

CIELO METROPOLITAN DISTRICT

2021 ANNUAL REPORT

**CIELO METROPOLITAN DISTRICT
2021 ANNUAL REPORT
TO
DOUGLAS COUNTY BOARD OF COUNTY COMMISSIONERS**

(For Activities Completed in 2021, and With Information About Prospective Years)

I. District Description – General Information

a. Board Members, officers' titles, and terms

- Ben Both – President – May 2025
- Reginald Carveth – Assistant Secretary – May 2023
- Timothy Westbrook – Treasurer – May 2023
- 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

Tim Bryan, District Manager
The Management Association, Inc.
3091 S. Jamaica Court, Suite 100, Aurora, CO 80014
tim.bryan@managementtrust.com
(303) 750-0994 x2304

d. Elections held in the past year and their purpose

May 3, 2022 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 2021, and there are no proposed changes in the District's boundary for 2022.

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 Southwest, LLC. 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 with Toll Southwest LLC (the “**Operations Agreement**”). Pursuant to the Operations Agreement, Toll Southwest LLC (“**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 2021. 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: Services are expected to begin in 2021.

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	Anticipated 2022	2015
Mosquito Control	Anticipated 2023	2015
Covenant Enforcement and Design Review; and	Anticipated 2022	2015
Fire Protection - SMFRA	Actual 2022	2015

- 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.

- 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	2022	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	0%	2022

- 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:

2021 - 0
 2022 - 58
 2023 - 84
 2024 - 84
 2025 - 84
 2026 - 33

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:

2021 - 0
 2022 - 145
 2023 - 355
 2024 - 565
 2025 - 775
 2026 - 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 is expected to begin in 2022. Home construction 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.*

As of the date of this report a copy of the 2021 audit is not available. A copy of the 2021 audit will be provided in the 2022 Annual Report.

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

A copy of the 2021 Budget is attached hereto as **Exhibit A**. A copy of the 2022 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 **Exhibit C**.

- 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 D**.

- 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
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
2014	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
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
2014	Not Organized	Not Contemplated

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

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
2015 Mill Levy Certification for Collection in 2016	Not Organized	Not Organized

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
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 C**.

- 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

2021 Budget

CIELO METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

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

12/29/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (2,104)	\$ (8,373)	\$ 75,603
REVENUES			
Property taxes	237	146,901	147,076
Specific ownership tax	24	12,200	11,766
Bond proceeds	-	-	10,000,000
Developer advance	37,395	-	9,960,000
Total revenues	<u>37,656</u>	<u>159,101</u>	<u>20,118,842</u>
TRANSFERS IN	<u>-</u>	<u>25,000</u>	<u>-</u>
Total funds available	<u>35,552</u>	<u>175,728</u>	<u>20,194,445</u>
EXPENDITURES			
General Fund	43,925	75,125	60,000
Capital Projects Fund	-	-	19,960,000
Total expenditures	<u>43,925</u>	<u>75,125</u>	<u>20,020,000</u>
TRANSFERS OUT	<u>-</u>	<u>25,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>43,925</u>	<u>100,125</u>	<u>20,020,000</u>
ENDING FUND BALANCES	<u>\$ (8,373)</u>	<u>\$ 75,603</u>	<u>\$ 174,445</u>
EMERGENCY RESERVE	<u>\$ 100</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>

No assurance provided. See summary of significant assumptions.

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

12/29/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
ASSESSED VALUATION			
Agricultural	\$ 2,840	\$ -	\$ -
State assessed	-	-	2,500
Vacant land	740	2,199,210	2,199,210
Oil and Gas	-	-	120
	<u>3,580</u>	<u>2,199,210</u>	<u>2,201,830</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 3,580</u>	<u>\$ 2,199,210</u>	<u>\$ 2,201,830</u>
MILL LEVY			
General	66.333	66.797	66.797
Total mill levy	<u>66.333</u>	<u>66.797</u>	<u>66.797</u>
PROPERTY TAXES			
General	237	146,901	147,076
Levied property taxes	\$ 237	\$ 146,901	\$ 147,076
Budgeted property taxes	<u>\$ 237</u>	<u>\$ 146,901</u>	<u>\$ 147,076</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 237</u>	<u>\$ 146,901</u>	<u>\$ 147,076</u>
	<u>\$ 237</u>	<u>\$ 146,901</u>	<u>\$ 147,076</u>

No assurance provided. See summary of significant assumptions.

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

12/29/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ (2,104)	\$ (8,373)	\$ 75,603
REVENUES			
Property taxes	237	146,901	147,076
Specific ownership tax	24	12,200	11,766
Developer advance	37,395	-	-
Total revenues	<u>37,656</u>	<u>159,101</u>	<u>158,842</u>
Total funds available	<u>35,552</u>	<u>150,728</u>	<u>234,445</u>
EXPENDITURES			
General and Administrative			
Accounting	3,012	9,000	15,000
County Treasurer's fee	4	2,204	2,206
Dues and licenses	-	500	525
District management	11,802	6,500	15,000
Insurance and bonds	1,074	3,290	5,000
Legal	27,979	15,000	17,500
Election	-	9,125	-
Miscellaneous	54	-	-
Contingency	-	4,506	4,769
Total expenditures	<u>43,925</u>	<u>50,125</u>	<u>60,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>25,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>43,925</u>	<u>75,125</u>	<u>60,000</u>
ENDING FUND BALANCE	<u>\$ (8,373)</u>	<u>\$ 75,603</u>	<u>\$ 174,445</u>
EMERGENCY RESERVE	<u>\$ 100</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 4,800</u>	<u>\$ 4,800</u>

No assurance provided. See summary of significant assumptions.

**CIELO METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

12/29/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	9,960,000
Bond Proceeds	-	-	10,000,000
Total revenues	<u>-</u>	<u>-</u>	<u>19,960,000</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>25,000</u>	<u>-</u>
Total funds available	<u>-</u>	<u>25,000</u>	<u>19,960,000</u>
EXPENDITURES			
General and Administrative			
Accounting	-	-	10,000
Legal services	-	-	5,000
Capital Projects			
Repay developer advance	-	-	9,960,000
Engineering	-	25,000	25,000
Capital outlay	-	-	9,960,000
Total expenditures	<u>-</u>	<u>25,000</u>	<u>19,960,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>25,000</u>	<u>19,960,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**CIELO METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized on March 30, 2016, to provide financing for the design, acquisition, construction, installation, relocation, operation and maintenance of essential public-purpose facilities such as water, sanitation, streets, safety protection, park and recreation, mosquito control, and covenant control. 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.

Under the Service Plan, the District will provide essential public improvements and services for a new residential community located entirely within Douglas County. The District may, with agreement by the County, engage in other activities. The property in the District is anticipated to be developed consistent with the terms, requirements and provisions of a Development Agreement.

On November 3, 2015, the electorate authorized general obligation debt in the amount of \$11,280,000. The total authorized debt limit per the Service Plan is \$11,280,000. The initial debt service mill levy will be 50 mills, with a maximum debt service mill levy of 50 mills. The initial operations and maintenance mill levy will be 60 mills as adjusted which is also the maximum total mill levy for the District.

The District anticipates receiving Developer advances to help fund initial operating and administrative expenditures until other revenues are available to the District. The current construction of District improvements is expected to be financed by Developer advances until bonded debt is issued to repay the Developer.

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
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (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 mill levy was adjusted to 66.797 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.

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.

Debt and Leases

The District has no debt, or operating or capital leases.

**CIELO METROPOLITAN DISTRICT
2021 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 B

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 C

Tax History and Revenue Projection

EXHIBIT D

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