

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

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

1/4/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 672,385	\$ 866,556	\$ 934,269
REVENUES			
Property taxes	439,437	489,125	496,665
Specific ownership taxes	86,718	84,000	79,467
Net investment income	18,328	5,700	4,000
Facility fees	-	273,000	70,000
Reimbursed expenditures	15,859	-	-
Contribution for traffic signal	75,000	-	-
Total revenues	<u>635,342</u>	<u>851,825</u>	<u>650,132</u>
Total funds available	<u>1,307,727</u>	<u>1,718,381</u>	<u>1,584,401</u>
EXPENDITURES			
General Fund	64,298	400,000	77,000
Debt Service Fund	376,873	384,112	386,000
Total expenditures	<u>441,171</u>	<u>784,112</u>	<u>463,000</u>
Total expenditures and transfers out requiring appropriation	<u>441,171</u>	<u>784,112</u>	<u>463,000</u>
ENDING FUND BALANCES	<u>\$ 866,556</u>	<u>\$ 934,269</u>	<u>\$ 1,121,401</u>
EMERGENCY RESERVE	\$ 5,700	\$ 15,800	\$ 6,600
TRAFFIC SIGNAL RESERVE	300,000	300,000	300,000
BONDS REQUIRED RESERVE	372,863	372,863	372,863
TOTAL RESERVE	<u>\$ 678,563</u>	<u>\$ 688,663</u>	<u>\$ 679,463</u>

No assurance provided. See summary of significant assumptions.

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

1/4/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
ASSESSED VALUATION			
Residential	\$ 6,191,770	\$ 7,174,320	\$ 7,535,360
State assessed	41,580	40,410	52,978
Vacant land	1,342,700	1,218,000	974,400
Other	460	460	460
Certified Assessed Value	<u>\$ 7,576,510</u>	<u>\$ 8,433,190</u>	<u>\$ 8,563,198</u>
MILL LEVY			
General	20.000	25.000	15.000
Debt Service	38.000	33.000	43.000
Total mill levy	<u>58.000</u>	<u>58.000</u>	<u>58.000</u>
Total revenues			
PROPERTY TAXES			
General	\$ 151,530	\$ 210,830	\$ 128,448
Debt Service	287,907	278,295	368,217
Levied property taxes	<u>439,437</u>	<u>489,125</u>	<u>496,665</u>
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	<u>\$ 439,437</u>	<u>\$ 489,125</u>	<u>\$ 496,665</u>
BUDGETED PROPERTY TAXES			
General	\$ 151,518	\$ 210,830	\$ 128,448
Debt Service	287,919	278,295	368,217
	<u>\$ 439,437</u>	<u>\$ 489,125</u>	<u>\$ 496,665</u>

No assurance provided. See summary of significant assumptions.

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

1/4/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 155,388	\$ 369,222	\$ 491,252
REVENUES			
Property taxes	151,518	210,830	128,448
Specific ownership taxes	29,900	36,000	20,552
Net investment income	5,855	2,200	2,000
Facility fees	-	273,000	70,000
Reimbursed expenditures	15,859	-	-
Contribution for traffic signal	75,000	-	-
Total revenues	<u>278,132</u>	<u>522,030</u>	<u>221,000</u>
Total funds available	<u>433,520</u>	<u>891,252</u>	<u>712,252</u>
EXPENDITURES			
General and administrative			
Accounting - recurring	17,000	17,000	18,700
Accounting - nonrecurring	1,545	5,000	3,000
Auditing	4,100	4,100	4,300
County Treasurer's fee	4,505	6,325	3,853
District management	9,647	14,000	12,000
Dues and licenses	525	541	600
Election expense	-	1,695	-
Insurance and bonds	4,446	5,435	6,000
Legal services	8,447	12,000	10,000
Miscellaneous	273	5,000	7,047
Repay Developer advance	-	143,253	-
Landscaping	8,282	10,000	5,000
Road repairs and maintenance	-	168,151	-
Snow removal	-	1,000	-
Traffic signal	4,047	5,000	5,000
Utilities	1,481	1,500	1,500
Total expenditures	<u>64,298</u>	<u>400,000</u>	<u>77,000</u>
Total expenditures and transfers out requiring appropriation	<u>64,298</u>	<u>400,000</u>	<u>77,000</u>
ENDING FUND BALANCES	<u>\$ 369,222</u>	<u>\$ 491,252</u>	<u>\$ 635,252</u>
EMERGENCY RESERVE	\$ 5,700	\$ 15,800	\$ 6,600
TRAFFIC SIGNAL RESERVE	300,000	300,000	300,000
TOTAL RESERVE	<u>\$ 305,700</u>	<u>\$ 315,800</u>	<u>\$ 306,600</u>

No assurance provided. See summary of significant assumptions.

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

1/4/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 516,997	\$ 497,334	\$ 443,017
REVENUES			
Property taxes	287,919	278,295	368,217
Specific ownership taxes	56,818	48,000	58,915
Net investment income	12,473	3,500	2,000
Total revenues	<u>357,210</u>	<u>329,795</u>	<u>429,132</u>
Total funds available	<u>874,207</u>	<u>827,129</u>	<u>872,149</u>
EXPENDITURES			
Debt Service			
Bond interest	280,313	277,763	274,912
Bond principal	85,000	95,000	95,000
Contingency	-	-	2,041
County Treasurer's fee	8,560	8,349	11,047
Paying agent fees	3,000	3,000	3,000
Total expenditures	<u>376,873</u>	<u>384,112</u>	<u>386,000</u>
Total expenditures and transfers out requiring appropriation	<u>376,873</u>	<u>384,112</u>	<u>386,000</u>
ENDING FUND BALANCES	<u>\$ 497,334</u>	<u>\$ 443,017</u>	<u>\$ 486,149</u>
BONDS REQUIRED RESERVE	<u>\$ 372,863</u>	<u>\$ 372,863</u>	<u>\$ 372,863</u>
TOTAL RESERVE	<u>\$ 372,863</u>	<u>\$ 372,863</u>	<u>\$ 372,863</u>

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 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 financing for the construction of improvements for streets and safety control, landscaping, storm drainage, water, sewer, television relay, and park and recreation improvements and facilities.

On November 5, 2002, the District's voters authorized general obligation indebtedness of \$3,390,290 for streets, \$1,655,947 for water facilities, \$227,895 for sewer and storm drainage facilities, \$225,868 for parks and recreation, and \$108,500 for general operations and maintenance. The election also approved an annual increase in taxes of \$60,000 for general operations and maintenance and \$5,500,000 for repayment of the combined approved debt.

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 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.

The change in assessment ratio from 7.20% to 7.15% allows the district to adjust its mill levy to offset the decrease in revenues. Accordingly, the total maximum mill levy increased to 63.985 from 63.541.

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.

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

Revenues - (continued)

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.

Net Investment Income

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

Facility Fees

A one-time facility fee in the amount of \$14,000 per lot is charged against property within the District. The facility fee is due at the time of issuance of a building permit. The facility fee constitutes a statutory perpetual lien upon the property until paid. Pursuant to the second amended resolution, the District may use any unpledged portion of the facility fees for the repayment of the bonds or other indebtedness of the District including defraying improvement costs and reimbursing the District's maintenance or operational costs and expenses. The imposition or collection of any pledged revenue of the Bonds shall remain unaffected.

Expenditures

Administrative and Operating Expenses

Administrative and operating expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting, audit, managerial, insurance, banking, meeting expense, landscape maintenance and other administrative expenses.

Debt Service

The principal and interest payments in 2021 are provided based on the debt amortization schedule from the General Obligation (Limited Tax Convertible to Unlimited Tax) Refunding Bonds Series 2016 (discussed under Debt and Leases).

Debt and Leases

On September 30, 2016, the District refunded \$5,005,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2006 by the issuance of \$5,370,000 General Obligation (Limited Tax Convertible to Unlimited Tax Refunding Bonds, Series 2016 (the "Bonds"). The proceeds were used for the purposes of (i) establishing an irrevocable trust account to refund the 2006 Bonds on the first date on which they may be redeemed prior to their respective maturities, (ii) funding the debt service reserve requirement of \$372,862.50 (the "Reserve Fund"), (iii) reimbursing the Developer for the prior advancement of capital infrastructure improvement costs, and (iv) paying costs of issuance of the Bonds.

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

Debts and Leases - (continued)

The Bonds are term bonds and bear interest from 3.00% to 5.75%, payable semi-annually on June 1 and December 1, beginning on June 1, 2017. The Bonds maturing on December 1, 2033 and thereafter are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2031, and on any date thereafter, upon payment of par plus accrued interest, without redemption premium. Annual mandatory sinking fund principal payments are due on December 1 of each year beginning on December 1, 2018. The Bonds mature on December 1, 2046.

The Bonds are secured by and payable from the Pledged Revenue, consisting of the monies derived by the District from the following sources, net of any costs of collection: (i) the Required Mill Levy (an amount sufficient to pay the principal of and interest on the Bonds, but not in excess of 63.985 mills); (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (iii) any other legally available monies which the District determines, in its absolute discretion, to credit to the Revenue Fund.

Required Mill Levy means an ad valorem mill levy imposed upon all taxable property within the District each year in an amount sufficient, to pay the principal and interest on the Bonds as the same become due, and to replenish the Reserve Fund to the extent necessary, but not in excess of 50.000 mills. These mill levies have been adjusted by the Board as a result of subsequent changes in the ratio of actual valuation to assessed valuation which have occurred since 2002.

On August 30, 2016, the District and Elbert & Highway 86 Commercial Metro District (CMD), collectively the Districts, and RLF Wild Pointe Properties, LLC (New Developer) entered into the Advance and Reimbursement Agreement. Pursuant to the agreement, upon the request for an advance, the Districts shall provide substantiation of the need for such advances. Such advances shall not exceed the total aggregate amount of \$100,000 in any given fiscal year without prior written authorization. Furthermore, such advances shall not be used for the payment of any debt or long-term financial obligations, but shall be for operations, maintenance and administrative purposes only. Should the Districts desire funding for capital purposes, the parties must agree in advance to those funding requirements and shall further agree to such terms in writing. In addition, the Districts and the New Developer acknowledge prior advances and the obligation of the Districts to repay, subject to annual appropriation and the budget approval. The obligation of the District and CMD to repay the outstanding advances is a joint and severable obligation, regardless of whether an advance was or is made to the District or CMD.

The District has no operating or capital leases.

Reserves

Emergency Reserve

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

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

Reserves - (continued)

Debt Service Reserve

At time of issuance of the Bonds, the Reserve Fund has been established for the purpose of paying the principal and/or interest on the Series 2016 Bonds to the extent the moneys in the Bond Fund are insufficient for such purpose. The Reserve Fund is required to be maintained at all times in the amount of \$372,862.50.

This information is an integral part of the accompanying budget.

**ELBERT AND HIGHWAY 86 METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$5,370,000 General Obligation Refunding Bonds
(Limited Tax Convertible to Unlimited Tax)
Series 2016, Dated September 30, 2016
3.00% - 5.75% Term Bonds Due December 1, 2046
Interest Payable June 1 and December 1,
Principal Due December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 95,000	\$ 274,912	\$ 369,912
2022	100,000	272,063	372,063
2023	100,000	268,062	368,062
2024	105,000	264,063	369,063
2025	110,000	259,862	369,862
2026	115,000	255,463	370,463
2027	120,000	250,862	370,862
2028	125,000	244,863	369,863
2029	130,000	238,612	368,612
2030	140,000	232,113	372,113
2031	145,000	225,112	370,112
2032	155,000	217,863	372,863
2033	160,000	210,112	370,112
2034	170,000	202,113	372,113
2035	180,000	192,337	372,337
2036	190,000	181,988	371,988
2037	200,000	171,062	371,062
2038	210,000	159,563	369,563
2039	225,000	147,487	372,487
2040	235,000	134,550	369,550
2041	250,000	121,038	371,038
2042	265,000	106,662	371,662
2043	280,000	91,425	371,425
2044	295,000	75,325	370,325
2045	310,000	58,363	368,363
2046	705,000	40,537	745,537
	<u>\$ 5,115,000</u>	<u>\$ 4,896,412</u>	<u>\$ 10,011,412</u>

No assurance provided. See summary of significant assumptions.