

Conifer Metropolitan District
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**CONIFER METROPOLITAN DISTRICT
BUDGET MESSAGE
2022 BUDGET
January 27, 2022**

SUMMARY OF SIGNIFICANT ASSUMPTIONS

The adopted Budget of the Conifer Metropolitan District (“District”) for the year ending December 31, 2022, 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 2022 Revenue Sources

General Fund: Sources of revenues for the General Fund come from two primary sources – the consent of the Bondholder to use its restricted funds and funds transferred from the Enterprise Fund. In addition, the General Fund also collects the uniform sales tax proceeds on all retail sales within District boundaries, approved by vote in November 2018.

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 2021 (received in 2022) has been set at \$6,017,034 by the Jefferson County Assessor’s Office. This is the second year of decline for assessed value, which reached a highpoint of \$6,640,958 in 2019.

Water and Wastewater Fund: Sources of revenue for 2022 will be charges for water and wastewater treatment services and administrative fees. 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 Conifer Sanitation Association (CSA) sends the District 2.25 million gallons of wastewater for treatment. 2022 service fees are being increased three percent (3.0%) over 2021 rate levels. In 2022, the District will continue to collect capital reserve fees from customers for water and wastewater treatment facilities and systems.

Project Fund: none

Budgeted 2021 Expenditures

General Fund: Expenditures in the General Fund consist of \$113,000 of administrative expenses of the District, including the Receiver's management fees, CMD's legal counsel and the annual auditing expenses. In addition, we anticipate incurring approximately \$25,000 in transportation related expenses, such as maintenance of improvements contained within the public and private road rights of way. The remainder of the estimated funds collected from the sales tax levy are held in reserve for future transportation related expenses.

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 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 2021, the owner of the bonds consented for the Receiver's use of a budgeted \$82,000 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. The 2022 budget reflects the consent of the bond owner to the use of \$72,000 for the same purposes in 2022.

Water and Wastewater Fund: The budgeted expenditures are those required to operate the water and wastewater facility. Operation and maintenance of the treatment plants will be provided by independent contractors M&M Consults LLC and Colorado Water Systems. In addition to general operating expenses of the water and wastewater treatment facilities, the District incurred \$71,757 in capital expenditures in 2021 for replacement of water and wastewater components. The District has a schedule of anticipated capital expenditures of 96,200 in 2022, assembled by the District Manager, the District operators and AquaWorks DBO.

Project Fund: none

Conifer Metropolitan District
Adopted Budget Statements
Adopted 2021 Budget v Actuals
General Fund

	Actual 2020	Adopted Budget 2021	Actual 2021	Variance	Adopted Budget 2022
Revenue and Other Financing Sources					
Sales Tax Revenue	\$ 108,188	\$ 108,999	\$ 116,784	\$ 7,786	\$ 110,000
Reimbursement Revenue				-	
Transfer from Debt Fund	119,631	82,000	82,000	-	72,000
Transfer from Project Fund			-	-	
Transfer from Enterprise Fund	42,901	33,000	28,000	(5,000)	41,000
Total	<u>270,720</u>	<u>223,999</u>	<u>226,784</u>	<u>2,786</u>	<u>223,000</u>
Expenditures					
Legal fees	36,400	19,601	16,036	(3,565)	25,000
Accounting & Audit Fees	6,500	6,700	6,700	-	7,000
Consulting fees		-		-	
Mgmt Fees (incl Receiver)	119,631	79,652	73,504	(6,148)	80,000
Bank fees and miscellaneous		100	26	(74)	-
Admin supplies/dues & subscriptions	0	1,000	445	(555)	1,000
Insurance		-		-	
Debt Service		-		-	
Interest		-		-	
Transportation Expenses	50,298	14,641	9,921	(4,720)	25,000
Transportation Reserve	57,890	94,358	106,863	12,506	85,000
Directors' fees			-		
Total	<u>270,719</u>	<u>216,051</u>	<u>213,495</u>	<u>(2,556)</u>	<u>223,000</u>
Revenue Over (Under) Expenses	<u>1</u>	<u>7,947</u>	<u>13,289</u>	<u>5,342</u>	<u>-</u>
Fund Balances Beginning of Year	76,907	134,797	134,797		254,949
Fund Balances End of Year	134,797	237,102	254,949		339,949

Conifer Metropolitan District
Adopted Budget Statements
Adopted 2021 Budget v Actuals
Debt Service Fund

	Actual 2020	Adopted Budget 2021	Actual 2021	Variance	Adopted Budget 2022
Unit Statistics					
Est. Assessed Valuation	6,640,958	6,538,779			6,227,893
Millevy		50			50
Revenue					
Real property taxes	\$ 328,862	\$ 327,000	\$ 337,962	10,962	311,395
Real property taxes Interest		-		-	
Specific owners taxes	24,958	20,000	14,476	(5,524)	18,000
Interest earned	991	568	3,044	2,476	-
Capitalized interest		-		-	
Transfer from Project Fund		-		-	
Total	354,811	347,568	355,482	7,914	329,395
Expenditures					
Investment and trustee fees	3,650	3,650	3,650	-	3,650
Bond principal		-		-	
Bond interest	249,264	255,000	264,000	9,000	248,000
Bond discount		-		-	
Bond issuance costs		-		-	
Supplemental interest		-		-	
Treasurer's fees	4,958	5,000	4,947	(53)	5,000
Transfer to General Fund	119,631	82,000	82,000	-	72,000
Transfer to Enterprise Fund	-	-	-	-	-
Other		-		-	745
Total	377,503	347,000	354,597	8,947	329,395
Revenue Over (Under) Expenditures					
	(22,691)	568	884	(1,033)	(0)
Fund Balances Beginning of Year	695,150	672,459	672,459		673,343
Fund Balances End of Year	672,459	673,026	673,343		673,343

Conifer Metropolitan District
Adopted Budget Statements
Adopted 2021 Budget v Actuals
Enterprise Fund - Water and Wastewater

	Actual 2020	Adopted Budget 2021	Actual 2021	Variance	Adopted Budget 2022
Unit Statistics					
W&S Gal Metered (1,000 gallons)	3,515	3,463	3,369	(94)	3,500
CSA Sewer Treated (1,000 gallons)	1,604	2,496	2,365	(131)	2,250
Avg Fees/Gal Metered - Water	\$ 14.35	\$ 14.78			\$ 15.22
Avg Fees/Gal Metered - Sewer	43.02	44.31			45.64
Avg Water Service Charge	3.62	3.73			3.84
Avg Sewer Service Charge	3.62	3.73			3.84
Avg WW Capital Res Assessment	8.92	9.19			9.46
Avg WW Capital Res Assessment (in-District)	1.94	2.00			2.06
Avg Water Capital Res Assessment	7.08	7.29			7.51
Revenue					
Water Usage Charge	\$ 50,365	\$ 51,184	\$ 49,787	\$ (1,397)	53,300
Wastewater Usage Charge	219,651	262,905	\$ 252,902	(10,003)	262,400
Admin Fee - In-District Customers	49,358	49,342	49,626	284	48,200
Admin Fee - Out-of-District Customers	5,825	9,213	8,724	(489)	8,600
Pro rata ELC Monitoring	8,532	9,000	8,532	(468)	8,700
Reserve Replacement Fees		-		-	
Waste Water Capital Reserve Fees	45,544	54,523	52,452	(2,071)	54,400
In District Waste Water Capital Reserve Fee	6,799	6,925	6,737	(187)	11,800
Water Capital Reserve Fee	24,814	25,248	24,557	(691)	26,300
Reimburseable Expenses	8,500	5,088	4,728	(360)	5,000
Transfer from Debt Service Fund		-	-	-	-
Chg / Fees - Finance	214	-	-	-	-
Misc. Income	(1,973)	1,018	768	(250)	1,000
Total Revenues	417,629	474,446	458,814	(15,631)	479,700
Operations & Repairs/Maint					
Water/well monitoring	19,800	21,600	21,600	-	22,300
Insurance	33,893	28,320	28,764	444	29,700
Supplies	3,132	7,468	5,986	(1,482)	7,800
Chemical fees	14,721	15,559	17,956	2,398	16,300
Service Operations	61,795	66,926	67,406	480	70,000
Maintenance and repair parts	15,067	16,471	17,960	1,488	20,000
Supplies -Bulk Water	376	-		-	
Sludge Haul	18,000	23,607	23,221	(386)	24,800
Trash Services	783	823	818	(5)	1,000
Snow Removal	1,610	3,325	2,325	(1,000)	3,500
Lab test	13,048	11,478	11,392	(86)	12,100
Consulting Services	4,506	21,232	25,397	4,165	12,500
Admin supplies	864	-		-	
Water Right Expense	7,521	3,493	3,182	(311)	8,000
Utilities	57,443	83,465	71,052	(12,413)	87,600
Phones	3,133	2,426	2,401	(25)	2,500
Fees/Permits	2,090	3,155	1,443	(1,712)	4,500
Reimbursed Expenses	640	5,567	4,567	(1,000)	5,000
Transfer to GeneralFund	42,901	33,000	28,000	(5,000)	41,000

Conifer Metropolitan District
Adopted Budget Statements
Adopted 2021 Budget v Actuals
Enterprise Fund - Water and Wastewater

	<u>Actual 2020</u>	<u>Adopted Budget 2021</u>	<u>Actual 2021</u>	<u>Variance</u>	<u>Adopted Budget 2022</u>
Miscellaneous / Bad Debts	4,532	5,000		(5,000)	18,000
Subtotal Operating Expenses	305,856	352,916	333,471	(19,446)	386,600
Capital Improvements					
Water Capital Expense	3,928	12,483	18,017	5,534	50,000
Water Cap Imp Exp Res Acct	20,886	12,765	6,540	(6,224)	(23,700)
WW Capital Expense (General)	34,651	54,243	47,397	(6,846)	41,250
WW Capital Reserve (General)	10,893	281	5,056	4,775	13,150
WW Capital Expense (In-District)	-	7,500	6,344	(1,156)	4,950
WW Capital Reserve (In-District)	6,799	(575)	394	969	6,850
Subtotal Capital Improvements	77,157	86,696	83,746	(2,949)	92,500
Total Operating & Capital Expenses	<u>383,012</u>	<u>439,612</u>	<u>417,217</u>	<u>(22,395)</u>	<u>479,100</u>
Excessive (Deficient) Funds	<u>34,616</u>	<u>34,834</u>	<u>41,597</u>	<u>6,763</u>	<u>600</u>