

LETTER OF BUDGET TRANSMITTAL

Date: January 27, 2023

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2023 budget and budget message for THE RETREAT METROPOLITAN DISTRICT NO. 1 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 18, 2022. If there are any questions on the budget, please contact:

CliftonLarsonAllen LLP
Attn: Carrie Bartow
111 South Tejon Street, Suite 705
Colorado Springs, CO 80903
Telephone: 719-473-3630

I, George Lenz, as President of The Retreat Metropolitan District No. 1, hereby certify that the attached is a true and correct copy of the 2023 budget.

By: George A Lenz

RESOLUTION
TO ADOPT 2023 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
THE RETREAT METROPOLITAN DISTRICT NO. 1

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE RETREAT METROPOLITAN DISTRICT NO. 1, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023,

WHEREAS, the Board of Directors of The Retreat Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

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

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 18, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$6,659; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$26,638; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$0; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2022 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$665,940; and

WHEREAS, at an election held on November 5, 2019 the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RETREAT METROPOLITAN DISTRICT NO. 1 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of The Retreat Metropolitan District No. 1 for calendar year 2023.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2023 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 10.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2022.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2023 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 40.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2023 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2023 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

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

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2022, to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2022 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

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

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ADOPTED this 18th day of November 2022.

THE RETREAT METROPOLITAN
DISTRICT NO. 1

George A Lenz

President

ATTEST:

Gerald Richardson

Secretary

ATTACH COPY OF THE ADOPTED BUDGET AND
THE CERTIFICATION OF TAX LEVIES

THE RETREAT METROPOLITAN DISTRICT NO.1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**THE RETREAT METROPOLITAN DISTRICT NO. 1
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/29/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	167	17,606	33,297
Specific ownership tax	20	1,764	3,330
Interest income	-	38	-
Developer advance	-	4,373	-
Other revenue	-	5,162	12,000
Intergovernmental revenues - District 2	-	69,339	-
Total revenues	<u>187</u>	<u>98,282</u>	<u>48,627</u>
Total funds available	<u>187</u>	<u>98,282</u>	<u>48,627</u>
EXPENDITURES			
General Fund	35	23,085	13,325
Debt Service Fund	152	15,737	35,302
Capital Projects Fund	-	59,460	-
Total expenditures	<u>187</u>	<u>98,282</u>	<u>48,627</u>
Total expenditures and transfers out requiring appropriation	<u>187</u>	<u>98,282</u>	<u>48,627</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**THE RETREAT METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/29/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Single-Family Residential	\$ -	\$ -	\$ 66,050
Agricultural	2,990	580	530
State assessed	-	-	46,710
Vacant land	350	348,270	552,650
	<u>3,340</u>	<u>348,850</u>	<u>665,940</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 3,340</u>	<u>\$ 348,850</u>	<u>\$ 665,940</u>
MILL LEVY			
General	10.000	10.069	10.000
Debt Service	40.000	40.279	40.000
Total mill levy	<u>50.000</u>	<u>50.348</u>	<u>50.000</u>
PROPERTY TAXES			
General	\$ 33	\$ 3,513	\$ 6,659
Debt Service	134	14,051	26,638
Levied property taxes	167	17,564	33,297
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	<u>\$ 167</u>	<u>\$ 17,564</u>	<u>\$ 33,297</u>
BUDGETED PROPERTY TAXES			
General	\$ 33	\$ 3,513	\$ 6,659
Debt Service	134	14,051	26,638
	<u>\$ 167</u>	<u>\$ 17,564</u>	<u>\$ 33,297</u>

No assurance provided. See summary of significant assumptions.

**THE RETREAT METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/29/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	33	3,513	6,659
Specific ownership tax	2	156	666
Interest income	-	2	-
Other revenue	-	5,162	6,000
Intergovernmental revenues - District 2	-	9,879	-
Developer advance	-	4,373	-
Total revenues	35	23,085	13,325
Total funds available	35	23,085	13,325
EXPENDITURES			
General and administrative			
Intergovernmental expenditures	34	3,619	7,225
Organization costs	-	4,373	-
Repay developer advance	-	9,879	-
Contingency	-	5,162	6,000
County Treasurer's fee	1	52	100
Total expenditures	35	23,085	13,325
Total expenditures and transfers out requiring appropriation	35	23,085	13,325
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**THE RETREAT METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/29/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Property taxes	134	14,093	26,638
Specific ownership tax	18	1,608	2,664
Interest income	-	36	-
Other revenue	-	-	6,000
Total revenues	152	15,737	35,302
Total funds available	152	15,737	35,302
EXPENDITURES			
General and administrative			
County Treasurer's fee	2	211	400
Intergovernmental expenditures	150	15,526	28,902
Contingency	-	-	6,000
Total expenditures	152	15,737	35,302
Total expenditures and transfers out requiring appropriation	152	15,737	35,302
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**THE RETREAT METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

11/29/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Intergovernmental revenues - District 2	-	59,460	-
Total revenues	-	59,460	-
Total funds available	-	59,460	-
EXPENDITURES			
General and Administrative			
Repay developer advance	-	59,460	-
Total expenditures	-	59,460	-
Total expenditures and transfers out requiring appropriation	-	59,460	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**THE RETREAT METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Retreat Metropolitan District No. 1 (the “District”) and The Retreat Metropolitan District No. 2 (“District No. 2”) (collectively the “Districts”) were formed under a Service Plan approved by El Paso County, Colorado (the “County”). The Districts’ service area is located entirely within the County. The primary purpose of the Districts will be to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of public improvements and services as listed below. The District was organized by El Paso County Court Order on December 17, 2019.

At an election held on November 5, 2019, the voters approved general indebtedness of \$1,250,000,000 at a maximum interest rate of 18% for each of the following improvements and services: streets, water supply, sanitary sewer, traffic and safety controls, parks and recreation, mosquito control, television relay and translation, public transportation, security services, and fire protection/medical emergency services.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting, in accordance with 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 in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

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%.

**THE RETREAT METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (Continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 10% of the property taxes collected.

Investment Income

Interest earned on the District's available funds has been estimated based on historical interest earnings.

Expenditures

Intergovernmental Expenditures

All administrative expenditures such as legal, accounting, management, insurance, including costs for snow removal and landscape maintenance, are paid through and by District No. 2, the Operating District. The District will transfer net revenues collected from its operational mill levy, as well as the current, unpledged revenue from its debt service fund, to District No. 2 to cover a portion of these costs.

County Treasurer's Collection Fees

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

Capital Outlay

The District anticipated infrastructure improvements in 2022 as noted in the capital Projects Fund. There is not anticipated infrastructure improvement in 2023.

Debt and Leases

The District is not anticipating to issue bonds during 2023.

Developer Advances

The District entered into a Reimbursement Agreement (Agreement) with the Developer. The District agrees to repay the Developer along with accrued interest, at a rate of 8% beginning on the date the advance were made to the date of repayment. The Agreement does not constitute a multiple-fiscal year obligation.

**THE RETREAT METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (Continued)

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022
Developer Advances -				
Operating	\$ 4,339	\$ 4,373	\$ 8,712	\$ -
Accrued Interest:				
Developer Advances -				
Operating	967	200	1,167	-
Developer Advances -				
Capital	49,470	-	49,470	-
Accrued Interest:				
Developer Advances -				
Capital	8,873	1,117	9,990	-
Total	<u>\$ 63,649</u>	<u>\$ 5,690</u>	<u>\$ 69,339</u>	<u>\$ -</u>

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023
Developer Advances -				
Operating	\$ -	\$ -	\$ -	\$ -
Accrued Interest:				
Developer Advances -				
Operating	-	-	-	-
Developer Advances -				
Capital	-	-	-	-
Accrued Interest:				
Developer Advances -				
Capital	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The District has no operating or capital leases.

Reserves

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 2, which pays for all Districts' operations and maintenance costs, an Emergency Reserve is not reflected in the District's 2023 budget.

This information is an integral part of the accompanying budget.

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|----|-------------------|--|
| 1. | Purpose of Issue: | Public Infrastructure |
| | Series: | General Obligation Limited Tax Bonds, Series 2022A |
| | Date of Issue: | April 13, 2022 |
| | Coupon Rate: | 6.125% |
| | Maturity Date: | December 1, 2051 |
| | Levy: | 40.000 |
| | Revenue: | \$26,638 |
| | | |
| 2. | Purpose of Issue: | _____ |
| | Series: | _____ |
| | Date of Issue: | _____ |
| | Coupon Rate: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

CONTRACTS^K:

- | | | |
|----|----------------------|-------|
| 3. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |
| | | |
| 4. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.