

**CONIFER METROPOLITAN DISTRICT
BUDGET MESSAGE
2021 BUDGET**

SUMMARY OF SIGNIFICANT ASSUMPTIONS

The adopted Budget of the Conifer Metropolitan District (“District”) for the year ending December 31, 2021, has been prepared using cash-basis 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 2020 Financial Statements

Budgeted 2021 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. It is budgeted that \$100,000 will be received in 2021. Additional receipts in the General Fund will be a transfer from the Debt Service fund of \$72,000 by consent of the bondholders, and a \$33,000 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 final assessed value of real property in the District in 2020 has been set at \$6,538,779 by the Jefferson County Assessor’s Office.

Water and Wastewater Fund: Sources of revenue for 2021 will be charges for services and a transfer of \$10,000 from the Debt Service Fund as described above. Service fee revenue estimates are based on an assumption that customers within the District require 3.5 million gallons of water and wastewater and that the extraterritorial customer (CSA) sends the District 1.5 million gallons of wastewater for treatment. 2021 service fees are being increased by three percent (3.0%) over 2020 rate levels. In 2021, 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 2021 Expenditures

General Fund: Expenditures in the General Fund of \$205,000 include administrative expenses of the District, \$50,000 in transportation related expenses and a reserve for transportation expenses equal to the remaining funds collected from the sales tax levy. Legal and Management Fees in 2020 were higher than anticipated as a partial result of expenses incurred on behalf of Foothills Development, an adjacent 47 acre property applying for rezoning with Jefferson County. Foothills and the District entered into an expense reimbursement agreement wherein costs incurred by the District on Foothill's behalf would be reimbursed. Additional expenditures in these categories were incurred in 2020 as the District worked with the Colorado Department of Public Health & Environment to address violations in water quality and treated wastewater quality standards. Additional expenditures in these two line items are anticipated in 2021.

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 2020, the owner of the bonds consented for the Receiver's use of \$100,000 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 2021, 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 \$43,092 in capital expenditures in 2020 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 \$37,500 in 2021. Consulting expenses in 2020 were higher than anticipated as the District worked with the Colorado Department of Public Health & Environment to address violations in water quality and treated wastewater quality standards. Additional expenditures in this line item is anticipated in 2021.

Project Fund: none

Conifer Metropolitan District
Adopted Budget Statements
Final 2020 Budget & Adopted 2021 Budget
General Fund

	Actual 2019	Actual 2020	Adopted Budget 2020	Variance	Adopted Budget 2021
Revenue and Other Financing Sources					
Sales Tax Revenue	\$ 80,734	\$ 108,188	\$ 75,000	\$ 33,188	\$ 100,000
Reimbursement Revenue		\$ -		\$ -	
Transfer from Debt Fund	\$ 56,564	100,000	\$ 50,000	50,000	72,000
Transfer from Project Fund			\$ -	-	-
Transfer from Enterprise Fund	\$ 23,562	49,968	\$ 42,000	7,968	33,000
Total	<u>160,860</u>	<u>258,156</u>	<u>167,000</u>	<u>91,156</u>	<u>205,000</u>
Expenditures					
Legal fees	26,263	39,927	35,000	4,927	25,000
Accounting & Audit Fees	6,000	6,500	7,000	(500)	7,000
Mgmt Fees (incl Receiver)	47,863	102,678	50,000	52,678	72,000
Admin supplies/dues & subscriptions		864		864	1,000
Transportation Expenses	3,827	50,298	5,000	45,298	50,000
Transportation Reserve	76,907	57,890	70,000	(12,110)	50,000
Total	<u>160,860</u>	<u>258,157</u>	<u>167,000</u>	<u>91,157</u>	<u>205,000</u>
Revenue Over (Under) Expenses	<u>0</u>	<u>(0)</u>	<u>-</u>	<u>(0)</u>	<u>-</u>
Fund Balances Beginning of Year	-		0		0
Fund Balances End of Year	0		0		0

Conifer Metropolitan District
Adopted Budget Statements
Final 2020 Budget & Adopted 2021 Budget
Debt Service Fund

	Actual 2019	Actual 2020	Adopted Budget 2020	Variance	Adopted Budget 2021
Unit Statistics					
Est. Assessed Valuation			6,640,958		6,538,779
Millevy			50		50
Revenue					
Real property taxes	\$ 318,014	\$ 329,853	\$ 332,000	(2,147)	\$ 327,000
Specific owners taxes	25,547	24,958	18,000	6,958	20,000
Total	346,043	354,811	350,000	4,811	347,000
Expenditures					
Investment and trustee fees	3,650	4,958	5,000	(42)	5,000
Bond interest	249,264	240,000	255,000	(15,000)	255,000
Treasurer's fees	4,775	3,650	5,000	(1,350)	5,000
Transfer to General Fund	59,919	100,000	50,000	50,000	72,000
Transfer to Enterprise Fund	35,000		35,000	(35,000)	10,000
Other	-		-	-	-
Total	352,608	348,608	350,000	(1,392)	347,000
Revenue Over (Under) Expenditures	(6,565)	6,204	-	6,204	-
Fund Balances Beginning of Year	396,819	390,254	390,254		396,458
Fund Balances End of Year	390,254	396,458	375,254		396,458

Conifer Metropolitan District
Adopted Budget Statements
Final 2020 Budget & Adopted 2021 Budget
Enterprise Fund - Water and Wastewater

	Actual 2019	Actual 2020	Adopted Budget 2020	Variance	Adopted Budget 2021
Unit Statistics					
W&S Gal Metered (1,000 gallons)	3,241	3,515	3,300	215	3,500
CSA Sewer Treated (1,000 gallons)	1,284	1,604	1,400	204	1,500
Avg Fees/Gal Metered - Water	\$ 13.67	\$ 14.35	\$ 14.35		\$ 14.78
Avg Fees/Gal Metered - Sewer	40.98	43.02	43.02		\$ 44.31
Avg Water Service Charge	3.45	3.62	3.62		\$ 3.73
Avg Sewer Service Charge	3.45	3.62	3.62		\$ 3.73
Avg WW Capital Res Assessment	8.50	8.92	8.92		\$ 9.19
Avg WW Capital Res Assessment (in-District)	1.85	1.94	1.94		\$ 2.00
Avg Water Capital Res Assessment	6.75	7.08	7.08		\$ 7.29
Revenue					
Water Usage Charge	\$ 44,307	\$ 51,791	\$ 47,000	\$ 4,791	\$ 52,000
Wastewater Usage Charge	185,451	227,467	202,000	25,467	222,000
Admin Fee - In-District Customers	58,573	52,597	48,000	4,597	50,000
Admin Fee - Out-of-District Customers	4,934	6,164	5,000	1,164	5,500
Pro rata ELC Monitoring	9,243	8,532	9,000	(468)	9,000
Reserve Replacement Fees					
Waste Water Capital Reserve Fees	38,796	47,224	42,000	5,224	46,000
In District Waste Water Capital Reserve Fee	5,451	6,971	6,000	971	7,000
Water Capital Reserve Fee	21,773	25,555	23,000	2,555	26,000
Reimburseable Expenses	13,546	8,412	5,000	3,412	5,000
Transfer from Debt Service Fund	38,355		35,000	(35,000)	10,000
Chg / Fees - Finance	16	637		637	
Misc. Income	1,457	2,349	1,000	1,349	1,000
Total Revenues	421,902	437,699	423,000	14,699	433,500
Operations & Repairs/Maint					
Water/well monitoring	26,820	21,600	25,000	(3,400)	23,000
Insurance	31,988	27,171	27,500	(329)	28,000
Supplies	5,375	3,374	5,200	(1,826)	5,500
Chemical fees	16,150	14,721	16,000	(1,279)	17,000
Service Operations	68,867	67,595	70,000	(2,405)	72,500
Maintenance and repair parts	12,788	16,635	9,000	7,635	15,000
Sludge Haul	18,840	19,440	19,000	440	20,000
Trash Services	656	847	700	147	1,000
Snow Removal	2,300	1,610	1,200	410	2,000
Lab test	16,980	13,063	17,000	(3,937)	15,000
Consulting Services	12,254	8,631	4,000	4,631	10,000
Water Right Expense	12,381	7,717	12,000	(4,283)	8,000
Utilities	68,083	63,993	77,500	(13,507)	75,000
Phones	4,950	3,454	5,200	(1,746)	4,000
Fire monitoring	585	-	1,000	(1,000)	-
Fees/Permits	2,090	2,090	3,000	(910)	3,000
Bank Fees	29	-	50	(50)	-

Conifer Metropolitan District
Adopted Budget Statements
Final 2020 Budget & Adopted 2021 Budget
Enterprise Fund - Water and Wastewater

	Actual 2019	Actual 2020	Adopted Budget 2020	Variance	Adopted Budget 2021
Reimbursed Expenses	9,353	2,793	5,000	(2,207)	5,000
Transfer to General Fund	42,000	49,968	42,000	7,968	33,000
Miscellaneous / Bad Debts		4,532	15,650	(11,118)	10,000
Subtotal Operating Expenses	352,487	329,234	356,000	(26,766)	347,000
Capital Improvements					
Water Capital Expense	43,772	3,928	20,000	(16,072)	10,000
Water Cap Imp Exp Res Acct	(21,998)	21,628	3,000	18,628	16,000
WW Capital Expense (General)	7,598	39,165	40,000	(835)	25,000
WW Capital Reserve (General)	31,198	8,059	2,000	6,059	21,000
WW Capital Expense (In-District)	-	-	2,000	(2,000)	2,500
WW Capital Reserve (In-District)	5,451	6,971	4,000	2,971	4,500
Subtotal Capital Improvements	66,020	79,750	71,000	8,750	79,000
Total Operating & Capital Expenses	418,507	408,984	427,000	(18,016)	426,000
Excessive (Deficient) Funds	3,394	28,715	(4,000)	32,715	7,500
Fund Balances Beginning of Year	(402,409)	(399,015)	(399,015)		(370,300)
Fund Balances End of Year	(399,015)	(370,300)	(403,015)	32,715	(362,800)