

Conifer Metropolitan District
7979 E. Tufts Ave., Suite 820
Denver, CO 80237
(303) 721-8755 • Fax (303) 721-7769

**CONIFER METROPOLITAN DISTRICT
BUDGET MESSAGE
2026 BUDGET
January 15, 2026**

SUMMARY OF SIGNIFICANT ASSUMPTIONS

The adopted Budget of the Conifer Metropolitan District (“District”) for the year ending December 31, 2026, 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, 7979 E. Tufts Avenue, Suite 820, Denver, CO 80237. 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 until such time as a Board of Directors can be constituted. Through the conclusion of 2025, the

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

Consultant	Description of Services
Water Quality Control Professionals, LLC	Certified Operator of wastewater collection, treatment and disposal systems and potable water systems (Operator in Responsible Control, “ORC”)
Jehn Water Consultants	Water rights compliance, well monitoring and state reporting
AquaWorks DBO	Engineering services and state reporting

Budgeted 2026 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. Such funds used for, or held in reserve for, transportation related expenses.

Debt Service Fund: Revenues for this fund are derived from real property and ownership taxes and earnings on invested funds. The taxable value of real property in the District in 2025 (receivable in 2026) has been set at \$6,892,740 by the Jefferson County Assessor’s Office. The assessment is based on 50 mills on assessed value.

Water and Wastewater Fund: Sources of revenue for 2026 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 3.8 million gallons of water and wastewater and that the extraterritorial customer Conifer Sanitation Association (CSA) sends the District 2.2 million gallons of wastewater for treatment. 2026 service fees are being increased three percent (3.0%) over 2025 rate levels to keep pace with the rising costs of operations. In 2025, the District will continue to collect capital reserve fees from customers for water and wastewater treatment facilities and systems. It is noteworthy that the actual 2025 gallons served was approximately 10 percent higher than anticipated. During 2025, certain high quantity customers identified water savings opportunities and decreased service was observed in the latter part of the year. For this reason, the budgeted 2026 metered gallons to be provided is less than the 2025 actual gallons billed.

Project Fund: none

Budgeted 2026 Expenditures

General Fund: Budgeted 2026 expenditures in the General Fund of \$120,000 consist 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 \$50,000 in transportation related expenses, such as maintenance and repair 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: Budgeted Debt Service Fund expenditures totaling \$363,000 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 2025, the owner of the bonds consented for the Receiver's use of a budgeted \$68,000 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 District actually required \$55,000 of the \$68,000 of approved restricted funds. The 2026 budget reflects the anticipated consent of the bond owner to the use of \$60,000 for the same purposes in 2026.

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 contractor WQCP. In addition to general operating expenses of the water and wastewater treatment facilities, the District is budgeting \$60,000 of the reserves held for the improvement of Well #6 and \$27,500 of the reserves held for wastewater facility capital expenditures.

Project Fund: none

Conifer Metropolitan District
2025 YE Budget vs 2026 Adopted Budget
General Fund

	<u>Actual</u> <u>2024</u>	<u>Actuals</u> <u>2025</u>	<u>Adopted</u> <u>Budget</u> <u>2026</u>
Revenue and Other Financing Sources			
Sales Tax Revenue	\$ 165,640	\$ 154,127	\$ 200,000
Reimbursement Revenue			
Transfer from Debt Fund	65,000	55,000	60,000
Transfer from Project Fund			
Transfer from Enterprise Fund	25,000	30,000	50,000
Interest earned	18,830	15,857	10,000
Total	<u>274,470</u>	<u>254,985</u>	<u>320,000</u>
Expenditures			
Legal fees	22,598		
General Legal		24,951	24,000
Elections			6,000
Accounting & Audit Fees	8,800	9,400	10,000
Consulting fees			
Mgmt Fees (incl Receiver)	73,442	63,667	75,000
Bank fees and miscellaneous	75		200
Admin supplies/dues & subscriptions	506	454	1,000
Insurance			
Debt Service			
Interest			
Transportation Expenses	15,541	9,415	50,000
Transportation Reserve	150,099	144,713	150,000
Miscellaneous	1,200	800	3,800
Total	<u>272,261</u>	<u>253,399</u>	<u>320,000</u>
Revenue Over (Under) Expenses	<u><u>2,209</u></u>	<u><u>1,585</u></u>	<u><u>-</u></u>

Conifer Metropolitan District
2025 YE Budget vs 2026 Adopted Budget
Debt Service Fund

	<u>Actuals</u> <u>2024</u>	<u>Actuals</u> <u>2025</u>	<u>2026</u> <u>Budget</u>
Unit Statistics			
Est. Assessed Valuation			6,892,740
Millevy			50
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Revenue			
Real property taxes	\$ 321,877	\$ 343,277	\$ 345,000
Real property taxes Interest			
Specific owners taxes	20,655	23,311	18,000
Interest earned	(183)		
Capitalized interest			
Transfer from Project Fund			
Total	<u>342,349</u>	<u>366,588</u>	<u>363,000</u>
Expenditures			
Investment and trustee fees	3,650	3,650	4,000
Bond principal			
Bond interest	250,000	295,000	294,000
Bond Interest Reserve	30,000		
Bond discount			
Bond issuance costs			
Supplemental interest			
Treasurer's fees	4,825	5,191	5,000
Transfer to General Fund	65,000	55,000	60,000
Transfer to Enterprise Fund			
Other			
Total	<u>353,475</u>	<u>358,841</u>	<u>363,000</u>
Revenue Over (Under) Expenditures	<u>(11,126)</u>	<u>7,747</u>	<u>-</u>

Conifer Metropolitan District
2025 YE Budget vs 2026 Adopted Budget
Enterprise Fund - Water and Wastewater

	<u>Actuals</u> <u>2024</u>	<u>Actuals</u> <u>2025</u>	<u>2026</u> <u>Budget</u>
Unit Statistics			
W&S Gal Metered (1,000 gallons)	4,296	3,775	3,400
CSA Sewer Treated (1,000 gallons)	2,459	2,193	2,000
Avg Fees/Gal Metered - Water			\$ 18.29
Avg Fees/Gal Metered - Sewer			54.85
Avg Water Service Charge			4.38
Avg Sewer Service Charge			4.38
Avg WW Capital Res Assessment			11.39
Avg WW Capital Res Assessment (in-District)			2.74
Avg Water Capital Res Assessment			9.50
Revenue			
Water Usage Charge	\$ 73,381	\$ 67,258	\$ 62,200
Wastewater Usage Charge	345,403	321,330	296,200
Admin Fee - In-District Customers	62,966	62,088	65,000
Admin Fee - Out-of-District Customers	9,987	9,545	8,800
Pro rata ELC Monitoring	8,532	8,532	9,500
Reserve Replacement Fees			
Waste Water Capital Reserve Fees	79,830	74,130	61,500
In District Waste Water Capital Reserve Fee	10,965	10,073	9,300
Water Capital Reserve Fee	36,212	33,211	32,300
Reimbursable Expenses	325	3,527	5,000
Transfer from Debt Service Fund			
Chg / Fees - Finance	1,303	3,995	1,000
Misc. Income	3,586	7,939	3,000
Total Revenues	<u>632,490</u>	<u>601,628</u>	<u>553,800</u>
Operations & Repairs/Maint			
Water/well monitoring	30,000	26,013	28,000
Legal fees - Water Rights / Augmentation	4,078	2,756	1,500
Insurance	30,732	51,961	55,000
Supplies	11,861	5,624	7,000
Chemical fees	20,748	15,208	20,000
Service Operations	128,054	116,828	125,000
Maintenance and repair parts	67,608	26,331	35,000
Supplies -Bulk Water			
Sludge Haul	46,953	13,912	20,000
Trash Services	859	1,185	1,500
Snow Removal	500	-	2,000
Lab test	13,247	11,123	7,500
Consulting Services	9,586	15,528	15,000
Admin supplies			
Water Right Expense	3,879	4,083	5,000
Utilities	61,385	63,778	65,000
Phones	2,363	2,377	2,500
Fire Alarm Monitoring	888	1,437	2,000
Fees/Permits	1,288	1,638	5,000
Reimbursed Expenses	3,297	680	5,000
Transfer to GeneralFund	32,000	30,000	50,000

Conifer Metropolitan District
2025 YE Budget vs 2026 Adopted Budget
Enterprise Fund - Water and Wastewater

	<u>Actuals</u> <u>2024</u>	<u>Actuals</u> <u>2025</u>	<u>2026</u> <u>Budget</u>
Miscellaneous / Bad Debts	-	2,106	5,000
Subtotal Operating Expenses	469,325	392,567	457,000
Capital Improvements			
Water Capital Expense	58,133	4,998	60,000
Water Cap Imp Exp Res Acct	(21,921)	28,213	(27,700)
WW Capital Expense (General)	48,009	36,430	25,000
WW Capital Reserve (General)	31,820	37,700	36,500
WW Capital Expense (In-District)	-	-	2,500
WW Capital Reserve (In-District)	10,965	10,073	6,800
Subtotal Capital Improvements	127,007	117,414	103,100
Total Operating & Capital Expenses	<u>596,332</u>	<u>509,981</u>	<u>560,100</u>
Excessive (Deficient) Funds	<u>36,158</u>	<u>91,647</u>	<u>(6,300)</u>