

CIELO METROPOLITAN DISTRICT

2022 ANNUAL REPORT

CIELO METROPOLITAN DISTRICT
2022 ANNUAL REPORT
TO
DOUGLAS COUNTY BOARD OF COUNTY COMMISSIONERS

Pursuant to §32-1-207(3)(c) and the Service Plan for Cielo Metropolitan District (the “**District**”), the District is required to provide an annual report to Douglas County Board of County Commissioners (the “**County**”) with regard to the following matters.

For the year ending December 31, 2022, the District makes the following report:

§32-1-207(3) Statutory Requirements

1. Boundary changes made

There were no boundary changes made to the District’s boundaries in 2022.

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

The District did not enter into or terminate any Intergovernmental Agreements in 2022.

3. Access information to obtain a copy of rules and regulations adopted by the board.

As of December 31, 2022, the District had not adopted any rules and regulations.

4. A summary of litigation involving public improvements owned by the District.

To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s public improvements as of December 31, 2022.

5. The status of the construction of public improvements by the District.

As of December 31, 2022, the District had not constructed any Public Improvements. All public improvements for the development are being constructed by Toll Southwest LLC (“**Toll**”).

According to Toll, construction of the public improvements and regional improvements for Phase 1 of the development was completed in summer 2022, Phase 2 of the development was complete in February 2023, and Phase 3 of the development is ongoing with anticipated completion in the spring of 2024.

6. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality.

The District did not construct any facilities or improvements dedicated to or accepted by the County in 2022.

7. The final assessed valuation of the District as of December 31st of the reporting year.

The District's final assessed valuation is attached hereto as **Exhibit A**.

8. A copy of the current year's budget.

A copy of the 2023 Budget is attached hereto as **Exhibit B**.

9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

The 2022 Audit is attached hereto as **Exhibit C**.

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.

To our actual knowledge, the District did not receive notice of any uncured defaults existing for more than ninety (90) days under any Debt instrument of the District

11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.

To our actual knowledge, there was not any inability of the District to pay its obligations as they came due under any obligation which continued beyond a ninety (90) day period.

Service Plan Requirements

I. District Description – General Information

a. Board Members, officers' titles, and terms

- Ben Both – President – May 2025
- Reginald Carveth – Assistant Secretary – May 2027
- Timothy Westbrook – Treasurer – May 2027
- Michael Newman – Director – May 2025
- Chris Osler –Secretary – May 2025

b. Changes in Board memberships in past year

- There were no changes to Board membership in the past year.

c. *Name and address for official District contact*

Clint C. Waldron, Esq., Legal Counsel
White Bear Ankele Tanaka & Waldron, P.C.
2154 E Commons Ave., Suite 2000, Centennial, CO
cwaldron@wbapc.com
303-858-1800

Carrie Bartow, District Accountant
CliftonLarsonAllen, LLC
8390 E Crescent Parkway, Suite 300, Greenwood Village, CO
Carrie.Bartow@claconnect.com
303-779-5710

Michele Rittgers, District Manager
The Management Association, Inc.
3091 S. Jamaica Court, Suite 100, Aurora, CO 80014
michele.rittgers@managementtrust.com
(303) 750-0994 x 2302

d. *Elections held in the past year and their purpose*

May 2, 2023 Election – to elect Board members.

II. Boundary changes for the report year and proposed changes for the coming year

There were no boundary changes made or proposed to the District’s boundary in 2022, and there are no proposed changes in the District’s boundary for 2023.

III. List of intergovernmental agreements (existing or proposed) and a brief description of each detailing the financial and service arrangements

a. *Contracts for operations, debt, and other contractual obligations with sub-District or operating and taxing District*

The District is a party to that certain Intergovernmental Agreement among the District, Denver Southeast Suburban Water and Sanitation District d/b/a Pinery Water and Wastewater District Acting by and through its Enterprise Fund, and the Parker Water and Sanitation District, dated December 13, 2018 (the “**Water IGA**”). Pursuant to the Water IGA, the District obtains wastewater treatment services from the Pinery Wastewater Treatment Plant.

The District is a party to that certain Agreement Regarding School Park Facilities Construction, Use, and Maintenance among the District, Forestar (USA) Real Estate Group Inc., and Douglas County School District, dated November 12, 2019 (the “**School Agreement**”). The School Agreement memorializes the parties understanding about the timing for the design,

construction, ownership, operation, and maintenance of School Park Facilities as defined in the School Agreement. Forestar (USA) Real Estate Group Inc. assigned its interest in the School Agreement to the Forestar (USA) Real Estate Group Inc.

The District is a party to that certain Clubhouse Funding, Construction, and Operations Agreement, dated November 19, 2019, among the District, Stone Creek Metropolitan District, Choke Cherry Investors, LLC, and Forestar (USA) Real Estate Group Inc. (the “**Clubhouse Agreement**”). Pursuant to the Clubhouse Agreement, Choke Cherry Investors, LLC intends to construct and finance a public clubhouse, swimming pool, and related public improvements (collectively, the “Clubhouse Improvements”). Stone Creek Metropolitan District will reimburse Choke Cherry Investors, LLC for the costs related to construction of the Clubhouse Improvements. The District shall pay for 51% the costs related to operations and maintenance of the Clubhouse Improvements. On August 26, 2021, the District approved terminating the existing Clubhouse Funding, Construction and Operations Agreement, dated November 19, 2019. On August 26, 2021, the District approved the Clubhouse Join Use and Cost Sharing Agreement between the District and Stone Creek Metropolitan District. On August 26, 2021, the District approved the Clubhouse Construction Agreement between the District, Stone Creek Metropolitan District, Choke Cherry Investors, LLC, and Toll. The Stone Creek Metropolitan District approved copies of these agreements on August 25, 2021.

- b. *Reimbursement agreements with developers and/or builders for advances to fund capital costs and administrative/operational and maintenance costs of the District*

The District is a party to that certain Funding and Reimbursement Agreement (Operations and Maintenance) dated January 30, 2020, as amended, with Toll (the “**Operations Agreement**”). Pursuant to the Operations Agreement, Toll agrees to advance funds to the District for operations and maintenance expenses, not to exceed the aggregate of \$50,000 per annum for calendar years 2020 through 2023. Toll may agree to renew its obligations under the Operations Agreement by providing written notice to the District. The maximum amount to be advanced pursuant to the Operations Agreement is \$100,000.

The District is a party to that certain Infrastructure Acquisition and Reimbursement Agreement dated January 30, 2020 with Toll (the “**Infrastructure Agreement**”). Pursuant to the Infrastructure Agreement, Toll agrees to incur costs related to the financing, construction and installation of public improvements and the District agrees to reimburse Toll for such costs and acquire certain improvements all subject to limitations contained in the Special District Act and the Service Plan.

IV. Service Plan

a. List and description of services authorized in Service Plan

The District shall have the power and authority to provide the public improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is permitted by this Service Plan and described in the Special District Act, and other applicable statutes, common law, and the Colorado Constitution.

b. List and description of facilities authorized in Service Plan

See response to a. above.

c. List and description of any extraterritorial services, facilities, and agreements

The District is a party to the Clubhouse Agreement, as described in III(a) above.

V. Development Progress

a. Indicate the estimated year of build-out, as set forth in the Service Plan.

The estimated year of build-out, as set forth in the Service Plan, is 2026.

b. List the services provided with the date service began compared to the date authorized by the Service Plan.

The Service Plan authorizes the District to provide the following services or facilities:

Service Type	Services Began	SP Authorization
Water - PWSD	Actual 2022	2015
Storm Sewer	Actual 2022	2015
Sanitation and Wastewater Treatment - PWSD	Actual 2022	2015
Street Improvements	Actual 2022	2015
Traffic Safety Protection	Actual 2022	2015
Parks and Recreation	Actual 2022	2015
Mosquito Control	N/A	2015
Covenant Enforcement and Design Review; and	Actual 2022	2015

Fire Protection - SMFRA	Actual 2022	2015
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- c. *List changes made to the Service Plan, including when the change was authorized, when it was implemented or is expected to be implemented.*

A First Amendment to the District’s service plan was approved on January 5, 2021. The amendment increased the District’s total authorized debt limit to \$25,000,000, added a maximum operations and maintenance mill levy before issuance of 60 mills and a maximum debt mill levy of 50 mills.

A Second Amendment to the District’s service plan was approved on January 30, 2023. The amendment allows the District to make mill levy adjustments.

- d. *List facilities to be acquired or constructed or leased back as set forth in the Service Plan and compare the date of completion or operation with the date authorized by the Service Plan.*

Facility Type	Anticipated Date of Completion	Service Plan Authorization
Open Space/Park	2023	2015

- e. *List of facilities not completed. Indicate the reason for incompleteness and provide a revised schedule, if any.*

The open space/park is not completed because site improvements did not begin until 2020 and there won’t be occupied homes until late 2022.

- f. *List facilities currently under construction with the percentage complete and an anticipated date of completion.*

Facility Type	Percentage Complete Completion	Anticipated Date of Completion
Open Space/Park	30%	2023

- g. *Indicate the population of the District for the previous five (5) years and provide population projections for the next five (5) years.*

The population of the District for the previous five (5) years is 0. Construction on homes is expected to begin in 2023. Current population is 0.

Estimated home closings by year:

2022 - 53
2023 - 87
2024 - 87
2025 - 86
2026 - 30
2027 - 0

Total of 343 at the end of 5 years.

The Service Plan estimates 2.5 persons per residence, which would translate to an estimated population of approximately 858 at the end of five years.

Estimated population by year:

2022 - 133
2023 - 350
2024 - 568
2025 - 783
2026 - 858
2027 - 858

- h. List the planned number of housing units by type and the number of commercial and industrial properties with respective square footage and anticipated dates of completion/operation. Compare the completed units and completed commercial and industrial properties to the amount planned in the Service Plan.*

Total number of single family homes expected to be constructed is 343. Home construction began in 2022 and is expected to be completed by 2026.

- i. List any enterprises created by and/or operated by or on behalf of the District and summarize the purpose of each.*

No enterprises have been created by and or operated by or on behalf of the District.

VI. Financial Plan and Financial Activities

- a. Provide a copy of the audit or exemption from the audit for the reporting year.*

A copy of the 2022 Audit is attached hereto as **Exhibit C**.

- b. Provide a copy of the budget, showing the reporting and previous years.*

A copy of the 2022 Budget is attached hereto as **Exhibit D**. A copy of the 2023 Budget is attached hereto as **Exhibit B**.

- c. *Show revenues and expenditures of the District for the previous five (5) years and provide projections for the next five (5) years. Include any non-District or non-governmental financial support. Include and list individually all fees, rates, tolls, etc., with a summary of the purpose of each. Show other miscellaneous tax revenue, such as specific ownership taxes. For the same period, show actual and projected mill levies by purpose (showing mill levies for each individual general obligation, revenue-based obligation, or contractual obligation).*

See the attached tax history and revenue projection chart **Exhibit E**.

- d. *List all debt that has been issued, including all individual issuances with a schedule of service until the debt is retired.*

The Limited Tax General Obligation Bonds, Series 2021 were issued on April 28, 2021, in the amount of \$17,942,000. The Bonds are “Cash Flow” obligations. No regularly schedule payments of principal are due on the Bonds prior to their maturity date, and no debt service schedule is provided.

- e. *List individually all authorized but unissued debt, including the purpose, ballot issue letter designation and election date, and amounts authorized and unissued.*

See the attached DLG-32 Form in **Exhibit F**.

- f. *List the total amount of debt issued and outstanding as of the date of the annual report and compare to the maximum authorized debt level as set forth in the Service Plan.*

The Limited Tax General Obligation Bonds, Series 2021 were issued on April 28, 2021, in the amount of \$17,942,000. The Bonds are “Cash Flow” obligations. No regularly schedule payments of principal are due on the Bonds prior to their maturity date, and no debt service schedule is provided.

- g. *Enterprises of the District.*

There are no enterprise operations to report.

- i. *Include revenues of the enterprise, showing both direct support from the District and all other sources*

N/A

- ii. *Include expenses of the enterprise, showing both direct payments to the District and all other obligations*

N/A

h. Detail contractual obligations.

i. Describe the type of obligation, current year dollar amount, and any changes in the payment schedule, e.g. balloon payments.

See responses to Section III.

ii. Report any inability of the District to pay current obligations that are due within the current budget year

None.

iii. Describe any District financial obligations in default

None.

i. Actual and Assessed Valuation History

i. Report the annual actual and assessed valuation for the current year and for each of the seven (7) years prior to current year

Tax Year	Certified Assessed Valuation	Annual Actual
2022	\$4,884,110	\$17,560,492
2021	\$2,204,150	\$7,601,735
2020	\$2,201,830	\$7,582,317
2019	\$2,199,210	\$7,581,917
2018	\$3,580	\$12,348
2017	\$6,300	\$11,370
2016	\$2,660	\$9,162
2015	Not Organized	Not Organized

ii. For each year, compare the certified assessed value with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the certified value

Tax Year	Certified Assessed Valuation	Service Plan Estimate
2022	\$4,884,110	\$0

2021	\$2,204,150	\$0
2020	\$2,201,830	\$0
2019	\$2,199,210	\$0
2018	\$3,580	\$0
2017	\$6,300	\$0
2016	\$2,660	\$0
2015	Not Organized	\$0

j. *Mill Levy History.*

i. *Report the annual mill levy for the current year and for each of the seven (7) years prior to current year. Break the mill levies out by purpose (e.g., debt issuance and operations and maintenance)*

Year	General Fund	Debt Service
2022 Mill Levy Certification for Collection in 2023	10.000	50.000
2021 Mill Levy Certification for Collection in 2022	11.132	55.664
2020 Mill Levy Certification for Collection in 2021	66.797	0.000
2019 Mill Levy Certification for Collection in 2020	66.333	0.000
2018 Mill Levy Certification for Collection in 2019	66.333	0.000
2017 Mill Levy Certification for Collection in 2018	60.000	0.000
2016 Mill Levy Certification for Collection in 2017	60.000	0.000

- ii. For each year, compare the actual mill levy with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the actual mill levies.

Certification	Total Actual	Service Plan Estimate
2022 Mill Levy Certification for Collection in 2023	60.000	0
2021 Mill Levy Certification for Collection in 2022	66.796	0
2020 Mill Levy Certification for Collection in 2021	66.797	0
2019 Mill Levy Certification for Collection in 2020	66.333	0
2018 Mill Levy Certification for Collection in 2019	66.333	0
2017 Mill Levy Certification for Collection in 2018	60.000	0
2016 Mill Levy Certification for Collection in 2017	60.000	0
2015 Mill Levy Certification for Collection in 2016	Not Organized	N/A

k. *Miscellaneous Taxes History.*

- i. Report the annual miscellaneous tax revenue for the current year and for each of the seven (7) years prior to the current year. Break the tax revenue out by purpose (e.g., general operations, revenue-based obligations, debt by issue, contractual obligations, other)

See the attached tax history and revenue projection chart in **Exhibit E**.

- ii. For each year, compare the actual miscellaneous tax revenue with the Service Plan estimate for that year (if provided in Plan). If the Service Plan estimates are not available, indicate the same and report the actual taxes.

The service plan does not anticipate any miscellaneous tax revenue.

- l. Estimated Assessed Valuation of District at 100% Build-Out.*
 - i. Provide an updated estimate and compare this with the Service Plan estimate.*

Updated Estimate at 100% Build-Out: \$16,527,516

Service Plan Estimate: \$13,596,922

- m. Estimated Amount of Additional General Obligation Debt to be Issued by the District between the End of Current Year and 100% Build-Out.*
 - i. Provide an updated estimate based on current events. Do not include refunding bonds.*

Information regarding the issuance of additional general obligation debt is unknown at this time other than as estimated in the Service Plan.

EXHIBIT A

Final Assessed Valuation

CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4581 - Cielo Metro District

IN DOUGLAS COUNTY ON 11/18/2022

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
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IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$2,204,150
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$4,884,110
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$4,884,110
5. NEW CONSTRUCTION: **	\$43,520
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$17,560,492
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$626,191
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
<small>(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)</small>	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5)C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	\$0
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** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.

EXHIBIT B

2023 Budget

CIELO METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2023

**CIELO METROPOLITAN DISTRICT
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 111,613	\$ 7,283,725	\$ 151,996
REVENUES			
Property taxes	147,161	147,229	293,047
Specific ownership tax	14,184	13,200	26,375
Interest Income	1,946	8,857	1,500
Bond Proceeds	17,942,000	-	-
Operations fee	-	-	98,880
Developer advance	10,212,244	10,018,194	10,070,000
Other revenue	-	-	10,000
Total revenues	<u>28,317,535</u>	<u>10,187,480</u>	<u>10,499,802</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>70,000</u>
Total funds available	<u>28,429,148</u>	<u>17,471,205</u>	<u>10,721,798</u>
EXPENDITURES			
General Fund	69,113	85,158	162,064
Operations Fee Fund	-	-	160,000
Debt Service Fund	-	128,423	284,254
Capital Projects Fund	21,076,310	17,105,628	10,035,000
Total expenditures	<u>21,145,423</u>	<u>17,319,209</u>	<u>10,641,318</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>70,000</u>
Total expenditures and transfers out requiring appropriation	<u>21,145,423</u>	<u>17,319,209</u>	<u>10,711,318</u>
ENDING FUND BALANCES	<u>\$ 7,283,725</u>	<u>\$ 151,996</u>	<u>\$ 10,480</u>
EMERGENCY RESERVE	<u>\$ 4,900</u>	<u>\$ 900</u>	<u>\$ 1,600</u>
TOTAL RESERVE	<u>\$ 4,900</u>	<u>\$ 900</u>	<u>\$ 1,600</u>

No assurance is provided. See Summary of Significant Assumptions

**CIELO METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/23

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

ASSESSED VALUATION

Residential - Single Family	\$ -	\$ -	\$ 65,850
Personal property	2,500	-	500
Vacant land	2,199,210	2,204,030	4,817,640
Natural Resources	120	120	120
Certified Assessed Value	\$ 2,201,830	\$ 2,204,150	\$ 4,884,110

MILL LEVY

General	66.797	11.132	10.000
Debt Service	0.000	55.664	50.000
Total mill levy	66.797	66.796	60.000

PROPERTY TAXES

General	147,076	24,537	48,841
Debt Service	-	122,692	244,206
Levied property taxes	\$ 147,076	\$ 147,229	\$ 293,047
Adjustments to actual/rounding	24	-	-
Refunds and abatements	61	-	-
Budgeted property taxes	\$ 147,161	\$ 147,229	\$ 293,047

BUDGETED PROPERTY TAXES

General	\$ 147,161	\$ 24,537	\$ 48,841
Debt Service	-	122,692	244,206
	\$ 147,161	\$ 147,229	\$ 293,047

**CIELO METROPOLITAN DISTRICT
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 111,613	\$ 203,848	\$ 145,427
REVENUES			
Property taxes	147,161	24,537	48,841
Specific ownership tax	14,184	2,200	4,396
Interest income	3	-	-
Developer advance	-	-	35,000
Total revenues	<u>161,348</u>	<u>26,737</u>	<u>88,237</u>
Total funds available	<u>272,961</u>	<u>230,585</u>	<u>233,664</u>
EXPENDITURES			
General and Administrative			
Accounting	17,176	25,000	35,000
County Treasurer's fee	2,207	368	733
Dues and licenses	305	371	500
Insurance and bonds	3,218	2,968	5,000
Legal	39,547	25,000	35,000
Election	-	1,600	2,000
Miscellaneous	1,100	1,000	1,500
Transfer to Stone Creek Metro District	5,560	28,851	68,487
Contingency	-	-	13,844
Total expenditures	<u>69,113</u>	<u>85,158</u>	<u>162,064</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>-</u>	<u>70,000</u>
Total expenditures and transfers out requiring appropriation	<u>69,113</u>	<u>85,158</u>	<u>232,064</u>
ENDING FUND BALANCE	<u>\$ 203,848</u>	<u>\$ 145,427</u>	<u>\$ 1,600</u>
EMERGENCY RESERVE	<u>\$ 4,900</u>	<u>\$ 900</u>	<u>\$ 1,600</u>
TOTAL RESERVE	<u>\$ 4,900</u>	<u>\$ 900</u>	<u>\$ 1,600</u>

No assurance is provided. See Summary of Significant Assumptions

**CIELO METROPOLITAN DISTRICT
OPERATIONS FEE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Operations fee	-	-	98,880
Total revenues	<u>-</u>	<u>-</u>	<u>98,880</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>70,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>168,880</u>
EXPENDITURES			
Operations and maintenance			
Landscaping	-	-	50,000
Snow removal	-	-	50,000
Security	-	-	50,000
Operation costs reserve	<u>-</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>160,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>160,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,880</u>

No assurance is provided. See Summary of Significant Assumptions

**CIELO METROPOLITAN DISTRICT
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 6,569
REVENUES			
Property taxes	-	122,692	244,206
Specific ownership tax	-	11,000	21,979
Interest income	-	1,300	1,500
Other revenue	-	-	10,000
Total revenues	-	134,992	277,685
Total funds available	-	134,992	284,254
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	1,840	3,663
Paying agent fees	-	4,000	4,000
Contingency	-	-	10,000
Debt Service			
Bond interest	-	122,583	266,591
Total expenditures	-	128,423	284,254
Total expenditures and transfers out requiring appropriation	-	128,423	284,254
ENDING FUND BALANCE	\$ -	\$ 6,569	\$ -

No assurance is provided. See Summary of Significant Assumptions

**CIELO METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ 7,079,877	\$ -
REVENUES			
Interest income	1,943	7,557	-
Developer advance	10,212,244	10,018,194	10,035,000
Bond Proceeds	17,942,000	-	-
Total revenues	<u>28,156,187</u>	<u>10,025,751</u>	<u>10,035,000</u>
Total funds available	<u>28,156,187</u>	<u>17,105,628</u>	<u>10,035,000</u>
EXPENDITURES			
General and Administrative			
Accounting	820	2,000	5,000
Legal services	2,300	2,000	5,000
Capital Projects			
Repay developer advance	10,212,244	7,081,628	-
Engineering	14,536	20,000	25,000
Bond issue costs	634,166	-	-
Capital outlay	10,212,244	10,000,000	10,000,000
Total expenditures	<u>21,076,310</u>	<u>17,105,628</u>	<u>10,035,000</u>
Total expenditures and transfers out requiring appropriation	<u>21,076,310</u>	<u>17,105,628</u>	<u>10,035,000</u>
ENDING FUND BALANCE	<u>\$ 7,079,877</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance is provided. See Summary of Significant Assumptions

**CIELO METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District court for Douglas County on March 29, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District will serve the public improvement needs of a development generally located east of Chambers Road, north of Scott Avenue, and south of Pinery Parkway in Douglas County, Colorado.

Pursuant to the amended Service Plan, the District is authorized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing, and operation and maintenance of all public improvements, including water, sanitation, streets, stormwater, park and recreation, traffic and safety control and mosquito control improvements.

On May 5, 2020, the District's qualified electors approved indebtedness of \$200,000,000 for certain categories of Public Improvements, such as streets, park and recreation, water, sanitation/sewer, transportation, mosquito control, safety protection, fire protection, TV relay and translation and security and \$220,000,000 for refunding.

The amended Service Plan imposes a debt limitation on the District in the aggregate amount of \$25,000,000 (excluding refundings). In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**CIELO METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

Under the Service Plan, the District is limited to the imposition of a mill levy in an amount not to exceed 60 mills; provided, however, that in the event the method of calculating assessed valuation is changed after the date of approval of the Service Plan, the mill levy limitation provided for the District will be automatically increased or decreased to reflect such changes, so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29.0%.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the Budget at the mill levy adopted 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 9% of the property taxes collected.

Operations Fee

The District imposes Operations Fee for funding the Operations Costs, which is necessary to provide for the common good and for the prosperity and general welfare of the property owners, taxpayers, and residents within the District. Operations Fee shall consist of a recurring payment (the "Recurring Payment") and a separate payment imposed on the Transfer of a Residential Unit to an End User (the "Transfer Payment"). The Recurring Payment, payable on the 1st day of each month, is equal to \$100 per month per Residential Unit for the first year, and increased annually by 3% until December 31, 2027, and by 5% commencing on January 1, 2028. The Transfer Payment is \$500 per transfer and is due upon which the transfer occurs.

**CIELO METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Developer Advance

The District is in the development state. the operating and administrative expenditures will be mainly funded by the Developer. The capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Investment Income

Interest earned on the Districts available funds has been estimates based upon an average interest rate of approximately 2%.

Expenditures

Capital Outlay

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

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes collected.

General and Administrative

General and administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants of costs of services necessary to maintain the District's administrative viability such as legal, accounting, management, insurance, meeting expense, and other administrative expenses.

Operations and Maintenance

Estimated expenditures related to operations and maintenance of the grounds within the District (e.g. landscaping maintenance, security, snow removal, etc.) were included the Operations Fee Fund budget.

Transfer to Stone Creek Metro District

Pursuant to Clubhouse Joint Use and Operations Cost Sharing Agreement, the District will share in the management of Clubhouse Improvements with Stone Creek Metro District, and pay 51% of annual budgeted and approved operations and maintenance costs, inclusive of all legal costs, management costs, accountant costs, and other consulting fees, to Stone Creek Metro District.

**CIELO METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Debt Service

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Bonds compounds annually on each December 1.

Debt and Leases

On April 28, 2021, the District issued \$17,942,000 of Limited Tax General Obligation Bonds, Series 2021. The Bonds bear interest at the rate of 5.25% per annum and payable annually on December 1, but only to the extent of available Pledged Revenue. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Bonds compounds annually on each December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 1, 2060 (the "Discharge Date"), such amounts shall be extinguished and no longer be due and outstanding.

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2026, to May 31, 2027	3.00%
June 1, 2027, to May 31, 2028	2.00
June 1, 2028, to May 31, 2029	1.00
June 1, 2029, and thereafter	0.00

The Series 2021 Bonds are secured by and payable solely from and to the extent of Pledged Revenue which means:

- (a) the Required Mill Levy;
- (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and
- (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Pursuant to the Indenture, the District has covenanted to impose a Required Mill Levy on all taxable property of the District each year in an amount sufficient to pay the Bonds when due, but not in excess of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation that occur on or after January 1, 2015).

**CIELO METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The following is an analysis of the anticipated changes in the District's long-term obligations for the year ended December 31, 2022 and 2023.

	Balance December 31, 2021	Additions*	Deletions*	Anticipated Balance December 31, 2022
Series 2021 Bonds				
Principal	\$ 17,942,000	\$ -	\$ -	\$ 17,942,000
Accrued Interest	638,258	974,927	122,583	1,490,602
Developer Advances -Capital				-
Principal	-	10,018,194	7,081,628	2,936,566
Accrued Interest	-	60,774	-	60,774
Developer Advances - Operations				
Principal	85,981	-	-	85,981
Accrued Interest	11,030	5,159	-	16,189
Total	<u>\$ 18,677,269</u>	<u>\$ 11,059,054</u>	<u>\$ 7,204,211</u>	<u>\$ 22,532,112</u>
	Anticipated Balance December 31, 2022	Additions*	Deletions*	Anticipated Balance December 31, 2023
Series 2021 Bonds				
Principal	\$ 17,942,000	\$ -	\$ -	\$ 17,942,000
Accrued Interest	1,490,602	1,019,045	266,591	2,243,056
Developer Advances -Capital				
Principal	2,936,566	10,035,000	-	12,971,566
Accrued Interest	60,774	479,718	-	540,492
Developer Advances - Operations				
Principal	85,981	35,000	-	120,981
Accrued Interest	16,189	6,217	-	22,406
Total	<u>\$ 22,532,112</u>	<u>\$ 11,574,980</u>	<u>\$ 266,591</u>	<u>\$ 33,840,501</u>

*Estimates

The District has no operating and capital leases.

Reserves

Emergency Reserve

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

This information is an integral part of the accompanying budget.

EXHIBIT C

2022 Final Audit

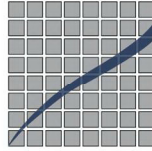
**CIELO METROPOLITAN DISTRICT
Douglas County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**CIELO METROPOLITAN DISTRICT
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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cielo Metropolitan District
Douglas County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cielo Metropolitan District ("District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it

exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 18, 2023

BASIC FINANCIAL STATEMENTS

**CIELO METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 179,119
Cash and Investments - Restricted	6,633
Accounts Receivable - County Treasurer	934
Property Taxes Receivable	293,047
Capital Assets, Not Being Depreciated	18,807,410
Total Assets	19,287,143
LIABILITIES	
Accounts Payable	57,175
Accrued Interest Payable	1,490,602
Noncurrent Liabilities:	
Due in More Than One Year	19,574,388
Total Liabilities	21,122,165
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	293,047
Total Deferred Inflows of Resources	293,047
NET POSITION	
Restricted for:	
Emergency Reserves	900
Unrestricted	(2,128,969)
Total Net Position	\$ (2,128,069)

See accompanying Notes to Basic Financial Statements.

**CIELO METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 98,348	\$ -	\$ -	\$ -	\$ (98,348)
Interest and Related Costs on Long-Term Debt	1,032,136	-	-	-	(1,032,136)
Total Governmental Activities	\$ 1,130,484	\$ -	\$ -	\$ -	(1,130,484)
 GENERAL REVENUES					
Property Taxes					147,229
Specific Ownership Taxes					13,020
Net Investment Income					8,930
Total General Revenues					169,179
 CHANGE IN NET POSITION					(961,305)
Net Position - Beginning of Year					(1,166,764)
 NET POSITION - END OF YEAR					\$ (2,128,069)

See accompanying Notes to Basic Financial Statements.

**CIELO METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Operation Fee	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 179,119	\$ -	\$ -	\$ -	\$ 179,119
Cash and Investments - Restricted	900	-	5,713	20	6,633
Accounts Receivable - County Treasurer	156	-	778	-	934
Property Taxes Receivable	48,841	-	244,206	-	293,047
Due from Other Funds	10,690	-	-	-	10,690
	<u>179,606</u>	<u>-</u>	<u>250,697</u>	<u>20</u>	<u>430,623</u>
Total Assets	<u>\$ 239,706</u>	<u>\$ -</u>	<u>\$ 250,697</u>	<u>\$ 20</u>	<u>\$ 490,423</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 46,975	\$ 9,495	\$ -	\$ 705	\$ 57,175
Due to Other Funds	-	-	-	10,690	10,690
Total Liabilities	<u>46,975</u>	<u>9,495</u>	<u>-</u>	<u>11,395</u>	<u>67,865</u>
DEFERRED INFLOWS OF RESOURCES					
Property Tax Revenue	48,841	-	244,206	-	293,047
Total Deferred Inflows of Resources	<u>48,841</u>	<u>-</u>	<u>244,206</u>	<u>-</u>	<u>293,047</u>
FUND BALANCES					
Restricted for:					
Emergencies (TABOR)	900	-	-	-	900
Debt Service	-	-	6,491	-	6,491
Assigned To:					
Subsequent Year's Expenditures	142,990	-	-	-	142,990
Unassigned	-	(9,495)	-	(11,375)	(20,870)
Total Fund Balances	<u>143,890</u>	<u>(9,495)</u>	<u>6,491</u>	<u>(11,375)</u>	<u>129,511</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 239,706</u>	<u>\$ -</u>	<u>\$ 250,697</u>	<u>\$ 20</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Not Being Depreciated 18,807,410

Long-term liabilities, including Developer advances payable and bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable (17,942,000)
Accrued Interest Payable - Bonds (1,490,602)
Developer Advance Payable (1,569,990)
Accrued Interest Payable - Developer Advance (62,398)

Net Position of Governmental Activities \$ (2,128,069)

See accompanying Notes to Basic Financial Statements.

**CIELO METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General	Operation Fee	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property Taxes	\$ 24,537	\$ -	\$ 122,692	\$ -	\$ 147,229
Specific Ownership Taxes	2,170	-	10,850	-	13,020
Net Investment Income	-	-	1,373	7,557	8,930
Total Revenues	<u>26,707</u>	<u>-</u>	<u>134,915</u>	<u>7,557</u>	<u>169,179</u>
EXPENDITURES					
General:					
Accounting	26,191	-	-	1,414	27,605
Community Management	-	9,495	-	-	9,495
County Treasurer's Fees	368	-	1,841	-	2,209
Dues and Licenses	371	-	-	-	371
Election	1,800	-	-	-	1,800
Insurance	2,968	-	-	-	2,968
Legal	28,047	-	-	774	28,821
Miscellaneous Expenses	850	-	-	-	850
Transfer to Stone Creek Metro District	26,070	-	-	-	26,070
Debt Service:					
Paying Agent Fees	-	-	4,000	-	4,000
Bond Interest	-	-	122,583	-	122,583
Capital Projects:					
Capital Outlay	-	-	-	8,580,630	8,580,630
Total Expenditures	<u>86,665</u>	<u>9,495</u>	<u>128,424</u>	<u>8,582,818</u>	<u>8,807,402</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES					
	(59,958)	(9,495)	6,491	(8,575,261)	(8,638,223)
OTHER FINANCING SOURCES (USES)					
Developer Advances	-	-	-	8,565,637	8,565,637
Repay Developer Advances	-	-	-	(7,081,628)	(7,081,628)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,484,009</u>	<u>1,484,009</u>
NET CHANGE IN FUND BALANCES					
	(59,958)	(9,495)	6,491	(7,091,252)	(7,154,214)
Fund Balances - Beginning of Year	<u>203,848</u>	<u>-</u>	<u>-</u>	<u>7,079,877</u>	<u>7,283,725</u>
FUND BALANCES (DEFICITS) - END OF YEAR					
	<u>\$ 143,890</u>	<u>\$ (9,495)</u>	<u>\$ 6,491</u>	<u>\$ (11,375)</u>	<u>\$ 129,511</u>

See accompanying Notes to Basic Financial Statements.

**CIELO METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ (7,154,214)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	\$ 8,580,630	8,580,630
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The issuance of long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Developer Advance - Infrastructure	(8,565,637)	(8,565,637)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Repayment of Developer Advances - Infrastructure	7,081,628	
Accrued Interest on Bonds - Change in Liability	(863,374)	
Accrued Interest on Developer Advance - Change in Liability	(40,338)	6,177,916

Change in Net Position of Governmental Activities		\$ (961,305)
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**CIELO METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 24,537	\$ 24,537	\$ -
Specific Ownership Taxes	1,963	2,170	207
Total Revenues	<u>26,500</u>	<u>26,707</u>	<u>207</u>
EXPENDITURES			
General:			
Accounting	16,500	26,191	(9,691)
County Treasurer's Fees	368	368	-
Dues and Licenses	500	371	129
Election	10,000	1,800	8,200
Insurance	5,000	2,968	2,032
Legal	35,000	28,047	6,953
Miscellaneous Expenses	-	850	(850)
Transfer to Stone Creek Metro District	53,365	26,070	27,295
Contingency	5,267	-	5,267
Total Expenditures	<u>126,000</u>	<u>86,665</u>	<u>39,335</u>
NET CHANGE IN FUND BALANCE	(99,500)	(59,958)	39,542
Fund Balance - Beginning of Year	<u>199,290</u>	<u>203,848</u>	<u>4,558</u>
FUND BALANCE - END OF YEAR	<u>\$ 99,790</u>	<u>\$ 143,890</u>	<u>\$ 44,100</u>

See accompanying Notes to Basic Financial Statements.

**CIELO METROPOLITAN DISTRICT
OPERATION FEE FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Operations Fees	\$ -	\$ 10,000	\$ -	\$ (10,000)
Total Revenues	-	10,000	-	(10,000)
EXPENDITURES				
Operations Costs Reserve	-	10,000	-	10,000
Community Management	-	-	9,495	(9,495)
Total Expenditures	-	10,000	9,495	505
NET CHANGE IN FUND BALANCE	-	-	(9,495)	(9,495)
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,495)</u>	<u>\$ (9,495)</u>

See accompanying Notes to Basic Financial Statements.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Cielo Metropolitan District (the District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the District court for Douglas County on March 30, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District serves the public improvement needs of a development generally located east of Chambers Road, north of Scott Avenue, and south of Pinery Parkway in Douglas County, Colorado. Pursuant to the amended Service Plan, the District is authorized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing, and operation and maintenance of all public improvements, including water, sanitation, streets, stormwater, park and recreation, traffic and safety control, and mosquito control improvements.

The District follows the Governmental Accounting Standards Board (GASB) pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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 Operation Fee Fund is used to account for revenues earned and expenditures incurred in connection with reoccurring residential fees to provide for the common good and for the prosperity and general welfare of the property owners, taxpayers, and residents within the District.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2022.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Interfund Balances

The District reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include infrastructure (e.g., storm drainage, streets, and similar items), are reported in the applicable governmental activities' column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress. Construction in progress is not being depreciated and is not included in the calculation of Net Investment in Capital Assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation on property that will remain assets of the District is reported on the statement of activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated. No depreciation expense was recognized during 2022.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred, and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

Deficit

The Operation Fee Fund and Capital Projects Fund reported deficits in the fund financial statements as of December 31, 2022. The deficits will be eliminated with the receipt of funds advanced by the Developer and Operation Fee in 2023.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 179,119
Cash and Investments - Restricted	6,633
Total Cash and Investments	\$ 185,752

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 185,632
Investments	120
Total Cash and Investments	\$ 185,752

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022, the District's cash deposits had a bank balance and a carrying balance of \$185,632.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 120

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAaf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2022 follows:

	Balance - December 31, 2021	Increases	Decreases	Balance - December 31, 2022
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 10,226,780	\$ 8,580,630	\$ -	\$ 18,807,410
Total Capital Assets, Not Being Depreciated	<u>\$ 10,226,780</u>	<u>\$ 8,580,630</u>	<u>\$ -</u>	<u>\$ 18,807,410</u>

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

	Balance - December 31, 2021	Additions	Reductions	Balance - December 31, 2022	Due Within One Year
Limited Tax General Obligation Bonds:					
Series 2021 (3)	\$ 17,942,000	\$ -	\$ -	\$ 17,942,000	\$ -
Accrued Interest on Series 2021 (3)	638,258	974,927	122,583	1,490,602	
Subtotal - Bonds Payable	18,580,258	974,927	122,583	19,432,602	-
Other Debts:					
Developer Advances - O&M	85,981	-	-	85,981	-
Developer Advances - Infrastructure	-	8,565,637	7,081,628	1,484,009	-
Accrued Interest on Developer Advances - O&M	11,030	5,159	-	16,189	-
Accrued Interest on Developer Advances - Infrastructure	-	46,209	-	46,209	-
Subtotal - Other Debts	97,011	8,617,005	7,081,628	1,632,388	-
Total	<u>\$ 18,677,269</u>	<u>\$ 9,591,932</u>	<u>\$ 7,204,211</u>	<u>\$ 21,064,990</u>	<u>\$ -</u>

**CIELO METROPOLITAN DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's general obligation bonds outstanding during 2022 are as follows:

Limited Tax General Obligation Bonds, Series 2021(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on April 28, 2021, in the par amount of \$17,942,000. Proceeds from the sale of the Bonds were used to: (i) finance the costs of constructing public improvements related to the development; and (ii) pay the costs of issuing the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 5.250% per annum and are payable annually on December 1, beginning on December 1, 2021, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2050 and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Bonds compounds annually on each December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 1, 2060, such amounts shall be extinguished and no longer due and outstanding.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2026 to May 31, 2027	3.00%
June 1, 2027 to May 31, 2028	2.00
June 1, 2028 to May 31, 2029	1.00
June 1, 2029 and Thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund. "Property Tax Revenues" means all moneys derived from imposition by the District of the Required Mill Levy and does not include specific ownership taxes. Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. "Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of its Required Mill Levy.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2021(3) (the Bonds) (Continued)

Required Mill Levy

Pursuant to the Indenture, the District has covenanted to impose a Required Mill Levy on all taxable property of the District each year in an amount equal to 50 mills (subject to adjustment for changes in the method of calculating assessed valuation that occur on or after January 1, 2015) or such lesser amount that will generate Property Tax Revenues which, when combined with moneys then on deposit in the Bonds Fund, will pay the Bonds in full in the year such levy is collected.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Events of Default

The District's outstanding Bonds related to governmental activities contain a provision that if any event of Default is to have occurred and if requested by the Owners of 25% in aggregate principal amount of the Bonds then outstanding. Events of Default occurs if the District does not impose the Required Mill levy, defaults in the performance or observance of the Indenture or the Bond Resolution, and files a petition under bankruptcy laws.

The Senior Bonds are collateralized by Pledged Revenue which means the Required Mill Levy; the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Authorized Debt

On May 5, 2020, the District's qualified electors approved indebtedness of \$200,000,000 for certain categories of Public Improvements, such as streets, park and recreation, water, sanitation/sewer, transportation, mosquito control, safety protection, fire protection, TV relay and translation and security and \$220,000,000 for refunding.

At December 31, 2022, with the issuance of the Bonds, the District had authorized but unissued indebtedness remaining in the amount of \$182,025,000 for Public Improvements and \$220,000,000 for refunding.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt on behalf of the District for purposes of providing public improvements to support development as it occurs within the District's service areas. The Amended Service Plan for the District limits the aggregate amount of debt that it may issue together with any debt issued by the District to \$25,000,000 (excluding refundings).

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2021(3) (the Bonds) (Continued)

Developer Advances

The District entered into Funding and Reimbursement Agreement (Operations and Maintenance) and Infrastructure Acquisition and Reimbursement Agreement with Toll Southwest, LLC (the Developer), in 2020, for the purpose of funding certain operation and maintenance expenses and construction and acquisition of public improvements (see Note 7).

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2022, as follows:

Restricted Net Position:

Emergencies	\$	900
Total Restricted Net Position	<u>\$</u>	<u>900</u>

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements, of which a significant portion of these improvements will be conveyed to other governmental entities and which costs will be removed from the District's financial records.

NOTE 7 AGREEMENTS

Infrastructure Acquisition and Reimbursement Agreement with Toll Southwest, LLC

On January 30, 2020, the District entered into the Infrastructure Acquisition and Reimbursement Agreement (the Agreement) with the Developer, pursuant to which the Developer agrees to make advances to the District the purpose of the acquisition, financing, construction, and installation of the Public Infrastructure in connection with development within the boundaries of the District. The District, upon the execution of the Agreement, agrees to acquire certain public infrastructure constructed or caused to be constructed by the Developer to be owned by the District or other governmental entities. The District agrees to repay these advances and reimburse the developer for the certified District eligible costs, together with accrued simple interest at the rate of 6% per annum from the date of payment or the date of the related acceptance resolution. The District's obligations under this Agreement shall terminate at the earlier of the repayment in full of the Developer advances or 20 years from the execution date. In the event of a breach or default of the Agreement, the nondefaulting party shall be entitled to exercise all remedies available.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 AGREEMENTS (CONTINUED)

Funding and Reimbursement Agreement (Operations and Maintenance) with Toll Southwest, LLC

On January 30, 2020, the District entered into the Funding and Reimbursement Agreement (Operations and Maintenance) (the O&M Agreement) with Toll Southwest, LLC. Pursuant to the O&M Agreement, the Developer agrees to advance funds to the District, for operation and maintenance expenses, one or more sums of money, not to exceed the aggregate of \$50,000 per annum for two years. The maximum amount to be advanced for Operations and Maintenance Expenses pursuant to this agreement is one hundred thousand dollars (\$100,000). The District agrees to repay these advances together with accrued interest at the rate of 6% per annum accruing from the date any such advance is made. The term of repayment under the O&M Agreement shall not extend beyond 20 years from the date of the O&M Agreement.

On October 19, 2022, the District entered into the First Amendment to Funding and Reimbursement Agreement, effective as of December 31, 2021, to extend the Loan Obligation Termination Date to December 31, 2023.

Clubhouse Joint Use and Operations Cost Sharing Agreement with Stone Creek Metropolitan District

On August 25, 2021, the District entered into the Clubhouse Joint Use and Operations Cost Sharing Agreement (the Operation Agreement) with Stone Creek Metropolitan District (Stone Creek MD). Stone Creek MD and the District have determined that for reasons of economic efficiency and timeliness, it is in the best interest of the residents, property owners, and taxpayers of both Districts to enter into the Operations Agreement wherein both Stone Creek MD and the District will share in the management of the Clubhouse Improvements and pay their respective proportionate share of annual budgeted and approved operations and maintenance costs, inclusive of all legal costs, management costs, accountant costs, and other consulting fees (the Clubhouse O&M Costs). Stone Creek MD and the District agree the Clubhouse O&M Costs shall be allocated in proportion to the benefits the Clubhouse Improvements will provide to each District at full buildout (Stone Creek MD has up to 331 units; Cielo MD has up to 343 units). The District shall pay 51% of the Clubhouse O&M Costs.

NOTE 8 RELATED PARTIES

The Developer of the property within the District is Toll Southwest, LLC. The Developer has advanced funds to the District. The members of the Board of Directors of the District hold direct or indirect ownership interests in the Toll Southwest, LLC or are otherwise associated with Toll Southwest, LLC and may have conflicts of interest in dealing with the District. As and when required by law, each affected Board member files a written disclosure of any potential conflicts of interest with the District and the Colorado Secretary of State, and they refrain from voting on affected matters unless allowed by law.

**CIELO METROPOLITAN DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 5, 2020, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**CIELO METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 122,692	\$ 122,692	\$ -
Specific Ownership Taxes	9,815	10,850	1,035
Other Revenue	10,000	-	(10,000)
Net Investment Income	-	1,373	1,373
Total Revenues	<u>142,507</u>	<u>134,915</u>	<u>(7,592)</u>
EXPENDITURES			
County Treasurer's Fees	1,840	1,841	(1)
Paying Agent Fees	4,000	4,000	-
Bond Interest	126,667	122,583	4,084
Contingency	10,000	-	10,000
Total Expenditures	<u>142,507</u>	<u>128,424</u>	<u>14,083</u>
NET CHANGE IN FUND BALANCE	-	6,491	6,491
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 6,491</u></u>	<u><u>\$ 6,491</u></u>

**CIELO METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Net Investment Income	\$ 3,600	\$ 10,000	\$ 7,557	\$ (2,443)
Total Revenues	<u>3,600</u>	<u>10,000</u>	<u>7,557</u>	<u>(2,443)</u>
EXPENDITURES				
General:				
Accounting	5,000	2,500	1,414	1,086
Legal	5,000	2,500	774	1,726
Capital Projects:				
Engineering	25,000	22,000	14,993	7,007
Capital Outlay	<u>7,040,890</u>	<u>10,001,000</u>	<u>8,565,637</u>	<u>1,435,363</u>
Total Expenditures	<u>7,075,890</u>	<u>10,028,000</u>	<u>8,582,818</u>	<u>1,445,182</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,072,290)	(10,018,000)	(8,575,261)	1,442,739
OTHER FINANCING SOURCES (USES)				
Developer Advances	7,040,890	10,020,123	8,565,637	(1,454,486)
Repay Developer Advances	<u>(7,040,890)</u>	<u>(7,082,000)</u>	<u>(7,081,628)</u>	<u>372</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,938,123</u>	<u>1,484,009</u>	<u>(1,454,114)</u>
NET CHANGE IN FUND BALANCE	(7,072,290)	(7,079,877)	(7,091,252)	(11,375)
Fund Balance - Beginning of Year	<u>7,072,290</u>	<u>7,079,877</u>	<u>7,079,877</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,375)</u>	<u>\$ (11,375)</u>

OTHER INFORMATION

**CIELO METROPOLITAN DISTRICT
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2022**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied	Total Property Taxes		Percent Collected to Levied
			Levied	Collected	
2018	\$ 6,300	66.333	\$ 418	\$ 418	100.00 %
2019	3,580	66.333	237	237	100.00
2020	2,199,210	66.797	146,901	146,902	100.00
2021	2,201,830	66.797	147,076	147,161	100.06
2022	2,204,150	66.796	147,229	147,229	100.00
Estimated for the Year Ending December 31,					
2023	\$ 4,884,110	60.000	\$ 293,047		

NOTE: Property taxes shown as collected in any one year include collection of delinquent property taxes or abatements of property taxes assessed in prior years. This presentation does not attempt to identify specific years of assessment.

EXHIBIT D

2022 Budget

**CIELO METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2022**

**CIELO METROPOLITAN DISTRICT
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ (8,373)	\$ 111,613	\$ 7,271,580
REVENUES			
Property taxes	146,902	147,161	147,229
Specific ownership tax	12,667	14,440	11,778
Interest Income	3	1,720	3,600
Bond Proceeds	-	17,942,000	-
Developer advance	40,183	10,212,244	7,040,890
Other revenue	-	-	10,000
Total revenues	<u>199,755</u>	<u>28,317,565</u>	<u>7,213,497</u>
Total funds available	<u>191,382</u>	<u>28,429,178</u>	<u>14,485,077</u>
EXPENDITURES			
General Fund	79,769	73,944	126,000
Debt Service Fund	-	-	142,507
Capital Projects Fund	-	21,083,654	14,116,780
Total expenditures	<u>79,769</u>	<u>21,157,598</u>	<u>14,385,287</u>
Total expenditures and transfers out requiring appropriation	<u>79,769</u>	<u>21,157,598</u>	<u>14,385,287</u>
ENDING FUND BALANCES	<u>\$ 111,613</u>	<u>\$ 7,271,580</u>	<u>\$ 99,790</u>
EMERGENCY RESERVE	<u>\$ 4,800</u>	<u>\$ 4,900</u>	<u>\$ 800</u>
TOTAL RESERVE	<u>\$ 4,800</u>	<u>\$ 4,900</u>	<u>\$ 800</u>

**CIELO METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Personal property	\$ -	\$ 2,500	\$ -
Vacant land	2,199,210	2,199,210	2,204,030
Natural Resources	-	120	120
Certified Assessed Value	<u>\$ 2,199,210</u>	<u>\$ 2,201,830</u>	<u>\$ 2,204,150</u>
MILL LEVY			
General	66.797	66.797	11.132
Debt Service	0.000	0.000	55.664
Total mill levy	<u>66.797</u>	<u>66.797</u>	<u>66.796</u>
PROPERTY TAXES			
General	146,901	147,076	24,537
Debt Service	-	-	122,692
Levied property taxes	<u>\$ 146,901</u>	<u>\$ 147,076</u>	<u>\$ 147,229</u>
Adjustments to actual/rounding	1	24	-
Refunds and abatements	-	61	-
Budgeted property taxes	<u>\$ 146,902</u>	<u>\$ 147,161</u>	<u>\$ 147,229</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 146,902</u>	<u>\$ 147,161</u>	<u>\$ 24,537</u>
Debt Service	-	-	122,692
	<u>\$ 146,902</u>	<u>\$ 147,161</u>	<u>\$ 147,229</u>

**CIELO METROPOLITAN DISTRICT
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ (8,373)	\$ 111,613	\$ 199,290
REVENUES			
Property taxes	146,902	147,161	24,537
Specific ownership tax	12,667	14,440	1,963
Interest income	3	20	-
Developer advance	40,183	-	-
Total revenues	<u>199,755</u>	<u>161,621</u>	<u>26,500</u>
Total funds available	<u>191,382</u>	<u>273,234</u>	<u>225,790</u>
EXPENDITURES			
General and Administrative			
Accounting	11,857	15,000	16,500
County Treasurer's fee	2,204	2,207	368
Dues and licenses	311	305	500
District management	6,417	-	-
Insurance and bonds	3,290	3,218	5,000
Legal	25,552	45,000	35,000
Election	9,125	-	10,000
Engineering	21,013	-	-
Miscellaneous	-	950	-
Transfer to Stone Creek Metro District	-	7,264	53,365
Contingency	-	-	5,267
Total expenditures	<u>79,769</u>	<u>73,944</u>	<u>126,000</u>
Total expenditures and transfers out requiring appropriation	<u>79,769</u>	<u>73,944</u>	<u>126,000</u>
ENDING FUND BALANCE	<u>\$ 111,613</u>	<u>\$ 199,290</u>	<u>\$ 99,790</u>
EMERGENCY RESERVE	<u>\$ 4,800</u>	<u>\$ 4,900</u>	<u>\$ 800</u>
TOTAL RESERVE	<u>\$ 4,800</u>	<u>\$ 4,900</u>	<u>\$ 800</u>

**CIELO METROPOLITAN DISTRICT
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATE
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	122,692
Specific ownership tax	-	-	9,815
Other revenue	-	-	10,000
Total revenues	<u>-</u>	<u>-</u>	<u>142,507</u>
Total funds available	<u>-</u>	<u>-</u>	<u>142,507</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	-	1,840
Paying agent fees	-	-	4,000
Contingency	-	-	10,000
Debt Service			
Bond Interest	-	-	126,667
Total expenditures	<u>-</u>	<u>-</u>	<u>142,507</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>142,507</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CIELO METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATE
For the Years Ended and Ending December 31,**

1/17/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 7,072,290
REVENUES			
Interest income	-	1,700	3,600
Developer advance	-	10,212,244	7,040,890
Bond Proceeds	-	17,942,000	-
Total revenues	-	28,155,944	7,044,490
Total funds available	-	28,155,944	14,116,780
EXPENDITURES			
General and Administrative			
Accounting	-	5,000	5,000
Legal services	-	5,000	5,000
Capital Projects			
Repay developer advance	-	10,212,244	7,040,890
Engineering	-	15,000	25,000
Bond issue costs	-	634,166	-
Capital outlay	-	10,212,244	7,040,890
Total expenditures	-	21,083,654	14,116,780
Total expenditures and transfers out requiring appropriation	-	21,083,654	14,116,780
ENDING FUND BALANCE	\$ -	\$ 7,072,290	\$ -

**CIELO METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District court for Douglas County on March 29, 2016, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District will serve the public improvement needs of a development generally located east of Chambers Road, north of Scott Avenue, and south of Pinery Parkway in Douglas County, Colorado.

Pursuant to the amended Service Plan, the District is authorized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, financing, and operation and maintenance of all public improvements, including water, sanitation, streets, stormwater, park and recreation, traffic and safety control and mosquito control improvements.

On May 5, 2020, the District's qualified electors approved indebtedness of \$200,000,000 for certain categories of Public Improvements, such as streets, park and recreation, water, sanitation/sewer, transportation, mosquito control, safety protection, fire protection, TV relay and translation and security and \$220,000,000 for refunding.

The amended Service Plan imposes a debt limitation on the District in the aggregate amount of \$25,000,000 (excluding refundings). In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

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, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**CIELO METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

Under the Service Plan, the District is limited to the imposition of a mill levy in an amount not to exceed 60 mills; provided, however, that in the event the method of calculating assessed valuation is changed after the date of approval of the Service Plan, the mill levy limitation provided for the District will be automatically increased or decreased to reflect such changes, so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. After September 8, 2015, the date of the approval of the Service Plan, the ratio of actual valuation to assessed valuation for residential property was 7.96% and currently the ratio is at 7.15%. Due to this ratio change, the District's Operation mill levy was adjusted to 11.132 from 10.000 mills, and Debt Service mill levy was adjusted from 50 to 55.664 mills.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the Budget at the mill levy adopted 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 8% of the property taxes collected.

Developer Advance

The District is in the development state. As such, the capital expenditures are expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Investment Income

Interest earned on the Districts available funds has been estimates based upon an average interest rate of approximately 0.1%.

Expenditures

Capital Outlay

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

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes collected.

**CIELO METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

General and Administrative

General and administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants of costs of services necessary to maintain the District's administrative viability such as legal, accounting, management, insurance, meeting expense, and other administrative expenses.

Transfer to Stone Creek Metro District

Pursuant to Clubhouse Joint Use and Operations Cost Sharing Agreement, the District will share in the management of Clubhouse Improvements with Stone Creek Metro District, and pay 51% of annual budgeted and approved operations and maintenance costs, inclusive of all legal costs, management costs, accountant costs, and other consulting fees, to Stone Creek Metro District.

Debt Service

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Bonds compounds annually on each December 1.

Debt and Leases

On April 28, 2021, the District issued \$17,942,000 of Limited Tax General Obligation Bonds, Series 2021. The Bonds bear interest at the rate of 5.25% per annum and payable annually on December 1, but only to the extent of available Pledged Revenue. The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Bonds compounds annually on each December 1. In the event any amounts due and owing on the Bonds remain outstanding on December 1, 2060 (the "Discharge Date"), such amounts shall be extinguished and no longer be due and outstanding.

The Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2026, to May 31, 2027	3.00%
June 1, 2027, to May 31, 2028	2.00
June 1, 2028, to May 31, 2029	1.00
June 1, 2029, and thereafter	0.00

**CIELO METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The Series 2021 Bonds are secured by and payable solely from and to the extent of Pledged Revenue which means:

- (a) the Required Mill Levy;
- (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and
- (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Pursuant to the Indenture, the District has covenanted to impose a Required Mill Levy on all taxable property of the District each year in an amount sufficient to pay the Bonds when due, but not in excess of 50.000 mills (subject to adjustment for changes in the method of calculating assessed valuation that occur on or after January 1, 2015).

The following is an analysis of the anticipated changes in the District's long-term obligations for the year ended December 31, 2021 and 2022.

	Balance December 31, 2020	Additions	Deletions	Anticipated Balance December 31, 2021
Series 2021 Bonds				
Principal	\$ -	\$ 17,942,000	\$ -	\$ 17,942,000
Accrued Interest	-	638,258	-	638,258
Developer Advances -Capital				-
Principal	-	10,212,244	10,212,244	-
Developer Advances - Operations				
Operations	85,980	-	-	85,980
Accrued Interest	7,272	6,879	-	14,151
Total	<u>\$ 93,252</u>	<u>\$ 28,799,381</u>	<u>\$ 10,212,244</u>	<u>\$ 18,680,389</u>
	Anticipated Balance December 31, 2021	Additions	Deletions	Anticipated Balance December 31, 2022
Series 2021 Bonds				
Principal	\$ 17,942,000	\$ -	\$ -	\$ 17,942,000
Accrued Interest	638,258	974,909	126,667	1,486,500
Developer Advances -Capital				-
Principal	-	7,040,890	7,040,890	-
Developer Advances - Operations				
Operations	85,980	-	-	85,980
Accrued Interest	14,151	6,878	-	21,029
Total	<u>\$ 18,680,389</u>	<u>\$ 8,022,677</u>	<u>\$ 7,167,557</u>	<u>\$ 19,535,509</u>

The District has no operating and capital leases.

**CIELO METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

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

This information is an integral part of the accompanying budget.

EXHIBIT E

Tax History and Revenue Projection

Cielo Metropolitan District
Annual Report
As of 09/26/2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenues													
Property Tax - Operations	-	-	160	418	237	146,902	147,111	24,537	48,841	74,817	118,208	167,492	208,083
Property Tax - Debt Service	-	-	-	-	-	-	-	122,692	244,206	374,110	591,084	837,520	1,040,487
SO Tax - Operations	-	-	18	44	24	12,667	14,184	2,170	4,618	4,489	7,092	10,050	12,485
SO Tax - Debt Service	-	-	-	-	-	-	-	10,850	23,090	22,447	35,465	50,251	62,429
Bond Proceeds	-	-	-	-	-	-	17,942,000	-	-	-	-	-	-
Developer Advance	-	-	4,668	3,735	37,395	40,183	10,212,244	8,565,637	35,000	210,000	200,000	25,000	-
O&M Fees	-	-	-	-	-	-	-	-	98,880	197,330	301,590	403,380	470,670
Other revenue	-	-	-	159	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	3	1,946	8,930	5,000	5,000	5,000	5,000	5,000
Total Operating Revenues	-	-	4,846	4,356	37,656	199,755	28,317,485	8,734,816	459,635	888,193	1,258,439	1,498,693	1,799,154
Expenses													
Accounting	-	-	5,755	5,186	3,012	11,857	17,996	22,755	29,810	31,000	32,550	34,000	35,700
Audit	-	-	-	-	-	-	-	4,850	5,190	5,500	6,000	6,500	7,000
Bond Issue Costs	-	-	-	-	-	-	634,166	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	10,212,244	8,565,637	-	-	-	-	-
County Treasurer's Fee	-	-	2	6	4	2,204	2,207	2,209	4,396	6,734	10,639	15,075	18,729
Debt Service	-	-	-	-	-	-	-	122,583	266,591	384,626	610,018	866,016	1,076,858
Dues and Memberships	-	-	200	-	-	311	305	371	500	500	500	500	500
Miscellaneous	-	-	-	157	54	-	1,100	850	1,500	1,500	1,500	1,500	1,500
District Management	-	-	-	-	11,802	6,416	-	-	-	-	-	-	-
Insurance	-	-	-	-	1,074	3,290	3,218	2,968	5,000	5,500	6,050	6,600	7,200
Legal	-	-	-	-	27,979	25,552	41,847	28,821	35,000	36,500	38,325	40,000	42,000
Election	-	-	-	-	-	9,125	-	1,800	3,000	-	3,000	-	3,000
Engineering	-	-	-	-	-	21,014	14,536	14,993	-	-	-	-	-
O&M Expenditures	-	-	-	-	-	-	-	9,495	160,000	317,925	423,900	432,378	441,026
Paying Agent Fees	-	-	-	-	-	-	-	4,000	4,000	4,000	4,000	4,000	4,000
Repay Developer Advance	-	-	-	-	-	-	10,212,244	7,081,628	-	-	-	-	-
Transfer to Stone Creek Metro District	-	-	-	-	-	-	5,560	26,070	75,000	76,500	78,000	79,600	81,200
Total Operating Expenses	-	-	5,957	5,349	43,925	79,769	21,145,423	15,889,030	589,987	870,285	1,214,482	1,486,169	1,718,713
Mill Levy - Operations	-	-	-	-	66.333	66.797	66.797	11.132	10.000	10.000	10.000	10.000	10.000
Mill Levy - Debt Service	-	-	-	-	-	-	-	55.664	50.000	50.000	50.000	50.000	50.000
Total Mill Levy	-	-	-	-	66.333	66.797	66.797	66.796	60.000	60.000	60.000	60.000	60.000

EXHIBIT F
Recorded DLG-32



COLORADO
 Department of Local Affairs
 Division of Local Government

FORM DLG-32
Notice of Special District Authorization or
Issuance of General Obligation Indebtedness
(CRS 32-1-1604)

Name of District:	Cielo Metropolitan District
Principal Amount:	See Exhibit A attached hereto.
Average Interest Rate:	N/A
Name of Bond Issue:	N/A
Credit Enhancement:	N/A
Rating and Rating Agency:	N/A
Dated as of:	N/A
Final Maturity Date:	N/A
Name and Address of Underwriter:	N/A
Name and Address of Bond Counsel:	N/A
Name, Address & Phone of District Contact Person:	Clint Waldron, Esq. White Bear Ankele Tanaka & Waldron 2154 E. Commons Avenue, Suite 2000 Centennial, CO 80122 (303) 858-1800

District is required to record with the **County Clerk and Recorder** within **30 days of Authorization or Issuance**. A copy should be sent to the **Division of Local Government**.

(Rev. 4/19)



Exhibit A
Cielo Metropolitan District
Debt Authorization at the May 5, 2020 Election

\$20,000,000	In-District Special Assessment Indebtedness Authorization
\$20,000,000	Street Improvement Indebtedness Authorization
\$20,000,000	Parks and Recreation Indebtedness Authorization
\$20,000,000	Water Indebtedness Authorization
\$20,000,000	Sanitation/Storm Sewer Indebtedness Authorization
\$20,000,000	Transportation Indebtedness Authorization
\$20,000,000	Mosquito Control Indebtedness Authorization
\$20,000,000	Safety Protection Indebtedness Authorization
\$20,000,000	Fire Protection Indebtedness Authorization
\$20,000,000	Television Relay and Translation Indebtedness Authorization
\$20,000,000	Security Indebtedness Authorization
\$20,000,000	Operations and Maintenance Indebtedness Authorization
\$220,000,000	Refunding Indebtedness Authorization
\$20,000,000	District Intergovernmental Agreement Indebtedness Authorization
\$20,000,000	District Private Agreement Indebtedness Authorization