

ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 245,641	\$ 252,801	\$ 288,025
REVENUES			
Property taxes	16,547	16,702	16,378
Specific ownership taxes	3,274	2,900	2,600
Net investment income	6,287	1,500	1,200
Other income	3,666	100	55,000
Water service fees	246,189	275,000	280,000
PILOT revenue	15,689	17,529	17,174
PIF revenue	1,618,199	1,860,000	1,960,000
Water tap fees	319,290	145,000	81,500
Road maintenance fee	13,795	14,070	14,351
Advance - Rangeview MD	89,000	7,034	4,597
Total revenues	<u>2,331,936</u>	<u>2,339,835</u>	<u>2,432,800</u>
Total funds available	<u>2,577,577</u>	<u>2,592,636</u>	<u>2,720,825</u>
EXPENDITURES			
General Fund	142,794	47,050	60,000
Debt Service Fund	1,616,030	1,837,561	2,011,500
Enterprise Fund	565,952	420,000	361,500
Total expenditures	<u>2,324,776</u>	<u>2,304,611</u>	<u>2,433,000</u>
Total expenditures and transfers out requiring appropriation	<u>2,324,776</u>	<u>2,304,611</u>	<u>2,433,000</u>
ENDING FUND BALANCES	<u>\$ 252,801</u>	<u>\$ 288,025</u>	<u>\$ 287,825</u>
EMERGENCY RESERVE	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ 1,700</u>
TOTAL RESERVE	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ 1,700</u>

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
ASSESSED VALUATION			
Commercial	\$ 2,586,040	\$ 2,669,460	\$ 2,669,460
Vacant land	304,770	304,770	304,770
Personal property	418,630	366,110	301,350
Certified Assessed Value	\$ 3,309,440	\$ 3,340,340	\$ 3,275,580
 MILL LEVY			
General	5.000	5.000	5.000
Total mill levy	5.000	5.000	5.000
 PROPERTY TAXES			
General	\$ 16,547	\$ 16,702	\$ 16,378
Levied property taxes	16,547	16,702	16,378
Budgeted property taxes	\$ 16,547	\$ 16,702	\$ 16,378
 BUDGETED PROPERTY TAXES			
General	\$ 16,547	\$ 16,702	\$ 16,378

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (8,543)	\$ (9,685)	\$ 1,600
REVENUES			
PILOT revenue	15,689	17,529	17,174
Property taxes	16,547	16,702	16,378
Specific ownership taxes	3,274	2,900	2,600
Net investment income	154	-	-
Road maintenance fee	13,795	14,070	14,351
Other income	3,193	100	5,000
Advance - Rangeview MD	89,000	7,034	4,597
Total revenues	<u>141,652</u>	<u>58,335</u>	<u>60,100</u>
Total funds available	<u>133,109</u>	<u>48,650</u>	<u>61,700</u>
EXPENDITURES			
General and administrative			
Accounting - recurring	10,000	10,000	11,000
Accounting - non-recurring	32,778	1,000	2,000
Auditing	1,780	1,780	1,900
County Treasurer's fee	496	501	491
District management	11,479	10,000	10,000
Dues and licenses	253	239	300
Election expense	-	748	-
Engineering	8,313	2,000	5,000
Insurance and bonds	4,373	4,061	4,800
Legal services	43,787	10,000	12,000
Miscellaneous/ Contingency	15,827	100	5,388
Operations and maintenance			
Repay Developer advance - Road maintenance fee	8,277	-	-
Repay Developer advance - PILOT	4,351	5,121	5,121
Landscaping	1,080	1,500	2,000
Total expenditures	<u>142,794</u>	<u>47,050</u>	<u>60,000</u>
Total expenditures and transfers out requiring appropriation	<u>142,794</u>	<u>47,050</u>	<u>60,000</u>
ENDING FUND BALANCES	<u>\$ (9,685)</u>	<u>\$ 1,600</u>	<u>\$ 1,700</u>
EMERGENCY RESERVE	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ 1,700</u>
TOTAL RESERVE	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ 1,700</u>

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 254,184	\$ 262,486	\$ 286,425
REVENUES			
Net investment income	6,133	1,500	1,200
Other income	-	-	50,000
PIF revenue	1,618,199	1,860,000	1,960,000
Total revenues	<u>1,624,332</u>	<u>1,861,500</u>	<u>2,011,200</u>
Total funds available	<u>1,878,516</u>	<u>2,123,986</u>	<u>2,297,625</u>
EXPENDITURES			
Bond interest	966,250	1,091,061	1,175,000
Paying agent fees	2,500	2,500	2,500
PIF revenue payment to Town of Elizabeth	647,280	744,000	784,000
Contingency	-	-	50,000
Total expenditures	<u>1,616,030</u>	<u>1,837,561</u>	<u>2,011,500</u>
Total expenditures and transfers out requiring appropriation	<u>1,616,030</u>	<u>1,837,561</u>	<u>2,011,500</u>
ENDING FUND BALANCES	<u>\$ 262,486</u>	<u>\$ 286,425</u>	<u>\$ 286,125</u>

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
WILD POINTE WATER ACTIVITY ENTERPRISE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUNDS AVAILABLE	\$ -	\$ -	\$ -
REVENUES			
Water service fees	246,189	275,000	280,000
Water tap fees	319,290	145,000	81,500
Other income	473	-	-
Total revenues	<u>565,952</u>	<u>420,000</u>	<u>361,500</u>
Total funds available	<u>565,952</u>	<u>420,000</u>	<u>361,500</u>
EXPENDITURES			
Wild Pointe Water Activity enterprise expenditures			
Accounting - recurring	15,000	15,000	16,500
Accounting - non-recurring	1,505	4,000	5,000
Auditing	2,670	2,670	2,850
District management	5,739	6,000	6,000
Dues and licenses	380	358	500
Insurance and bonds	6,560	6,361	7,200
Legal services	7,165	8,000	10,000
Contingency	171	200	1,000
Operations and maintenance			
Utilities	53,293	52,000	52,000
Water operations	56,403	50,000	55,000
Water service agreement payment	417,066	275,411	205,450
Total expenditures	<u>565,952</u>	<u>420,000</u>	<u>361,500</u>
Total expenditures and transfers out requiring appropriation	<u>565,952</u>	<u>420,000</u>	<u>361,500</u>
ENDING FUNDS AVAILABLE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Elbert County on November 26, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the County on July 10, 2002, and as modified on October 2, 2002. The District's service area is located entirely in Elbert County, Colorado.

The District was established to provide for the construction, acquisition, and installation of water improvements and facilities in its service area within Elbert County (County). During 2004, the District amended its Service Plan to allow it to construct, acquire, finance, operate, and maintain certain public improvements including streets, traffic safety controls, street lighting, water, sanitary sewer, landscaping, storm drainage, television relay, and mosquito control facilities and improvements for the District's commercial development, in addition to the water services and facilities outlined in its original Service Plan.

On November 5, 2002, the District's voters authorized general obligation indebtedness of \$2,300,000 for water facilities and \$56,500 for general operations and maintenance. The election also approved \$2,300,000 for repayment of the combined approved debt. In an election held on November 2, 2004, the following general obligation indebtedness was authorized: street improvements - \$4,139,107, storm sewer/drainage improvements - \$811,662, water improvements - \$5,119,761, sanitary sewer improvements - \$4,929,560, operations/maintenance - \$50,000, and debt refunding - \$15,000,000.

On December 15, 2016 the District entered into a Water Service Agreement with Rangeview Metropolitan District (Provider) where the Provider paid the District in the amount of \$1,600,000 in exchange for the exclusive license to use, treat, and distribute the water rights for the purpose of furnishing water service to the District customers. The District shall transfer ownership of all components of the SCADA system and the automated meter reading system to the Provider so the Provider can read the meters and bill the District customers. The Provider shall keep and maintain accurate records of all contracts and expenses related to the District water system and all other records necessary for the administration and operation of the District water system.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

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

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Revenues (continued)

during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Per a Memorandum of Mill Levy Cap dated August 7, 2007 the District has agreed that Wal-Mart, which is the major owner of the property within the District, will not be subject to an operations mill levy in excess of 5.000 mills.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 16% of the property taxes collected.

PILOT Revenue

Per the Exclusion/PILOT Agreement dated April 4, 2012, the District shall collect an annual PILOT payment from the owners of the excluded properties. The PILOT payment amount is calculated as 12.000 mills of the current-year assessed valuation of the excluded property.

Water Tap Fees

For the provision of water service, the District imposes a tap fee on each developable lot which the District will serve, at the time of issuance of a building permit by the County.

Net Investment Income

Interest earned on the District's available funds has been estimated based on historical interest earnings.

Water Service Fees

Rangeview Metropolitan District (Provider) operates a potable water facility and charges homeowners and commercial users a fee for water usage. The Provider is responsible for reading the meters and billing the District customers. The Provider is also responsible for collection efforts on delinquent accounts.

PIF Revenue

The District will collect a public improvement fee (a "PIF") of 4.0% of the total taxable sales transactions occurring within the boundaries of the District. Upon receipt of the PIF, the District shall remit 40% of the amount received to the Town of Elizabeth to pay for the costs associated with the commercial property and its related impacts. The remaining 60% of the proceeds of the fee are pledged for debt service.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Revenues (continued)

Road Maintenance Fee

The District collects an annual road maintenance fee from the commercial property owners to help with the cost of maintaining, repairing and replacing the road. The initial fee of \$2,600 per lot is due and payable on or before January 1 and shall increase by 2% every year for the first 20 years starting from 2017.

Expenditures

General and Administration Expenses

General and administration expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, general engineering, insurance, banking, meeting expense, and other administrative expenses. The costs to operate the potable water facility are accounted for in the Wild Pointe Water Activity Enterprise Fund.

Debt Service

Interest payment on the Bonds in 2021 is estimated based on anticipated funds available from pledged revenue. A debt service schedule for the Bonds cannot be determined as interest and principal are being paid based on the availability of funds from Pledged Revenue.

In 2020, pledged revenue received by the District was not sufficient to pay when due the debt service requirements with respect to the Bonds, because sales within the District and the associated PIF revenue have been below original projections.

Debt and Leases

On July 29, 2008, the District issued \$15,000,000 of Public Improvement Fee Revenue Bonds, Series 2008A. The proceeds from the sale of the Bonds were used for the purposes of (a) financing the design, acquisition, construction, completion, installation, relocation and provision of certain public improvements and facilities; (b) funding the Reserve Fund; (c) providing capitalized interest for the payment of a portion of the interest on the Bonds; and (d) paying the costs of issuance of the Bonds.

The Bonds bear interest at 7.50%, payable semi-annually on June 1 and December 1, beginning on December 1, 2008. Annual mandatory sinking fund principal payments are due on December 1 of each year beginning on December 1, 2010. The Bonds mature on December 1, 2032. The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2018, and on any date thereafter, upon payment of par plus accrued interest, without redemption premium.

The Bonds are subject to extraordinary redemption from monies remaining in the restricted account of the project fund as of October 1, 2011. An extraordinary redemption of \$1,245,000 was paid on December 1, 2011.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Debt and Leases (continued)

The Bonds are special limited revenue obligations of the District secured by and payable from Pledged Revenue, consisting of: (a) the Pledged PIF Revenues, consisting of the public improvement fees received by the District pursuant to the PIF Covenant and the PIF Collection Agreement; and (b) any other legally available moneys that the District determines to credit to the Revenue Fund. The Bonds are also secured by a Reserve Fund. Under certain circumstances, moneys accumulated in the Surplus Fund, if any, will be used to pay the Bonds.

Moneys in the Surplus Fund shall be used (i) to prevent a failure to make the payment of the principal of or interest on the Bonds when due, or (ii) to fund the payment or defeasance of all of the then outstanding Bonds. The Surplus Fund is pledged to the payment of the Bonds, and is not be used or pledged to the payment of any other obligations, including, without limitation, any Parity Obligations or Subordinate Obligations.

The Surplus Fund shall be maintained by the Trustee until such time as the average annual PIF Revenues for the most recent 12-month period is equal to 1.35 times the average annual principal and interest on the Bonds as of the Issue Date, whereupon all amounts then on deposit in the Surplus Fund not needed to pay current debt service on the Bonds shall be remitted to the District to be used for any lawful purpose, and the Surplus Fund shall thereupon be terminated.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Debt and Leases (continued)

The following is an analysis of anticipated changes in the District's long-term obligations for years ending December 31, 2020 and 2021.

	Balance at December 31, 2019	Additions	Retirements/ Adjustments	Anticipated Balance at December 31, 2020
PIF Revenue Bonds	\$ 13,475,000	\$ -	\$ -	\$ 13,475,000
Accrued Interest - PIF Revenue Bonds	2,156,386	1,258,422	1,091,061	2,323,747
Developer Advance - RLF Wild Pointe Properties	5,277,945	-	-	5,277,945
Accrued Interest - RLF Wild Pointe Properties	3,036,907	369,857	5,121	3,401,643
Advance - Rangeview MD	99,000	7,034	-	106,034
Accrued Interest - Rangeview MD	2,200	6,066	-	8,266
Total	<u>\$ 24,047,438</u>	<u>\$ 1,641,379</u>	<u>\$ 1,096,182</u>	<u>\$ 24,592,635</u>

	Anticipated Balance at December 31, 2020	Additions	Retirements/ Adjustments	Anticipated Balance at December 31, 2021
PIF Revenue Bonds	\$ 13,475,000	\$ -	\$ -	\$ 13,475,000
Accrued Interest - PIF Revenue Bonds	2,323,747	1,187,340	1,175,000	2,336,087
Developer Advance - RLF Wild Pointe Properties	5,277,945	-	-	5,277,945
Accrued Interest - RLF Wild Pointe Properties	3,401,643	369,493	5,121	3,766,015
Advance - Rangeview MD	106,034	4,597	-	110,631
Accrued Interest - Rangeview MD	8,266	6,362	-	14,628
Total	<u>\$ 24,592,635</u>	<u>\$ 1,567,792</u>	<u>\$ 1,180,121</u>	<u>\$ 24,980,306</u>

The District has no operating or capital leases.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Reserves

Emergency Reserves

The District has provided an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2021, as defined under TABOR.

This information is an integral part of the accompanying budget.