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Accountant's Compilation Report

Board of Directors
Lake of the Rockies Metropolitan District
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Lake of the Rockies Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016 in the format prescribed by Colorado Revised Statutes (C.R.S) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Lake of the Rockies Metropolitan District.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
December 20, 2017

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT
SUMMARY
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

12/20/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ (8,987)	\$ 2,000
REVENUES			
1 Property taxes	6,399	43,650	94,587
2 Specific ownership taxes	736	4,802	12,296
3 Developer advance	35,039	18,500	3,011,500
4 Net investment income	3	91	250
5 Other income	224	680	-
6 Homeowner fees	2,960	15,000	30,950
Total revenues	45,361	82,723	3,149,583
Total funds available	45,361	73,736	3,151,583
EXPENDITURES			
7 General and administration			
8 Accounting	12,848	12,011	14,000
9 Billing Services	3,308	5,375	5,000
10 Contingency	-	2,904	7,881
11 County Treasurer's fees	96	655	1,419
12 District management	11,363	14,349	14,000
13 Dues and membership	-	330	350
14 Election	305	-	1,000
15 Insurance	3,087	2,488	3,000
16 Legal	11,148	6,849	14,000
17 Miscellaneous	31	116	1,000
18 Website	-	-	2,500
19 Operations and maintenance			
20 Landscape Maintenance	9,833	18,954	19,700
21 Organization Costs	584	-	-
22 Replacement/ repairs	-	-	9,000
23 Snow Removal	730	1,155	5,000
24 Trash collection	-	3,189	9,700
25 Utilities	1,015	2,586	5,000
26 Water usage	-	775	7,500
27 Capital projects			
28 Capital expenditures	-	-	3,000,000
Total expenditures	54,348	71,736	3,120,050
Total expenditures and transfers out requiring appropriation	54,348	71,736	3,120,050
ENDING FUND BALANCES	\$ (8,987)	\$ 2,000	\$ 31,533
EMERGENCY RESERVE	\$ 400	\$ 2,000	\$ 4,200
TOTAL RESERVE	\$ 400	\$ 2,000	\$ 4,200

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

12/20/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - EL PASO			
Residential	\$ -	\$ 213,360	\$ 901,250
Commercial	-	61,530	71,650
Agricultural	210	210	220
Vacant Land	127,760	557,030	775,650
State Assessed	-	40,870	47,830
Certified Assessed Value	<u>\$ 127,970</u>	<u>\$ 873,000</u>	<u>\$ 1,796,600</u>
MILL LEVY			
GENERAL FUND	50.000	50.000	52.648
Total Mill Levy	<u>50.000</u>	<u>50.000</u>	<u>52.648</u>
PROPERTY TAXES			
GENERAL FUND	\$ 6,399	\$ 43,650	\$ 94,587
Budgeted Property Taxes	<u>\$ 6,399</u>	<u>\$ 43,650</u>	<u>\$ 94,587</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 6,399	\$ 43,650	\$ 94,587
	<u>\$ 6,399</u>	<u>\$ 43,650</u>	<u>\$ 94,587</u>

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**LAKE OF THE ROCKIES METROPOLITAN DISTRICT
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

12/20/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ (8,987)	\$ 2,000
REVENUES			
1 Property taxes	6,399	43,650	94,587
2 Specific ownership taxes	736	4,802	12,296
3 Developer advance	35,039	18,500	11,500
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Total revenues	45,361	82,723	149,583
Total funds available	45,361	73,736	151,583
EXPENDITURES			
General and administration			
7 Accounting	12,848	12,011	14,000
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Operations and maintenance			
18 Landscape Maintenance	9,833	18,954	19,700
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24 Water usage	-	775	7,500
Total expenditures	54,348	71,736	120,050
Total expenditures and transfers out requiring appropriation	54,348	71,736	120,050
ENDING FUND BALANCES	\$ (8,987)	\$ 2,000	\$ 31,533
EMERGENCY RESERVE	\$ 400	\$ 2,000	\$ 4,200
TOTAL RESERVE	\$ 400	\$ 2,000	\$ 4,200

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT
 CAPITAL PROJECTS FUND
 2018 BUDGET AS ADOPTED
 WITH 2016 ACTUAL AND 2017 ESTIMATED
 For the Years Ended and Ending December 31,**

12/20/2017

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	-	-	3,000,000
Total revenues	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>3,000,000</u>
EXPENDITURES			
Capital projects			
2 Capital expenditures	-	-	3,000,000
Total expenditures	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>3,000,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Lake of the Rockies Metropolitan District's (the District) organization was approved by eligible electors of the District at an election held on November 2, 2010. The District was organized by order of the District Court in and for El Paso County on November 30, 2010 and recorded on January 3, 2011. The formation of the District was approved by the Town of Monument, Colorado.

The Lake of the Rockies Metropolitan District was created pursuant to Title 32 Colorado Revised Statutes. The District is an independent unit of local government, separate and distinct from the Town. There are currently no other governmental entities, including any other district, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. Formation of the District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

The Public Improvements will be constructed for the use and benefit of all anticipated inhabitants and taxpayers of the District and the Town. The primary purpose of the District will be to finance the construction of these Public Improvements.

At the November 2, 2010 election for the District, the voters approved authorization to increase property taxes up to \$150,000 annually, as necessary, to pay for the operations and maintenance expenditures of the District. Total debt authorization was also approved in the amount of \$14,000,000 for streets, water, sewer and storm drainage improvements, refunding debt, and mortgages.

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.

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 method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.20% from 7.96% for property tax years 2017-2018 on April 17, 2017 with a report submitted to the State Board of Equalization. Accordingly, the mill levy has been adjusted upward to reflect the change in assessed value calculation.

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.

**LAKE OF THE ROCKIES METROPOLITAN DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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 13% of the property taxes collected.

Developer Advance

The District is in the development stage. As such, the Developer is expected to fund a portion of the costs of the District's operating expenditures in 2018. 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.

Operations and Maintenance Fees

The District charges each homeowner a monthly operation and maintenance fee of \$40. The 2018 budgeted revenues are estimating an increase of 3 units per month during the year.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.0%.

Expenditures

Administrative and Operations and Maintenance Expenditures

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

Capital Outlay

The District is anticipating capital expenditures of \$3,000,000 in 2018 for infrastructure.

Debt and Leases

The District has no outstanding debt, nor operating or capital leases.

Reserves

Emergency Reserves

The District has provided an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2018, as defined under TABOR.

This information is an integral part of the accompanying budget.