14,180.76	\$ 51,629.38

- B. Review and accept unaudited financial statements through the period ending May 31, 2020, and the schedule of cash position statement dated May 31, 2020 (enclosure).
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- C. Consider acceptance of draft 2019 Audit (enclosures) and approval of execution of Representations Letter.
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- D. Ratify appointment of the District Accountant to prepare the 2021 Budget and set the date for a Public Hearing to adopt the 2021 Budget for November 30, 2020, at 11:30 a.m., to be held at the offices of Jordon Perlmutter & Company, 1601 Blake Street, Suite 600, Denver, Colorado 80217.
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IV. LEGAL MATTERS

- A. Consider approval of the Assignment of Commissioners Easement Deed between Chanson LLP and the District for the District to assume maintenance and repair of the Drainage Facility (“Chanson Plaza Drainage Facility”) (enclosure).
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V. CAPITAL PROJECTS

- A. Review information concerning the three alternatives for the Chanson Plaza Drainage Facility Improvements (“Chanson Plaza Drainage Facility Project”).
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1. Authorize consultants to publicly bid the Chanson Plaza Drainage Facility Project.
-

2. Discuss authorizing Matrix Design Group, Inc. (“Matrix”) to prepare a Maintenance Manual for the Chanson Plaza Drainage Facility.
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- B. Discuss authorizing Matrix to evaluate 4 additional drainage facilities and to provide staff direction as to whether to proceed to evaluate the assumption by the District of the Section 14 Development Company responsibilities related to maintenance of these facilities.
-

VI. OTHER MATTERS

- A. _____

VII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 30, 2020 – BUDGET HEARING**

NOTICE OF CANCELLATION
and
CERTIFIED STATEMENT OF RESULTS
§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

NOTICE IS HEREBY GIVEN by the Section 14 Metropolitan District, City and County of Denver and Jefferson County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 5, 2020 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

<u>Name</u>	<u>Term</u>
Jay Perlmutter	Second Regular Election, May 2023
G. Darwin Toll, Jr.	Second Regular Election, May 2023

/s/ Ann Finn
(Designated Election Official)

Contact Person for the District:	Ann Finn
Telephone Number of the District:	303-987-0835
Address of the District:	141 Union Boulevard, Suite 150, Lakewood, CO 80228
District Facsimile Number:	303-987-2032
District Email:	afinn@sdmsi.com

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SECTION 14 METROPOLITAN DISTRICT HELD APRIL 17, 2020

A Special Meeting of the Board of Directors of the Section 14 Metropolitan District, Jefferson County and the City and County of Denver, Colorado was duly posted and held on Friday, the 17th day of April, 2020, at 11:30 a.m. The meeting was open to the public.

The meeting was held via conference call due to the State of Emergency declared by Governor Polis and Public Health Order 20-23 Implementing Social Distancing Measures, and threat posed by the COVID-19 coronavirus.

ATTENDANCE

Directors In Attendance Were:

Jay Perlmutter
Jonathan Perlmutter
Douglas C. Ernst
G. Darwin Toll, Jr.
Kenya Jenkins

Also In Attendance Were:

Ann Finn and Steve Beck; Special District Management Services, Inc.

MaryAnn M. McGeady, Esq. and Kate Olson, Esq.; McGeady Becher P.C.

Drew Beck and Mason Haycock; Matrix Design Group, Inc.

Brad Gordan and Brian Heinze; Jordon Perlmutter & Co.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Attorney McGeady noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. It was noted that Directors' Disclosure Statements have been filed for all Directors.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: Ms. Finn distributed for the Board's review and approval a proposed Agenda for the District's Special Meeting.

Following discussion, upon motion duly made by Director Toll, seconded by Director Jonathan Perlmutter and, upon vote, unanimously carried, the Agenda was approved, as presented.

Minutes: The Board reviewed the Minutes of the December 2, 2019 Special Meeting.

Following discussion, upon motion duly made by Director Ernst, seconded by Director Toll and, upon vote, unanimously carried, the Board approved the Minutes of the December 2, 2019 Special Meeting.

PUBLIC COMMENTS

There were no public comments at this time.

FINANCIAL MATTERS

Claims: The Board considered ratifying the approval of the payment of claims as follows:

Fund	Period ending Dec. 19, 2019	Period ending January 20, 2020	Period ending Feb. 19, 2020	Period ending March 20, 2020
General	\$ 16,168.16	\$ 15,875.61	\$ 22,583.86	\$ 13,125.91
Debt	\$ 1,512.50	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$ 1,470.25	\$ 5,705.15
Total	\$ 17,680.66	\$ 15,875.61	\$ 24,054.11	\$ 18,831.06

Following review, upon motion duly made by Director Jonathan Perlmutter, seconded by Director Ernst and, upon vote, unanimously carried, the Board ratified the approval of the payment of claims, as presented.

Unaudited Financial Statements: Mr. Beck reviewed with the Board the unaudited financial statements through the period ending December 31, 2019, and the schedule of cash position statement dated December 31, 2019.

Following review, upon motion duly made by Director Ernst, seconded by Director Jenkins and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending December 31, 2019, and the schedule of cash position statement dated December 31, 2019 were accepted, as presented.

RECORD OF PROCEEDINGS

LEGAL MATTERS

Cost Sharing for the Chanson Plaza Stormwater Drainage Improvement Project (“Chanson Plaza Drainage Facility Project”): Attorneys McGeady and Olson discussed with the Board the possibility of sharing costs for the repair work to the Chanson Plaza Drainage Facility with other entities that benefit from the improvement. They noted that following their review of the documents, it was determined that the Developer is responsible for the maintenance and repair costs associated with the Chanson Plaza Drainage Facility as evidenced by a 1986 Commissioners Easement Deed (Reception No. 86140821) (“Easement Deed”) which describes the permanent non-exclusive easement granted from Jefferson County to Section 14 Development Co., and its successors and assigns, regarding the drainage facility which needs to be repaired and is subject of the “Chanson Plaza Drainage Improvements Alternatives Analysis Report” by Matrix Design Group, Inc. (“Matrix”). Manhard Consultants will confirm the area of the easement. The Board discussed an assignment of the Easement Deed from Chanson LLP (current owner) to the District.

The Board directed staff to include consideration of the following at the next Board meeting:

- a. District accepting an Assignment of the Easement Deed, whereby the District will assume responsibility for the repair and maintenance of the Chanson Plaza Drainage Facility at the June 22, 2020 Board meeting.

CAPITAL PROJECTS

Chanson Plaza Drainage Alternatives Analysis Report provided by Matrix: Messrs. Drew Beck and Mason Haycock with Matrix presented the “Chanson Plaza Drainage Improvements Alternatives Analysis Report” and explained the five alternatives for repairing the drainage facility. Following review and discussion, the Board directed Mr. Heinze and Mr. Gordon to work with Matrix to seek out additional information on pricing for Alternative #3 (Buried Riprap), Alternative #4 (Buried Riprap and Sheetpile) and Alternative #5 (Flexamat). The Board also requested that Matrix reach out to the Flexamat manufacturer to obtain a list of contractors who have experience working with Flexamat. In addition, the Board authorized its consultants obtain additional information regarding costs associated with each of the Alternatives so that the project can be publicly bid.

The Board directed staff to include consideration of the following for the next Board meeting:

RECORD OF PROCEEDINGS

- a. Direction to be provided to proceed with the bidding of the Chanson Plaza Drainage Facility Project at the June 22, 2020 meeting.
- _____

OTHER MATTERS

There were no other matters to discuss at this time.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: _____
Secretary for the Meeting

Section 14 Metropolitan District
April-20

	General	Debt	Capital	Totals
Disbursements	\$ 14,180.76		\$ -	\$ 14,180.76
Payroll	\$ -			\$ -
Payroll Taxes (Annually)	\$ -			\$ -
Total Disbursements from Checking Acct	\$ 14,180.76	\$ -	\$ -	\$ 14,180.76

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	Void/I
4183							
04/28/2020	Bowles Village Center	04/20	Landscape Maintenance	1-786	1,297.00	1,297.00	
04/28/2020	Bowles Village Center	04/20	Utilities	1-710	456.00	456.00	
Total 4183:						1,753.00	
4184							
04/28/2020	Chanson, LLC	04/20	Landscape Maintenance	1-786	3,156.00	3,156.00	
04/28/2020	Chanson, LLC	04/20	Utilities	1-710	2,389.00	2,389.00	
Total 4184:						5,545.00	
4185							
04/28/2020	Colorado Community Media	00223103	Election Expense	1-635	20.92	20.92	
Total 4185:						20.92	
4186							
04/28/2020	Dodge Data & Analytics	A40022551	Election Expense	1-635	61.20	61.20	
Total 4186:						61.20	
4187							
04/28/2020	McGeady Becher P.C.	198M 03/20	Legal	1-675	796.00	796.00	
Total 4187:						796.00	
4188							
04/28/2020	Section 14 Development Company	04/20	Landscape Maintenance	1-786	3,562.00	3,562.00	
04/28/2020	Section 14 Development Company	04/20	Utilities	1-710	388.00	388.00	
Total 4188:						3,950.00	
4189							
04/28/2020	Special District Management Servic	03/2020	Accounting	1-613	364.00	364.00	
04/28/2020	Special District Management Servic	03/2020	Audit	1-615	42.00	42.00	
04/28/2020	Special District Management Servic	03/2020	Election Expense	1-635	226.00	226.00	
04/28/2020	Special District Management Servic	03/2020	District Management	1-614	1,367.66	1,367.66	
Total 4189:						1,999.66	
20200401							
04/28/2020	Denver Water	5256 04/20	Utilities	1-710	22.72	22.72	M
Total 20200401:						22.72	
20200402							
04/28/2020	Denver Water	5261 04/20	Utilities	1-710	16.13	16.13	M
Total 20200402:						16.13	
20200403							
04/28/2020	Denver Water	5392 04/20	Utilities	1-710	16.13	16.13	M
Total 20200403:						16.13	

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	Void/
Grand Totals:						14,180.76	

Section 14 Metropolitan District
May-20

	General	Debt	Capital	Totals
Disbursements	\$ 38,207.08		\$ 12,960.55	\$ 51,167.63
Payroll	\$ 461.75			\$ 461.75
Payroll Taxes (Annually)	\$ -			\$ -
Total Disbursements from Checking Acct	\$ 38,668.83	\$ -	\$ 12,960.55	\$ 51,629.38

Check Issue Date	Check Number	Payee	Amount
05/21/2020	9097	Ernst, Douglas C	92.35
05/21/2020	9098	Toll Jr, G Darwin	92.35
05/21/2020	9099	Perlmutter, Jay	92.35
05/21/2020	9100	Perlmutter, Jonathan	92.35
05/21/2020	9101	Jenkins, Kenya	92.35
Grand Totals:			
	5		461.75

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	Void/I
4190							
05/21/2020	Bowles Village Center	05/20	Landscape Maintenance	1-786	1,233.00	1,233.00	
05/21/2020	Bowles Village Center	05/20	Utilities	1-710	337.00	337.00	
Total 4190:						1,570.00	
4191							
05/21/2020	Chanson, LLC	05/20	Landscape Maintenance	1-786	8,096.00	8,096.00	
05/21/2020	Chanson, LLC	05/20	Utilities	1-710	2,232.00	2,232.00	
Total 4191:						10,328.00	
4192							
05/21/2020	Matrix Design Group, Inc	29365	Engineering	3-660	12,960.55	12,960.55	
Total 4192:						12,960.55	
4193							
05/21/2020	McGeady Becher P.C.	198M 04/20	Legal	1-675	17,882.75	17,882.75	
Total 4193:						17,882.75	
4194							
05/21/2020	Section 14 Development Company	05/20	Landscape Maintenance	1-786	2,927.00	2,927.00	
05/21/2020	Section 14 Development Company	05/20	Utilities	1-710	231.00	231.00	
Total 4194:						3,158.00	
4195							
05/21/2020	Special District Management Servic	04/2020	Accounting	1-613	1,484.00	1,484.00	
05/21/2020	Special District Management Servic	04/2020	Election Expense	1-635	42.00	42.00	
05/21/2020	Special District Management Servic	04/2020	District Management	1-614	3,479.35	3,479.35	
Total 4195:						5,005.35	
20200501							
05/21/2020	Denver Water	5261 05/20	Utilities	1-710	224.13	224.13	M
Total 20200501:						224.13	
20200502							
05/21/2020	Denver Water	5256 05/20	Utilities	1-710	22.72	22.72	M
Total 20200502:						22.72	
20200503							
05/21/2020	Denver Water	5392 05/20	Utilities	1-710	16.13	16.13	M
Total 20200503:						16.13	
Grand Totals:						51,167.63	

SECTION 14 METROPOLITAN DISTRICT

Schedule of Cash Position
May 31, 2020

	<u>Rate</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Checking:					
Cash in Bank-US Bank		\$ 10,502.75	\$ -	\$ -	\$ 10,502.75
Investments:					
Cash in Bank-ColoTrust	0.72%	1,636,622.96	-	-	1,636,622.96
Trustee Accounts:					
2017A UMB COI		-	3.80	-	3.80
US Bank-Series 2000 Principal		-	155.77	-	155.77
TOTAL FUNDS:		<u>\$ 1,647,125.71</u>	<u>\$ 159.57</u>	<u>\$ -</u>	<u>\$ 1,647,285.28</u>

2020 Mill Levy Information

Certified General Fund Mill Levy:	20.465
Certified Debt Service Fund Mill Levy:	
Current District	0.000
Westlake / Fairmark (Denver)	0.000
Villages at Raccoon Creek (Denver)	0.000
1994 Exclusion (Jefferson)	0.000
Grant Ranch Cove (Jefferson)	0.000
Total Certified Mill Levy	<u>20.465</u>

Board of Directors

- * Jay Perlmutter
- * Jonathan Perlmutter
- * Douglas C. Ernst
- G. Darwin Toll, Jr.
- Kenya Jenkins

* Authorized signer on the Checking Account

SECTION 14 METROPOLITAN DISTRICT

FINANCIAL STATEMENTS

May 31, 2020

SECTION 14 METROPOLITAN DISTRICT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
May 31, 2020

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	FIXED ASSETS	LONG-TERM DEBT	TOTAL
Assets						
Cash in Bank-US Bank	\$ 10,502.75	\$ -	-	\$ -	\$ -	\$ 10,502.75
Cash in Bank-ColoTrust	1,636,622.96	-	-	-	-	1,636,622.96
Property Taxes Receivable	400,242.42	-	-	-	-	400,242.42
Cash with County Treasurer	-	-	-	-	-	-
2017A UMB COI	-	3.80	-	-	-	3.80
US Bank-Series 2000 Principal	-	155.77	-	-	-	155.77
Prepays	-	-	-	-	-	-
Total Current Assets	<u>2,047,368.13</u>	<u>159.57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,047,527.70</u>
Other Debits						
Amount in Debt Service Fund	-	-	-	-	159.57	159.57
Amount to be Provided for Debt	-	-	-	-	(159.57)	(159.57)
Total Other Debits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets						
Monument signs	-	-	-	146,017.00	-	146,017.00
Contributed signs	-	-	-	145,852.00	-	145,852.00
Chanson Sign	-	-	-	-	-	-
Streets	-	-	-	157,386.39	-	157,386.39
Chanson Signs	-	-	-	61,960.00	-	61,960.00
Belleview Shores Signs	-	-	-	105,327.00	-	105,327.00
Accumulated Depreciation	-	-	-	(323,894.00)	-	(323,894.00)
Total Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,648.39</u>	<u>-</u>	<u>292,648.39</u>
Total Assets	<u><u>\$ 2,047,368.13</u></u>	<u><u>\$ 159.57</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 292,648.39</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,340,176.09</u></u>
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes Payable	137.70	-	-	-	-	137.70
Retainage Payable	-	-	-	-	-	-
Due to County Treasurer	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
G.O. Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>137.70</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137.70</u>
Deferred Inflows of Resources						
Deferred Property Taxes	400,242.42	-	-	-	-	400,242.42
Total Deferred Inflows of Resources	<u>400,242.42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,242.42</u>
Fund Balance						
Investment in Fixed Assets	-	-	-	292,648.39	-	292,648.39
Accumulated Depreciation	-	-	-	-	-	-
Fund Balance	1,038,837.58	159.57	328.47	-	-	1,039,325.62
Current Year Earnings	608,150.43	-	(328.47)	-	-	607,821.96
Total Fund Balances	<u>1,646,988.01</u>	<u>159.57</u>	<u>(0.00)</u>	<u>292,648.39</u>	<u>-</u>	<u>1,939,795.97</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 2,047,368.13</u></u>	<u><u>\$ 159.57</u></u>	<u><u>\$ (0.00)</u></u>	<u><u>\$ 292,648.39</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,340,176.09</u></u>

SECTION 14 METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 5 Months Ending,
May 31, 2020
General Fund

Account Description	Period Actual	YTD Actual	Budget	Under/(Over) Budget	% of Budget
Revenues					
Property Taxes - Denver	\$ 136,132.00	216,820.70	\$ 223,246.00	\$ 6,425.30	97.1%
Property Taxes - Jeff. Cty.	125,468.20	483,941.88	\$ 877,759.00	393,817.12	55.1%
Specific Ownership Taxes	4,145.89	22,835.17	\$ 86,608.00	63,772.83	26.4%
Interest Income	978.13	6,583.75	\$ 5,001.00	(1,582.75)	131.6%
Total Revenues	<u>266,724.22</u>	<u>730,181.50</u>	<u>1,192,614.00</u>	<u>462,432.50</u>	<u>61.2%</u>
Expenditures					
Accounting	1,484.00	3,234.00	12,000.00	8,766.00	27.0%
District Management	3,479.35	6,332.08	12,000.00	5,667.92	52.8%
Audit	-	42.00	6,000.00	5,958.00	0.7%
Director's Fees	500.00	500.00	2,300.00	1,800.00	21.7%
Dues & Subscriptions	-	-	600.00	600.00	0.0%
Election Expense	42.00	800.16	1,000.00	199.84	80.0%
Insurance	-	6,814.50	7,300.00	485.50	93.3%
Legal	17,882.75	18,678.75	25,000.00	6,321.25	74.7%
Legal Publications	-	-	100.00	100.00	0.0%
Miscellaneous Expenses	-	56.00	1,000.00	944.00	5.6%
C&C of Denver Annual Fee	-	-	3,000.00	3,000.00	0.0%
Payroll Taxes	38.25	38.25	176.00	137.75	21.7%
Treasurer's Fees	3,243.34	9,427.35	16,515.00	7,087.65	57.1%
Utilities	3,062.98	26,773.12	110,000.00	83,226.88	24.3%
Landscape Maintenance	12,256.00	31,000.00	115,000.00	84,000.00	27.0%
Contingency	-	-	85,000.00	85,000.00	0.0%
Total Expenditures	<u>41,988.67</u>	<u>103,696.21</u>	<u>396,991.00</u>	<u>293,294.79</u>	<u>26.1%</u>
Excess (Deficiency) of Revenues Over Expenditures	224,735.55	626,485.29	795,623.00	169,137.71	
Transfers and Other (Sources) Uses					
Transfer to Capital	12,960.55	18,334.86	1,332,454.00	1,314,119.14	
Transfer to Debt Service	-	-	-	-	
Emergency Reserve	-	-	35,778.00	35,778.00	
Total Transfers and Other (Sources) Uses	<u>12,960.55</u>	<u>18,334.86</u>	<u>1,368,232.00</u>	<u>1,349,897.14</u>	
Change in Fund Balance	211,775.00	608,150.43	(572,609.00)	(1,180,759.43)	
Beginning Fund Balance	1,435,213.01	1,038,837.58	611,351.00	(427,486.58)	
Ending Fund Balance	<u>\$ 1,646,988.01</u>	<u>\$ 1,646,988.01</u>	<u>\$ 38,742.00</u>	<u>\$ (1,608,246.01)</u>	

SECTION 14 METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 5 Months Ending,
May 31, 2020
Debt Service Fund

Account Description	Period Actual	YTD Actual	Budget	Under/(Over) Budget	% of Budget
Revenues					
Property Taxes - Denver	\$ -	\$ -	\$ -	\$ -	0.0%
Property Taxes - Jeff. Cty.	-	-	-	-	0.0%
PrtY Taxes - Ex Denver	-	-	-	-	0.0%
PrtY Taxes - Ex Jeff. Cty.	-	-	-	-	0.0%
Interest Income	-	-	-	-	0.0%
Transfer from General Fund	-	-	-	-	0.0%
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Expenditures					
Bond Principal 2000	-	-	-	-	0.0%
Bond Interest 2000	-	-	-	-	0.0%
Trustee/Paying Agent Fees	-	-	-	-	0.0%
Treasurer's Fees	-	-	-	-	0.0%
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	
Beginning Fund Balance	159.57	159.57	-	(159.57)	
Ending Fund Balance	<u>\$ 159.57</u>	<u>\$ 159.57</u>	<u>\$ -</u>	<u>\$ (159.57)</u>	

SECTION 14 METROPOLITAN DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the 5 Months Ending,
May 31, 2020
Capital Projects Fund

Account Description	Period Actual	YTD Actual	Budget	Under/(Over) Budget	% of Budget
Revenues					
Interest Income	\$ -	\$ 2.37	\$ 15.00	\$ 12.63	15.8%
Transfer from General Fund	18,334.86	18,334.86	1,332,454.00	1,314,119.14	1.4%
Total Revenues	<u>18,334.86</u>	<u>18,337.23</u>	<u>1,332,469.00</u>	<u>1,314,131.77</u>	<u>1.4%</u>
Expenditures					
Reimbrse developer- cap. proj.	-	-	380,000.00	380,000.00	0.0%
Management	-	-	10,000.00	10,000.00	0.0%
Legal	-	-	30,000.00	30,000.00	0.0%
Storm Drainage Improvements	-	-	200,000.00	200,000.00	0.0%
Engineering	12,960.55	18,665.70	30,000.00	11,334.30	62.2%
Miscellaneous	-	-	-	-	0.0%
Contingency	-	-	1,799.00	1,799.00	0.0%
Total Expenditures	<u>12,960.55</u>	<u>18,665.70</u>	<u>651,799.00</u>	<u>633,133.30</u>	<u>2.9%</u>
Excess (Deficiency) of Revenues Over Expenditures	5,374.31	(328.47)	680,670.00	680,998.47	
Beginning Fund Balance	(5,374.31)	328.47	-	(328.47)	
Ending Fund Balance	<u>\$ -</u>	<u>\$ (0.00)</u>	<u>\$ 680,670.00</u>	<u>\$ 680,670.00</u>	



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

_____, 2020

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

We have audited the financial statements of the governmental activities and the major funds of Section 14 Metropolitan District (District) for the year ended December 31, 2019 and have issued our report thereon dated _____, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit.

Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in the engagement letter dated November 12, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We generally communicate our significant findings at the conclusion of the audit. However, some matters may have been communicated sooner, particularly if significant difficulties were encountered during the audit where assistance was needed to overcome the difficulties or if the difficulties may have led to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

The audit was performed in June 2020, and we issued our report on _____, 2020.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no accounting estimates that are considered particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See Exhibit I for corrected misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that there were no such disagreements during the course of the audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated , 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We were engaged to report on supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other information, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SCHILLING & COMPANY, INC.

Schilling & Company, Inc.

Adj. Journal Entries
Section 14 Metropolitan District
December 31, 2019

6/13/2020 7:43:28 PM

Done by:	Date:	Index:
Reviewer:	Date:	

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	Deferred Property Taxes	Client	2-320	993,585.00	
1	Property Taxes Receivable		2-135		993,585.00
1	Property Taxes Receivable		1-135	721,515.00	
1	Deferred Property Taxes		1-320		721,515.00

To remove Debt Service and adjust General Fund property taxes receivable/deferred revenue and at 12/31/19

2	Utilities	AA-1	1-710	11,512.20	
2	Landscape Maintenance		1-786	7,678.00	
2	Accounts Payable		1-310		19,190.20

To record additional accounts payable at 12/31/19.

Totals

1,734,290.20
1,734,290.20

DRAFT

SECTION 14
METROPOLITAN DISTRICT
Denver and Jefferson Counties, Colorado

FINANCIAL STATEMENTS
DECEMBER 31, 2019

DRAFT 6/13/2020

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SCHILLING & COMPANY, INC.

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P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

Independent Auditor's Report

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

Report for the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Section 14 Metropolitan District (District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Section 14 Metropolitan District, as of December 31, 2019, 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.

Other-Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental information is the responsibility of management and was derived from and relate 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Highlands Ranch, Colorado
 , 2020

BASIC FINANCIAL STATEMENTS

DRAFT 6/13/2020

SECTION 14 METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2019

ASSETS

Cash and investments - unrestricted	\$ 1,039,759
Cash and investments - restricted	1,959
Cash with County Treasurer	9,517
Property taxes receivable	1,101,005
Prepaid expense	400
Capital assets, net of depreciation	292,648
Total assets	<u>2,445,288</u>

LIABILITIES

Accounts payable	31,497
Due to County Treasurer	6
Advances payable	
Due in more than one year	196,198
Total liabilities	<u>227,701</u>

DEFERRED INFLOWS OF RESOURCES

Property tax revenue	1,101,005
Total deferred inflows of resources	<u>1,101,005</u>

NET POSITION

Investment in capital assets	292,648
Restricted for emergencies	15,600
Restricted for debt service	156
Restricted for capital projects	329
Unrestricted	807,849
Total net position	<u><u>\$ 1,116,582</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**SECTION 14 METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 357,854	\$ -	\$ -	\$ -	\$ (357,854)
Interest and fiscal charges	58,482	-	-	-	(58,482)
	<u>\$ 416,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(416,336)</u>

General revenues:

Taxes:

Property taxes

1,367,106

Specific ownership taxes

113,554

Net investment income

38,362

Total general revenues

1,519,022

Change in net position

1,102,686

Net position - beginning

13,896

Net position - ending

\$ 1,116,582

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**SECTION 14 METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments - unrestricted	\$ 1,039,759	\$ -	\$ -	\$ 1,039,759
Cash and investments - restricted	-	160	1,799	1,959
Cash with County Treasurer	9,517	-	-	9,517
Property tax receivable	1,101,005	-	-	1,101,005
Prepaid expense	400	-	-	400
TOTAL ASSETS	<u>\$ 2,150,681</u>	<u>\$ 160</u>	<u>\$ 1,799</u>	<u>\$ 2,152,640</u>
LIABILITIES				
Accounts payable	\$ 30,027	\$ -	\$ 1,470	\$ 31,497
Due to County Treasurer	2	4	-	6
Total liabilities	<u>30,029</u>	<u>4</u>	<u>1,470</u>	<u>31,503</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	1,101,005	-	-	1,101,005
Total deferred inflows of resources	<u>1,101,005</u>	<u>-</u>	<u>-</u>	<u>1,101,005</u>
FUND BALANCES				
Nonspendable - prepaid items	400	-	-	400
Spendable:				
Restricted for:				
Emergencies	15,600	-	-	15,600
Debt service	-	156	-	156
Capital projects	-	-	329	329
Assigned for subsequent year's expenditures	572,609	-	-	572,609
Unassigned	431,038	-	-	431,038
Total fund balances	<u>1,019,647</u>	<u>156</u>	<u>329</u>	<u>1,020,132</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,150,681</u>	<u>\$ 160</u>	<u>\$ 1,799</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some long-term assets used in governmental activities are not financial resources
and, therefore, are not reported in the Balance Sheet - Governmental Funds.
Capital assets

292,648

Some liabilities, including bonds payable and other accrued payables, are not
due and payable in the current period and, therefore, are not reported in
the Balance Sheet - Governmental Funds.

Developer advances payable
Accrued interest payable - developer advances

(167,287)
(28,911)
(196,198)

Net position of governmental activities

\$ 1,116,582

These financial statements should be read only in connection with
the accompanying notes to financial statements.

SECTION 14 METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2019

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property tax	\$ 378,171	\$ 988,935	\$ -	\$ 1,367,106
Specific ownership tax	113,554	-	-	113,554
Net investment income	25,036	13,310	16	38,362
Total revenues	<u>516,761</u>	<u>1,002,245</u>	<u>16</u>	<u>1,519,022</u>
EXPENDITURES				
Current				
Management fees	14,804	-	-	14,804
Accounting	10,065	-	-	10,065
Audit	5,000	-	-	5,000
Legal	38,261	-	-	38,261
Insurance	6,152	-	-	6,152
Election expense	3,245	-	-	3,245
Directors fees	900	-	-	900
C&C of Denver annual fee	3,000	-	-	3,000
County Treasurer's fees	5,329	13,680	-	19,009
Payroll taxes	69	-	-	69
Utilities	87,373	-	-	87,373
Landscape maintenance	132,592	-	-	132,592
Engineering	-	-	1,470	1,470
Miscellaneous	3,747	-	-	3,747
Debt service				
Paying agent fees and other fees	-	3,025	-	3,025
Bond principal	-	995,000	-	995,000
Bond interest	-	49,750	-	49,750
Total expenditures	<u>310,537</u>	<u>1,061,455</u>	<u>1,470</u>	<u>1,373,462</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>206,224</u>	<u>(59,210)</u>	<u>(1,454)</u>	<u>145,560</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	(14,972)	-	-	(14,972)
Transfer from other funds	-	14,972	-	14,972
Total other financing sources (uses)	<u>(14,972)</u>	<u>14,972</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>191,252</u>	<u>(44,238)</u>	<u>(1,454)</u>	<u>145,560</u>
FUND BALANCES - BEGINNING OF YEAR	<u>828,395</u>	<u>44,394</u>	<u>1,783</u>	<u>874,572</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,019,647</u>	<u>\$ 156</u>	<u>\$ 329</u>	<u>\$ 1,020,132</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**SECTION 14 METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2019**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	\$ 145,560
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. Instead the cost of the asset is allocated over its estimated useful life, and recorded as depreciation expense in each of those years.	
Depreciation	(32,167)
	<u>(32,167)</u>
The repayment of the principal of long-term debt consumes current financial resources of governmental funds. However, it has no effect on net position.	
Bond principal payments	<u>995,000</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Amortization of bond insurance	(2,262)
Amortization of bond premium	4,119
Change in accrued interest payable - bonds	4,146
Change in accrued interest payable - advances	(11,710)
	<u>(5,707)</u>
Change in net position - Governmental activities	<u>\$ 1,102,686</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

SECTION 14 METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2019

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property tax	\$ 379,490	\$ 378,171	\$ (1,319)
Specific ownership taxes	86,608	113,554	26,946
Net investment income	5,000	25,036	20,036
Total Revenues	<u>471,098</u>	<u>516,761</u>	<u>45,663</u>
EXPENDITURES			
Management fees	9,400	14,804	(5,404)
Accounting	11,500	10,065	1,435
Audit	6,000	5,000	1,000
Legal	14,600	38,261	(23,661)
Insurance	6,900	6,152	748
Directors fees	1,600	900	700
Election expense	-	3,245	(3,245)
C&C of Denver annual fee	3,000	3,000	-
County Treasurer's fees	5,692	5,329	363
Dues and subscriptions	600	-	600
Payroll taxes	122	69	53
Utilities	90,000	87,373	2,627
Landscape maintenance	95,000	132,592	(37,592)
Miscellaneous	1,000	3,747	(2,747)
Contingency	85,000	-	85,000
Emergency reserves	14,133	-	14,133
Total Expenditures	<u>344,547</u>	<u>310,537</u>	<u>34,010</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>126,551</u>	<u>206,224</u>	<u>79,673</u>
OTHER FINANCING SOURCES (USES)			
Transfer to other funds	(382,042)	(14,972)	367,070
Total other financing sources (uses)	<u>(382,042)</u>	<u>(14,972)</u>	<u>367,070</u>
NET CHANGE IN FUND BALANCE	(255,491)	191,252	446,743
FUND BALANCE - BEGINNING OF YEAR	566,388	828,395	262,007
FUND BALANCE - END OF YEAR	<u>\$ 310,897</u>	<u>\$ 1,019,647</u>	<u>\$ 708,750</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Section 14 Metropolitan District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Jefferson and Denver Counties, Colorado. The District was established to provide financing for the acquisition, construction and installation of water and sewer facilities and park and open space facilities. The majority of the facilities constructed by the District have been conveyed to other entities for perpetual maintenance except certain roadway median landscaping improvements.

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the District, the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, being reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

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

The District reports the following major governmental funds:

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

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

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

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in total cash.

Capital Assets

Capital assets, which include land and infrastructure improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Monuments and signs	25 years
Streets	20 years

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 30 or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Deferred Inflows/Outflows of Resources

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 or fund balance 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are property taxes levied for the ensuing year.

Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, with the unamortized amount included as a component of the debt. Debt issuance costs are treated as a period cost and expensed in the year incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

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

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Cash and investments - unrestricted	\$ 1,039,759
Cash and investments - restricted	1,959
	<u>\$ 1,041,718</u>

Cash and investments as of December 31, 2019 consist of the following:

Deposits with financial institutions	\$ 21,807
Investments	1,019,911
	<u>\$ 1,041,718</u>

Cash Deposits

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

At December 31, 2019, the District's cash deposits had a bank balance of \$39,540 and carrying balance of \$21,807.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

At December 31, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$1,019,751
First American Treasury Obligations Fund	Weighted average under 60 days	160
		<u>\$1,019,911</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST is rated AAAM by Standard and Poor's. A designated custodial bank serves as custodian for COLOTRUST's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for COLOTRUST's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. As of December 31, 2019, the District had \$1,019,751 invested in COLOTRUST held directly by the District. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at www.colotrust.com.

First American Treasury Obligations Fund

The debt service money in the trust accounts at US Bank has been invested in the First American Treasury Obligations Fund. This portfolio is a money market fund which invests in U.S. Treasury obligations which are fully guaranteed as to principal and interest by the United States, with maturities of 60 days or less and repurchase agreements collateralized by U.S. Treasury obligations. The First American Treasury Obligations Fund is rated AAAM by Standards & Poor's. As of December 31, 2019, the District had \$160 invested in the First American Treasury Obligations Fund held by the trustee.

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Investment Valuation

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST and the First American Treasury Obligation Fund at yearend for which the investment valuations were determined as follows.

COLOTRUST and the First American Treasury Obligation Fund determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST and the First American Treasury Obligation Fund, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and the First American Treasury Obligation Fund and there can be no assurance that the NAV will not vary from \$1.00 per share.

Restricted Cash and Investments

At December 31, 2019, cash and investments in the amount of \$160 are restricted for debt service in accordance with the indenture of trust related to the Series 2000 General Obligation Bonds (See Note 5).

At December 31, 2019, cash and investments in the amount of \$1,799 are restricted for capital asset construction.

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2019 follows:

<u>Governmental Activities</u>	<u>Balance at January 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2019</u>
Capital assets, being depreciated:				
Monuments and signs	\$ 459,156	\$ -	\$ -	\$ 459,156
Streets	157,386	-	-	157,386
Total capital assets, being depreciated	<u>616,542</u>	<u>-</u>	<u>-</u>	<u>616,542</u>
Less accumulated depreciation for:				
Monuments and signs	240,576	24,298	-	264,874
Streets	51,151	7,869	-	59,020
Total accumulated depreciation	<u>291,727</u>	<u>32,167</u>	<u>-</u>	<u>323,894</u>
Total capital assets, being depreciated, net	<u>324,815</u>	<u>(32,167)</u>	<u>-</u>	<u>292,648</u>
Governmental activities capital assets, net	<u>\$ 324,815</u>	<u>\$ (32,167)</u>	<u>\$ -</u>	<u>\$ 292,648</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2019:

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2019</u>	<u>Due Within One Year</u>
Series 2000 G.O. Refunding Bonds	\$ 995,000	\$ -	\$ (995,000)	\$ -	\$ -
Bond premium, net of amortization	4,119	-	(4,119)	-	-
Chanson, LLP advances	61,960	-	-	61,960	-
Chanson, LLP interest	6,971	4,337	-	11,308	-
Section 14 Development Co. advances	105,327	-	-	105,327	-
Section 14 Development Co. interest	10,230	7,373	-	17,603	-
	<u>\$ 1,183,607</u>	<u>\$ 11,710</u>	<u>\$ (999,119)</u>	<u>\$ 196,198</u>	<u>\$ -</u>

The detail of the District's long-term debt is as follows:

General Obligation Refunding Bonds, Series 2000

On April 27, 2000, the District issued \$5,995,000 General Obligation Refunding Bonds, Series 2000, (2000 Bonds). The bonds initially bore interest in the variable pricing long-term mode at an interest rate of 5.2% until November 30, 2006. On December 1, 2006, the interest rate mode was changed from an annual mode to a monthly mode. The Series 2000 bonds were secured by an irrevocable direct pay letter of credit issued by the U.S. Bank National Association.

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Interest payments on the bonds are due on June 1 and December 1 each year. The bonds are subject to mandatory redemption upon notice and upon certain conditions and terms as contained in the First Supplemental Indenture of Trust through December 1, 2019. The bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2016, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

On January 2, 2007, the 2000 Bonds were remarketed from a variable interest rate to a fixed interest rate as permitted by the Bond Indenture. The interest rate ranges from 4.00% to 5.00%. As part of the remarketing, the letter of credit was terminated. Repayment of principal and interest on the remarketed 2000 Bonds is insured by Radian Asset Assurance, Inc. (Radian). As of April 1, 2015, Radian was acquired by Assured Guaranty Corp. (AGC). AGC has assumed all of Radian's insurance policies. Therefore, all outstanding bonds insured by Radian will now carry AGC's Moody's rating of A3.

The District's 2000 General Obligation Refunding Bonds were paid in full as of December 31, 2019.

Project Funding and Reimbursement Agreement for Signage at Chanson Plaza – Chanson, LLP

On July 11, 2019, the District entered into a Project Funding and Reimbursement Agreement with Chanson, LLP, effective June 1, 2019. Per this agreement, Chanson LLP will retrofit existing signage public improvements and the District will reimburse Chanson LLP for verified costs. Reimbursement will be made from annually appropriated amounts available after the payment of the District's annual costs of operation and debt, after all allocations of amounts required for repair, replacement or depreciation, and after payment of debt service requirements on the existing debt of the District. Reimbursement shall be made no later than December 15, 2019. Interest will accrue at the rate of 7% per annum commencing on the date that the verified costs are expended by Chanson LLP. At December 31, 2019, the District owed \$61,960 in principal and \$11,308 in accrued interest under the agreement.

Project Funding and Reimbursement Agreement for Signage at Belleview Shores – The Section 14 Development Co.

On July 11, 2019, the District entered into a Project Funding and Reimbursement Agreement with The Section 14 Development Co., effective June 1, 2019. Per this agreement, The Section 14 Development Co. will retrofit existing signage public improvements and the District will reimburse The Section 14 Development Co. for verified costs. Reimbursement will be made from annually appropriated amounts available after the payment of the District's annual costs of operation and debt, after all allocations of amounts required for repair, replacement or depreciation, and after payment of debt service requirements on the existing debt of the District. Reimbursement shall be made no later than December 15, 2019. Interest will accrue at the rate of 7% per annum commencing on the date that the verified costs are expended by The Section 14 Development Co. At December 31, 2019, the District owed \$105,327 in principal and \$17,603 in accrued interest under the agreement.

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Project Funding and Reimbursement Agreement (Future Projects) – Chanson LLP

On June 25, 2012, the District entered into a Project Funding and Reimbursement Agreement (Future Projects) with Chanson LLC (Chanson LLP as of December 2014). Per this agreement, Chanson LLP will design, construct, install and complete future improvements to the District's infrastructure not to exceed a total of \$59,999. Once the District has received written verification and certification from an independent engineer, the District will reimburse Chanson LLP for the verified costs using annually appropriated amounts available after the payment of its annual costs of operation and debt. This reimbursement will be on an annual basis. Interest will accrue at the rate of 7% per annum commencing on the date that the verified costs are expended by Chanson LLP. At December 31, 2019, there were no advances due under the agreement.

Project Funding and Reimbursement Agreement (Future Projects) – Bowles Village Center, LLC

On June 25, 2012, the District entered into a Project Funding and Reimbursement Agreement (Future Projects) with Bowles Village Center, LLC (Bowles). Per this agreement, Bowles will design, construct, install and complete future improvements to the District's infrastructure not to exceed a total of \$59,999. Once the District has received written verification and certification from an independent engineer, the District will reimburse Bowles for the verified costs using annually appropriated amounts available after the payment of its annual costs of operation and debt. This reimbursement will be on an annual basis. Interest will accrue at the rate of 7% per annum commencing on the date that the verified costs are expended by Bowles. At December 31, 2019, there were no advances due under the agreement.

Project Funding and Reimbursement Agreement (Future Projects) – Section 14 Development Co.

On June 25, 2012, the District entered into a Project Funding and Reimbursement Agreement (Future Projects) with Section 14 Development Co. (Section 14 Development). Per this agreement, Section 14 Development will design, construct, install and complete future improvements to the District's infrastructure not to exceed a total of \$59,999. Once the District has received written verification and certification from an independent engineer, the District will reimburse Section 14 Development for the verified costs using annually appropriated amounts available after the payment of its annual costs of operation and debt. This reimbursement will be on an annual basis. Interest will accrue at the rate of 7% per annum commencing on the date that the verified costs are expended by Section 14 Development. At December 31, 2019, there were no advances due under the agreement.

NOTE 6 – DEBT AUTHORIZATION

At December 31, 2019, the District had \$17,000,000 of authorized by unissued indebtedness for refunding purposes and operating and maintenance expenses.

NOTE 7 – FUND EQUITY

At December 31, 2019, the District reported the following classifications of fund equity.

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$400 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$15,600 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12).

The restricted fund balance in the Debt Service Fund in the amount of \$156 is to be used exclusively for debt service requirements (see Note 5).

The restricted fund balance in the Capital Projects Fund in the amount of \$329 is to be used exclusively for capital asset construction.

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$572,609 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

NOTE 8 - NET POSITION

The District's net position consists of three components – investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, developer advances, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2019, the District reported \$292,648 as its investment in capital assets as no debt was issued to pay for construction.

The restricted portion of net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2019 is as follows:

Restricted net position:

Emergency reserves (see Note 12)	\$ 15,600
Debt Service	156
Capital Projects	329
	<u>\$ 16,085</u>

The District's unrestricted net position at December 31, 2019 totaled \$807,849.

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 – RELATED PARTIES

The primary Developer of the property which constitutes the District is Jordon Perlmutter & Co. (Developer). During 2019, a majority of the members of the Board of Directors were officers or employees for, or otherwise associated with the Developer and may have conflicts of interest in matters involving the District.

Cost Sharing Agreement

On June 26, 1998 and most recently revised on May 3, 2006, the District entered into a Cost Sharing Agreement with the Developer, pursuant to which the District and Developer agreed to share the cost of providing landscape maintenance services and irrigation to property in and around the District. The District's share of these expenses ranges from 28-60%, depending on the location. The District reimbursed the Developer approximately \$189,529 for landscape maintenance and utilities under the terms of this agreement during the year ended December 31, 2019.

NOTE 10- AGREEMENTS

Intergovernmental Agreement – Grant Water and Sanitation District

The District has a mutual service agreement with Grant Water and Sanitation District (Grant) which recognizes that the District has been formed to provide services as set forth in its service plan, including construction of water and sanitation facilities which Grant has determined it cannot currently construct. Facilities are to be constructed by the District in accordance with the master plan and the rules and regulations of the Grant Water and Sanitation District. All water and sanitation facilities shall be conveyed to Grant or the City of Denver for ownership and maintenance purposes.

License Agreement (Existing Signage and Monumentation) – Chanson, LLP

On November 22, 2010, the District entered into a License Agreement with Chanson, LLP (Chanson). Per this agreement, Chanson grants the District a non-exclusive license for access to the existing signage and monumentation (Existing signage) on property owned by Chanson. In return, the District agrees to operate and maintain the Existing signage at its own expense.

License Agreement (Signage and Monumentation) – Chanson, LLP

On November 22, 2010, the District entered into a License Agreement with Chanson, LLP (Chanson). Per this agreement, Chanson grants the District a non-exclusive license for access to any newly constructed signage and monumentation (Signage) on property owned by Chanson. In return, the District agrees to operate and maintain the Signage at its own expense.

License Agreement (Existing Signage and Monumentation) – Bowles Village Center, LLC

On November 22, 2010, the District entered into a License Agreement with Bowles Village Center, LLC (Bowles). Per this agreement, Bowles grants the District a non-exclusive license for access to the existing signage and monumentation (Existing signage) on property owned by

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Chanson. In return, the District agrees to operate and maintain the Existing signage at its own expense.

License Agreement (Existing Signage and Monumentation) – Section 14 Development Co.

On November 22, 2010, the District entered into a License Agreement with Section 14 Development Co. (Section 14 Development). Per this agreement, Section 14 Development grants the District a non-exclusive license for access to the existing signage and monumentation (Existing signage) on property owned by Chanson. In return, the District agrees to operate and maintain the Existing signage at its own expense.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2019. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

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

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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.

On May 3, 1994, the District's electors authorized the District to retain and spend all revenue derived from sales tax reimbursements up to a maximum of \$2,000,000, program payment fees up to a maximum of \$2,000,000, revenues collected from rates, tolls, fees and charges for services or facilities furnished by the District up to a maximum of \$2,000,000 annually commencing in 1994 and all subsequent years without limitations under TABOR.

**SECTION 14 METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

On November 6, 2012, a majority of the District's electors authorized the District to increase its taxes by \$320,296 annually beginning in 2013 and in each year thereafter without limitation under TABOR to pay administration, operations and capital expenses.

On November 5, 2019, a majority of the District's electors authorized the District to increase its taxes by \$1,194,595 annually beginning in 2020 and in each year thereafter necessary to pay the District's administration, operations, maintenance and capital expenses; such taxes to consist of an ad valorem mill levy not to exceed 23.669 mills.

Additionally, a majority of the District's electors authorized the District to increase taxes by \$1,194,595 annually or by such lesser amount as necessary to pay the District's administration, operations, maintenance, and capital expenses, by the imposition of a fee or fees imposed, without limitation as to rate or amount or any other condition to pay such expenses and shall the proceeds of such fees and any investment income thereon be collected, retained and spent by the District is fiscal year 2019 and in each fiscal year thereafter as a voter-approved revenue change without regarding to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District.

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.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

DRAFT 6/13/2020

SECTION 14 METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2019

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 993,585	\$ 988,935	\$ (4,650)
Net investment income	2,381	13,310	10,929
Total Revenues	995,966	1,002,245	6,279
EXPENDITURES			
Bond principal	995,000	995,000	-
Bond interest	49,750	49,750	-
Paying agent and other fees	3,821	3,025	796
County treasurer's fees	14,904	13,680	1,224
Total Expenditures	1,063,475	1,061,455	2,020
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(67,509)	(59,210)	8,299
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,042	14,972	12,930
Total other financing sources (uses)	2,042	14,972	12,930
NET CHANGE IN FUND BALANCE	(65,467)	(44,238)	21,229
FUND BALANCE - BEGINNING OF YEAR	65,467	44,394	(21,073)
FUND BALANCE - END OF YEAR	\$ -	\$ 156	\$ 156

**SECTION 14 METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2019**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Net investment income	\$ -	16	16
Total Revenues	<u>-</u>	<u>16</u>	<u>16</u>
EXPENDITURES			
Developer reimbursement	382,725	-	382,725
Engineering	-	1,470	(1,470)
Contingency	1,769	-	1,769
Total Expenditures	<u>384,494</u>	<u>1,470</u>	<u>383,024</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(384,494)</u>	<u>(1,454)</u>	<u>383,040</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	380,000	-	(380,000)
Total other financing sources (uses)	<u>380,000</u>	<u>-</u>	<u>(380,000)</u>
NET CHANGE IN FUND BALANCE	(4,494)	(1,454)	3,040
FUND BALANCE - BEGINNING OF YEAR	<u>4,494</u>	<u>1,783</u>	<u>(2,711)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ 329</u>

OTHER INFORMATION

DRAFT 6/13/2020

**SECTION 14 METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED FOR YEARS 2014 TO 2020
Year Ended December 31, 2019
(UNAUDITED)**

<u>Year Ended December 31,</u>	<u>Assessed Valuation</u>	<u>Mills Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2015 Total Collections					
Jefferson County	\$ 36,808,664	23.422	\$ 862,132		
City & County of Denver	\$ 7,870,650	23.552	\$ 185,369		
<u>Plus Excluded Property Subject to Debt Levy Only</u>					
Jefferson County 1994 Exclusion	\$ 3,745,159	6.846	\$ 25,639		
Grant Ranch Cove Exclusion	\$ 3,038,017	19.088	\$ 57,989		
Westlake Exclusion	\$ 3,369,410	6.846	\$ 23,067		
Village @ Raccoon Creek Exclusion	\$ 3,028,900	19.038	\$ 57,664		
	<u>\$ 57,860,800</u>		<u>\$ 1,211,860</u>	<u>\$ 1,211,116</u>	<u>99.94%</u>
2016 Total Collections					
Jefferson County	\$ 38,108,589	23.290	\$ 887,549		
City & County of Denver	\$ 8,464,690	23.290	\$ 197,143		
<u>Plus Excluded Property Subject to Debt Levy Only</u>					
Jefferson County 1994 Exclusion	\$ 4,320,335	6.550	\$ 28,298		
Grant Ranch Cove Exclusion	\$ 3,537,679	18.180	\$ 64,315		
Westlake Exclusion	\$ 4,221,010	6.550	\$ 27,648		
Village @ Raccoon Creek Exclusion	\$ 3,512,810	18.180	\$ 63,863		
	<u>\$ 62,165,113</u>		<u>\$ 1,268,816</u>	<u>\$ 1,262,599</u>	<u>99.51%</u>
2017 Total Collections					
Jefferson County	\$ 37,534,351	23.669	\$ 888,401		
City & County of Denver	\$ 8,443,000	23.669	\$ 199,837		
<u>Plus Excluded Property Subject to Debt Levy Only</u>					
Jefferson County 1994 Exclusion	\$ 4,220,332	6.687	\$ 28,221		
Grant Ranch Cove Exclusion	\$ 3,546,470	18.559	\$ 65,819		
Westlake Exclusion	\$ 4,150,630	6.687	\$ 27,755		
Village @ Raccoon Creek Exclusion	\$ 3,506,510	18.559	\$ 65,077		
	<u>\$ 61,401,293</u>		<u>\$ 1,275,110</u>	<u>\$ 1,270,210</u>	<u>99.62%</u>
2018 Total Collections					
Jefferson County	\$ 42,757,296	23.691	\$ 1,012,964		
City & County of Denver	\$ 9,583,720	23.669	\$ 226,837		
<u>Plus Excluded Property Subject to Debt Levy Only</u>					
Jefferson County 1994 Exclusion	\$ 4,886,852	4.976	\$ 24,317		
Grant Ranch Cove Exclusion	\$ 3,672,778	14.006	\$ 51,441		
Westlake Exclusion	\$ 4,806,530	4.976	\$ 23,917		
Village @ Raccoon Creek Exclusion	\$ 3,762,240	13.812	\$ 51,964		
	<u>\$ 69,469,416</u>		<u>\$ 1,391,440</u>	<u>\$ 1,352,795</u>	<u>97.22%</u>
2019 Total Collections					
Jefferson County	\$ 41,154,972	23.803	\$ 979,613		
City & County of Denver	\$ 9,315,930	23.669	\$ 220,499		
<u>Plus Excluded Property Subject to Debt Levy Only</u>					
Jefferson County 1994 Exclusion	\$ 4,915,422	5.819	\$ 28,603		
Grant Ranch Cove Exclusion	\$ 3,689,155	16.150	\$ 59,580		
Westlake Exclusion	\$ 4,598,240	5.819	\$ 26,757		
Village @ Raccoon Creek Exclusion	\$ 3,592,890	16.150	\$ 58,025		
	<u>\$ 67,266,609</u>		<u>\$ 1,373,077</u>	<u>\$ 1,367,106</u>	<u>99.57%</u>

**SECTION 14 METROPOLITAN DISTRICT
TEN LARGEST TAXPAYERS WITHIN THE DISTRICT
Year Ended December 31, 2019
(UNAUDITED)**

Name	2019 Assessed Valuation	Percent of District Total Assessed Valuation¹
VESTAR BOWLES CROSSING LLC		0.00%
THE SECTION 14 DEVELOPMENT CO		0.00%
BOWLES VILLAGE CENTER LLC		0.00%
CHANSON LLC		0.00%
CHANSON LLC		0.00%
CHANSON LLC		0.00%
THE SECTION 14 DEVELOPMENT CO		0.00%
CHANSON LLC		0.00%
THE SECTION 14 DEVELOPMENT CO		0.00%
THE SECTION 14 DEVELOPMENT CO		0.00%
Total	\$ -	0.00%

¹ Based on District 2019 assessed valuation of \$73,311,652 to be collected in 2020.

Source: Denver and Jefferson County Assessor's Office

SECTION 14 METROPOLITAN DISTRICT
2019 ASSESSED VALUATION OF CLASSES OF PROPERTY IN THE
DISTRICT - (FOR COLLECTION IN 2020)
Year Ended December 31, 2019
(UNAUDITED)

<u>Class</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation</u>
Commercial		#DIV/0!
Residential		#DIV/0!
Vacant		#DIV/0!
State Assessed		#DIV/0!
Unallocated (*)		#DIV/0!
Total	<u>\$ -</u>	<u>#DIV/0!</u>

(*) amount could not be identified by class.

Source: Denver and Jefferson County Assessor's Office

**SECTION 14 METROPOLITAN DISTRICT
SELECTED DEBT RATIOS OF THE DISTRICT
Year Ended December 31, 2019
(UNAUDITED)**

Direct Debt as of December 31, 2019	\$ <u>-</u>
2019 Assessed Valuation, Current District & Exclusions	\$ 73,311,652
Direct Debt to Assessed Valuation, Current District & Exclusions	0.0%
2019 Estimated Statutory "Actual" Value, Current District & Exclusions	\$ 428,711,771
Direct Debt to 2019 Estimated Statutory "Actual" Value, Current District & Exclusions	0.00%

DRAFT 6/13/2020

SECTION 14 METROPOLITAN DISTRICT

_____, 2020

Schilling & Company, Inc.
PO Box 631579
Highlands Ranch, CO 80163

This representation letter is provided in connection with your audit of the financial statements of Section 14 Metropolitan District, which comprise the respective financial position of the governmental activities and each major fund as of December 31, 2019, and the respective changes in financial for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of the Independent Auditor's Report the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 12, 2019 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units, if any, required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or

payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We have reviewed the attached Exhibit I of corrected misstatements and are in agreement with them. We have directed that these correcting entries be posted to the accounting records of the District.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a) Management,
 - b) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented, if any.
- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.
- 32) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 33) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 34) Components of net position (restricted and unrestricted), and components of fund balance (nonspendable, restricted, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments are properly valued.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 43) The Management's Discussion and Analysis which is required supplementary information (RSI) has been omitted from the financial statements. We are aware that such information is required by accounting principles generally accepted in the United States.
- 44) With respect to the Supplementary Information as listed in the table of contents:
 - a) We acknowledge our responsibility for presenting the Supplementary Information in accordance with accounting principles generally accepted in the United States of America, and we believe the Supplementary Information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Supplementary Information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the Supplementary Information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 45) The District understands that TABOR (Section 20 of Article X of the Colorado Constitution) is complex and subject to interpretation and that many of the provisions will require judicial interpretation. We have reviewed the various provisions and interpretations and believe to the best of our knowledge at this time, the District is in compliance.

46) We have directed that all banking and savings and loan institutions be notified of our assigned number which identifies that our deposits are subject to the respective Public Deposit Protection Act.

SECTION 14 METROPOLITAN DISTRICT

Member of the Board of Directors

District Accountant

Adj. Journal Entries
Section 14 Metropolitan District
December 31, 2019

6/13/2020 7:43:28 PM

Done by:	Date:	Index:
Reviewer:	Date:	

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	Deferred Property Taxes	Client	2-320	993,585.00	
1	Property Taxes Receivable		2-135		993,585.00
1	Property Taxes Receivable		1-135	721,515.00	
1	Deferred Property Taxes		1-320		721,515.00

To remove Debt Service and adjust General Fund property taxes receivable/deferred revenue and at 12/31/19

2	Utilities	AA-1	1-710	11,512.20	
2	Landscape Maintenance		1-786	7,678.00	
2	Accounts Payable		1-310		19,190.20

To record additional accounts payable at 12/31/19.

Totals				<u>1,734,290.20</u>	<u>1,734,290.20</u>
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After recording return to:
McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Attn: MaryAnn McGeady

ASSIGNMENT OF COMMISSIONERS EASEMENT DEED

THIS ASSIGNMENT OF COMMISSIONERS EASEMENT DEED (this “**Assignment**”) is made and entered into on ____ of _____, 2020 (the “**Effective Date**”), by and between **CHANSON LLP**, a Colorado limited liability partnership, whose address is _____ (“**Assignor**”) and **SECTION 14 METROPOLITAN DISTRICT**, a quasi-municipal corporation and political subdivision of the State of Colorado, whose address is 141 Union Boulevard, Suite 150, Lakewood, CO 80228-1898 (“**Assignee**”).

RECITALS

A. Foothills Park and Recreation District, a quasi-municipal corporation and political subdivision of the State of Colorado, is successor in interest to the County of Jefferson, State of Colorado, a body politic and corporate (“**Grantor**”).

B. Chanson LLP is successor in interest to Section 14 Development Co, a Colorado partnership (“**Grantee**”).

C. Grantor and Grantee are parties to that certain Commissioners Easement Deed, dated November 12, 1986, and recorded on November 14, 1986 at Reception No. 86140821 with the Jefferson County Clerk and Recorder’s Office (the “**Easement Agreement**”). The location of the easement is further identified on **Exhibit A** (the “**Easement Premises**”).

D. Assignor desires to assign the rights, title, interests and obligations of the Easement Agreement to Assignee with the exception of the responsibility of Assignor pursuant to Section 4 of the Easement Agreement, related to oil containment devices, if any, located outside the Easement Premises (the “**Off-Easement Premises Oil Containment Device Maintenance Responsibility**”).

E. Assignee desires to assume the rights, title, interests and obligations of the Easement Agreement, with the exception of the Off-Easement Premises Oil Containment Device Maintenance Responsibility.

NOW, THEREFORE, for and in consideration of the mutual covenants herein set forth, the parties agree as follows:

COVENANTS AND AGREEMENTS

1. **Defined Terms**. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Easement Agreement.

2. Assignment; Assumption. As of the Effective Date, Assignor hereby sells, conveys, transfers, assigns unto Assignee, to the extent permitted by law, all of Assignor's right, title and interest in, to and under the Easement Agreement without representation or warranty, with the exception of the Off-Easement Premises Oil Containment Device Maintenance Responsibility. As of the Effective Date, Assignee hereby accepts such right, title and interest and assumes, and agrees to be bound by, all of the terms, covenants and agreements of the Easement Agreement and perform, from and after the Effective Date, all of the duties and obligations of Assignor as "**Grantee**" under the Easement Agreement with the exception of the Off-Easement Premises Oil Containment Device Maintenance Responsibility.

3. Execution. This Assignment may be executed in counterparts as originals or by electronic copies of executed originals; provided however, if executed and evidence of execution is made by electronic copy, then an original shall be provided to the other Party within seven days of receipt of said electronic copy.

4. Entire Agreement. This Assignment contains the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, and all prior negotiations, agreements and understandings, oral or written, are merged herein and superseded hereby.

5. Authority. Each party for itself, its successors and assigns, hereby represents that it is duly and validly authorized to enter into, execute, deliver, and perform under this Assignment, and that the parties signing on its behalf have all the necessary authority to execute and deliver this Assignment.

6. Successor and Assigns. This Assignment and all rights and obligations of Assignee and Assignor hereunder shall be binding upon and inure to the benefit of Assignor, Assignee and the heirs, successors and assigns of each such party.

7. Miscellaneous. This Assignment shall be governed by and construed under the applicable laws of the State of Colorado. This Assignment may be executed in counterparts.

[SIGNATURE PAGES FOLLOW]

ASSIGNEE:

SECTION 14 METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
Name: _____
Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020, by _____, as _____ of SECTION 14 METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT A
INSERT MATRIX EXHIBIT - DOC NO 789455
Placeholder image is below

