

SECTION 14 METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2016

with

Independent Auditors' Report



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Board of Directors
Section 14 Metropolitan District
Jefferson County, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Section 14 Metropolitan District, as of and for the year ended December 31, 2016, 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 of 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 the Section 14 Metropolitan District as of December 31, 2016, and the respective changes in financial position and the respective 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 Supplementary Information

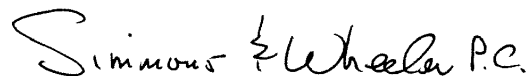
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Section 14 Metropolitan District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The continuing disclosure annual financial information, as 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 them.

The image shows a handwritten signature in cursive script that reads "Simons & Wheeler P.C.".

Englewood, CO
July 27, 2017

SECTION 14 METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash and investments	\$ 343,410	\$ -	\$ -	\$ 343,410	\$ -	\$ 343,410
Cash and investments - restricted	9,643	225,541	1,762	236,946	-	236,946
Receivable - County Treasurer	8,181	532	-	8,713	-	8,713
Property taxes receivable	234,945	1,040,166	-	1,275,111	-	1,275,111
Prepays	5,001	-	-	5,001	-	5,001
Bond insurance, net of amortization	-	-	-	-	12,970	12,970
Capital assets, net of depreciation	-	-	-	-	229,192	229,192
Total Assets	<u>\$ 601,180</u>	<u>\$ 1,266,239</u>	<u>\$ 1,762</u>	<u>\$ 1,869,181</u>	<u>242,162</u>	<u>2,111,343</u>
LIABILITIES						
Accounts payable	\$ 66,127	\$ -	\$ -	\$ 66,127	-	66,127
Payroll Taxes Payable	46	-	-	46	-	46
Accrued interest on bonds	-	-	-	-	11,566	11,566
Long-term liabilities:						
Due within one year	-	-	-	-	896,490	896,490
Due in more than one year	-	-	-	-	1,947,128	1,947,128
Total Liabilities	<u>66,173</u>	<u>-</u>	<u>-</u>	<u>66,173</u>	<u>2,855,184</u>	<u>2,921,357</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	234,945	1,040,166	-	1,275,111	-	1,275,111
Total Deferred Inflows of Resources	<u>234,945</u>	<u>1,040,166</u>	<u>-</u>	<u>1,275,111</u>	<u>-</u>	<u>1,275,111</u>
FUND BALANCES/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepays	5,001	-	-	5,001	(5,001)	-
Restricted:						
Emergencies	9,643	-	-	9,643	(9,643)	-
Debt service	-	226,073	-	226,073	(226,073)	-
Capital projects	-	-	1,762	1,762	(1,762)	-
Assigned	201,764	-	-	201,764	(201,764)	-
Unassigned	83,654	-	-	83,654	(83,654)	-
Total Fund Balances	<u>300,062</u>	<u>226,073</u>	<u>1,762</u>	<u>527,897</u>	<u>(527,897)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 601,180</u>	<u>\$ 1,266,239</u>	<u>\$ 1,762</u>	<u>\$ 1,869,181</u>		
Net Position:						
Net investment in capital assets					(667,298)	(667,298)
Restricted for:						
Emergencies					9,643	9,643
Debt service					214,507	214,507
Capital projects					1,762	1,762
Unrestricted					(1,643,739)	(1,643,739)
Total Net Position					<u>\$(2,085,125)</u>	<u>\$(2,085,125)</u>

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

SECTION 14 METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
Accounting	\$ 10,666	\$ -	\$ -	\$ 10,666	\$ -	\$ 10,666
Audit	5,974	-	-	5,974	-	5,974
Directors' fees	300	-	-	300	-	300
District management	6,836	-	-	6,836	-	6,836
Dues & subscriptions	616	-	-	616	-	616
Election	913	-	-	913	-	913
Insurance	5,193	-	-	5,193	-	5,193
Legal	6,989	-	-	6,989	-	6,989
Statutory compliance	158	-	-	158	-	158
Miscellaneous expenses	226	-	-	226	-	226
C&C of Denver annual fee	3,000	-	-	3,000	-	3,000
Payroll taxes	23	-	-	23	-	23
Treasurer's fees	3,335	14,161	-	17,496	-	17,496
Utilities	99,840	-	-	99,840	-	99,840
Landscape maintenance	103,412	-	-	103,412	-	103,412
Bond principal - Series 2000	-	835,000	-	835,000	(835,000)	-
Bond interest expense - Series 2000	-	176,363	-	176,363	(3,131)	173,232
Paying agent fees	-	2,750	-	2,750	-	2,750
Amortize bond insurance premium	-	-	-	-	8,018	8,018
Amortize bond premium	-	-	-	-	(14,600)	(14,600)
Depreciation	-	-	-	-	17,524	17,524
Total Expenditures	<u>247,481</u>	<u>1,028,274</u>	<u>-</u>	<u>1,275,755</u>	<u>(827,189)</u>	<u>448,566</u>
GENERAL REVENUES						
Property taxes	236,680	1,025,919	-	1,262,599	-	1,262,599
Specific ownership taxes	98,205	-	-	98,205	-	98,205
Interest income	2,266	4,976	4	7,246	-	7,246
Total General Revenues	<u>337,151</u>	<u>1,030,895</u>	<u>4</u>	<u>1,368,050</u>	<u>-</u>	<u>1,368,050</u>
NET CHANGE IN FUND BALANCES	89,670	2,621	4	92,295	(92,295)	
CHANGE IN NET POSITION					919,484	919,484
FUND BALANCE/NET POSITION:						
BEGINNING OF YEAR	<u>210,392</u>	<u>223,452</u>	<u>1,758</u>	<u>435,602</u>	<u>(3,440,211)</u>	<u>(3,004,609)</u>
END OF YEAR	<u>\$ 300,062</u>	<u>\$ 226,073</u>	<u>\$ 1,762</u>	<u>\$ 527,897</u>	<u>\$ (2,613,022)</u>	<u>\$ (2,085,125)</u>

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

SECTION 14 METROPOLITAN DISTRICT

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

For the Year Ended December 31, 2016

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Property taxes	\$ 237,990	\$ 236,680	\$ (1,310)
Specific ownership taxes	85,000	98,205	13,205
Interest income	<u>400</u>	<u>2,266</u>	<u>1,866</u>
Total Revenues	<u>323,390</u>	<u>337,151</u>	<u>13,761</u>
EXPENDITURES			
Accounting	11,000	10,666	334
Audit	6,000	5,974	26
Directors' fees	1,500	300	1,200
District management	8,840	6,836	2,004
Dues & subscriptions	600	616	(16)
Election	1,000	913	87
Insurance	4,300	5,193	(893)
Legal	14,100	6,989	7,111
Statutory compliance	500	158	342
Miscellaneous expenses	1,000	226	774
C&C of Denver annual fee	3,000	3,000	-
Payroll taxes	115	23	92
Treasurer's fees	-	3,335	(3,335)
Utilities	90,000	99,840	(9,840)
Landscape maintenance	95,000	103,412	(8,412)
Contingency	100,000	-	100,000
Emergency reserve	<u>9,702</u>	<u>-</u>	<u>9,702</u>
Total Expenditures	<u>346,657</u>	<u>247,481</u>	<u>99,176</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(23,267)	89,670	112,937
OTHER FINANCING SOURCES (USES)			
Transfer (to) other funds	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	(123,267)	89,670	212,937
FUND BALANCE:			
BEGINNING OF YEAR	<u>195,327</u>	<u>210,392</u>	<u>15,065</u>
END OF YEAR	<u>\$ 72,060</u>	<u>\$ 300,062</u>	<u>\$ 228,002</u>

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

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2016

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Section 14 Metropolitan District (“District”), located in the City of Lakewood, Jefferson County, and the City and County of Denver, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized in January 1987 as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to provide for the construction and financing of water and sewer facilities, and park and open space facilities, of which the majority have been transferred to other entities for ownership and maintenance. The District is responsible for maintaining certain roadway median landscaping improvements. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended GASB Statement No. 14, The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

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

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

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Basis of Presentation

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

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. For the most part, the effect of interfund activity has been eliminated from the statement of net assets.

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*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

The District reports the following major governmental funds:

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

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

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

Budgetary Accounting

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

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Deposits and Investments

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

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

Interfund Balances

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

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has no items that qualify for reporting in this category.

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

Long-Term Obligations

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

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Bond Insurance Costs and Bond Premium

Bond premium and bond insurance related to the 2007 interest rate mode conversion of the Series 2000 and Series 2004 Bonds are being amortized over the respective terms of the bonds using the interest method. Accumulated amortization of the bond insurance amounted to \$137,734 at December 31, 2016. Accumulated amortization of the bond premium amounted to \$250,799 at December 31, 2016.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Monument signs	25 years
Street improvements	20 years

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally 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 in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Equity

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

Nonspendable Fund Balance

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

The nonspendable fund balance in the General Fund in the amount of \$5,001 represents prepaid expenditures.

Restricted Fund Balance

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

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$9,643 of the General Fund balance has been restricted in compliance with this requirement.

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Notes to Financial Statements December 31, 2016

The restricted fund balance in the Debt Service Fund in the amount of \$226,073 is restricted for the payment of the debt service costs associated with the District's Series 2000 General Obligation Bonds (see Note 4).

The restricted fund balance in the Capital Fund in the amount of \$1,762 is restricted for the payment of the costs for capital improvements within the District.

Assigned Fund Balance

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

The assigned fund balance in the General Fund represents funds intended for use for operating expenses during 2017 per the adopted budget for 2017 approved by the Board of Directors.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

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

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

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

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

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

Note 2: Cash and Investments

As of December 31, 2016, cash and investments are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 343,410
Cash and investments – restricted	<u>236,946</u>
Total	\$ <u>580,356</u>

Cash and investments as of December 31, 2016 consist of the following:

Deposits with financial institutions	\$ 8,706
Investments - COLOTRUST	<u>571,650</u>
	\$ <u>580,356</u>

Deposits

Custodial Credit Risk

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

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

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Investments

Investment Valuation

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

The District has the following recurring fair value measurements as of December 31, 2016:

An external investment pool that records its investments at fair value. The investment in COLOTRUST is categorized as a Level 2 Investment.

Credit Risk

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

Custodial and Concentration of Credit Risk

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

Interest Rate Risk

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

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days, a Level 2 investment under the fair value hierarchy. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2016, the District had \$571,650 invested in COLOTRUST.

Note 3: Capital Assets

An analysis of the changes in capital assets for the year ended December 31, 2016 follows:

<u>Governmental Type Activities:</u>	<u>Balance</u> <u>01-01-16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-16</u>
<u>Capital assets being depreciated:</u>				
Monuments/signs	\$ 344,017	\$ -	\$ -	\$ 344,017
Streets	157,386	-	-	157,386
Accumulated Depreciation	<u>(254,687)</u>	<u>(17,524)</u>	<u>-</u>	<u>(272,211)</u>
Net capital assets being depreciated	<u>\$ 246,716</u>	<u>\$ (17,524)</u>	<u>\$ -</u>	<u>\$ 229,192</u>

Upon completion and acceptance, all capital assets except for the monument signs and some street improvements will be conveyed by the District to other local governments.

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

Note 4: Long Term Debt

The following is an analysis of changes in long-term debt for the period ending December 31, 2016:

	<u>Balance</u> <u>01-01-16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-16</u>	<u>Current</u> <u>Portion</u>
Series 2000 - G. O.					
Refunding Bonds	\$ 3,655,000	\$ -	\$ 835,000	\$ 2,820,000	\$ 885,000
Bond premium, net of amortization	<u>38,218</u>	<u>-</u>	<u>14,600</u>	<u>23,618</u>	<u>11,490</u>
	<u>\$ 3,693,218</u>	<u>\$ -</u>	<u>\$ 849,600</u>	<u>\$ 2,843,618</u>	<u>\$ 896,490</u>

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements
December 31, 2016

A description of the long-term obligations as of December 31, 2016, is as follows:

\$5,995,000 General Obligation Refunding Bonds, Series 2000

The Series 2000 bonds, dated April 27, 2000, are serial bonds in the original amount of \$5,995,000 maturing through December 1, 2019. 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.

Interest payments on the bonds are due on June 1 and December 1 of each year. The bonds are subject to mandatory redemption upon notice and upon certain conditions and terms as contained in the First Supplement 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 Series 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% depending on the maturity date of the bonds. As part of the remarketing, the letter of credit was terminated. Repayment of the principal and interest on the remarketed Series 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 the Radian’s insurance policies. Therefore, all outstanding bonds insured by Radian will now carry AGC’s Moody’s rating of A3. For additional information on the current rating, the reader should contact Standard & Poor’s or Radian.

The following is a summary of the annual long-term debt principal and interest requirements:

Year	Principal	Interest	Total
2017	\$ 885,000	\$ 138,788	\$ 1,023,788
2018	940,000	96,750	1,036,750
2019	995,000	49,750	1,044,750
	<u>\$ 2,820,000</u>	<u>\$ 285,288</u>	<u>\$ 3,105,288</u>

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Project Funding and Reimbursement Agreement (Chanson Signage Project) – Chanson, LLC

On November 22, 2010, the District entered into a Project Funding and Reimbursement Agreement (“Chanson Signage Project”) with Chanson, LLC (“Chanson”). Per this agreement, Chanson will design, construct, install and complete upgrades to the District’s signage, monumentation, and the related equipment, fixtures and facilities. Once the District has received written verification and certification from an independent engineer, the District will reimburse Chanson 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 commencing November 2011. Interest will accrue at the rate of 7% per annum commencing on the date that the verified costs are expended by Chanson.

Debt Authorization

At December 31, 2016, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

Street improvements	\$	176,775
Park and recreation facilities		346,830
Safety		20,173
Water improvements		116,716
Sewer improvements		142,655
Refunding		<u>14,000,000</u>
Total	\$	<u>14,803,149</u>

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District’s service area. The District has not budgeted to issue any new debt in 2017.

Note 5: Related Party

A majority of the members of the Board of Directors are employees, owners or are otherwise associated with Jordon Perlmutter & Co. (“JPC”), the primary developer, and may have conflicts of interest in dealing with the District. JPC provides the District with construction management services on an as needed basis. Management believes that all potential conflicts, if any, have been disclosed to the Board.

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Note 6: Cost Sharing Agreements

Cost Sharing Agreements – JPC

The District and Jordon Perlmutter & Co. (“JPC”) are parties to a cost sharing agreement originally dated 1998 and most recently revised on May 3, 2006, pursuant to which the District and JPC 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 JPC approximately \$132,500 for landscape maintenance and utilities under the terms of this agreement during the year ended December 31, 2016.

Cost Sharing Agreements – PERA Bowles

The District and PERA Bowles, Inc. (“PERA”) are parties to a cost sharing agreement dated May 3, 2006, pursuant to which the District and PERA agreed to share the cost of providing landscape maintenance services and irrigation to property in the Bowles Crossing portion of the District. The District’s share of these expenses is 25%. The District reimbursed PERA approximately \$0 during the year ended December 31, 2016. The District was not invoiced in 2016, but made an accrual in the amount of \$40,000, expected to be paid in 2017.

Note 7: Commitments

Intergovernmental Agreement – Grant Water and Sanitation District

The District has a mutual 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 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, LLC

On November 22, 2010, the District entered into a License Agreement with Chanson, LLC (“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 Signage at its own expense.

License Agreement (Signage and Monumentation) – Chanson, LLC

On November 22, 2010, the District entered into a License Agreement with Chanson, LLC (“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.

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

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 Bowles. In return, the District agrees to operate and maintain the 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 the 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 Section 14 Development. In return, the District agrees to operate and maintain the Signage at its own expense.

Project Funding and Reimbursement Agreement (Future Projects) – Chanson, LLC

On June 25, 2012, the District entered into a Project Funding and Reimbursement Agreement (Future Projects) with Chanson. Per this agreement, Chanson will design, construct, install and complete future improvements to the District’s infrastructure. Once the District has received written verification and certification from an independent engineer, the District will reimburse Chanson 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.

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. Per this agreement, Bowles will design, construct, install and complete future improvements to the District’s infrastructure. 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.

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

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. Per this agreement, Section 14 Development will design, construct, install and complete future improvements to the District's infrastructure. 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.

Note 8: Tax, Spending and Debt Limitations

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

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

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

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On May 3, 1994, the majority of the District's electors authorized the District to retain and spend all revenue derived from property 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 commencing in 1994 and all subsequent years without limitations under TABOR. 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 limitations under TABOR to pay administration, operations and capital expenses, and also authorized \$14,000,000 for bond refunding.

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

Note 9: Risk Management

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

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

Note 10: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

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

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds;
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds; and,
- 3) bond insurance and bond premiums are reported as deferred charges or income and amortized over the term of the related debt in the government-wide financial statements.

SECTION 14 METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2016

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

- 1) governmental funds report bond insurance costs as expenditures, however, in the statement of activities, these costs are amortized over the term of the related debt;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the statement of activities;
- 3) governmental funds report bond premiums as income, however, in the statement of activities, these items are amortized over the term of the related debt; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTARY INFORMATION

SECTION 14 METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2016

	Original & Final		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 1,030,826	\$ 1,025,919	\$ (4,907)
Interest income	-	4,976	4,976
Total Revenues	1,030,826	1,030,895	69
EXPENDITURES			
Bond principal - Series 2000	835,000	835,000	-
Bond interest expense - Series 2000	176,363	176,363	-
Paying agent fees	4,000	2,750	1,250
Treasurer's fees	15,462	14,161	1,301
Contingency	-	-	-
Total Expenditures	1,030,825	1,028,274	2,551
NET CHANGE IN FUND BALANCE	1	2,621	2,620
FUND BALANCE:			
BEGINNING OF YEAR	220,109	223,452	3,343
END OF YEAR	\$ 220,110	\$ 226,073	\$ 5,963

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

SECTION 14 METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND For the Year Ended December 31, 2016

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Interest income	\$ -	\$ 4	\$ 4
Total Revenues	<u>-</u>	<u>4</u>	<u>4</u>
EXPENDITURES			
Miscellaneous expenses	-	-	-
Capital outlay	-	-	-
Repay developer advance - principal	100,605	-	100,605
Repay developer advance - interest	-	-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>100,605</u>	<u>-</u>	<u>100,605</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(100,605)	4	100,609
OTHER FINANCING SOURCES			
Developer advances	-	-	-
Transfer from other funds	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total Other Financing Sources	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCE			
	(605)	4	609
FUND BALANCE:			
BEGINNING OF YEAR	<u>605</u>	<u>1,758</u>	<u>1,153</u>
END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 1,762</u></u>	<u><u>\$ 1,762</u></u>

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

CONTINUING DISCLOSURE ANNUAL FINANCIAL INFORMATION
UNAUDITED

SECTION 14 METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
FOR COLLECTION YEARS 2012 TO 2016
UNAUDITED

Year Ended December 31,	Assessed Valuation	Mills Levied	<u>Total Property Taxes</u>		Percent Collected to Levied
			Levied	Collected	
2012 Total Collections					
Jefferson County	36,731,136	23.491	862,852		
City & County of Denver	7,611,320	23.290	177,268		
<u>Plus Excluded Property Subject to Debt Levy Only</u>					
Jefferson County 1994 Exclusion	3,084,402	16.472	50,806		
Grant Ranch Cove Exclusion	2,228,055	19.881	44,296		
Westlake Exclusion	2,528,880	16.472	41,656		
Village @ Raccoon Creek Exclusion	2,859,060	20.020	57,238		
	<u>55,042,853</u>		<u>1,234,116</u>	1,217,906	98.7%
2013 Total Collections					
Jefferson County	36,658,333	23.290	853,773		
City & County of Denver	7,589,970	23.681	179,738		
<u>Plus Excluded Property Subject to Debt Levy Only</u>					
Jefferson County 1994 Exclusion	3,109,891	12.573	39,101		
Grant Ranch Cove Exclusion	2,307,921	16.798	38,768		
Westlake Exclusion	2,482,410	12.573	31,211		
Village @ Raccoon Creek Exclusion	2,993,550	16.798	50,286		
	<u>55,142,075</u>		<u>1,192,877</u>	1,186,769	99.5%
2014 Total Collections					
Jefferson County	36,323,653	23.356	848,375		
City & County of Denver	7,982,870	23.290	185,921		
<u>Plus Excluded Property Subject to Debt Levy Only</u>					
Jefferson County 1994 Exclusion	3,702,312	6.832	25,294		
Grant Ranch Cove Exclusion	2,656,180	18.961	50,364		
Westlake Exclusion	3,314,880	6.832	22,647		
Village @ Raccoon Creek Exclusion	3,078,680	18.961	58,375		
	<u>57,058,575</u>		<u>1,190,976</u>	1,184,040	99.42%
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>	1,211,116	99.94%
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>	1,262,599	99.51%
Estimated 2017 Total Collections					
Jefferson County	37,534,351	23.669	888,401		
City and 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		
Westland 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>		

SECTION 14 METROPOLITAN DISTRICT

Ten Largest Taxpayers within the District

UNAUDITED

<u>Taxpayer Name</u>	<u>2016 Assessed Valuation</u>	<u>Percent of District Total Assessed Valuation</u>	(1)
PERA Bowles, Inc	\$ 11,899,822	19.38%	
The Section 14 Development Co.	10,320,693	16.81%	
Chanson LLC	6,551,564	10.67%	
Plaza on the Green LLC	5,248,130	8.55%	
Westlake Greens Apartment	4,221,010	6.87%	
Bowles Village Center LLC	4,173,854	6.80%	
HD Development of Maryland Inc.	2,537,180	4.13%	
GMRI, Inc.	647,269	1.05%	
Walmart Stores Inc.	410,083	0.67%	
Lowes Home Improvement Warehouse	377,247	0.61%	
Total	<u>\$ 46,386,852</u>	<u>75.54%</u>	

(1) Based on a 2016 Certified Valuation of \$61,401,293 to be collected in 2017.

Source: Denver and Jefferson County Assessor's Office

SECTION 14 METROPOLITAN DISTRICT

2016 Assessed Valuation of Classes of Property in the District (For Collection in 2017)

UNAUDITED

<u>Property Class</u>	Total Assessed Valuation	Percent of Total Assessed Valuation
Commercial	\$ 45,864,476	74.70%
Residential	14,582,040	23.75%
Vacant	115,421	0.19%
State Assessed	839,356	1.37%
Total	<u>\$ 61,401,293</u>	<u>100.00%</u>

Source: Denver and Jefferson County Assessor's Offices

SECTION 14 METROPOLITAN DISTRICT

Selected Debt Ratios of the District

UNAUDITED

Direct Debt as of December 31, 2016	\$	<u>2,820,000</u>
2016 Assessed Valuation, Current District & Exclusions	\$	61,401,293
Direct Debt to Assessed Valuation, Current District & Exclusions		4.6%
2016 Estimated Statutory "Actual" Value, Current District & Exclusions	\$	341,155,650
Direct Debt to 2015 Estimated Statutory "Actual" Value, Current District & Exclusions		0.83%