LETTER OF BUDGET TRANSMITTAL

Date: January 30, 2022

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

Attached are the 2022 budget and budget message for THE RETREAT METROPOLITAN DISTRICT NO. 2 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 30, 2021. 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. 2, hereby certify that the attached is a true and correct copy of the 2022 budget.

By: George Lenz _____

RESOLUTION
TO ADOPT 2022 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
THE RETREAT METROPOLITAN DISTRICT NO. 2

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2022 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. 2, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2022, AND ENDING ON THE LAST DAY OF DECEMBER, 2022,

WHEREAS, the Board of Directors of The Retreat Metropolitan District No. 2 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 30, 2021 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 $7,443.00; 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 $29,771.00; 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 2021 valuation for assessment for the District as certified by the County Assessor of El Paso County is $744,270.00; 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. 2 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. 2 for calendar year 2022.

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 2022 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 2022 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 2021.

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 2021.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2022 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 2021.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2022 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 2021.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2022 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 2021.

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 2021.

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, 2021, 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, 2021 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.

[remainder of page intentionally left blank; signature page follows]

ADOPTED this 30th day of November 2021.

THE RETREAT METROPOLITAN DISTRICT NO. 2

George Lenz

President

ATTEST:

Secretary

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

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THE RETREAT METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

THE RETREAT METROPOLITAN DISTRICT NO. 2
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/4/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	$ -	$ (4,990)	$ 74,879
REVENUES			
Property taxes	-	167	37,472
Specific ownership tax	-	20	3,747
System development fees	-	74,000	224,500
Covenant fees	-	-	15,600
Working capital fees	-	-	28,800
Landscape assurance deposit	-	-	240,000
Well inspection fees	-	-	1,200
Developer advance	-	32,000	-
Intergovernmental revenues	53,809	35	10,003,811
Total revenues	53,809	106,222	10,555,130
Total funds available	53,809	101,232	10,630,009
EXPENDITURES			
General Fund	58,799	26,351	300,000
Debt Service Fund	-	2	550
Capital Projects Fund	-	-	10,000,000
Total expenditures	58,799	26,353	10,300,550
Total expenditures and transfers out requiring appropriation	58,799	26,353	10,300,550
ENDING FUND BALANCES	$ (4,990)	$ 74,879	$ 329,459
EMERGENCY RESERVE	$ 1,600	$ 2,200	$ 8,900
RESERVE	-	-	-
CAPITAL INTEREST	-	-	-
TOTAL RESERVE	$ 1,600	$ 2,200	$ 8,900

No assurance provided. See summary of significant assumptions.

THE RETREAT METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/4/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Agriculture	$ -	$ 2,990	$ -
Vacant land	-	350	744,270
	-	3,340	744,270
Adjustments	-	-	-
Certified Assessed Value	$ -	$ 3,340	$ 744,270
MILL LEVY			
General	0.000	10.000	10.069
Debt Service	0.000	40.000	40.279
Total mill levy	0.000	50.000	50.348
PROPERTY TAXES			
General	$ -	$ 33	$ 7,494
Debt Service	-	134	29,978
Levied property taxes	-	167	37,472
Budgeted property taxes	$ -	$ 167	$ 37,472
BUDGETED PROPERTY TAXES			
General	**$ -**	**$ 33**	**$ 7,494**
Debt Service	**-**	**134**	**29,978**
	$ -	**$ 167**	**$ 37,472**

No assurance provided. See summary of significant assumptions.

THE RETREAT METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/4/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	$ -	$ (4,990)	$ 74,730
REVENUES			
Property taxes	-	33	7,494
Specific ownership tax	-	3	749
Covenant fees	-	-	15,600
Working capital fees	-	-	28,800
Landscape assurance deposit	-	-	240,000
System development fees	-	74,000	-
Well inspection fees	-	-	1,200
Developer advance	-	32,000	-
Intergovernmental revenues	53,809	35	3,811
Total revenues	53,809	106,071	297,654
Total funds available	53,809	101,081	372,384
EXPENDITURES			
General and administrative			
Accounting	220	5,000	7,000
Audit	-	-	4,500
County Treasurer's fee	-	1	112
Dues and licenses	-	-	1,500
Election expense	-	-	2,000
Engineering	-	-	2,000
Insurance and bonds	-	350	500
Landscape return of deposit	-	-	225,600
Legal services	26,569	21,000	20,000
Organization costs	32,010	-	-
District management	-	-	6,000
Trash collection	-	-	4,680
Well inspection and reporting	-	-	1,200
Contingency	-	-	24,908
Total expenditures	58,799	26,351	300,000
Total expenditures and transfers out requiring appropriation	58,799	26,351	300,000
ENDING FUND BALANCE	$ (4,990)	$ 74,730	$ 72,384
EMERGENCY RESERVE	$ 1,600	$ 2,200	$ 8,900
AVAILABLE FOR OPERATIONS	-	-	-
TOTAL RESERVE	$ 1,600	$ 2,200	$ 8,900

No assurance provided. See summary of significant assumptions.

THE RETREAT METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/4/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	$ -	$ -	$ 149
REVENUES			
Property taxes	-	134	29,978
Specific ownership tax	-	17	2,998
System development fees	-	-	224,500
Total revenues	-	151	257,476
Total funds available	-	151	257,625
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	2	550
Total expenditures	-	2	550
Total expenditures and transfers out requiring appropriation	-	2	550
ENDING FUND BALANCE	$ -	$ 149	$ 257,075

No assurance provided. See summary of significant assumptions.

THE RETREAT METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/4/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	$ -	$ -	$ -
REVENUES			
Intergovernmental revenues	-	-	10,000,000
Total revenues	-	-	10,000,000
Total funds available	-	-	10,000,000
EXPENDITURES			
General and Administrative			
Capital outlay	-	-	10,000,000
Total expenditures	-	-	10,000,000
Total expenditures and transfers out requiring appropriation	-	-	10,000,000
ENDING FUND BALANCE	$ -	$ -	$ -

No assurance provided. See summary of significant assumptions.

THE RETREAT METROPOLITAN DISTRICT NO. 2
2022 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.

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.

Revenues - (Continued)

Investment Income

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

Developer Advances

The District is in the development stage. As such, a significant portion of the operating and administrative expenditures are 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.

Working capital fees

A capital fee in the amount of $600 is assessed and collected for each unit within the property upon sale or transfer of that unit for the first time, as well as every subsequent sale of transfer of that unit. 48 units are anticipated to be sold or transferred in 2022.

Covenant fees

A quarterly covenant enforcement and operations fee for the provision of District functions in the amount of $150 per quarter will be assessed and collected from each unit. 26 units are expected to pay covenant fees in 2022.

Landscape assurance deposit

A landscape assurance deposit in the amount of $5,000 will be assessed and collected for each unit upon the first sale or transfer of that unit. The District will return the deposit, less $300 review fees, upon completion of the landscaping. 48 units are anticipated to be sold or transferred for the first time in 2022

Well inspection fees

An annual well inspection fee in the amount of $200 will be assessed and collected for each rural lot within the District. 6 units are expected to have well inspections in 2022.

System development fee

A system development fee of $1,500 for rural lots and $2,500 for urban lots will be assessed and collected for each lot at the closing of the sale. Approximately 80-90 total lots are expected to be sold in 2022.

Intergovernmental Revenue

Intergovernmental revenue is budgeted for General Fund tax revenue from The Retreat Metropolitan District No. 1.

THE RETREAT METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures

Administrative Expenditures

Administrative and operations expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, district management, insurance, and other administrative expenses.

County Treasurer's Collection Fees

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

Capital Outlay

The District plans to accept the costs of eligible public improvements costs paid for by the Developer, based on costs certified by the District Accountant and Engineer. The budgeted amounts are based on an estimate of those costs.

Debt and Leases

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.

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021
Developer Advances - Operations	$ -	$ 32,000	$ -	$ 32,000
Accrued Interest:				
Developer Advances - Operations	-	1,280	-	1,280
Total	$ -	$ 33,280	$ -	$ 33,280

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022
Developer Advances - Operations	$ 32,000	$ -	$ -	$ 32,000
Accrued Interest:				
Developer Advances - Operations	1,280	2,560	-	3,840
Total	$ 33,280	$ 2,560	$ -	$ 35,840

The District has no operating or capital leases.

THE RETREAT METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3.0% of fiscal year spending for 2022, as defined under TABOR.

This information is an integral part of the accompanying budget.

402 County Tax Entity Code DOLA LGID/SID 67336

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners[1] of El Paso County, Colorado.

On behalf of the THE RETREAT METROPOLITAN DISTRICT NO. 2 ,
(taxing entity)[A]

the Board of Directors
(governing body)[B]

of the THE RETREAT METROPOLITAN DISTRICT NO. 2
(local government)[C]

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS assessed valuation of: $ 744,270
(GROSS[D] assessed valuation, Line 2 of the Certification of Valuation Form DLG 57[E])

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area[F] the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: $ 744,270
(NET[G] assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: *12/10/2021* for budget/fiscal year *2022*.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	**LEVY**[2]		**REVENUE**[2]
1. General Operating Expenses[H]	10.000	mills	$ 7,443
2. **<Minus>** Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction[I]	< >	mills	$ < >
SUBTOTAL FOR GENERAL OPERATING:	**10.000**	**mills**	**$ 7,443**
3. General Obligation Bonds and Interest[J]	40.000	mills	$29,771
4. Contractual Obligations[K]		mills	$
5. Capital Expenditures[L]		mills	$
6. Refunds/Abatements[M]		mills	$
7. Other[N] (specify):		mills	$
		mills	$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	**50.000**	**mills**	$37,214

Contact person: (print) Carrie Bartow Daytime phone: (719) 635-0330

Signed: Carrie Bartow Title: Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

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

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: TBD
   Date of Issue: TBD
   Coupon Rate: TBD
   Maturity Date: TBD
   Levy: 40.000
   Revenue: $29,771

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.