

DENVER CONNECTION WEST METROPOLITAN DISTRICT
Annual Budget
For the Year Ending December 31, 2021

**DENVER CONNECTION WEST 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	\$ 1,539,301	\$ 2,400,675	\$ 2,171,519
REVENUE			
Property taxes	163,776	604,635	879,219
Specific ownership tax	16,858	28,540	43,961
Interest income	39,089	13,075	19,020
Facilities fees	510,000	-	-
Admin fees	26,300	12,000	21,000
Operations and Maintenance Fees	442,561	493,000	548,372
Other revenue	2,073	14,000	1,000
Denver County Reimbursement	1,543,980	-	-
Reimbursed Expenditures	1,748	10,000	10,000
Developer advance	3,730,137	3,341,314	275,000
Total revenue	<u>6,476,522</u>	<u>4,516,564</u>	<u>1,797,572</u>
TRANSFERS IN	<u>25,634</u>	<u>51,972</u>	<u>51,972</u>
Total funds available	<u>8,041,457</u>	<u>6,969,211</u>	<u>4,021,063</u>
EXPENDITURES			
General Fund	148,858	114,000	145,000
Special Revenue Fund	320,558	524,265	528,372
Debt Service Fund	858,062	750,295	795,519
Capital Projects Fund	4,287,670	3,350,000	275,000
Capital Projects Reserve Fund	-	7,160	-
Total expenditures	<u>5,615,148</u>	<u>4,745,720</u>	<u>1,743,891</u>
TRANSFERS OUT	<u>25,634</u>	<u>51,972</u>	<u>51,972</u>
Total expenditures and transfers out requiring appropriation	<u>5,640,782</u>	<u>4,797,692</u>	<u>1,795,863</u>
ENDING FUND BALANCES	<u>\$ 2,400,675</u>	<u>\$ 2,171,519</u>	<u>\$ 2,225,200</u>
EMERGENCY RESERVE	\$ 821	\$ 3,800	\$ 5,500
SPECIAL REVENUE FUND RESERVE	14,200	14,800	16,500
DEBT SERVICE RESERVE 2017A BONDS	793,519	793,519	793,519
TOTAL RESERVE	<u>\$ 808,540</u>	<u>\$ 812,119</u>	<u>\$ 815,519</u>

No assurance provided. See summary of significant assumptions.

**DENVER CONNECTION WEST 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	ESTIMATED	BUDGET
2019	2020	2021

ASSESSED VALUATION - DENVER COUNTY

Residential	\$ 1,662,640	\$ 8,974,770	\$ 14,793,300
Commercial	3,900	366,280	300,410
State assessed	23,800	292,500	626,280
Vacant land	2,539,810	1,228,680	75,130
	4,230,150	10,862,230	15,795,120
Adjustments	-	-	-
Certified Assessed Value	\$ 4,230,150	\$ 10,862,230	\$ 15,795,120

MILL LEVY

General	11.055	11.133	11.133
Debt Service	44.222	44.531	44.531
Total mill levy	55.277	55.664	55.664

PROPERTY TAXES

General	\$ 46,764	\$ 120,929	\$ 175,847
Debt Service	187,066	483,706	703,372
Levied property taxes	233,830	604,635	879,219
Refunds and abatements	(70,054)	-	-
Budgeted property taxes	\$ 163,776	\$ 604,635	\$ 879,219

BUDGETED PROPERTY TAXES

General	\$ 32,754	\$ 120,929	\$ 175,847
Debt Service	131,022	483,706	703,372
	\$ 163,776	\$ 604,635	\$ 879,219

No assurance provided. See summary of significant assumptions.

**DENVER CONNECTION WEST 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 BALANCE	\$ 129,886	\$ (8,480)	\$ 4,664
REVENUE			
Property taxes	32,754	120,929	175,847
Specific ownership tax	3,372	6,140	8,792
Interest income	-	75	20
Total revenue	<u>36,126</u>	<u>127,144</u>	<u>184,659</u>
Total funds available	<u>166,012</u>	<u>118,664</u>	<u>189,323</u>
EXPENDITURES			
Accounting	34,497	30,000	32,000
Auditing	4,900	4,900	5,200
County Treasurer's fee	298	1,209	1,758
Dues and licenses	-	-	4,000
District management	53,770	35,000	43,000
Legal services	48,502	38,000	53,000
Miscellaneous	6,891	1,000	3,000
Election	-	2,500	-
Contingency	-	1,391	3,042
Total expenditures	<u>148,858</u>	<u>114,000</u>	<u>145,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>25,634</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>174,492</u>	<u>114,000</u>	<u>145,000</u>
ENDING FUND BALANCE	<u>\$ (8,480)</u>	<u>\$ 4,664</u>	<u>\$ 44,323</u>
EMERGENCY RESERVE	<u>\$ 821</u>	<u>\$ 3,800</u>	<u>\$ 5,500</u>
TOTAL RESERVE	<u>\$ 821</u>	<u>\$ 3,800</u>	<u>\$ 5,500</u>

No assurance provided. See summary of significant assumptions.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
SPECIAL REVENUE 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 BALANCE	\$ -	\$ 177,758	\$ 130,521
REVENUE			
Admin fees	26,300	12,000	21,000
Operations and maintenance Fee	442,561	493,000	548,372
Reimbursed expenditures	1,748	10,000	10,000
Other revenue	2,073	14,000	1,000
Total revenue	<u>472,682</u>	<u>529,000</u>	<u>580,372</u>
TRANSFERS IN			
Transfers from other funds	<u>25,634</u>	<u>-</u>	<u>-</u>
Total funds available	<u>498,316</u>	<u>706,758</u>	<u>710,893</u>
EXPENDITURES			
General and administrative			
Accounting	-	9,000	3,000
Dues and licenses	630	3,785	-
Insurance and bonds	23,266	29,890	31,000
Miscellaneous	3,363	6,000	3,000
Administrative management	29,909	76,516	91,000
District management	7,795	15,000	3,000
Legal services	9,740	13,000	5,000
Contingency	-	-	812
Operations and maintenance			
Clubhouse operations/supplies	44,406	140,000	50,000
Covenant control	37,519	4,000	5,000
Utility - water/sewer	11,576	25,000	25,000
Utility - electricity	14,456	10,000	10,000
Snow Removal	40,510	40,000	40,000
Security	14,983	16,000	14,000
Maintenance/repairs			
Dog park stations	6,646	9,740	10,000
Pool maintenance	41,168	27,100	30,000
Repairs and maintenance	9,426	30,000	10,000
Landscaping maintenance	25,165	69,234	187,560
Landscaping improvements	-	-	10,000
Total expenditures	<u>320,558</u>	<u>524,265</u>	<u>528,372</u>
TRANSFERS OUT - HUB IMPROVEMENTS			
Transfers to other fund - Capital Projects Reserve Fund	<u>-</u>	<u>51,972</u>	<u>51,972</u>
Total expenditures and transfers out requiring appropriation	<u>320,558</u>	<u>576,237</u>	<u>580,344</u>
ENDING FUND BALANCE	<u>\$ 177,758</u>	<u>\$ 130,521</u>	<u>\$ 130,549</u>
SPECIAL REVENUE FUND RESERVE	<u>\$ 14,200</u>	<u>\$ 14,800</u>	<u>\$ 16,500</u>
TOTAL RESERVE	<u>\$ 14,200</u>	<u>\$ 14,800</u>	<u>\$ 16,500</u>

No assurance provided. See summary of significant assumptions.

**DENVER CONNECTION WEST 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 BALANCE	\$ 2,387,176	\$ 2,222,711	\$ 1,991,522
REVENUE			
Property taxes	131,022	483,706	703,372
Specific ownership tax	13,486	22,400	35,169
Interest income	39,089	13,000	19,000
Facilities fees	510,000	-	-
Total revenue	693,597	519,106	757,541
Total funds available	3,080,773	2,741,817	2,749,063
EXPENDITURES			
General and administrative			
County Treasurer's fee	1,193	4,837	7,034
Debt Service			
Bond interest - Series 2017A	520,838	520,838	520,838
Bond interest - Series 2017B	334,198	203,120	212,147
Bond principal - Series 2017B	-	16,000	50,000
Paying agent fees	1,833	5,500	5,500
Total expenditures	858,062	750,295	795,519
Total expenditures and transfers out requiring appropriation	858,062	750,295	795,519
ENDING FUND BALANCE	\$ 2,222,711	\$ 1,991,522	\$ 1,953,544
DEBT SERVICE RESERVE 2017A BONDS	\$ 793,519	\$ 793,519	\$ 793,519
SURPLUS RESERVE	969,000	969,000	969,000
DEBT SERVICE FUND BALANCE	460,192	229,003	191,025
TOTAL RESERVE	\$ 2,222,711	\$ 1,991,522	\$ 1,953,544

No assurance provided. See summary of significant assumptions.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
CAPITAL PROJECTS 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 BALANCE	\$ (977,761)	\$ 8,686	\$ -
REVENUE			
Developer advance	3,730,137	3,341,314	275,000
Denver County Reimbursement	1,543,980	-	-
Total revenue	<u>5,274,117</u>	<u>3,341,314</u>	<u>275,000</u>
Total funds available	<u>4,296,356</u>	<u>3,350,000</u>	<u>275,000</u>
EXPENDITURES			
General and Administrative			
Accounting	13,441	-	-
District management	26,199	-	-
Legal services	44,618	20,000	-
Contingency	-	-	11,600
Capital Projects			
Architecture	2,161	-	-
Common area landscaping	-	1,100,000	-
Public art	-	-	250,000
Repay developer advance	1,543,980	-	-
Engineering	111,240	30,000	13,400
Capital outlay	2,546,031	2,200,000	-
Total expenditures	<u>4,287,670</u>	<u>3,350,000</u>	<u>275,000</u>
Total expenditures and transfers out requiring appropriation	<u>4,287,670</u>	<u>3,350,000</u>	<u>275,000</u>
ENDING FUND BALANCE	<u>\$ 8,686</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
 CAPITAL PROJECTS RESERVE 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 BALANCE	\$ -	\$ -	\$ 44,812
TRANSFERS IN			
Transfers from other funds	-	51,972	51,972
Total funds available	-	51,972	96,784
EXPENDITURES			
Reserve study	-	7,160	-
Total expenditures	-	7,160	-
Total expenditures and transfers out requiring appropriation	-	7,160	-
ENDING FUND BALANCE	\$ -	\$ 44,812	\$ 96,784

No assurance provided. See summary of significant assumptions.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District is a quasi-municipal corporation and political subdivision of the State of Colorado under Title 32, Article 1 of the Colorado Revised Statutes, and was organized by order of the District Court in 2016. The formation of the District was approved by the City and County of Denver, Colorado. The District was organized to provide the public improvements and the operation and maintenance of the District. The District's service area includes 115.66 acres generally to the southeast corner of Green Valley Ranch Blvd and Chambers Road.

On November 8, 2016, the District's electors authorized debt in the amount of \$140,000,000 for public improvements including street improvements, park and recreation, water, sanitation, public transportation, mosquito control, and traffic and safety control. \$60,000,000 of debt was also authorized for the purpose of refunding debt, operations and maintenance, and intergovernmental agreements. The District is authorized to increase taxes \$20,000,000 annually to pay the operations and administrative costs of the District, without limitation. Additionally, the Service Plan limits (except for a Gallagher adjustment) the District's total mill levy to 50.000 mills.

The District has no employees and all 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 District's maximum Required Mill Levy is 55.664 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable [and to make up any deficiencies in the Reserve Fund]. As of December 31, 2021, the adjusted maximum mill levy for debt service is 44.531 mills and for the general fund mill levy is 11.133.

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.

**DENVER CONNECTION WEST 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 5.00% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.50%.

Administrative Fee

The District imposes Administrative Fee associated with a transfer of ownership of any dwelling unit located within the Property in the amount of \$100 per unit. The fee is due and payable at the time of sale, transfer or re-sale of any unit constructed on a lot which has a certificate of occupancy. The District's Board of Directors has approved an increase to the District's rate structure effective January 1, 2021. The transfer fee increased from \$100 to \$250 per unit. It is anticipated that in 2021 the District will have 84 dwelling units.

Operations and Maintenance Fees

The District imposes an Operations and Maintenance fee (O&M fee) to offset the operations and maintenance expenditures of the District. In the amount of \$168 per quarter for each residential unit, \$183 per quarter for each rear-loaded residential unit and \$183 per quarter for each townhome unit. The District's Board of Directors approved an increase to the District's rate structure effective January 1, 2021. The O&M fees have been increased from \$168 to \$177 for each residential unit (5% increase), from \$183 to \$212 (15% increase) for each rear-loaded residential unit and from \$183 to \$196 for townhomes (7% increase). The O&M fees will be billed quarterly as determined by the District. The amount charged by the District for Operations and Maintenance Fees is anticipated to be \$548,372. The rate increase was needed to compensate for higher operating cost.

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the estimated cost of services necessary to maintain the District's administrative viability such as legal, accounting, insurance, dues, and other administrative expenditures. Estimated expenditures related to clubhouse maintenance, operations and management are included in the Special Revenue Fund budget.

County Treasurer's Fees

County Treasurer's fees have been computed at 1% of property tax collections.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the Series 2017A Bonds and Series 2017B Bonds (discussed under Debt and Leases).

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund in 2021.

Debt and Leases

In August 2017, the District issued \$9,690,000 in Series 2017A Limited Tax (convertible to unlimited tax) General Obligation Bonds with interest of 5.375%. The Bonds are subject to redemption prior to maturity at the option of the District and due on August 1, 2047.

The bonds are secured by and payable from Senior Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) all Senior Property Tax Revenues, (2) all Senior Specific Ownership Tax Revenues, (3) all Capital Fees and any other legally available monies which the District determines to be treated as Pledged Revenue. The Bonds are also secured by amounts held by the Trustee in the Reserve Fund in the amount of \$793,518.76. The Reserve Fund was created for the purpose of paying, if necessary, the principal of, premium, and interest on the Bonds. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the bonds as the same become due and payable and to make up deficiencies in the Reserve Fund.

The maximum Required Mill Levy is 40.000 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2021, the adjusted maximum mill levy is 44.531.

In August 2017, the District issued \$2,539,000 in Series 2017B Subordinate Bonds. The Bonds are special limited obligations of the District secured by and payable from the Subordinate pledged revenues, subject in all respects to the prior lien in favor of the Senior Bonds. The Series 2017B Subordinate Bonds are term bonds due on August 1, 2047 at an interest rate of 8.00%.

Proceeds of the Bonds were used to finance and reimburse the costs of public improvements necessary for development within the District and with respect to the proceeds of the 2017A Bonds only, fund capitalized interest account on the 2017A Bonds, fund the Senior Reserve Fund and pay the costs of issuing the Bonds.

**DENVER CONNECTION WEST METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debts and Leases (continued)

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
G.O. Bonds - Series 2017A	\$ 9,690,000	\$ -	\$ -	\$ 9,690,000	\$ -
G.O. Subordinate Bonds - Series 2017B	2,539,000	-	-	2,539,000	-
Accrued Interest - 2017B					
Subordinate Bonds	9,027	203,120	203,120	9,027	-
Developer Advances - General	110,576	-	-	110,576	-
Interest on Developer Advances - General	15,935	8,846	-	24,781	-
Developer Advances - Capital	15,421,147	3,341,314	-	18,762,461	-
Interest on Developer Advances - Capital	1,727,628	1,522,997	-	3,250,625	-
Total	\$ 29,513,313	\$ 5,076,277	\$ 203,120	\$ 34,386,470	\$ -
	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
G.O. Bonds - Series 2017A	\$ 9,690,000	\$ -	\$ -	\$ 9,690,000	\$ 80,000
G.O. Subordinate Bonds - Series 2017B	2,539,000	-	50,000	2,489,000	-
Accrued Interest - 2017B					
Subordinate Bonds	9,027	203,120	212,147	-	-
Developer Advances - General	110,576	-	-	110,576	-
Interest on Developer Advances - General	24,781	8,846	-	33,627	-
Developer Advances - Capital	18,762,461	275,000	-	19,037,461	-
Interest on Developer Advances - Capital	3,250,625	1,522,997	-	4,773,622	-
Total	\$ 34,386,470	\$ 2,009,963	\$ 262,147	\$ 36,134,286	\$ 80,000

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3% of fiscal year spending as defined under TABOR. Such emergency reserve is an integral part of Ending Funds Available. In addition, the District established a Special Revenue Fund Reserve that is equal 3% of the operations and maintenance fees revenue available.

Debt Service Reserves

The District maintains a Debt Service Reserve as required with the issuance of the 2017A Bonds.

This information is an integral part of the accompanying budget.

**DENVER CONNECTION WEST
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$9,690,000 Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds
Refunding and Improvement Bonds**

Series 2017A

August 23, 2017

Principal due December 1

Interest Rates 5.375% Payable

June 1 and December 1

Year Ended December 31,	Principal	Interest	Total
2021	\$ -	\$ 520,838	\$ 520,838
2022	80,000	520,838	600,838
2023	110,000	516,538	626,538
2024	125,000	510,625	635,625
2025	135,000	503,906	638,906
2026	155,000	496,650	651,650
2027	160,000	488,319	648,319
2028	185,000	479,719	664,719
2029	195,000	469,775	664,775
2030	220,000	459,294	679,294
2031	230,000	447,469	677,469
2032	255,000	435,106	690,106
2033	270,000	421,400	691,400
2034	300,000	406,888	706,888
2035	315,000	390,763	705,763
2036	345,000	373,831	718,831
2037	365,000	355,288	720,288
2038	395,000	335,669	730,669
2039	420,000	314,438	734,438
2040	455,000	291,863	746,863
2041	480,000	267,406	747,406
2042	520,000	241,606	761,606
2043	550,000	213,656	763,656
2044	595,000	184,094	779,094
2045	625,000	152,113	777,113
2046	675,000	118,519	793,519
2047	1,530,000	54,825	1,584,825
	<u>\$ 9,690,000</u>	<u>\$ 9,971,436</u>	<u>\$ 19,661,436</u>

The 2017B Bonds are structured as cash flow bonds, meaning that there no scheduled payments of principal or interest prior to the final maturity date.

No assurance provided. See summary of significant assumptions.