

Conifer Metropolitan District
5299 DTC Blvd., Suite 600
Greenwood Village, CO 80111
(303) 721-8755 • Fax (303) 721-7769

**CONIFER METROPOLITAN DISTRICT
BUDGET MESSAGE
2020 BUDGET**

SUMMARY OF SIGNIFICANT ASSUMPTIONS

The adopted Budget of the Conifer Metropolitan District (“District”) for the year ending December 31, 2020, has been prepared using modified accrual method of accounting.

History & Services Provided

The District was formed in 2004 and began activities in 2005. The District activities in 2005 and 2006 were comprised primarily of infrastructure construction in the Conifer Town Center retail center. Beginning in late 2006 the District began operations of a Water and Wastewater Enterprise Fund. Following the completion of infrastructure, the District’s sole activity has been the provision of potable water to customers located within the District’s boundaries and the operation of a wastewater treatment plant for the properties located within the District and those properties that are a member of the Conifer Sanitation Association (“CSA”), located to the southeast of the District.

In late 2015, the owner of the District’s Series 2005 and Series 2006 General Obligation Bonds (Limited Tax Convertible to Unlimited Tax) (“Bonds”) issued by the District filed a complaint against the District in Jefferson County District Court (Case No. 2015CV32176) related to default of debt covenants and moved to have a receiver appointed to take over the administration of the District in place of the developer-controlled Board of Directors. On January 5, 2016, the Court appointed Edward B. Cordes as Receiver. Due to health reasons, Cordes was replaced by Michael L. Staheli on August 22, 2019. A copy of the order that appointed the Receiver is available to the District’s customers upon request.

Under the direction of the Receiver, the District is currently being managed by staff members of Cordes & Company, Inc. All correspondence related to the district should be directed to the following address: Conifer Metropolitan District c/o Cordes & Company, 5299 DTC Blvd., Suite 600, Greenwood Village, CO 80111. Alternatively, feel free to contact Mike Staheli of Cordes & Company for additional information at (303) 796-1130 or at mstaheli@cordesco.com.

The Receiver will continue to operate the water and sewage treatment facilities of the District provided sufficient funds are available. The Receiver has continued to employ the following

historic consultants and contractors to maintain continuity of water and wastewater services to the District’s customers:

Consultant	Description of Services
AquaWorks DBO	Systems engineering, water quality and discharge compliance advisory
Jehn Water Consultants	Water rights compliance, well monitoring and state reporting
Colorado Water Systems	Day to day operation and maintenance of water and wastewater systems
M & M Consultants, LLC	Certified Operator of wastewater collection, treatment and disposal systems and potable water systems
Haynie & Company	Auditor for 2019 Financial Statements

Budgeted 2020 Revenue Sources

General Fund: In November 2018, the eligible voters of the District approved a uniform sales tax on all retail sales within District boundaries. 2019 was the first year of the sales tax assessment and approximately \$80,000 was received. It is budgeted that an additional \$75,000 will be received in 2020. Additional receipts in the General Fund will be a transfer from the Debt Service fund of \$50,000 by consent of the bondholders, and a \$42,000 transfer from the Enterprise Fund.

Debt Service Fund: Revenues for this fund are to be derived from real property and ownership taxes and earnings on invested funds. The taxable value of real property in the District in 2019 has been set at \$6,640,958 by the Jefferson County Assessors Office.

Water and Wastewater Fund: Sources of revenue for 2020 will be charges for services and a transfer of \$39,000 from the Debt Service Fund as described above. Service fee revenue estimates are based on an assumption that customers within the District require 3.3 million gallons of water and wastewater and that the extraterritorial customer (CSA) sends the District 1.4 million gallons of wastewater for treatment. 2020 service fees are being increased five percent (5.0%) over 2019 rate levels. In 2020, the District will continue to collect capital reserve fees from customers for water and wastewater treatment facilities and systems, as imposed in 2018.

Project Fund: none

Budgeted 2020 Expenditures

General Fund: Expenditures in the General Fund of \$167,000 include administrative expenses of the District, \$5,000 in transportation related expenses and a reserve for transportation expenses equal to the remaining funds collected from the sales tax levy.

Debt Service Fund: Debt service fund expenditures are comprised of fees and expenses of the Bond indenture trustee, debt service payments and transfers of funds to the District's water and wastewater enterprise fund and the District's General Fund with the consent of the Bonds owner. By agreement, the use of all Debt Service Funds is restricted for the payment of District Bond obligations. Nevertheless, in 2019, the owner of the bonds consented for the Receiver's use of \$94,919 of such funds for the purposes of funding fees and expenses of the Receiver, legal expenses and emergency repairs to the District's systems. The consents were evidenced by executed Consent and Waiver of Owner with Respect to the Conifer Metropolitan District Series 2005 Bonds and Series 2006 Bonds forms. For 2020, owner of the Bonds has consented to the budgeted transfers.

Water and Wastewater Fund: The budgeted expenditures are those required to operate the water and wastewater facility. Management of the operations will be provided by an independent contractor. In addition to general operating expenses of the water and wastewater treatment facilities, the District incurred \$51,370 in capital expenditures in 2019 for replacement of water and wastewater components. The District has a schedule of anticipated capital expenditures for 2020 assembled by the District Manager, the District operators and AquaWorks DBO, and projects to spend \$60,000 in 2020.

Project Fund: none

Conifer Metropolitan District
Adopted Budget Statements
Amended 2019 Budget -- Adopted 2020 Budget
General Fund

	Actual 2018	Actual 2019	Approved Budget 2019	Variance	Adopted Budget 2020
Revenue and Other Financing Sources					
Sales Tax Revenue	\$ -	\$ 80,734	\$ 75,000	\$ 5,734	\$ 75,000
Transfer from Debt Fund		\$ 47,863	50,000	(2,137)	50,000
Transfer from Project Fund	\$ 60,110		-	-	-
Transfer from Enterprise Fund		\$ 32,263	42,000	(9,737)	42,000
Total	<u>60,110</u>	<u>160,860</u>	<u>167,000</u>	<u>(6,140)</u>	<u>167,000</u>
Expenditures					
Legal fees		26,263	35,000	(8,737)	35,000
Accounting & Audit Fees		6,000	7,000	(1,000)	7,000
Mgmt Fees (incl Receiver)		47,863	50,000	(2,137)	50,000
Bank fees and miscellaneous				-	
Admin supplies/dues & subscriptions				-	
Insurance		-		-	
Debt Service				-	
Interest				-	
Transportation Expenses		3,827	-	3,827	5,000
Transportation Reserve		76,907	75,000	1,907	70,000
Total	<u>-</u>	<u>160,860</u>	<u>167,000</u>	<u>(6,140)</u>	<u>167,000</u>
Revenue Over (Under) Expenses	<u>60,110</u>	<u>(0)</u>	<u>-</u>	<u>(0)</u>	<u>-</u>
Fund Balances Beginning of Year	(60,110)	-	-		(0)
Fund Balances End of Year	-	(0)	-		(0)

Conifer Metropolitan District
Adopted Budget Statements
Amended 2019 Budget -- Adopted 2020 Budget
Debt Service Fund

		Actual 2018	Actual 2019	Adopted Budget 2019	Variance	Adopted Budget 2020
Unit Statistics						
	Est. Assessed Valuation	6,381,345		6,367,805		6,640,958
	Millevy	50		50		50
<hr/>						
Revenue						
	Real property taxes	\$ 318,653	\$ 318,014	\$ 318,000	\$ 14	\$ 332,000
	Real property taxes Interest				-	
	Specific owners taxes	29,529	25,547	18,000	7,547	18,000
	Interest earned	-	2,482	-	2,482	-
	Capitalized interest	-	-	-	-	-
	Transfer from Project Fund	84,415			-	
	Total	432,597	346,043	336,000	10,043	350,000
Expenditures						
	Investment and trustee fees	5,550	3,650	5,000	(1,350)	5,000
	Bond principal	-			-	
	Bond interest	301,395	249,264	275,000	(25,736)	255,000
	Bond discount				-	
	Bond issuance costs				-	
	Supplemental interest				-	
	Treasurer's fees	4,780	4,775	5,050	(275)	5,000
	Transfer to General Fund		50,000	50,000	-	50,000
	Transfer to Enterprise Fund	46,227	38,355	44,919	(6,564)	35,000
	Other	-	-	1,950	(1,950)	-
	Total	357,952	346,044	381,919	(35,875)	350,000
Revenue Over (Under) Expenditures		74,645	(0)	(45,919)	45,919	-
Fund Balances Beginning of Year		322,174	396,819	396,819		396,819
Fund Balances End of Year		396,819	396,819	350,900		396,819

**Conifer Metropolitan District
Adopted Budget Statements
Amended 2019 Budget -- Adopted 2020 Budget
Enterprise Fund - Water and Wastewater**

	Actual 2018	Actual 2019	Original Budget 2019	Variance	Adopted Budget 2020
Unit Statistics					
W&S Gal Metered (1,000 gallons)	3,980	3,241	3,680	(439)	3,300
CSA Sewer Treated (1,000 gallons)	1,570	1,284	1,570	(286)	1,400
Avg Fees/Gal Metered - Water		\$ 13.67	\$ 13.67		\$ 14.35
Avg Fees/Gal Metered - Sewer		40.98	40.98		43.02
Avg Water Service Charge		3.45	3.45		3.62
Avg Sewer Service Charge		3.45	3.45		3.62
Avg WW Capital Res Assessment		8.50	8.50		8.92
Avg WW Capital Res Assessment (in-District)		1.85	1.85		1.94
Avg Water Capital Res Assessment		6.75	6.75		7.08
Revenue					
Water Usage Charge	\$ 56,068	\$ 44,307	\$ 50,000	\$ (5,693)	\$ 47,000
Wastewater Usage Charge	261,155	185,451	215,000	(29,549)	202,000
Admin Fee - In-District Customers	38,317	58,573	48,000	10,573	48,000
Admin Fee - Out-of-District Customers	4,967	4,934	5,000	(66)	5,000
Pro rata ELC Monitoring	8,532	9,243	9,000	243	9,000
Reserve Replacement Fees	-			-	
Waste Water Capital Reserve Fees	44,988	38,796	44,625	(5,829)	42,000
In District Waste Water Capital Reserve Fee	7,247	5,451	6,808	(1,357)	6,000
Water Capital Reserve Fee	26,160	21,773	24,840	(3,067)	23,000
Sys Capacity Reservation Fee	16,000	-	-	-	-
Reimbursable Expenses	4,353	13,546		13,546	5,000
Administrative Fees	317			-	
Transfer from Debt Service Fund	46,227	38,355	44,919	(6,564)	39,000
Chg / Fees - Finance	2,347	16		16	
Misc. Income	1,312	1,457	1,000	457	1,000
Total Revenues	517,990	421,902	449,192	(27,290)	427,000
Admin Expenditures					
Legal fees	48,185			-	
Accounting & Audit Fees	7,000			-	
Bank fees and miscellaneous	-			-	
Admin supplies/dues & subscriptions	1,004			-	
Mgmt Fees (incl Receiver)	62,372			-	
Subtotal Admin Expenses	118,561	-	-		-
Operations & Repairs/Maint					
Water/well monitoring	23,835	26,820	25,000	1,820	25,000
Legal fees	-	-	-	-	-
Insurance	30,892	31,988	32,000	(12)	27,500
Supplies	1,875	5,375	3,000	2,375	5,200
Chemical fees	10,569	16,150	11,000	5,150	16,000
Service Operations	71,022	68,867	75,000	(6,133)	70,000
Maintenance and repair parts	6,428	12,788	5,000	7,788	9,000
Sludge Haul	16,693	18,840	14,000	4,840	19,000
Trash Services	667	656	700	(44)	700

**Conifer Metropolitan District
 Adopted Budget Statements
 Amended 2019 Budget -- Adopted 2020 Budget
 Enterprise Fund - Water and Wastewater**

	Actual 2018	Actual 2019	Original Budget 2019	Variance	Adopted Budget 2020
Snow Removal	400	2,300	500	1,800	1,200
Lab test	12,000	16,980	12,000	4,980	17,000
Consulting Services	3,929	12,254	4,000	8,254	4,000
Water Right Expense	9,798	12,381	10,000	2,381	12,000
Utilities	75,000	68,083	70,000	(1,917)	77,500
Phones	5,769	4,950	6,000	(1,050)	5,200
Fire monitoring	2,500	585	2,500	(1,915)	1,000
Fees/Permits	2,505	2,090	2,500	(410)	3,000
Bank Fees	265	29	300	(271)	50
Reimbursed Expenses	249	9,353	250	9,103	5,000
Transfer to GeneralFund	-	32,263	42,000	(9,737)	42,000
Miscellaneous / Bad Debts	19,220		12,250	(12,250)	15,650
Subtotal Operating Expenses	293,617	342,749	328,000	14,749	356,000
Capital Improvements	-				
Water Capital Expense	29,289	43,772	23,000	20,772	20,000
Water Cap Imp Exp Res Acct	(3,129)	(21,998)	1,840	(23,838)	3,000
WW Capital Expense (General)	14,376	7,598	54,000	(46,402)	40,000
WW Capital Reserve (General)	30,611	31,198	(9,375)	40,573	2,000
WW Capital Expense (In-District)	-	-	5,251	(5,251)	2,000
WW Capital Reserve (In-District)	7,247	5,451	1,557	3,894	4,000
Subtotal Capital Improvements	78,394	66,020	76,273	(10,253)	71,000
Total Operating & Capital Expenses	490,572	408,770	404,273	4,497	427,000
Excessive (Deficient) Funds	27,418	13,132	44,919	(31,787)	-
Fund Balances Beginning of Year	(429,827)	(402,409)			(389,278)
Fund Balances End of Year	(402,409)	(389,278)			(389,278)