CERTIFIED RECORD

OF

PROCEEDINGS RELATING TO

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1

ELBERT COUNTY, COLORADO

AND THE BUDGET HEARING

FOR FISCAL YEAR

2015

STATE OF COLORADO	)	
	)	
COUNTY OF ELBERT		)ss.
	)	
ELKHORN RANCH	)	
METROPOLITAN DISTRICT NO. 1	)	

The Board of Directors (the "Board") of the Elkhorn Ranch Metropolitan District No. 1 (the "District"), Elbert County, Colorado, held a special meeting at Community Resource Services of Colorado, L.L.C., 7995 East Prentice Avenue, Suite 103E, Greenwood Village, Colorado, on December 9, 2014, at 11:30 a.m.

Present were the following members of the Board:

Robert A. Lembke
Theodore R. Shipman
James Korpal
Kurt Schlegel
Michael Wandell

Also in attendance were:

Joel Meggers, Cathy Fromm and Sue Blair; Community Resource Services, LLC.
Dianne D. Miller and Brad Neiman; Miller & Associates Law Offices, LLC

The Chairman stated that proper publication was made to conduct a public hearing on the District's 2015 budget. The Chairperson opened the public hearing on the District's proposed 2015 budget. There being no public present to comment on the District's budget, the public hearing was closed.

Thereupon, Director Shipman introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE ELKHORN RANCH METROPOLITAN DISTRICT NO. 1, ELBERT COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2015, AND ENDING ON THE LAST DAY OF NOVEMBER, 2015,

WHEREAS, the Board of the District has authorized its consultants to prepare and submit a proposed budget to said governing body no later than October 15, 2013; and

WHEREAS, the proposed budget has been submitted to the Board of the District for its consideration; and

WHEREAS, upon due and proper notice, posted in accordance with Colorado Law and published on December 6, 2014 in a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on December 9, 2014 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-301, C.R.S., and Article X, § 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ELKHORN RANCH METROPOLITAN DISTRICT NO. 1 OF ELBERT COUNTY, COLORADO, AS FOLLOWS:

Section 1. 2015 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto **as Exhibit A** are accepted and approved.

Section 2. 2015 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto **as Exhibit A** are accepted and approved.

Section 3. Adoption of Budget for 2015. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted by the Board as the true and accurate budget of the District for fiscal year 2015.

Section 4. 2015 Levy of General Property Taxes. That the 2013 valuation for assessment, as certified by the Elbert County Assessor, is $4,925,540.

A. Levy for General Fund. That the foregoing budget indicates that the amount of money necessary to balance the budget for the General Fund for operating expenses is $24,628. That for the purposes of meeting all general operating expense of the District during the 2015 budget year, there is hereby levied a tax of 5.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2015.

B. Levy for Debt Retirement Expense. That the foregoing budget indicates that the amount of money necessary to balance the budget for meeting all debt retirement expenses is $254,650. That, for the purposes of meeting all debt retirement expenses of the District during the 2015 budget year, there is hereby levied a tax of 51.700 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2015.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. The District's manager is hereby authorized and directed to immediately certify to the Board of County Commissioners of Elbert County the mill levies for the District hereinabove determined and set. That said certification shall be in substantially the following form.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto as **Exhibit A**, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

The foregoing Resolution was seconded by Schlegel.

ADOPTED AND APPROVED this 9th day of December, 2014.

Robert A. Lembke, President

ATTEST:

Theodore Shipman, Treasurer/Secretary

STATE OF COLORADO)
)
COUNTY OF ELBERT)ss.
)
ELKHORN RANCH)
METROPOLITAN DISTRICT NO. 1)

I, Theodore Shipman, Treasurer/Secretary to the Board of Directors (the "Board") of Elkhorn Ranch Metropolitan District No. 1 (the "District"), Elbert County, Colorado, do hereby certify that the foregoing pages constitute a true and correct copy of the record of proceedings of the Board of said District, adopted at a meeting of the Board held at Community Resource Services of Colorado, L.L.C., 7995 East Prentice Avenue, Suite 103E, Greenwood Village, Colorado, on December 9, 2014 at 11:30 a.m., as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2015; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2015 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 9th day of December, 2014.

(S E A L)

Theodore Shipman, Treasurer/Secretary

ACKNOWLEDGEMENT OF NOTICE AND
APPROVAL OF RECORD OF PROCEEDINGS

We, the undersigned members of the Board of Directors of Elkhorn Ranch Metropolitan District No. 1, Elbert County, Colorado, do hereby acknowledge receipt of proper notice of the meeting of the Board held Friday, December 9, 2014 at 11:30 a.m., at Community Resource Services of Colorado, L.L.C., 7995 East Prentice Avenue, Suite 103E, Greenwood Village, Colorado, informing of the date, time and place of the meeting and the purpose for which it was called, and we do hereby approve said record of proceedings and the actions taken by the Board as stated therein.

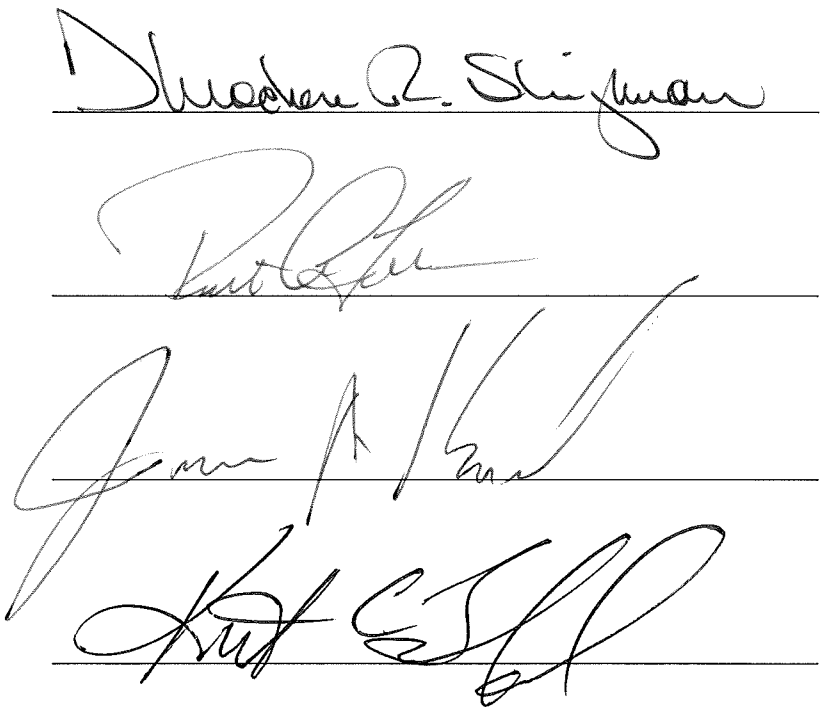

EXHIBIT A

BUDGET DOCUMENT

BUDGET MESSAGE

Elkhorn Ranch Metropolitan District #1
GENERAL FUND
ADOPTED 2015 BUDGET

	2013 Actual	2014 Estimated	Adopted 2015 Budget
REVENUE			
Property Taxes	$ 25,869	$ 30,476	**$ 24,628**
Specific Ownership Taxes	4,083	3,900	**3,700**
Infrastructure Support Fee/Developer Advance	16,000	32,000	**32,000**
Interest Income	192	100	**100**
Total Revenue	$ 46,144	$ 66,476	**$ 60,428**
EXPENDITURES			
Audit Fees	$ 2,000	$ 2,050	**$ 2,500**
Directors' Fees	1,300	3,500	**3,500**
District Management/Accounting	24,927	20,000	**25,000**
Dues and Subscriptions	557	400	**400**
County Treasurer's Fees	776	915	**915**
Elections	-	-	**-**
Insurance and Bonds	2,273	2,300	**2,300**
Legal	9,619	18,000	**18,000**
Miscellaneous	616	1,000	**1,000**
Open Space expenses	-	-	**-**
Utilities	-	500	**500**
Repairs and Maintenance	7,350	7,000	**7,000**
Support Services	2,380	3,000	**3,000**
Contingency	-	-	**-**
Total Expenditures	$ 51,798	$ 58,665	**$ 64,115**
EXCESS OF REVENUE OVER(UNDER) EXPENDITURES	$ (5,654)	$ 7,811	**$ (3,687)**
NET CHANGE IN FUND BALANCE	$ 10,346	$ 7,811	**$ (3,687)**
BEGINNING FUND BALANCE	$ 72,941	$ 83,287	**$ 91,098**
ENDING FUND BALANCE	$ 83,287	$ 91,098	**$ 87,411**

Elkhorn Ranch Metropolitan District #1
DEBT SERVICE FUND
ADOPTED 2015 BUDGET

	2013 Actual	2014 Estimated	Adopted 2015 Budget
REVENUE			
Property Taxes	$ 267,490	$ 315,126	**$ 254,650**
Specific Ownership Taxes	42,222	42,000	**36,000**
Interest Income	584	300	**200**
Total Revenue	$ 310,296	$ 357,426	**$ 290,850**
EXPENDITURES			
General			
District Management and Accounting	$ 5,484	$ 5,500	**$ 5,500**
Audit Fees	2,000	2,500	**2,500**
County Treasurer's Fees	8,028	9,455	**9,455**
Legal	3,473	6,500	**6,500**
Debt Service			
Bond Principal	85,000	-	**-**
Bond Interest	426,488	414,644	**269,175**
Paying Agent Fees	1,989	3,500	**2,500**
Total Expenditures	$ 532,462	$ 442,099	**$ 295,630**
EXCESS OF REVENUE OVER(UNDER) EXPENDITURES	$ (222,166)	$ (84,673)	**$ (4,780)**
NET CHANGE IN FUND BALANCE	$ (222,166)	$ (84,673)	**$ (4,780)**
BEGINNING FUND BALANCE	$ 311,896	$ 89,730	**$ 5,057**
ENDING FUND BALANCE	$ 89,730	$ 5,057	**$ 277**

Elkhorn Ranch Metropolitan District #1
DEBT SERVICE SUBORDINATE BOND FUND
ADOPTED 2015 BUDGET

	2013 Actual	2014 Estimated	Adopted 2015 Budget
REVENUE			
Revenue	$ -	$ -	$ -
Total Revenue	$ -	$ -	$ -
EXPENDITURES			
Debt Service			
Bond Principal	-	20,000	**10,000**
Bond Interest	137,375	117,375	**115,125**
Paying Agent Fees	-	-	-
Total Expenditures	$ 137,375	$ 137,375	**$ 125,125**
EXCESS OF REVENUE OVER(UNDER) EXPENDITURES	$ (137,375)	$ (137,375)	**$ (125,125)**
OTHER FINANCING SOURCES			
Developer advance	$ 137,375	$ 137,375	**$ 125,125**
Total Other Financing Sources	$ 137,375	$ 137,375	**$ 125,125**
NET CHANGE IN FUND BALANCE	$ -	$ -	$ -
BEGINNING FUND BALANCE	$ -	$ -	$ -
ENDING FUND BALANCE	$ -	$ -	$ -

Elkhorn Ranch Metropolitan District No. 1
CAPITAL PROJECTS FUND - ROAD FEES
ADOPTED 2015 BUDGET

	2013 Actual	2014 Estimated	Adopted 2015 Budget
REVENUE			
Road Fees ($2,220)	$ -	$ -	$ -
Permit Fees	1,890	-	-
Total Revenue	$ 1,890	$ -	$ -
EXPENDITURES			
County Road #17	$ 88,000	$ -	$ -
Road Improvements	-	-	**112,840**
Total Expenditures	$ 88,000	$ -	$ 112,840
EXCESS OF REVENUE OVER(UNDER) EXPENDITURES	$ (86,110)	$ -	$ **(112,840)**
OTHER FINANCING USES			
Transfer to Other Funds	$ -	$ -	$ -
Total Other Financing Uses	$ -	$ -	$ -
NET CHANGE IN FUND BALANCE	$ (86,110)	$ -	$ (112,840)
BEGINNING FUND BALANCE	$ 232,840	$ 146,730	$ **146,730**
ENDING FUND BALANCE	$ 146,730	$ 146,730	$ **33,890**

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
2015 BUDGET MESSAGE

Elkhorn Ranch Metropolitan District No. 1 (District), a quasi-municipal corporation and political subdivision of the State of Colorado was organized on June 18, 2002, and is governed pursuant to provisions of the Colorado Special District Act. The District's service area boundaries are located entirely in Elbert County, Colorado (County).

The District was established principally to coordinate the construction, acquisition, financing and maintenance of public improvements, including streets and safety control, landscaping, water, sewer, storm drainage, television relay, and park and recreation improvements and facilities. Upon completion of construction and installation, it is the District's intent to dedicate all public improvements to the County or its designee for operation and maintenance. Certain landscaping, park and recreation improvements, and street lighting may be maintained by the District or by a homeowners' association.

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.

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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.

System Development Fees

The District imposes certain development impact and facility fees on property within the District. The fees are required to be paid prior to the issuance of a building permit by the County. The District records the revenue when the fees are paid and received. The infrastructure fee for road improvements is to be used solely for the improvement of certain access roads into the District.

Facility fee - $3,500
Infrastructure fee for road improvements - $2,220
Water surcharge fee - $3,940
Infrastructure support fee - $250

Debt Service

Debt service payments for the 2005 general obligation bonds and 2006 subordinate bonds are listed on 2 of the budget. Principal and interest are consistent with payments anticipated in the debt service requirements in the bond documents.

Emergency Reserves

The District has provided for an emergency reserve equal to at last 3% of the fiscal year spending for 2015 as defined under TABOR.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners[1] of ELBERT COUNTY, Colorado.

On behalf of the ELKHORN RANCH METROPOLITAN DISTRICT NO. 1,
(taxing entity)[A]

the BOARD OF DIRECTORS
(governing body)[B]

of the ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
(local government)[C]

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 4,925,540
(GROSS[D] assessed valuation, Line 2 of the Certification of Valuation Form DLG 57[E])

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 4,925,540

Submitted: *12/4/2014* for budget/fiscal year *2015*.
(not later than Dec. 15) (dd/mm/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	**LEVY[2]**		**REVENUE2**
1. General Operating Expenses[G]	5.000	mills	$ 24,628
2. <**Minus**> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[H]	< >	mills	$< >
SUBTOTAL FOR GENERAL OPERATING:	5.000	mills	$ 24,628
3. General Obligation Bonds and Interest[I]	51.700	mills	$ 254,650
4. Contractual Obligations[J]		mills	$
5. Capital Expenditures[K]		mills	$
6. Refunds/Abatements[L]		mills	$
7. Other[M] (specify):		mills	$
		mills	$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	56.700	**mills**	**$ 279,278**

Contact person: (print) Sue Blair
Daytime phone: (303) 381-4977
Signed: Sue Blair
Title: District Manager

Send one completed copy of this form to the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, Colorado 80203 when the local government's adopted budget is submitted to DLG. Questions? Call DLG at (303) 866-2156.

[1] If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
[2] Levies must be rounded to three decimal places and revenue must be calculated from the total *NET assessed valuation* (Line 4 of Form DLG57 on the County Assessor's *final* certification of valuation).

ELKHORN RANCH METROPOLITAN DISTRICT NO. 1
CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS[I]:

1.
Purpose of Issue:	Funding of Capital Improvements
Series:	2005A
Date of Issue:	September 1, 2005
Coupon Rate:	6.375%
Maturity Date:	December 1, 2035
Levy:	51.700
Revenue:	$254,650

2.
Purpose of Issue:	Funding of Capital Improvements/Developer Reimbursement
Series:	2006B
Date of Issue:	April 17, 2006
Coupon Rate:	7.5%
Maturity Date:	December 1, 2036
Levy:	Included above
Revenue:	Included above

CONTRACTS[J]:

3.
Purpose of Contract:	
Title:	
Date:	
Principal Amount:	
Maturity Date:	
Levy:	
Revenue:	

4.
Purpose of Contract:	
Title:	
Date:	
Principal Amount:	
Maturity Date:	
Levy:	
Revenue:	

Use multiple copies of this page as necessary to report all bond and contractual obligations.