

**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 2021	ESTIMATED 2022	BUDGET 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	<u>\$ 2,201,830</u>	<u>\$ 2,204,150</u>	<u>\$ 4,884,110</u>
MILL LEVY			
General	66.797	11.132	10.000
Debt Service	0.000	55.664	50.000
Total mill levy	<u>66.797</u>	<u>66.796</u>	<u>60.000</u>
PROPERTY TAXES			
General	147,076	24,537	48,841
Debt Service	-	122,692	244,206
Levied property taxes	<u>\$ 147,076</u>	<u>\$ 147,229</u>	<u>\$ 293,047</u>
Adjustments to actual/rounding	24	-	-
Refunds and abatements	61	-	-
Budgeted property taxes	<u>\$ 147,161</u>	<u>\$ 147,229</u>	<u>\$ 293,047</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 147,161</u>	<u>\$ 24,537</u>	<u>\$ 48,841</u>
Debt Service	<u>-</u>	<u>122,692</u>	<u>244,206</u>
	<u>\$ 147,161</u>	<u>\$ 147,229</u>	<u>\$ 293,047</u>

No assurance is provided. See Summary of Significant Assumptions

**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.